

Counterfeit ring selling branded products busted

PROPERTY RIGHTS:

Following a raid by police on illegal clothing dealers in Kaohsiung, distributors said they were concerned about the damage that such infractions do to the image of their companies

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Following a bust of fake luxury-brand clothing traffickers in Kaohsiung yesterday, Taiwan-based distributors said that they will take legal action against the nation's rampant counterfeit dealers.

"Counterfeit production does more damage to our company image and business reputation than to our sales," said Ben Huang (黃皓瑞), a public relations manager at Gucci Taiwan Ltd.

Gucci's parent company in Italy usually resorts to lawsuits to resolve infringement on the company's intellectual property rights (IPRs) and trademark, and has recently won a case against a Taiwanese company with a look-alike brand "Cuggi," he said.

Huang made the comment in response to the crackdown on pirated items by police in Kaohsiung yesterday.

According to local Chinese-language media reports, police conducted a raid on a downtown warehouse and confiscated some 3,500 outfits that included jackets, sweaters and sports wear that were fitted with pricey labels such as Gucci, Giorgio Armani, Nike and Louis Vuitton.

"They have a market value of some NT\$20 million," a Kaohsiung policeman was quoted as saying.

The four arrested suspects claimed that the pirated products were manufactured in China, local media reported.

Huang said that pirated products are usually at least 10 times cheaper than the genuine article. He said he believes the company's sales won't be seriously impacted since loyal Gucci clients won't go for such poor-quality substitutes.

Doby Liu (劉世麟), a manager at Chung Hseng Corp (中盛公司) — a subsidiary of Sunrise Department Store (中興百貨) and a local distributor for Giorgio Armani — agreed, saying he believed counterfeiting was not impacting the company's sales, although the company will also take legal action.

Jeanne Huang (黃湘燕), Nike Inc's public relations manager, said

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— John Eastwood, a trademark lawyer with Winkler Partners

the company's sales were slightly impacted during winter and summer vacations when their core customer groups, such as teenagers, have more time to spend money.

"In economic bad times, there's room for counterfeit products to grow," Huang said.

Nike sends out employees to search for illegal products at markets on a regular basis and mostly caught street hawkers, she said. Nike only demands an apology and pirated sales to be stopped immediately, rather than pressing charges against street vendors, Huang said.

"But if it's a manufacturer or wholesaler, we'll press charges," she said.

Keeping low profile, spokespersons for the three other brands, however, avoided criticism of the government's efforts to crack down on piracy, which they say is rampant in Asia.

Despite Taiwan designating 2002 as the year of IPR enforcement, John Eastwood, a trademark lawyer with Winkler Partners (博仲法律), said the government needs to bolster its efforts.

"Ironically, statistics released by the government about a month ago indicate that prosecution was down about 18 percent," Eastwood said.

Prosecution only takes place at the lowest levels, such as at street stalls, instead of on importers or producers who may be involved in organized crime groups, he said.

Eastwood, who also co-chairs the IPR committee of the European Chamber of Commerce in Taipei, said that Taiwan has hurt its economy by allowing piracy to run rampant, with multinational investors pulling operations out of Taiwan, fearing IPR violations.