



By Eve Chen and  
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## The enforcers

**I**ntellectual property enforcement litigation in Taiwan:  
Some basics

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Rights holders looking at Asia-Pacific enforcement budgets often have to make hard decisions about where to take action. Although Taiwan's population is relatively small (about 23 million), its companies have a big role in managing and financing overseas production of counterfeits and other infringing goods in China and Southeast Asia and it is still a major manufacturer of high-tech products domestically involving infringement of trademarks, copyrights, patents and trade secrets. Fortunately, the Taiwan court system offers some solid options to rights holders who want to take action.

### **Preparing for Action**

Rights holders need to prepare evidence and documents establishing their rights and the facts of infringement before they take action, as the Taiwan police, prosecutors and judges involved with authorizing raid actions are sticklers for details. As a preliminary matter in trademark and copyright cases, it is important to assemble copies of the Taiwan trademark certificates (front and back sides) and any supporting documentation needed to establish copyright protection. It's normal to provide an assessment report from someone with expert knowledge of the genuine products—frequently that can be handled by local distributors or employees, although some companies can provide assessments based on review of photos, scans and analysis of SKU (stock-keeping unit) and serial numbers.

There are also several independent institutions approved by the Judicial Yuan and Ministry of Justice that can provide infringement-assessment reports necessary for taking action in copyright and patent infringement cases. The cost for these can be higher, but they are useful in more technical cases involving counterparties that are more substantial.



Investigators are often an important part of pulling together the evidence, to get the receipts, quotes, samples, floor plans, and to make the supporting statements necessary to pull together further legal action. After getting further information about the infringers from the investigators, it is usually helpful to get asset checks run to see whether significant attachable real estate holdings or bank accounts are there for the taking and to evaluate the pros and cons of future criminal and civil litigation steps.

Cross-border cases present some challenges with regards to evidence, and it is very important to establish some form of Taiwan nexus for overseas infringement. One good factor is that in copyright and trademark cases in Taiwan a company's registered "responsible person" faces personal criminal and civil liability if the Taiwan firm can be directly tied to infringing activity. Another positive trend is that Taiwan companies that have relocated overseas often maintain a little office space and their key personnel often have the trappings of successful businessmen in terms of real estate, bank accounts, nice cars and other assets. It is very important to coordinate the overseas raid and investigations to clear the way for evidence to be admitted into a Taiwan court.

### **Criminal and Civil Options in Taiwan**

Trademark and copyright infringement cases are covered by criminal law provisions, while patent infringements have been decriminalized which are the last vestiges of criminal liability having been removed for design and new utility model patents in early 2003. All trademark and some copyright

infringements are "public crimes" that, technically, do not require a complaint to be filed. However, as a practical matter the Taiwan police and prosecutors often want a criminal complaint filed by local counsel.

After a police seizure of counterfeit trademark or copyright protected merchandise, the police will conduct an investigation into the basic facts and send a report to the prosecutor, who will normally hold a couple of hearings before deciding whether to issue an indictment. After an indictment is issued, the case moves to the District Court level, where the judge will usually hold about three to four hearings to get through the basic case facts and to listen to arguments for and against criminal liability being imposed. If the District Court judge issues a decision that the defendant is "not guilty" or gives a particularly low sentence, the rights holder has 10 days to request to the prosecutor to file an appeal to the High Court. The prosecutors are generally willing to do this.

In some Taiwan proceedings, the prosecutors or judges will give a defendant a lot of latitude to attack the credentials of the person who handled the counterfeit assessment reports. In these situations, it's important not to get bogged down into unreasonable tests of skill. For example, in some trademark cases, defendants will bring allegedly "real" and "fake" products to form the basis of a test for the assessor but it's impossible to know for sure the provenance of such items. Persons handling assessments also have to take care not to make detailed statements

that have the net effect of teaching counterfeiters to improve their products.

The filing of a supplementary civil action (i.e. a civil action that is supplementary to the criminal case) can be extraordinarily useful in cutting down the costs of trying to get some civil damages out of counterparty unwilling to settle. First, it avoids the usual 1%-of-claim fees charged for purely civil actions. Second, with the basic liability issue sorted out at the criminal-court level, it then allows the civil court to focus on the issue of how much damages to award.

It's important to ensure that the work performed matches the specific client needs and the opportunity to get compensation from counterparty. Several factors considered by rights holders in considering future steps include: 1) whether the defendant is a retailer, wholesaler, importer or manufacturer; 2) the willingness of the downstream defendants to provide information on their upstream source of the counterfeit goods; 3) the amount of counterfeit goods sold by or seized from the defendant; 4) the defendant's asset situation and whether assets have been identified; 5) whether the defendant is willing to reach a settlement and commit to avoiding the client's intellectual property in the future.

For purely civil matters, such as patent infringement, the procedure normally moves more slowly than for criminal matters. Given weaknesses in Taiwan's civil discovery system, it will often be helpful to use investigators to pull together basic evidence regarding

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the infringement. As is highlighted below in more detail, it may be helpful to use civil “preservation of evidence” seizures to secure infringing goods, business records, and other key evidence to ensure that they will be available when the court case starts. However, it’s worth noting that in recent years the Taiwan IP Court has only very rarely allowed such procedures, a disturbing trend raised by both the American and European chambers in Taiwan in their respective IPR position papers.

#### **Seizure and Attachment**

While traditional raids by the police usually only went after the infringing products, there appears to be a fresh willingness of the courts and police to go after manufacturing equipment, business records, and promotional materials. While the Taiwan authorities are not always creative in expanding the scope of a seizure request, it is advisable to come up with a list of things seen by investigators or expected to be at the raid site: computer hard drives, invoice and shipping records, product literature, price quotations, or anything else that might provide some insight into the scope and duration of the infringing activities. While security camera recordings may not provide much evidentiary value, removal is a wise idea in cases involving targets run by Taiwan’s organized crime groups lest they get reviewable footage of the investigators, police and attorneys who put together the raid action. Keep in mind that Taiwan’s civil discovery rules are quite lax, and so anything that is not taken away by police will probably never see the light of day in later court proceedings.

Asset checks can sometimes be run before a raid action takes place, depending somewhat on where the likely defendants are on a spectrum that goes between companies maintaining “legitimate” registered front companies down to individuals operating under nicknames. After finding out where money, real estate or vehicles are, an *ex-parte* filing can be made for attachment of the assets. Taiwan courts normally want a bond of about a third to a half of the value of the property being attached. Attachment of assets can often have a useful effect in subsequent negotiations.

Civil preservation of evidence filings used to be a good means to get business records in purely civil cases (such as patent-infringement cases) or to follow up on documents not previously seized by the police in criminal cases (such as trademark and copyright cases). A filing is made with the court on an *ex-parte* basis, and the judge will then go with bailiffs to get the relevant records. However, in recent practice at the overworked IP Court, these orders are only very rarely granted anymore.

#### **Foreign Court Judgments and Orders**

We often find that lawyers often assume that judgments from overseas are not enforceable into Taiwan, but we’ve had good experience with bringing in foreign court decisions. Taiwan’s Code of Civil Procedure basically requires that service of process upon the Taiwanese defendant must either be accomplished via the “judicial assistance” process (i.e. the overseas court asks the Taiwanese court to deliver a set of complaint pleadings, with translations, to the Taiwanese party)

or else the Taiwanese party must have made an appearance in the overseas litigation. The foreign jurisdiction will need to offer reciprocal recognition to Taiwanese judgments, but given Taiwan’s lack of formal agreements of this nature, normally a legal opinion stating that the foreign jurisdiction “would” theoretically, accept and enforce a valid Taiwanese court decision.

In some cases, the enforcement of a foreign court decision or order is a much faster way to get a larger amount of money out of a party. The awards from some overseas courts can be much greater and include things, such as attorney fees, that Taiwan tends not to award in domestic court decisions.

Keeping in mind that every case is different, there are still a lot of good options available for rights holders seeking to find the “right tool for the job” in Taiwan. Running an asset check earlier rather than later can be a helpful way to prioritize the importance to give similar infringers, but it is by no means the only way. Other key factors may include the relative importance of the individual defendant in a manufacturing/distribution chain, information from hearings or police files indicating an individual defendant’s vulnerability to criminal prosecution, or the client’s own situation or preferences. By knowing what is available, rights holders can better choose how and when to maximize the pressure brought on infringers.

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