



Case Study:
Apple Inc. vs.
JOYROOM

Trademark Infringement & The Limits of Confiscation



Anatomy of a Judgment:
The Over-harsh Adjustment Clause

Case Profile & Source Authority

→ Court: Intellectual Property and Commercial Court

→ Judgment Reference: Criminal Judgment 111 Xing Zhi Shang Yi Zi No. 44

→ Ruling Date: August 2, 2023

Core Legal Framework:

- Trademark Act, Article 97
- • Criminal Code, Article 38-1
- ★ • Criminal Code, Article 38-2

The Legal Battlefield: Asymmetry of the Parties



The Plaintiff: Apple Inc.

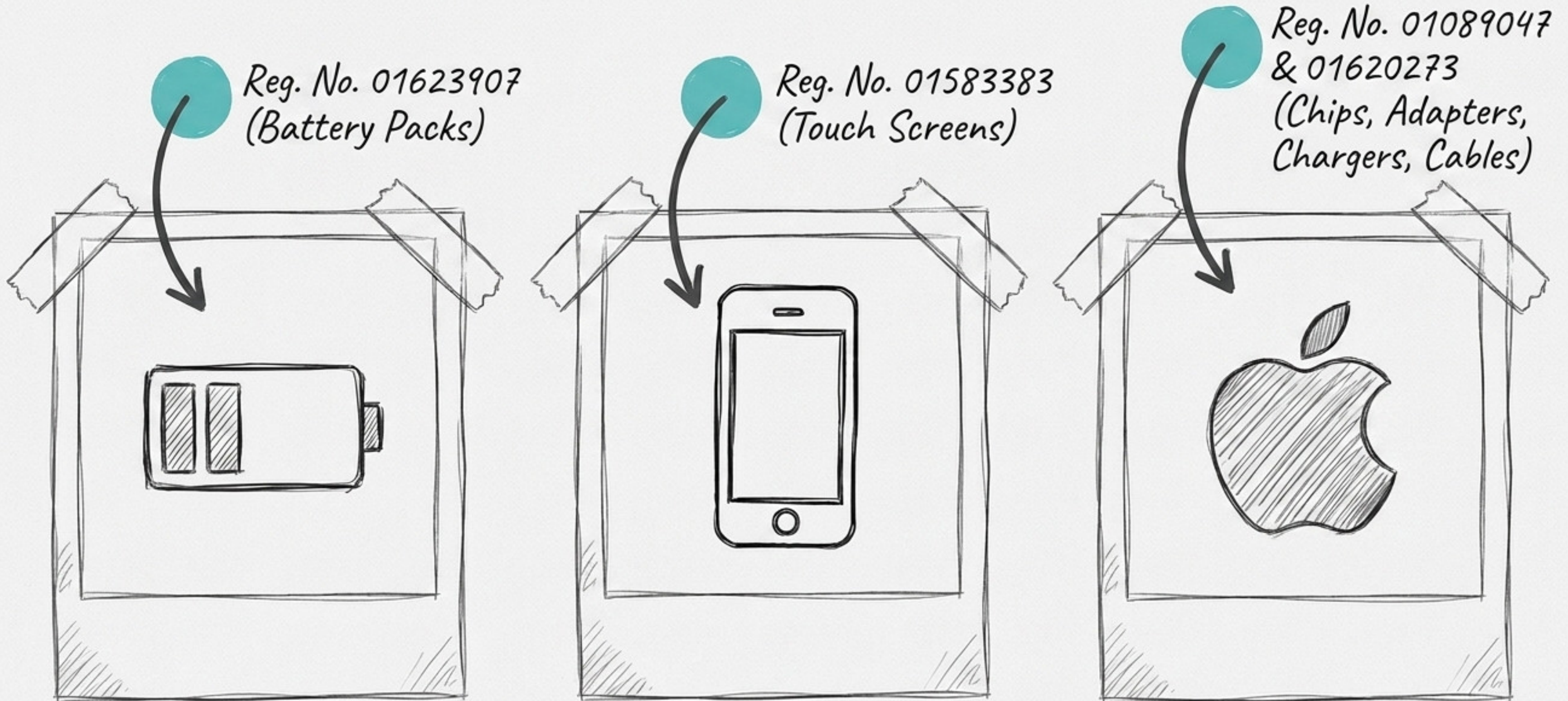
- Global Technology Corporation & Registered Trademark Owner.
- Actively deployed field investigators to audit market compliance and uncover infringement.



The Defendants: Zheng & Tian

- Local Mobile Repair Shop (JOYROOM).
- Zheng (Owner/Investor): Managed finances.
- Tian (Store Manager): Handled daily sales and inventory.
- Sourced, displayed, and sold counterfeit trademarked components for retail and repair services.

The Subject Matter: Protected Trademarks



Anatomy of the Offense: The Timeline



The Operation Begins

Zheng funds the inventory of counterfeit goods; Tian manages the daily operations at JOYROOM.



The Act of Infringement

Defendants hold, display, and sell counterfeit trademarked goods to the public and utilize them in repair services.



The Trap & Raid

Apple investigators conduct a test purchase for repairs, confirm the counterfeit nature of the goods, and report for prosecution.

The First Instance Verdict



Taiwan Kaohsiung District Court (Criminal Judgment 111 Yuan Zhi Su Zi No. 1)

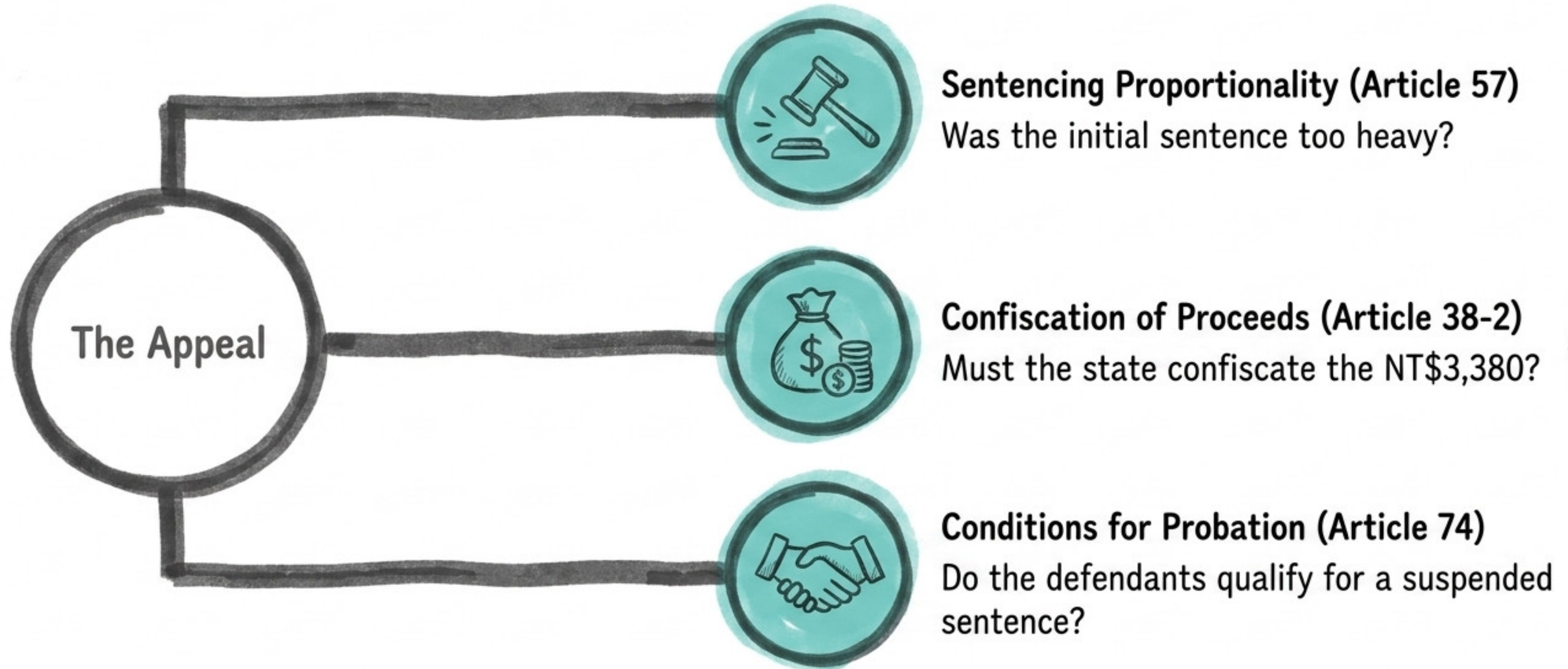
- Zheng (Owner): 4 months imprisonment (commutable to fine).
- Tian (Manager): 3 months imprisonment (commutable to fine).

The Financial Penalty: Confiscation of unseized criminal proceeds totaling **NT\$3,380 from Zheng.**

Defendants appeal the sentencing and confiscation to the IP & Commercial Court.

The Appellate Battleground

The Intellectual Property and Commercial Court examined three critical dimensions of the lower court's ruling:



Issue 1: Proportionality of Sentencing

Rule: Criminal Code, Article 57 — Sentencing must fit the crime without abuse of discretion.

Court's Rationale



The original sentence was within legal limits.



The infringement eroded the trademark owner's market interest and brand value.



The actions disrupted fair competition and damaged Taiwan's international image regarding intellectual property protection.

Conclusion: The appeal for lighter sentencing was rejected; initial sentences upheld.

Issue 2: The Confiscation Dilemma

Criminal Code, Article 38-1 dictates that criminal proceeds shall be confiscated to prevent unjust enrichment.

The Proceeds



Zheng's calculated illicit profit was only NT\$3,380.



The Twist



During the appeal, Zheng reached a civil settlement, paying Apple Inc. a total of NT\$179,731.

The Legal Question:

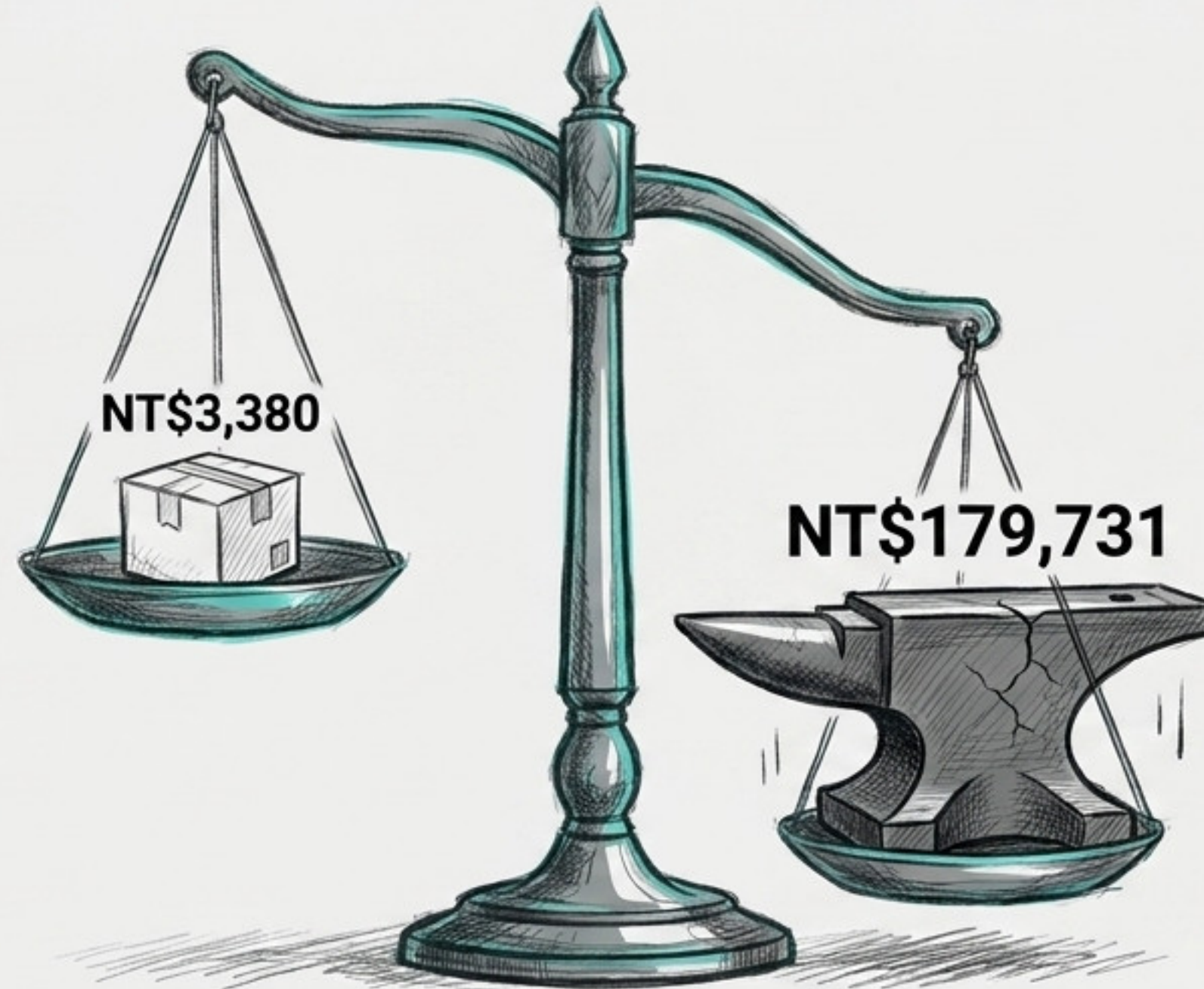
If the defendant has already paid a massive civil penalty, should the state still confiscate the minor criminal proceeds?

Resolving the Dilemma: The Over-harsh Adjustment Clause

The Mechanism: Criminal Code, Article 38-2, Paragraph 2

The Logic

The law allows courts to waive confiscation if executing it would be excessively harsh or disproportionate to the crime.



The Application

Because the civil restitution vastly exceeded the criminal proceeds, the financial penalty was already severely felt.

**The Ruling: Confiscating the additional NT\$3,380 would be over-harsh.
The previous confiscation order is revoked.**

Issue 3: The Path to Probation (Criminal Code, Article 74)

Clean Record

Both defendants were first-time offenders with no prior intentional crimes resulting in imprisonment.

Remorse

Both confessed during the appellate trial, demonstrating self-reflection and acknowledging the error.

Restitution

Active damage repair through the NT\$179,731 settlement. Apple Inc. formally agreed to the probation.

Result: 2 Years Probation granted to encourage rehabilitation.

The Final Appellate Ruling Summary

Zheng (Owner/Investor)	Tian (Store Manager)
Sentence: 4 Months (Upheld)	Sentence: 3 Months (Upheld)
Confiscation: NT\$3,380 (Revoked) 	Confiscation: N/A
Probation: 2 Years Granted 	Probation: 2 Years Granted 

Judgment Highlights & Strategic Implications



Civil Overrides Criminal Proceeds

- ✓ Active and substantial civil settlements can trigger the Over-harsh Adjustment Clause (Article 38-2), successfully waiving state **confiscation** of minor criminal proceeds.

IP Market Protection

Courts weigh the macroscopic damage to Taiwan's IP protection image heavily when evaluating sentencing proportionality.

The Power of Plaintiff Consent

- The trademark owner's formal consent, secured via **financial restitution**, serves as a decisive catalyst for the court in granting a **suspended sentence**.

Source: Intellectual Property and Commercial Court, Criminal Judgment 111 Xing Zhi Shang Yi Zi No. 44 (August 2, 2023).