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Update and Comparison of Trademark Non-use Cancellation in China and Taiwan

China's new rules

The value and purpose of trademark registration not only to confer the trademark owner a monopoly over the trademark, but also to ensure that, when used in commerce, it can be associated with specific goods or services by consumers. Through commercial use, the trademark fulfills its essential purposes, namely distinguishing sources, assuring quality, and advertising, among other things. While an application for registration transforms an unregistered mark into private property owned by a specific entity, the value and purpose of the trademark system will be undermined and the opportunities for others to own the same mark will also be limited if the registrant merely squats on the mark without making genuine use of it. Cancellation is available in many jurisdictions that rectifies the non-use which is an irregular post-registration trademark event. In China, the practice of non-use cancellation has recently been altered.

In China, if a registered trademark becomes the generic name of the approved goods it covers, or if it is not used for three consecutive years without justifiable reason, any organization or individual can apply to the Trademark Office for its cancellation.¹ A statement of non-use must be submitted in support of a cancellation request. The Trademark Office shall notify the trademark holder of the request and shall require the trademark holder to present evidence of use or justifiable reasons for non-use within two months of notification.²

It is worth noting that the threshold for initiating cancellation proceedings was not high in the past, which spurred an increase in the number of cancellation challenges and a piling up of cases at the Trademark Office. Many of them were filed recklessly and lacked sufficient reasonable supporting evidence; in some instances, a one-page snapshot of a webpage showing

¹ Article 49(2), Trademark Law of the People's Republic of China

² Article 66(1), Implementation Regulations for the Trademark Law of the People's Republic of China

the absence of the disputed trademark would be acceptable. Around the beginning of this year, a change was introduced in an effort to reverse the current situation. According to reports in the IP community, the Trademark Office issued notices to the requesting parties, requiring them to add more solid, substantial, and multiple evidence before a case was able to be docketed, such as snapshots of five consecutive pages of search results from at least three major search engines, e-commerce platforms or social media. In several cases, the Trademark Office went as far as to demand an affidavit of good faith.

On May 26, the Trademark Office of the CNIPA amended and officially published the new guidelines for cancellation actions based on the non-use of trademarks for three consecutive years. Preliminary evidence of non-use—in the form of online search results and market research reports, for example—is now an explicitly required document.³ It may include, but is not limited to, information regarding the trademark holder’s business scope, operational and legal status, and market presence, among other things. This kind of due diligence work—comprising online searches, market surveys and in-person visits—can be carried out using various sources including industrial platforms, the trademark holder’s official website, WeChat official pages, e-commerce platforms, and physical manufacturing sites.⁴ Failure to produce and provide such evidence will result in a rejection of the request.

In order to challenge a cancellation action and maintain the trademark registration, the owner of the trademark must demonstrate its use in commerce to identify the source of the goods, including the applying of the trademark to goods, packaging or containers, as well as to commercial transaction documents. Additionally, use of the mark in connection with the advertising of goods and services, exhibitions, trade fairs and other business activities relating to the promotion of goods or services may also be deemed acceptable evidence of use.

³ Item 2, Section 1 (Documents); Guidelines for Consecutive Three-year Non-use Cancellation

⁴ Item 15, Section 2 (Requirements); Guidelines for Consecutive Three-year Non-use Cancellation



Taiwan's new rules

In comparison, Taiwan likewise permits non-use cancellation but operates under a system that emphasizes substantive review over rigid formalities. A registered trademark may be cancelled if it has not been used for three consecutive years without justifiable reason, has become generic, causes likelihood of confusion due to arbitrary alteration, or is likely to mislead the public as to the nature, quality, or place of origin of the goods or services in the course of actual use.⁵

There are no restrictions on who can file a non-use cancellation request, and the trademark owner is not considered a necessary party at the time of filing. Requesting parties must, however, present specific and credible factual evidence to support an allegation of non-use.⁶ Mere speculation or allegations alone are not sufficient. Preliminary evidence of non-use is admissible only if it is sufficient to convince the examiners. According to Taiwan's Examination Guidelines, acceptable preliminary evidence includes documentation of visits to the trademark owner's business premises, records of industry inquiries, and indications of long-term non-use such as dissolution or cancellation of the owner's business registration, typically supported by official government records.

Once preliminary findings raise doubt as to whether the mark has been used, the TIPO will notify the trademark owner to respond.⁷ At this stage, under the negative fact theory, the burden shifts to the owner to demonstrate actual use or to provide a legitimate reason for non-use in order to maintain the registration of the disputed trademark.⁸

Under Taiwan's trademark system, maintaining a valid registration requires more than just token use. According to Article 5 of the Trademark Act, trademark use must occur "in the course of trade" and be identifiable as a source indicator by relevant consumers. Such use includes affixing the mark to goods or packaging, displaying or selling the goods, using the mark in

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- ⁵ Article 63(1), Trademark Act of Taiwan
 - ⁶ Section 3.2, Examination Guidelines concerning Trademark Dispute Case Procedures
 - ⁷ Article 65(1), Trademark Act of Taiwan
 - ⁸ Article 65(2), Trademark Act of Taiwan

services, or applying it to advertisements and commercial documents, including those in digital environments. In order to qualify as genuine, the use must serve a marketing purpose and must clearly differentiate the owner's products in the marketplace.

To demonstrate such use, the trademark owner must submit materials that reflect typical commercial activity and conform to ordinary business practices.⁹ According to the Notice on the Use of Registered Trademarks released by the TIPO, acceptable forms of evidence include products, photos, packaging, containers, signage orders, advertising materials, shipping documents, export declarations or contracts showing the registered mark. Other relevant materials include business operation records or photos of service premises, especially if accompanied by proof of income such as receipts or invoices.¹⁰ Importantly, such evidence must clearly identify the trademark, the specific goods used, the time and date of use, and the user's identity, or otherwise enable these elements to be corroborated by cross-referencing documentation.¹¹ Simulated or last-minute use—specifically within the three-month period prior to the filing of the cancellation—in an attempt to circumvent cancellation is not accepted as valid.

In conclusion, both China and Taiwan maintain non-use cancellation mechanisms that shift the burden of proof to the trademark holder once an action is lawfully instituted. In response to rising misuse, China has tightened its evidentiary thresholds at the first stage, requiring multi-source documentation and declarations of good faith before a case is even accepted for examination. In contrast, Taiwan does not impose such strict procedures on the requesting party, but still requires a preliminary presentation of sufficiently detailed and reasonable factual grounds to enable the TIPO to challenge the mark's continued use.

Overall, both systems pursue the same goals, namely preventing trademark hoarding and safeguarding trademark distinctiveness. In practice, however, Taiwan's framework places greater emphasis on substantive fact-finding and flexible assessment, avoiding procedural exclusions based on rigid formalities. The table below provides a comparative summary of key aspects of trademark non-use cancellation in China and Taiwan.

⁹ Articles 67(3) and 57(3), Trademark Act of Taiwan

¹⁰ Section 3.5.1, Notice on the Use of Registered Trademarks

¹¹ Section 3.5.2, Notice on the Use of Registered Trademarks

China

Taiwan

Party to cancellation	Any organization or individual	Anyone, including the TIPO
Time of Non-use	Three consecutive years	Three consecutive years
Preliminary Evidence of Non-use	Online search results, market research reports, etc. from at least 3 to 5 referential sources	Factual investigation materials showing non-use, such as business registration revocation, market inquiry records, or on-site visit reports
Definition of trademark maintenance use	The act of using a trademark on goods, their packaging or containers, and commodity trading documents, or using the trademark in advertising, exhibitions and other commercial activities to identify the source of goods ¹²	Use of the registered mark in ordinary trade practices, including on packaging, labels, advertisements, invoices and contracts, whether offline or via online media, where the mark is recognizable as a source indicator ¹³
Pendency	8-12 months	6 months
Official Fee	CNY 450 per class for electronic request	TWD 7,000 per class
Partial cancellation available?	Yes, partial cancellation is available	Yes, partial cancellation is available

Table 1: Three-year Non-Use Cancellation between China and Taiwan in Comparison

¹² Article 48, Trademark Law of the People's Republic of China

¹³ Article 5, Trademark Act of Taiwan



Taiwan-France PPH Program Launches on July 1, 2025

In May, during the Taiwan–France Economic and Trade Dialogue, the Director General of the Taiwan Intellectual Property Office (TIPO) and the Director of the French National Institute of Industrial Property (INPI) signed a memorandum of cooperation to set up the Patent Prosecution Highway (PPH) program. This PPH framework offers fast-track examination for invention patent applications by allowing the two offices to share examination results, thereby shortening the prosecution timeline from examination to grant.

During the Dialogue, the Director General of TIPO, Mr. Cheng-wei Liao, emphasized that France is Taiwan’s 18th largest trading partner globally and the 3rd largest within the European Union, with bilateral trade amounting to USD 6.54 billion. The Taiwan–France PPH program is expected to further strengthen IP cooperation, enhance outbound patent strategies for Taiwanese companies, and support industrial competitiveness in the EU region.









To date, TIPO has entered into bilateral PPH agreements with seven IP authorities, including the United States, Japan, Spain, South Korea, Poland, Canada, and now France. The PPH agreement with the U.S. follows the regular version, while the others adopt the MOTTAINAI model, which allows the second-filed application, if it receives an examination opinion earlier, to be used reversely to accelerate the first-filed application.

According to TIPO’s recently released Annual Report 2024, the average pendency for a first office action under PPH is approximately 41 to 43 days, and the overall pendency to a decision is between 118 to 143 days (about 3.9 to 4.7 months). This signifies a significant improvement compared to the pendency of 14.15 months under the regular examination process.

The most frequently used PPH programs are those between Taiwan and the United States and between Taiwan and Japan. The latest statistics, shown in the table below, provide a breakdown of PPH requests by country.



Nationality of Applicants



PPH Requests in 2024	 TW	 US	 JP	 ES	 KR	 PL	 CA	 others	Total
TW-US	23	306	12		52		8	65	466
TW-JP		3	434					16	453
TW-ES									
TW-KR			1		23				24
TW-PL									
TW-CA			1						1
Subtotal	23	309	448		75		8	81	944

In addition to PPH mechanisms, Taiwan offers various examination pacing options to accommodate different stages of a product’s commercialization and development. For expedited review, TIPO also offers:

- The Accelerated Examination Program (AEP), which prioritizes applications based on foreign examination results from offices not in a PPH agreement with Taiwan, delivering a first office action in 41–75 days;
- The TW-Support Using the PPH Agreement (TW-SUPA), which accelerates first-filed Taiwanese applications based on existing PPHs, with first office actions issued in about 28 days; and
- The Startups Accelerated Patent Examination Pilot Program, which achieves an average pendency of 70.3 days.
- The Accelerated Examination Pilot Program for Women-Invented Patent, launched on July 1, 2025, to encourage innovation and invention made by women. An application is eligible when it is filed by natural person(s) only and at least one of the applicants is a female who is also the inventor or a co-inventor. Under acceleration, the first OA or allowance decision will be issued in six months from the time an application is qualified.

Trademark Similarity and Likelihood of Confusion: A Practical Look at Amazon’s Opposition Case

Before filing a trademark application, it is crucial to conduct a comprehensive trademark search in order to reduce the risk of rejection based on a likelihood of confusion with prior marks. Under Article 30(1)(10) of the Taiwan Trademark Act, an application shall be refused if the mark is (i) identical or similar to a prior registered or earlier filed mark, (ii) designated for use on identical or similar goods or services, or (iii) likely to cause confusion among relevant consumers. Although these factors are clearly articulated in principle, their practical application remains difficult to define with precision and depends heavily on the specific facts and context of each case.

A recent opposition filed by Amazon Technologies highlights how Taiwanese authorities and courts may differ in applying these standards. The case involved WanPay Digital Marketing Company, a Taiwanese third-party payment provider, which registered a double-checkmark device mark (disputed mark, see Fig. 1 ) under Class 9. The mark covered goods such as computer hardware and mobile application software. Amazon argued that the mark was confusingly similar to its earlier “Blue Talk Bubble – Alexa” mark (cited mark, see Fig. 2 ), also registered under Class 9 for software used in voice commands, speech recognition and digital assistants.

The key dispute focused on whether the two marks and their respective goods were sufficiently similar enough to cause likelihood of confusion among consumers. After Amazon filed its opposition, the Taiwan Intellectual Property Office (TIPO) decided in Amazon’s favor, holding that the marks and designated goods were similar and that confusion was likely. WanPay appealed to the Ministry of Economic Affairs, which upheld the decision.

Although both administrative authorities upheld the opposition, the Intellectual Property and Commercial Court (IPC Court) later ruled in favor of WanPay, holding that no likelihood of confusion existed.¹ The Supreme Administrative Court disagreed and reversed the decision,

¹ IPCC-111-AdminTrademarkTrial-No.28 (19.10.2022)

remanding the case.² On remand, the IPC Court ultimately sided with Amazon again and dismissed WanPay's claims.³ This particular litigation history illustrates how the analysis of likelihood of confusion under Taiwan's trademark law and practice may be nuanced and could lead to divergent outcomes at different levels of review.

In the first instance, the IPC Court acknowledged that both marks featured a rounded dialogue bubble with a cut corner at the bottom. However, the court noted that the disputed mark included two checkmarks inside the bubble, while Amazon's mark consisted of a simpler blue bubble with no internal design. Although the court agreed that the marks were structurally similar, it found the visual differences sufficient to reduce the overall similarity.

As for the goods, both marks covered items under Class 9. The disputed mark was used for computer hardware and payment-related apps, while Amazon's mark was designated for smart home and voice-recognition software. The court considered the goods functionally related, sharing overlapping uses and channels of trade, and found therefore a relatively high degree of similarity in this regard.

To determine the likelihood of confusion, the court considered several additional factors. The IPC Court found both marks to be inherently distinctive and unrelated to the goods or services themselves, which heightened their source-identifying function. The court also considered the actual scope of business of the two parties. While WanPay used the disputed mark in online and third-party payment services, Amazon's mark was used in connection with smart home technologies. Finding no strong evidence of bad faith or overlap in target markets—and given the limited recognition of Amazon's Alexa-related products locally, since Alexa is not downloadable in Taiwan—the court concluded that confusion was unlikely.

Dissatisfied with the first-instance judgement, Amazon appealed to the Supreme Administrative Court. The Supreme Administrative Court emphasized that the two marks

² SAC-112-AdminAppeal-No.21 (2.29.2024)

³ IPCC-113-AdminTrademarkRetrial-No.1 (10.17.2024)

shared highly similar visual structures, particularly in the dialogue bubble's shape, proportions and cut-corner positioning. The court noted that the addition of the internal checkmarks and color differences in the disputed mark did little to mitigate this similarity, especially since checkmarks are commonly associated with confirmation or approval and are unlikely to function as strong distinguishing features. Given that the disputed mark essentially "incorporated" the entire appearance of the cited mark, the court reasoned that relevant consumers could easily misconstrue the disputed mark as being part of Amazon's brand series, possibly assuming an affiliation such as licensing, franchising or some related enterprise.

In reviewing the relative familiarity of the marks, the Supreme Administrative Court stressed that more widely recognized marks deserve broader protection. Amazon presented multiple examples of media coverage, product guides and consumer comments as evidence of recognition (at least to some extent) of its Alexa-related mark in Taiwan. By contrast, WanPay merely submitted a single undated promotional image and a little-viewed YouTube video, which the court considered inadequate in terms of establishing any meaningful level of recognition. Therefore, the lower court's conclusion that neither mark was familiar to the public was deemed inaccurate.

In addition, the Supreme Administrative Court also found it likely that WanPay had prior knowledge of Amazon's mark, citing several Taiwanese media reports about Amazon Alexa's integration with financial services that predated the filing of the disputed mark. The court believed this increased the possibility that WanPay deliberately adopted a similar design to benefit from the recognition of Amazon's branding. Given the significant resemblance between the marks and the overlap in digital application fields, the court found it hard to exclude the possibility of intentional imitation.

Importantly, the Supreme Administrative Court focused on the commercial impression and the

context in which consumers would encounter the marks, rather than relying solely on technical differences or the quantity of evidence submitted. The court reversed the lower court's decision based on a more comprehensive and substantive assessment. On remand, the IPC Court followed the Supreme Court's guidance and dismissed WanPay's claims. WanPay's subsequent appeal was ultimately rejected by the Supreme Administrative Court⁴, the decision being finalized in Amazon's favor.

In conclusion, this case illustrates the complexity of the likelihood of confusion analysis under Taiwan's trademark law. Rather than focusing solely on visual similarity, the courts evaluate multiple factors, such as distinctiveness, similarity of goods or services, market presence of the prior mark, and overall consumer impression. The divergent conclusions across different stages of review highlight the fact-specific and contextual nature of this assessment. For both trademark applicants and trademark holders, success in oppositions and trademark proceedings requires more than just legal arguments. It also depends on the presentation of clear, fact-specific evidence as well as anticipation of how that evidence may be weighed and interpreted by the IP authorities and courts.



Fig. 1
Taiwan Trademark Registration
No. 02035098




Fig. 2
Taiwan Trademark Registration
No. 01885349

⁴ SAC-113-AdminAppeal-No.705 (2.29.2024, Ruling)

Burberry Wins: Taiwan Court Granted Punitive Damages in Check Pattern Infringements

Pursuant to Article 68 of the Trademark Act, conduct that constitutes trademark infringement includes the unauthorized use of identical or similar marks on identical or similar goods or services, which may cause confusion among relevant consumers. It is also an act of infringement of trademark rights to manufacture, sell, possess, display, import or export labels, tags, packaging, containers or service-related articles bearing a mark identical or similar to a registered trademark without the proprietor's consent in the course of trade of identical or similar goods or services, since there is a likelihood of misleading consumers. When infringement is found, the trademark proprietor may seek civil remedies such as damages and injunctive relief, with the amount of damages awarded based on either the proprietor's lost profits, the profits earned by the infringer or the total income from the sale of the infringing goods, or up to 1,500 times the unit retail price of the infringing goods or a lump sum of the market value if the number of infringing goods exceeds 1,500 pieces.¹

In a recent case involving Burberry Limited, the Intellectual Property and Commercial Court (IPC Court) found that Laicarfore Fashion Clothing Limited Company ("Laicarfore") had infringed Burberry's trademark (See Fig. 1 ) by selling apparel with highly similar check patterns.² Notably, the court upheld the validity of the penalty clause for breach of the undertaking previously executed by Laicarfore in a number of settlements, allowing Burberry to seek contractual penalties in addition to damages when the new infringement occurred.

To determine whether infringement had occurred, the appellate court assessed the overall similarity between Burberry's registered check pattern and the designs used on Laicarfore's clothing.³ The disputed product 1 (See Fig. 2) featured a dominant plaid design that closely resembled Burberry's registered mark, sharing the same color scheme, structure and stripe

¹ Article 71, Trademark Act of Taiwan

² IPCC-112-CivilTrademarkTrial-No.60 (07.31.2024)

³ IPCC-113-CivilTrademarkAppeal-No.16 (03.20.2025)

arrangement. Although the decorative elements such as leopard print, rose flowers or English letters were applied inconsistently, they failed to alter the overall impression to consumers of a product associated with Burberry. Minor differences, including the red and black color of dividing lines, were deemed negligible. Given the similar nature and function of the goods, the materials used, and the shared marketing channels and markets, the court found there to be a high likelihood of confusion among consumers.

The court further noted that the disputed product 2 (See Fig. 3) exhibited an even higher degree of similarity, nearly replicating the layout and color scheme of Burberry's check pattern. Although the image submitted as evidence was smaller in size, it was nevertheless clear enough. The court rejected Laicarfore's defense argument that the image had been uploaded in error, citing that both products had been displayed on the company's official website as part of promotional activities. These actions were found to constitute trademark use infringement under Article 68 of the Trademark Act.

The court emphasized that the check pattern of product 1 was printed directly on the clothing and was presented on the official website for sales purposes, thus constituting evidence of intentional marketing conduct. Similarly, product 2 was also used in a promotional context. Taking both products together, the court found that they had both been used in commerce in a manner likely to mislead consumers, falling within the scope of acts of infringement.

The court also attached great importance to Burberry's long-standing commercial use of the mark and its widespread recognition in Taiwan and overseas. Despite having given several undertakings to Burberry, Laicarfore continued to outsource and sell goods featuring similar designs. As a fashion wholesaler, Laicarfore was expected to recognize and respect the distinctiveness of the Burberry trademark. The combination of visual similarity, a shared product category and repeated bad faith led the court to conclude that the circumstances supported a clear finding of trademark infringement under Article 68(3) of the Trademark Act.

Regarding compensation, the court upheld Burberry's claim for contractual penalties based on the prior undertakings. Laicarfore had previously signed undertakings three times, promising to cease all infringing activities and to refrain from directly or indirectly engaging in acts such as manufacturing, displaying, selling, transporting, importing and exporting, advertising, giving away or otherwise distributing any products bearing designs identical or similar to Burberry's registered trademarks, or engaging in any other conduct deemed an infringement of Burberry's trademark rights. The undertaking further stipulated that in the event of any false statements, dishonest performance or breach of the above commitments, Laicarfore would be required to immediately and unconditionally pay punitive damages of TWD 3 million. The court found the clause enforceable and allowed Burberry to claim this amount based on Laicarfore's subsequent infringement.

On appeal, however, Laicarfore argued that the penalty was too high and requested the court to reduce the amount to TWD 300,000, one-tenth of the original amount. According to Article 252 of the Civil Code, the court has the discretion to adjust the amount of the penalty as appropriate based on given circumstances such as social and economic conditions, actual damages suffered by the creditor (the IP holder), or the debtor's (the infringed party) performance ability. The appellate court found that the penalty of TWD 3 million was excessive, considering that Burberry had received partial compensation from other co-defendants and that the profits from the infringement had been confiscated by the criminal court⁴. The appellate court therefore used its discretion to reduce it to TWD 2 million.

With regard to compensatory damages arising from the infringement, the court found that Laicarfore, its affiliated company Anida International Co., Ltd. ("Anida"), the responsible individual Su Hui-Chuan (who supervised the company operation), and employee Yang

⁴ Article 252, Taiwan Civil Code

Mei-Hua (the procurement manager), were all involved in the event. They were jointly liable for trademark infringement and for damages totaling TWD 987,000. This amount was calculated under Article 71(1)(3) of the Trademark Act, which allows for statutory damages based on up to 1,500 times the retail price of infringing goods. The court found that 70 units of infringing apparel had been sold or offered for sale at a unit price of TWD 3,290 and deemed Burberry's requested multiplier of 300 reasonable, especially in light of Laicarfore's repeated infringement despite several prior undertakings.

Moreover, the court rejected the defendant's argument for a lower amount of damages based on its allegedly limited revenue and reaffirmed that statutory damages serve both compensatory and deterrent functions. The court also dismissed the excuses that the affiliated company Anida merely handled logistics and had no knowledge of infringement. Evidence showed that Anida processed sales, issued invoices and collaborated with Laicarfore in promoting the infringing products. The court further held that Su Hui-Chuan, as legal representative of both companies, was jointly responsible under the Company Act for infringing acts committed in the course of business.⁵

By imposing joint liability on companies, officers and employees, the court signaled its firm stance against repeated infringement and malicious conduct. Importantly, the ruling provides meaningful legal protection for globally recognized trademarks by ensuring that rights are respected. For trademark owners, it demonstrates that persistent enforcement remains a vital tool for deterring infringement and upholding brand integrity in Taiwan.

⁵ Article 23 (2), Company Act; Article 188 (1), Taiwan Civil Code



Fig. 1
Burberry's trademark;
Taiwan Trademark Registration No. 00906192



Fig. 2
Disputed Product 1



Fig. 3
Disputed Product 2

Repeated Warning Letters after Clarification may Constitute Anticompetitive Conduct

The enforcement of patent, trademark and copyright rights is not without boundaries. Prior to the issuance of a warning letter (or similar) alleging infringement, sufficient due diligence must be undertaken in order to avoid anticompetitive violations. Without such caution, warning letters may be deemed as dissemination of false statements harmful to the recipient's business reputation or as deceptive or unfair conduct capable of undermining market order.¹ A recent Supreme Court judgment in June 2025 elaborated on these limitations.²

Bgreen, a manufacturer and designer of ergogenic beds and sports furniture, owns Taiwan Invention Patent No. I302469, titled "Vibration Fitness Training Apparatus". Bgreen sued iNO Corporation and its representatives for willfully infringing several claims of the '469 patent by manufacturing and offering for sale a series of whole-body vibration exercise machines. Bgreen sought joint and several damages of TWD 2 million. In defense, iNO denied infringement, arguing that its products were not read on by the patent claims. iNO also made a counterclaim, alleging that Bgreen's distribution of patent warning letters to iNO's downstream resellers and e-commerce platforms constituted unfair competition under the Fair Trade Act (FTA). According to iNO, these warning letters caused resellers and platforms to suspend sales of iNO's products, resulting in significant losses. iNO sought damages amounting to TWD 1.6 million.

Upon review, the Intellectual Property and Commercial Court (IPC Court), as the appellate court, denied both the plaintiff's infringement allegations and the defendant's counterclaim.

In the main lawsuit involving the infringement claim, the IPC Court held that the defendant's product did not fall within the literal or equivalent scope of the '469 patent. A key claim element recites a seesaw-like oscillation whereby the left and right ends of a support plate displace vertically. By contrast, the defendant's accused product utilized an L-shaped support

¹ Articles 20(1), 24 and 25 of the Fair Trade Act

² 114-TaiwanAppeal-No. 664 Civil Judgement

plate with one end moving horizontally from right to left rather than vertically. Thus, the accused product failed to meet the all elements rule. Furthermore, although the accused product achieved a similar result of a linear vibration of the housing, it did so through different means and functions. Specifically, the accused device employed two L-shaped support plates that generated vertical and horizontal swings respectively by transmitting parallel and opposing forces. As such, the technical solutions proposed by the accused product and '469 patent differed in both ways and function, precluding a finding of equivalence.

As for the defendant's counterclaim, the IPC Court found that the plaintiff's warning letters were not unlawful. The court emphasized that the plaintiff had fulfilled its pre-enforcement obligations, including obtaining a patent characterization report to substantiate its infringement allegations.³ In the opposite, the defendant's reply failed both to provide a detailed claim-product comparison and to identify specific errors in the plaintiff's report. Accordingly, the IPC Court concluded that the plaintiff had not acted willfully or negligently in sending subsequent warning letters.

The case was further advanced to the Supreme Court for appeal. The central issue before the Supreme Court was whether the plaintiff's issuance of warning letters constituted a legitimate exercising of patent rights.

The Court first confirmed the procedural validity of the defendant's counterclaim. The defendant had alleged that the plaintiff's warning letters damaged its commercial relationships with resellers, and since the accused products and the resellers' products were the same, the factual and legal basis for the counterclaim were sufficiently connected to the main infringement suit.

Turning to the merits, the Supreme Court reiterated that under Taiwan's Fair Trade Act, no business may disseminate false statements that may be harmful to the business reputations of

³ Principles on Cases Involving Warning Letters for Infringement of Copyrights, Trademarks or Patents by Enterprises

competitors or may induce others to cease business dealings in an anticompetitive manner. While the legitimate exercising of IP rights is exempt under Article 45 of the Act, such exemption is not absolute. Notably, compliance with procedural requirements (such as obtaining a characterization report and providing prior notice) does not absolutely protect the patent holder from liability. If a patent holder willfully or negligently misuses IP rights to intimidate competitors through indiscriminate warning letters, such conduct may still be deemed a violation of the Fair Trade Act.⁴

In the present case, the plaintiff had issued five warning letters between April and September 2022. After receiving the third letter, the defendant responded with a rebuttal, explaining that its products operated based on mechanical principles distinct from the claimed invention. Despite this clarification, the plaintiff continued to issue further letters.

The Supreme Court criticized the IPC Court for focusing solely on the defendant's failure to submit a non-infringement characterization report and for disregarding whether the plaintiff had acted willfully or negligently after being informed of the mechanical differences. That is, the lower court failed to examine whether there is willfulness or negligence in the continued issuance of warning letters despite the indications that the accused products did not fall within the patent scope. The Supreme Court held that the IPC Court's finding of the plaintiff's actions to have been lawful lacked sufficient factual and legal support.

Consequently, the Supreme Court vacated and remanded the 2nd-instance judgment, thereby showing more favor to the defendant.

This case highlights Taiwan's balanced approach between IP right protection and fair market competition. Patent holders must act with caution when enforcing their rights and should avoid misusing infringement claims as a tool for commercial intimidation. Even if a patent owner's actions comply with pre-enforcement obligations, the issuing of a series of follow-up letters after receiving preliminary clarifications may still constitute unfair competition.

⁴ Items 3 and 4, Idem.

