



CONFIDENTIAL

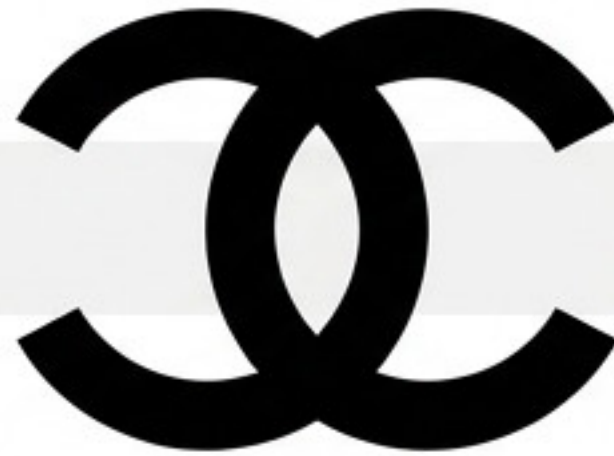
Trademark Infringement & The Boundary of **Knowing**

An Educational Case Analysis of the
Liang Chen Ji Shi Counterfeit Network

The Protected Intellectual Property



adidas:
Reg. 00798026
(Class 25: Footwear,
apparel, gloves)



CHANEL:
Reg. 00626580
(Class 43:
Bags/Luggage)
Reg. 00023911
(Class 532: Leather
goods)



Sanrio:
Reg. 01058041,
00859664
(Class 16: Stickers)
Reg. 02178155
(Class 3-34: Consumer
goods)



Reconstructing the Distribution Network

1. The Source

Defendant Xu purchases closed-store stock from an unknown man (9,000 NTD) and buys items at Hualien Night Market (2 packs for 100 NTD).



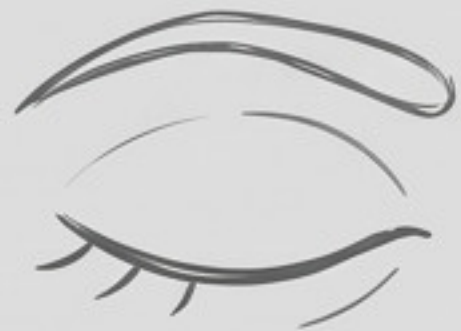
Goods are listed via the Liang Chen Ji Shi LINE group notepad for franchisees.



Franchise managers (Ling & Hong) purchase and publicly display goods (Sept-Oct 2021).



Police purchase evidence online, followed by physical raids seizing goods and invoices (Nov-Dec 2021).



The Core Dispute: Did They Know?



District Court (Initial Verdict: Not Guilty)

- ✓ - Goods were in sealed plastic bags, undisturbed.
- ✓ - Unreasonable to expect defendants to spot differences from authentic items.
- ✓ - Low retail price was justified by low-cost bulk buying; they merely sought a small profit margin.

VS

Prosecution (Appeal)

- ! - District Court failed to properly weigh objective evidence.
- ! - Defendants must have pos-
sessed Direct Intent based on
common sense and the extreme,
illogical price discrepancy.

The Legal Standard: Defining Intent

Under Trademark Act Article 97,
selling counterfeit goods requires
the subjective element of **Mens Rea**
(specifically, **Direct Intent**).

[Prevision of Facts] + [Decision to Execute] = Direct Intent

The Reasonable Person Standard

How does the court prove "knowing" without a confession? The court evaluates:

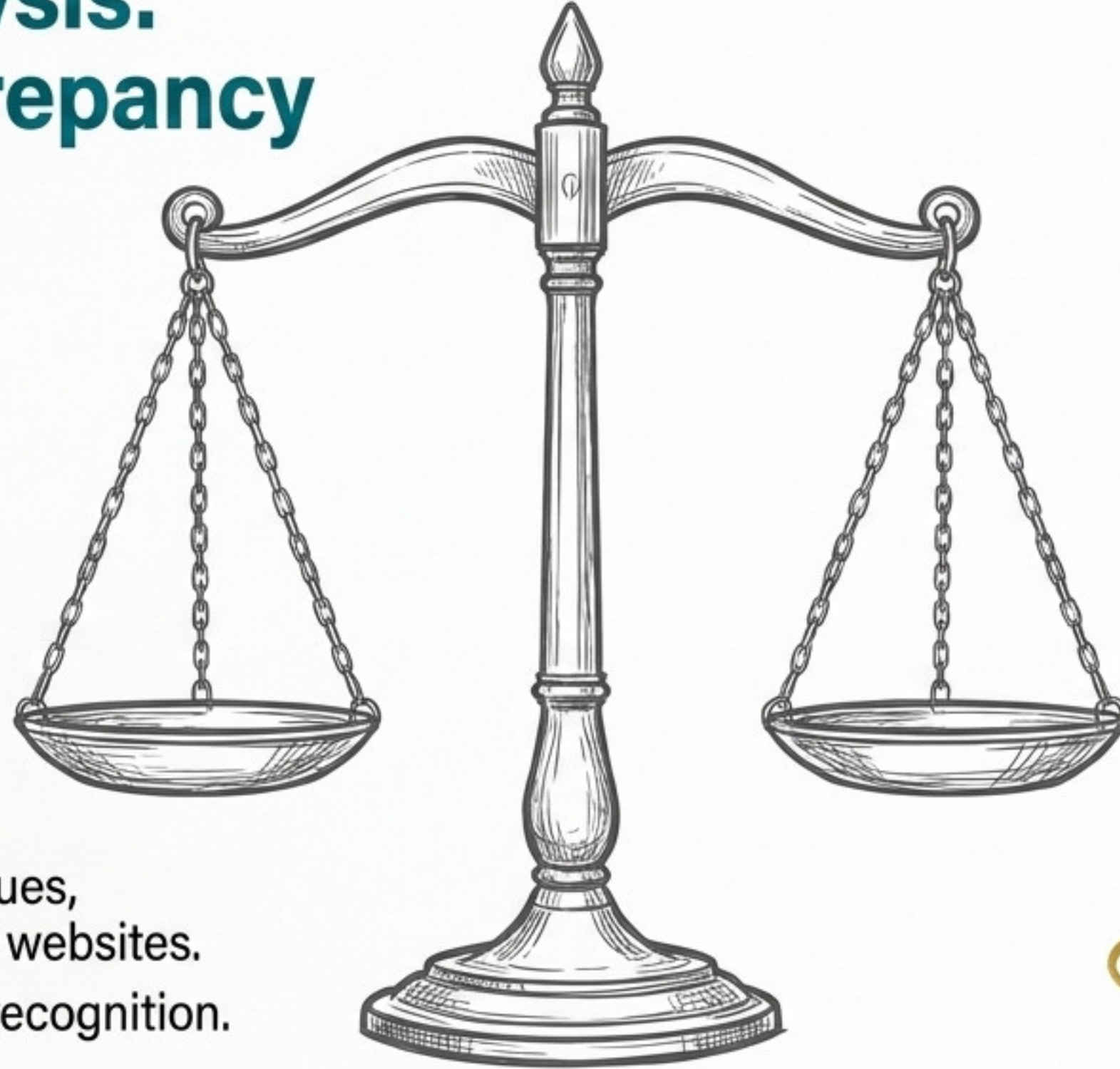
- | | |
|----------------------------|-----------------------------|
| ① Defendant's Intelligence | ② Life Experience |
| ③ Mental State | ④ Existing Facts & Evidence |

Evidence Analysis: The Price Discrepancy



The Authentic Reality

- World-renowned brands (adidas, CHANEL, Sanrio).
- Strict pricing, sold in boutiques, authorized stores, or official websites.
- High-value luxury & global recognition.



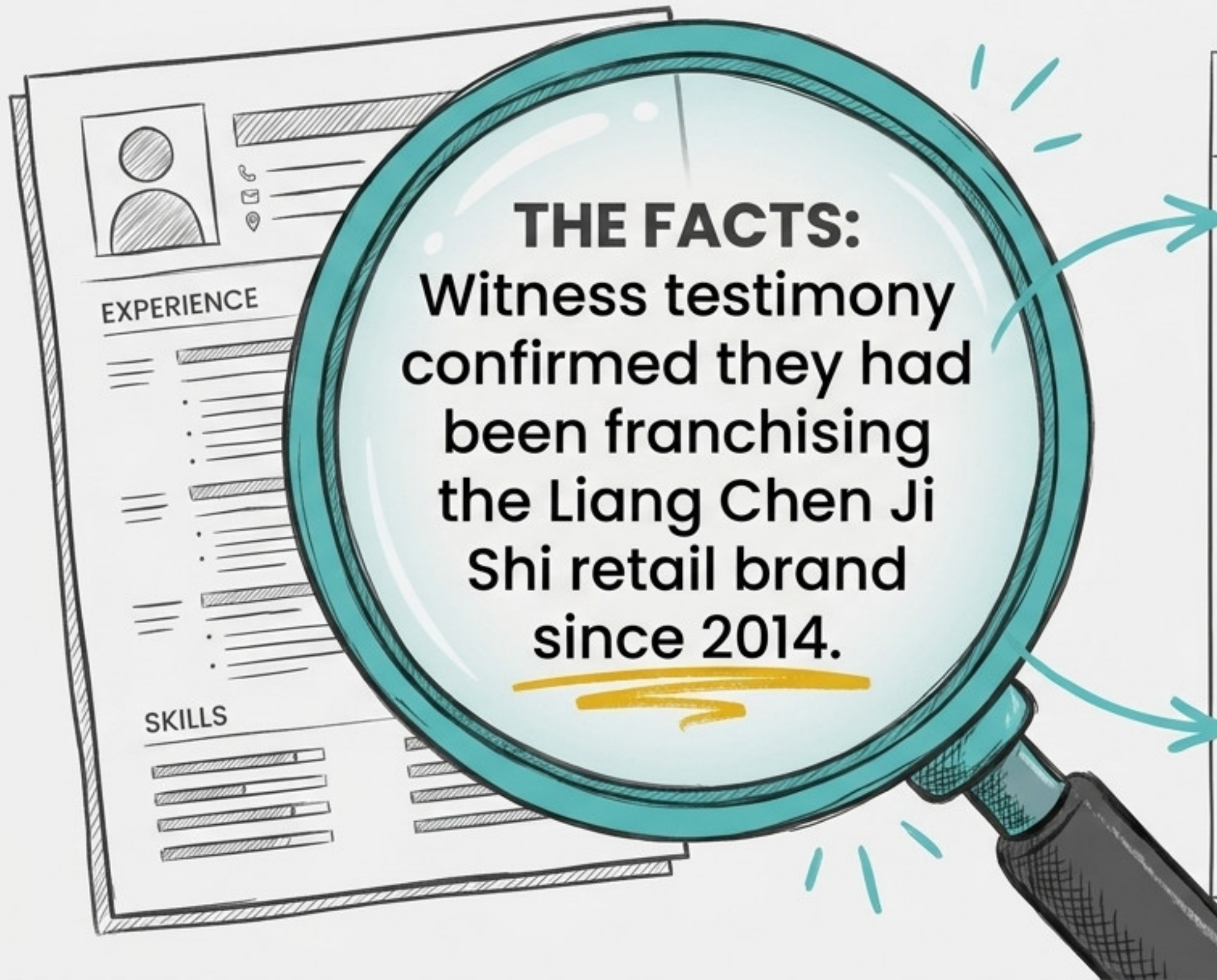
The Defendant's Reality

- Bought from an unknown man for **9,000 NTD** total.
- Bought in a night market at **2 packs for 100 NTD.**

“ A severe departure from market reality.
Authentic goods are never sold this cheaply. ”

Evidence Analysis: Professional Experience

Ignorance is not a defense for professionals.



THE FACTS:
Witness testimony confirmed they had been franchising the Liang Chen Ji Shi retail brand since 2014.

Key Insight

- Given years of experience running a retail franchise, defendants possess a higher level of market awareness than an average consumer.
- They should have an inherent understanding of pricing, sourcing, and brand value.
- Claiming 'we did not know' is legally invalid given their business tenure.

The High Court Verdict



REVOKED

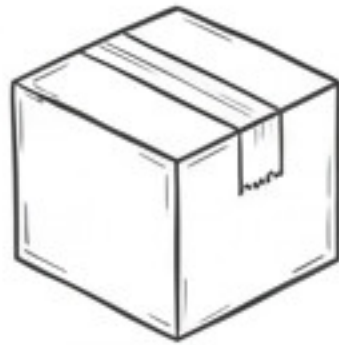
Action: Original District Court judgment is **REVOKED**.

Ruling: Defendants Jian and Xu are found **GUILTY** of Trademark Infringement under Trademark Act Article 97 (Illegal sale of goods infringing on trademark rights).

Penalty: Sentenced to 3 months and 4 months imprisonment respectively (commutable to fines at 1,000 NTD per day).

Asset Forfeiture: All counterfeit items listed in Appendix 4 are confiscated.

Case Synthesis & Strategic Implications



Sourcing Channels Matter

Purchasing branded goods from unauthorized, irregular channels (e.g., night markets, unknown individuals) immediately flags a high risk of infringement.



The Reasonable Person Trap

"It was sealed" is not a defense. Courts view extreme low prices as undeniable proof of Direct Intent. If a deal is too good to be true, the law presumes you knew it was fake.



Professional Responsibility

Retail operators are held to a higher standard. Years of business experience mean you cannot legally feign ignorance about the true market value of global mega-brands.