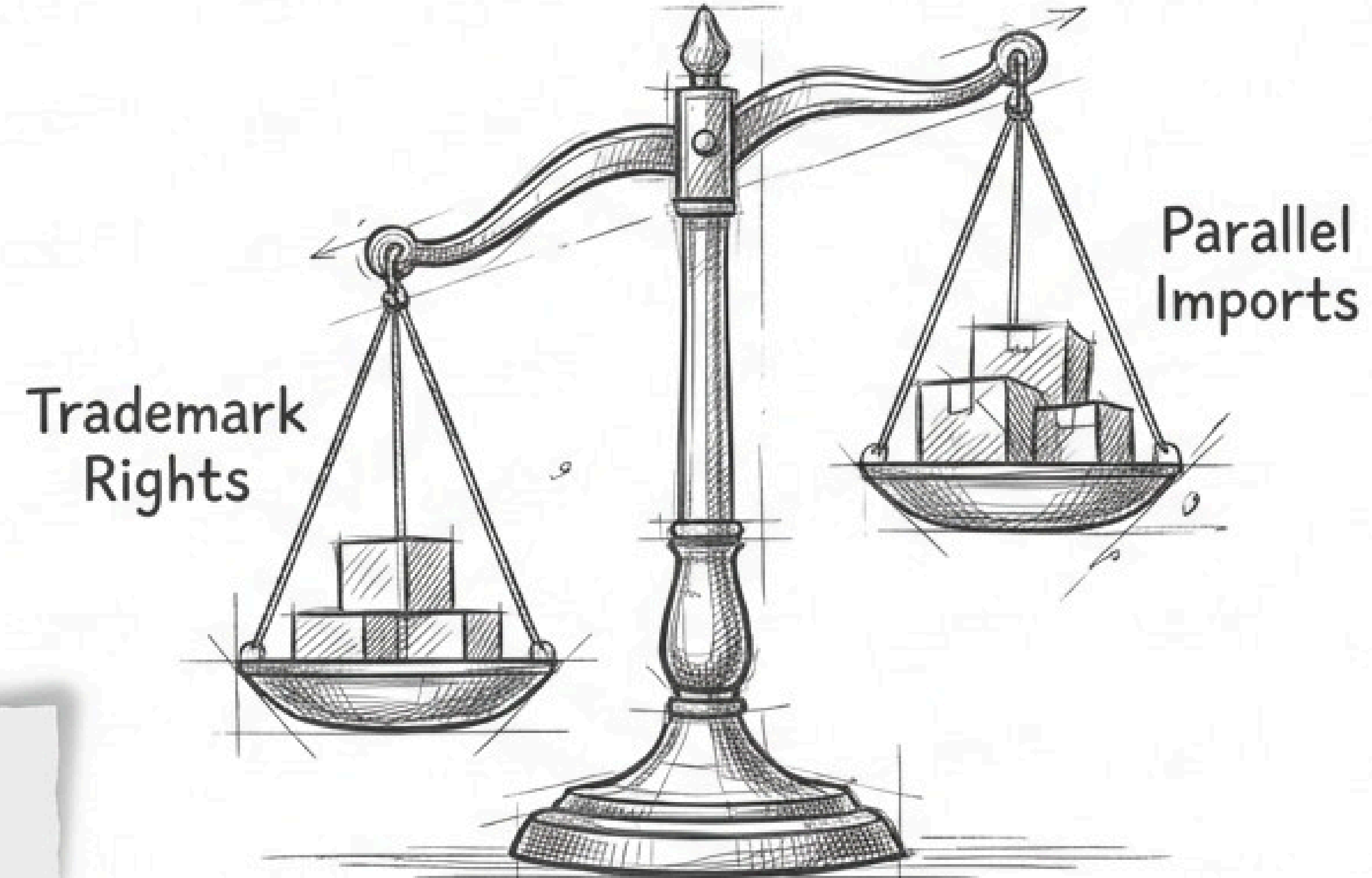
The Boundaries of Trademark: Parallel Imports & The Global Corporate Web

An Educational Analysis of Trademark Exhaustion



Source: Intellectual Property and Commercial Court, Civil Judgment
112 Min-Shang-Shang-Geng-Yi-Zi No. 2 (2024)

The Courtroom Face-Off

The Appellant (Plaintiff)

Taiwan Trademark Owner

- Acquired the exclusive NEFFUL trademark in Taiwan in 2015.
- The Grievance: Discovered unauthorized use of the NEFFUL mark on an e-commerce platform.

VS

The Appellee (Defendant)

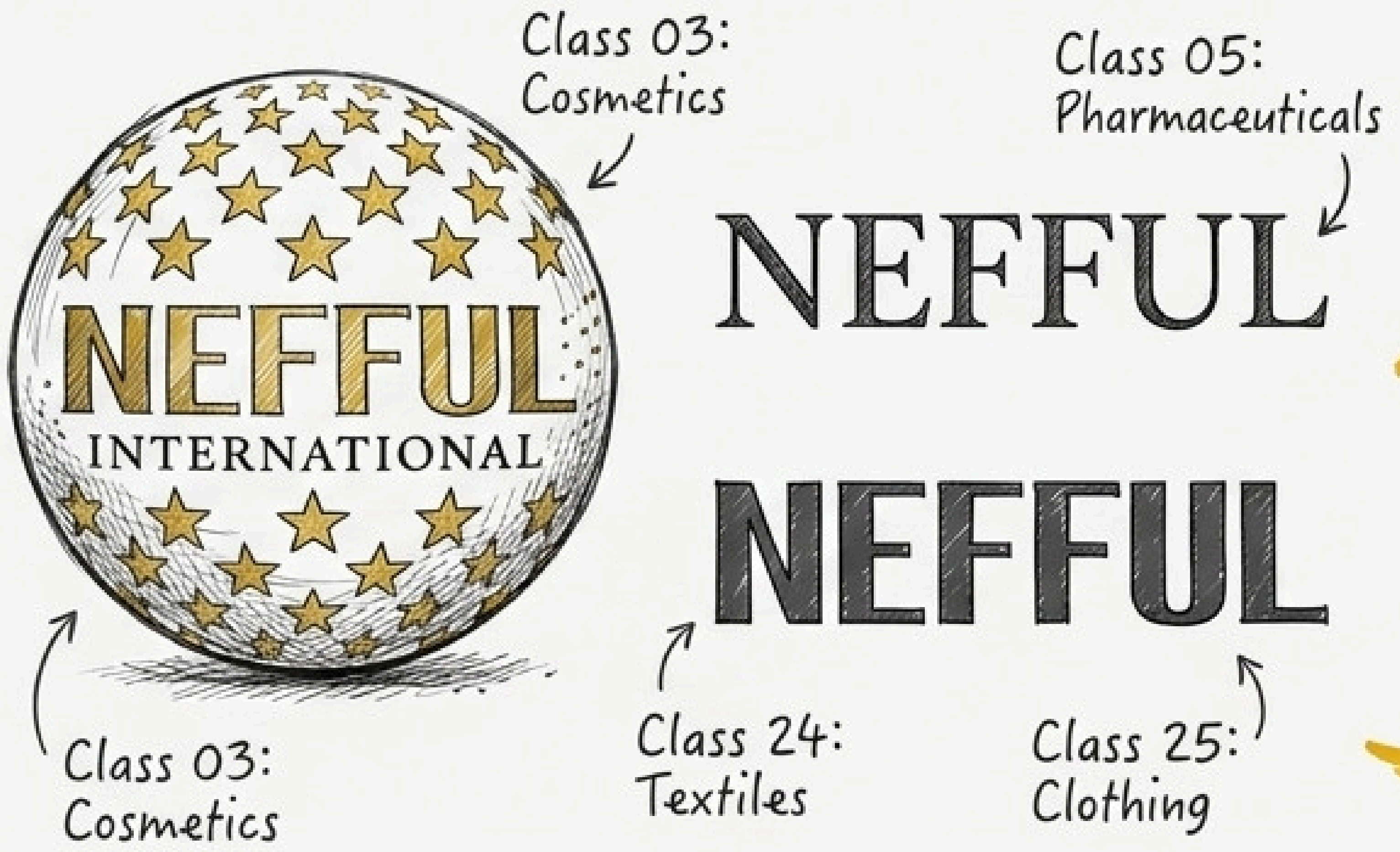
Shopee Platform Seller

- Purchased genuine NEFFUL goods directly from Japan.
- Advertised: Direct from Japan
  ~ Free Shipping
  ~ Full Series NEFFUL JP
- The Defense: Lawfully reselling genuine imported items.

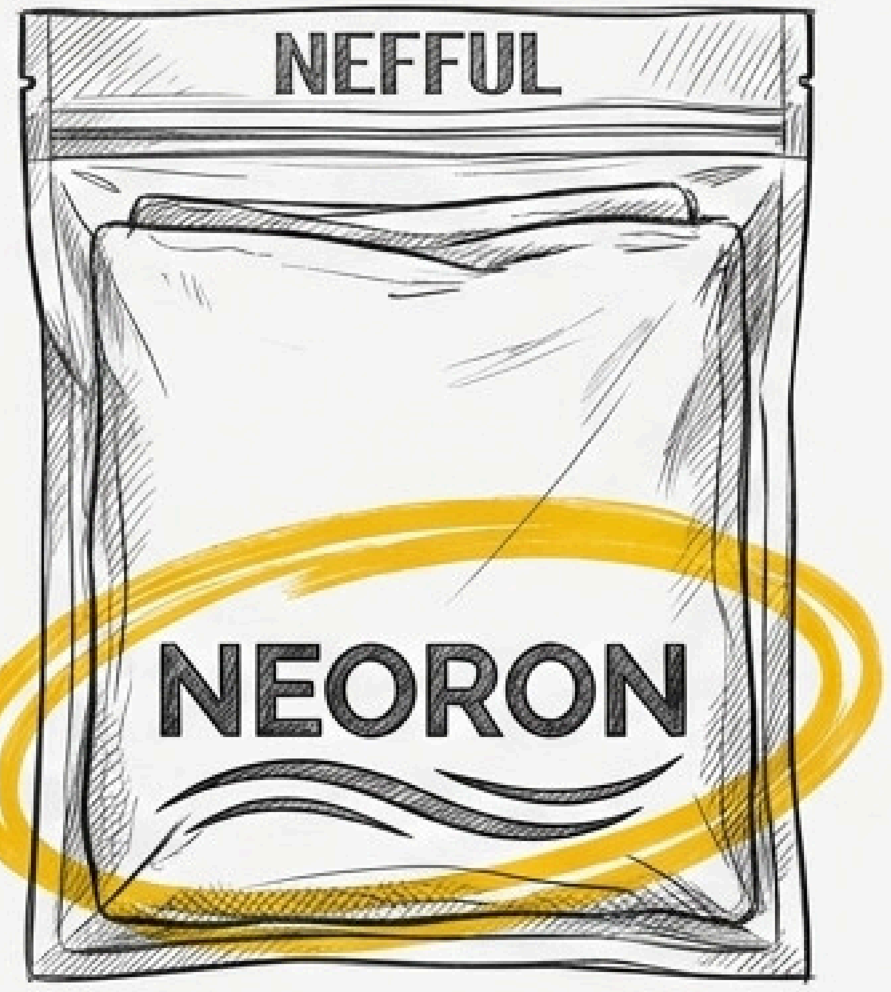
Source: Intellectual Property and Commercial Court, Civil Judgment 112 Min-Shang-Shang-Geng-Yi-Zi No. 2 (2024)

The Trademarks & The Evidence

The Registered Marks: NEFFUL (Classes 03, 05, 24, 25)



The Defendant's Product



Key Fact: Verified genuine goods originating from Japan.

The Core Dispute

Under standard trademark law, a mark registered in different countries represents technically separate and independent rights.

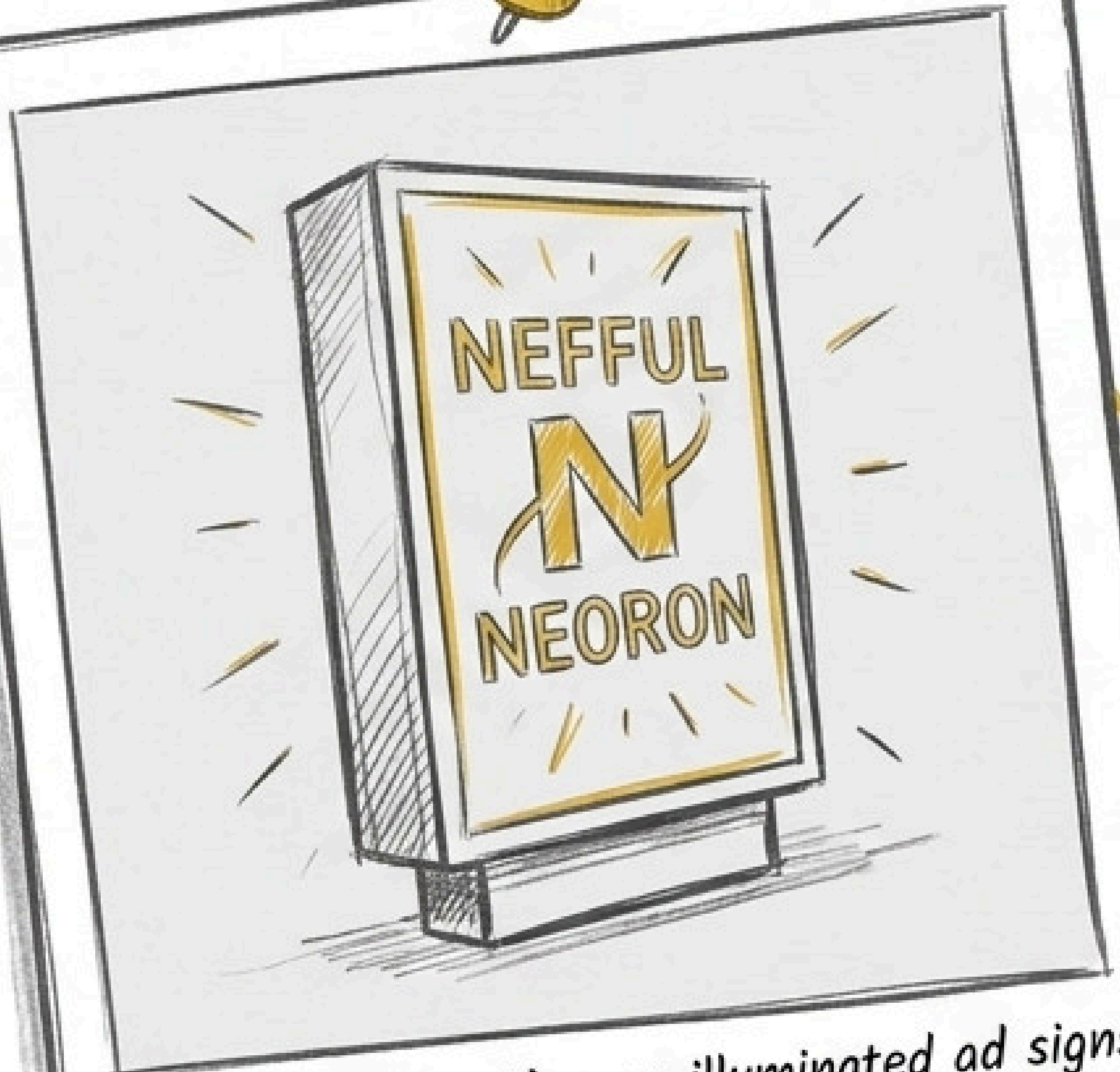
The Crux of the Case

If the domestic and foreign trademark ow**ners** are separate legal entities, but share an **economic and legal relationship**, does the sale of genuine **imported goods still trigger the**

Exhaustion of Trademark Rights?

Source: Intellectual Property and Commercial Court, Civil Judgment 112 Min-Shang-Shang-Geng-Yi-Zi No. 2 (2024)

Piercing the Veil: The Physical Evidence



Evidence: Plaintiff's own illuminated ad signs.
Display text: Using the N from NEFFUL and NEORON as the main theme.

The Court's Finding:

Despite claiming distinct trademark rights, the Taiwan Plaintiff actively uses both NEFFUL and NEORON interchangeably in its own marketing to identify a single source of goods.

Piercing the Veil: The Digital Footprint

Japan Nefful Co.
Founded 1973 (Shizuoka, Japan)
The Original Source of the Goods

↓ Expanded to

Nefful International Holdings Pte. Ltd. (Singapore)
Established 2010
The Holding Company

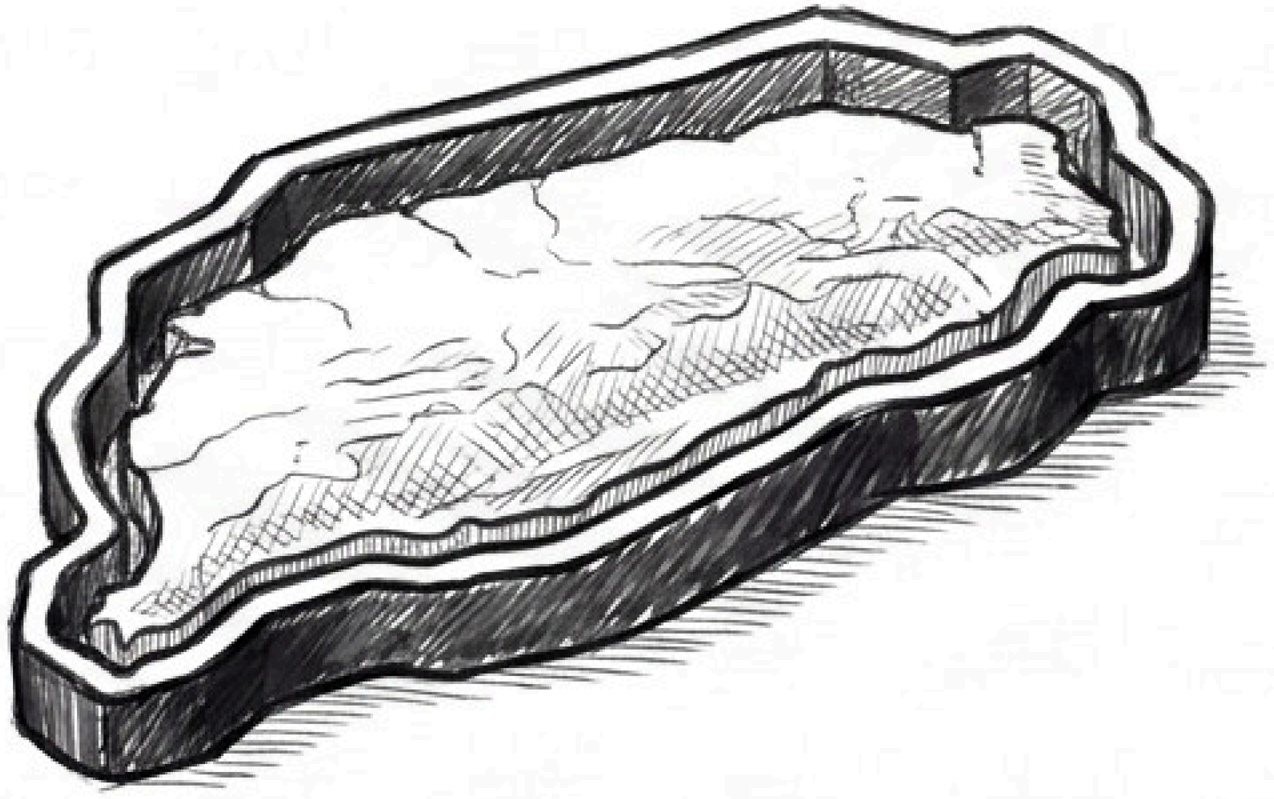
↓ Branch / Holding Relationship

Taiwan Nefful Co. (The Plaintiff)
The Local Trademark Owner

Court Finding: Both the Taiwan and Singapore websites share the exact same origin story. They are a single economic unit.

The Governing Legal Doctrines

Principle of Territoriality

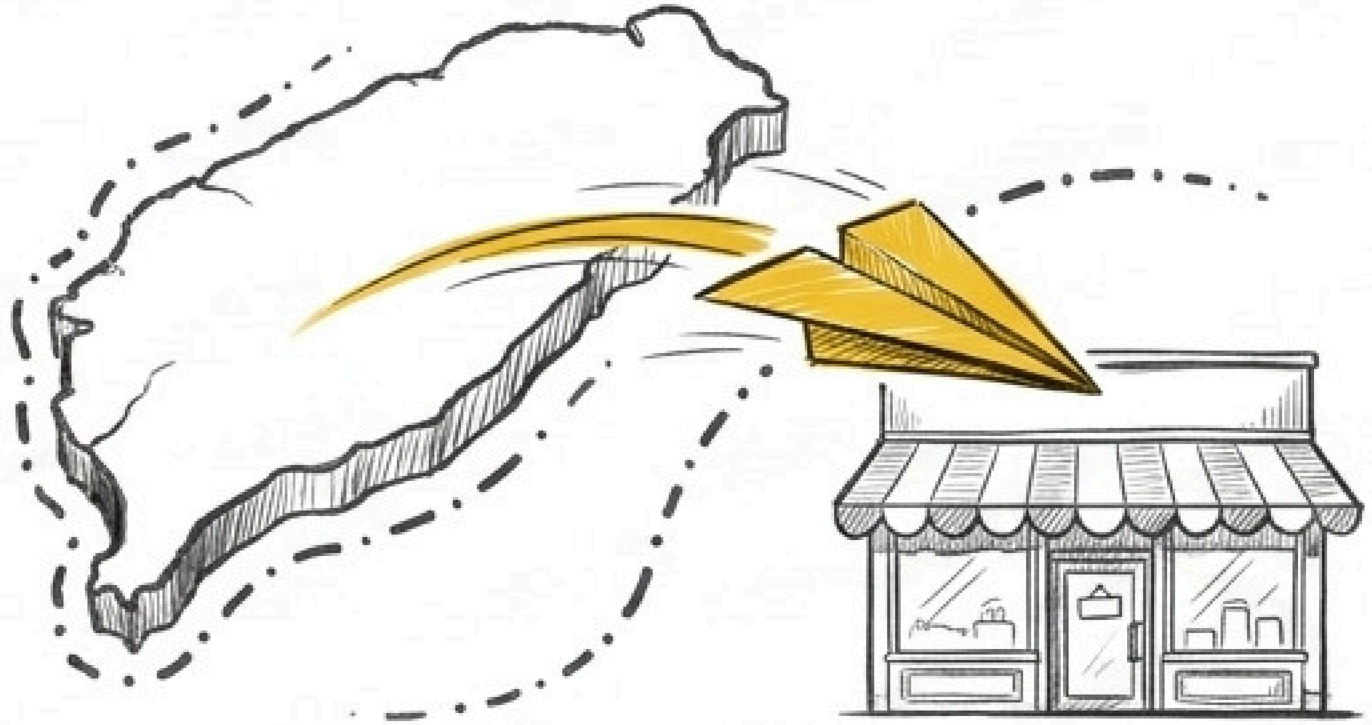


Trademarks are **restricted** to the **geographic territory** where they are registered.

Claim: Our Taiwan trademark is fully isolated from the Japan trademark!

International Exhaustion Principle

(Trademark Act, Article 36, Paragraph 2)



If goods are put on the market **domestically** or internationally by the owner (or with consent), **the owner cannot prohibit their resale.**

Synthesizing the Rule & The Exception

Separate Legal Entities
(Different Countries)

+

Unified Economic & Legal Relationship
(Holding Company / Affiliates)

=

Exhaustion of Trademark Rights Applies.

Even under territoriality, if different national trademark owners have an **economic relationship**, the exclusive right originates from the exact same source. Once genuine goods are sold anywhere, the **rights are exhausted**.

The Final Verdict

- **Identical Marks Used:** Defendant used identical marks on identical goods (Class 25).
- **Genuine Goods Confirmed:** Products originated legitimately from Japan Nefful Co.
- **Corporate Link Established:** Plaintiff and Japan Nefful Co. share a demonstrable economic relationship.

The Result: The imported goods qualify as **lawful Parallel Imports.**

APPEAL DISMISSED.
PLAINTIFF CANNOT
ASSERT INFRINGEMENT.

Source: Intellectual Property and Commercial Court, Civil Judgment 112 Min-Shang-Shang-Geng-Yi-Zi No. 2 (2024)

Summary & Strategic Implications

1 The Shield of Parallel Imports

Selling genuine goods imported from abroad is legally protected under the **International Exhaustion Principle**, provided they were legitimately placed on the market by the original source.

2 Corporate Structure vs. Protection

Multinational companies cannot use the **Principle of Territoriality** to block parallel imports if their regional branches are economically linked. Courts will **pierce the corporate veil.**

3 E-commerce Safe Harbor

Sellers using a trademark purely to describe and promote genuine imported goods (e.g., Direct from Japan NEFFUL) act within **fair use,** provided they do not mislead consumers about the origin.

End of Case Study.