

Trademark Infringement & Dilution

An Educational Analysis of Taisun vs. Xu Taisan Hotpot

Intellectual Property and Commercial Court, Civil Judgment 111 Min-Shang-Su-Zi No. 40

Infringement Period Evaluated:
August 2020 – August 2022



The Parties Involved

Taisun Enterprise Co., Ltd.

- A major Taiwanese food & beverage corporation (est. 1960).
- Capital: 4.9 Billion NTD.
- The Mark: TAISUN (Used on beverages, oils, canned desserts).



Xu O-Liang (d.b.a. Taisan Snack Bar) & Yuanshan Food Co., Ltd.

- A hotpot restaurant and food product retailer (registered 2015).
- The Mark: Xu Taisan Hotpot (Used on restaurant signs, broth, satacha sauce, tea).



The Issues in Dispute



Issue 1: Did the Defendant's actions constitute **Dilution of Distinctiveness** against a **Well-Known Trademark**? (Trademark Act §70 II)



Issue 2: Can the Defendant successfully claim the **Prior Use in Good Faith** defense? (Trademark Act §36 I(3))



Issue 3: Was there a **Likelihood of Confusion** resulting in **Joint and Several Liability** for **Damages**? (Trademark Act §68 III, §69, §71)

Proving a Well-Known Trademark

To claim dilution, the Plaintiff must first prove their mark is widely recognized by relevant consumers prior to the Defendant's registration.



Massive capital scale
(over 4.9 billion NTD).



Extensive television
advertising and YouTube
media coverage (2008-2015).



Continuous corporate use
since 1960.



Broad product reach
across supermarkets and
convenience stores.

TAISUN

**The court confirms TAISUN
was highly famous long before
the Defendant registered their
hotpot business in 2015.**

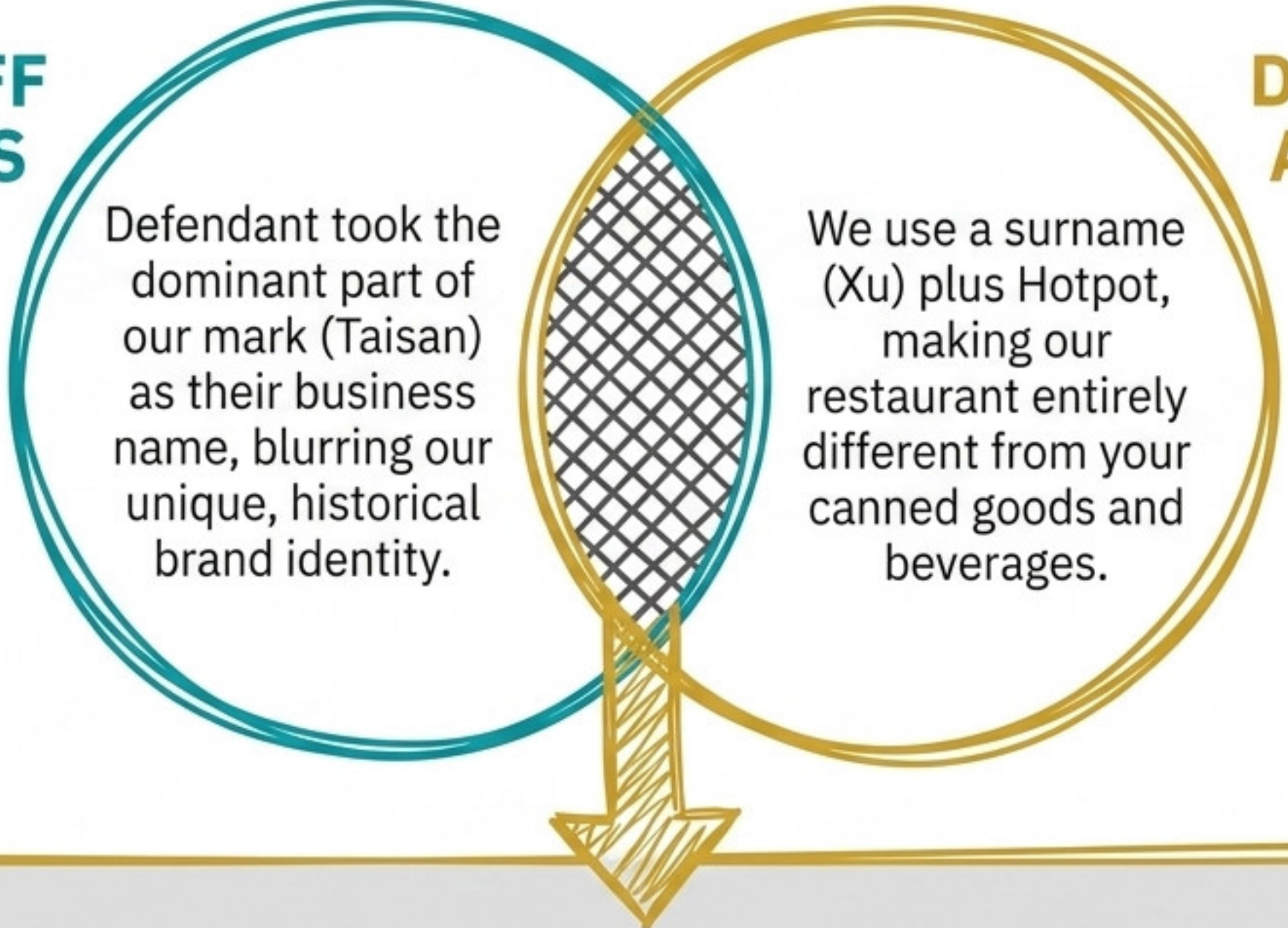
Dilution of Distinctiveness

PLAINTIFF ARGUES

Defendant took the dominant part of our mark (Taisan) as their business name, blurring our unique, historical brand identity.

DEFENDANT ARGUES

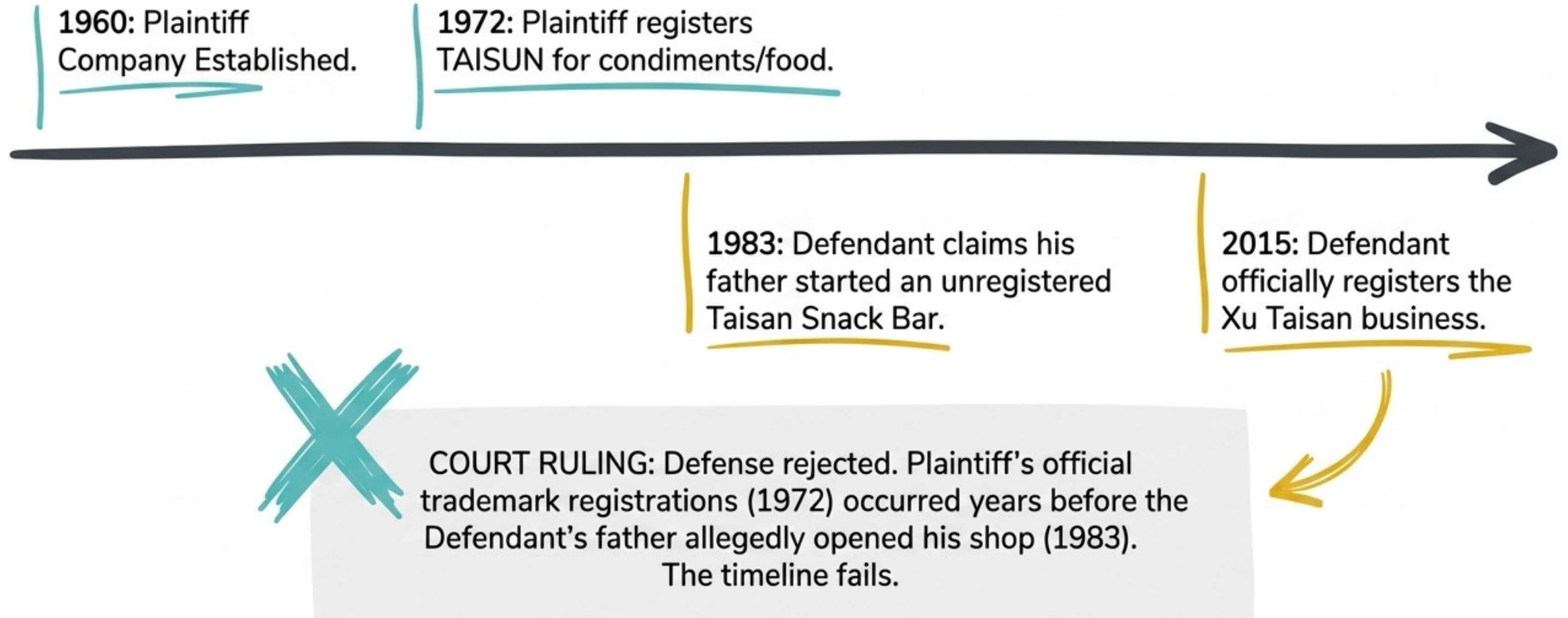
We use a surname (Xu) plus Hotpot, making our restaurant entirely different from your canned goods and beverages.



THE COURT'S RULING: Both marks share the identical, dominant visual and phonetic element: Taisan. Even if the exact products differ slightly, the Defendant's use weakens the singular public association of the TAISUN brand. Trademark Act §70 II applies.

The Prior Use in Good Faith Defense

Trademark Act §36 l(3) allows continued use if you used the mark in good faith before the Plaintiff registered theirs.



Evaluating Likelihood of Confusion

Under Trademark Act §68 III, does the overlapping market cause consumers to assume an authorized relationship?



Category 1: Condiments.

Plaintiff's historical condiment marks vs. Defendant's Xu Taisan Satacha Sauce.

Result: Infringement.



Category 2: Soups/Broth.

Plaintiff's food registrations vs. Defendant's 3 types of Broths (Guangdong Shantou, Bone, etc.)

Result: Infringement.



Category 3: Beverages.

Plaintiff's famous canned teas vs. Defendant's bottled teas (Oolong, Black Tea).

Result: Infringement.



COURT'S INSIGHT: Because the markets (food/beverage) and distribution channels overlap, consumers are highly likely to mistakenly assume the Defendant is a franchisee or subsidiary.

Calculating Damages (Trademark Act §71 I(3))

THE CHALLENGE: The Plaintiff could not prove the exact sales volumes of the infringing goods.

THE LEGAL SOLUTION: The court utilized the statutory method—multiplying the retail price of the infringing goods by a court-determined severity factor.

Satacha Sauce: 199.50 NTD × **1,000x** = 199,500 NTD

Broths (3 types): 169.00 NTD × 3 × **200x** = 101,400 NTD

Beverages (3 types): 80.00 NTD × 3 × **1,500x** = 360,000 NTD

Total Damages Awarded: **660,900 NTD**

The Final Verdict & Joint Liability

INJUNCTIVE RELIEF: Defendant must change the company name to remove "Taisan" and destroy all signs, menus, and marketing materials bearing the mark.

Defendant Xu

- Liable for the full infringement scope.
- **Total Liability: 660,900 NTD** (Sauces, Broths, and Beverages).



Yuanshan Food Co. & Rep. Ni

- Because they manufactured/sold the sauces and broths, they bear Joint and Several Liability for those specific goods.
- **Joint Liability Amount: 300,900 NTD** (Sauces + Broths).

Educational Summary & Strategic Takeaways



1. Protection of Well-Known Marks

A Well-Known Trademark receives expanded legal protection. Even if a competitor uses the mark merely as a company name rather than a product logo, courts will actively penalize them for **Dilution of Distinctiveness**.



2. The Limits of Prior Use

The Prior Use in Good Faith defense relies on a rigorous, documented timeline. Anecdotal family history (e.g., 'my father used it decades ago') will **fail** against earlier official trademark registrations.



3. Damages Without Data

Infringers cannot escape financial Damages by hiding their sales data. Under the Trademark Act, courts will aggressively apply statutory multipliers (up to **1,500x** the retail price) to ensure trademark owners are fully compensated.