

Legislative developments demand IP owners' attention

Recent and pending reforms affecting cosmetics, film and video, computer crime and product liability, as well as trade marks and copyright, are of great relevance to IP owners, as **Alan Adcock** of **Tilleke & Gibbins** explains

Thailand saw several important legislative changes in 2008 that affect IP rights and IP-focused businesses. In 2009, proposed amendments to the Copyright Act and the Trade Mark Act will also affect IP owners and infringers. With the recent political turmoil hopefully settled for at least the next four years, the government may now be able to put politics aside and focus on further development and protection of IP rights.

Cosmetic Act

The registration of cosmetics in Thailand has seen a significant shift recently as Thailand prepares to comply with the ASEAN Harmonized Cosmetic Regulatory Scheme. The Ministry of Public Health's September 25 2008 Announcement Regarding the Definition of Controlled Cosmetics provides for a new classification for all three types of cosmetics ("specially controlled cosmetics", "controlled cosmetics" and "general cosmetics") to be classified as "controlled cosmetics". This requires all cosmetics to file a notification to the Thai Food and Drug Administration (FDA) before manufacturing or selling in Thailand. Manufacturers and importers of general cosmetics, which had previously been subject to more lenient FDA requirements, must now notify the FDA of their products by December 31 2010. Information that must be provided when submitting notification to the FDA includes:

- 1) Registered business name and address of office and storage location of manufacturer or importer.
- 2) Name, category or kind of cosmetics to be manufactured or imported.
- 3) Details of all ingredients.
- 4) Product label.

Film and Video Act

The new Film and Video Act entered into force in Thailand on June 4 2008. It establishes for the first time

in Thailand a rating system for films and videos consisting of seven categories:

- General audience (no age restriction).
- 13-year-olds and above.
- 15-year-olds and above.
- 18-year-olds and above.
- 20-year-olds and above.
- Banned films.
- Educational films.

Further, it is now mandatory to file an application for inspection of the movie by the Board of Film and Video Censors to obtain the necessary approval for screening, renting and selling films and videos in Thailand. For foreign production companies hoping to shoot in Thailand, an application must now be filed with the Office of Tourism Development setting out the screenplay, plot and a short description of the movie.

Concerning piracy, two sections of the new Act can be used against those who sell, exchange or rent fake DVDs or VCDs. Any business renting, exchanging, or selling videos now requires a licence from the relevant government agency. Non-compliance may lead to an initial fine of up to Bt500,000 (\$15,000) and additional fines of Bt10,000 per day for each day the violation continues. Further, the package of each movie rented, exchanged or sold in these stores will bear a regulated label, with non-compliance resulting in a fine of up to Bt100,000.

Computer Crimes Act

Thailand's Computer Crimes Act came into force on July 19 2007 and is considered to have some of the most onerous provisions so far legislated in this area.

According to the Act, data retention is mandatory for all service providers, who are required to keep records of their users' e-mail, chat and internet usage and personal identification for a minimum of 90 days. The details of this mandatory data retention were left

to the discretion of the Ministry of Information and Communications Technology (MICT). The MICT took a very broad approach, with the result that the data-retention requirement applies not only to service providers offering internet or e-mail services to the public at large, but to all entities within Thailand that offer internet access, computer communication or data storage, including all companies whose employees have computer access. This is to say that nearly any party

is negligent in making the product defective. The Act came into effect on February 20 2009 and does not apply retroactively.

A potentially liable operator includes any producer, outsourcer or importer of the defective product and any person acting in such a capacity, as well as a seller who is unable to identify the manufacturer. A defective product can result from manufacturing, design or manual defects. Manufacturing defects result from any deviation

of the product from its intended design, while design defects occur when the product design itself renders the product dangerous or unsafe. Manual defects are incurred if the manual accompanying the product lacks important information, warnings or

Any business renting, exchanging or selling videos now requires a licence from the relevant government agency

that uses a computer is required to log all data traffic and maintain personal data identifying users for 90 days or be subject to a criminal fine of up to Bt500,000.

Product Liability Act

Thailand's new Product Liability Act imposes strict liability on a business operator involved in the manufacture and sale of a defective product that causes harm to a user. The operator is held liable if the product is defective, regardless of whether the operator was neg-

ligent in making the product defective. For an injured user it is sufficient to prove that he or she was injured or suffered damage from the operator's defective product while using it in the proper way. Further, product liability cannot be waived or limited by contract or by any waiver or limitation of liability statement given by the operator.

Defences are available, however, and several are spelled out in the Act. An operator will not be held liable if he or she can prove that the product is not defective, that the injured party was already aware that it was defective but nevertheless used it, or that the damage was due to improper use or storage. Furthermore, producers of custom-made products and component producers cannot be liable for the damage to consumers if they can prove that there was no manufacturing defect on their part and that they did not expect or should not have expected that the product would be defective. A defendant-operator may invoke other defences available under other laws that are applicable in a particular case.

The Act provides two additional categories of damages on top of the damages for wrongful act as provided in the Civil and Commercial Code. The Thai courts may now additionally award compensation for mental damages and, on top of these, punitive damages due to gross negligence. Therefore, it is necessary to take precautions, such as measures to review and reevaluate quality control processes and product design. In addition, IP owners should ensure that warning information is clear and comprehensive and includes notice of all risks involved in the use of the product.

Trade Mark Act and Copyright Act

In order to cope with the problems caused by counterfeiting and piracy, the Department of Intellectual Property has appointed a committee to consider and proceed with the proposed amendments to the Trade Mark Act and the Copyright Act. The government of

Alan Adcock



Alan Adcock has practised IP law for 10 years, all of which has been devoted to Asian regional practice (particularly in China). After completing his law degree at Columbia University, Alan qualified in New York and New Jersey. Now the deputy director of the IP department at the Bangkok office of Tilleke & Gibbins, Alan's practice centres mostly on the commercial side, with experience in IP due diligence, acquisitions, technology transfer, clinical trial work, and intellectual asset management. Alan has been named by *Asialaw* as a leading lawyer in the field of intellectual property for the past five years and recently co-authored the book *China Intellectual Property Challenges & Solutions: An Essential Guide* with Rebecca Ordish, senior IP counsel, Asia Pacific, at Cadbury.

Prime Minister Abhisit Vejjajiva too seems to be taking the issue more seriously than past governments, with Deputy Minister of Commerce Alongkorn Pollabut taking up very public efforts against counterfeiters – efforts that have recently resulted in his being recognized by *Managing Intellectual Property* as one of the world's 50 most influential figures in IP.

Concerning the Trade Mark Act, the draft proposes a personal liability penalty of up to Bt1,000 for any person who buys goods, if he or she knew or should have reasonably known that the goods used forged trade marks, service marks or collective marks. Taking cues from Hong Kong and China, landlord liability is on the table too where landlords/owners of commercial spaces may be fined up to Bt200,000, if the landlord knows or reasonably should have known that counterfeit or infringing goods are sold.

Similar to the Trade Mark Act, the proposed Copyright Act amendments will set forth penalties of up to Bt1,000 for anyone buying goods who knows or should reasonably know that those goods have been made by pirating any others' copyright. Similar to the proposed amendment to the Trade Mark Act, landlords could be held liable for renting their premises to tenants

who sell pirated products. The government is taking comments from the public now. Finalisation and promulgation of the new laws could be expected around mid-2010.

New opportunities and expanded avenues

Taken together, these various legislative changes place certain obligations on IP-focused businesses, as care must be taken to ensure full compliance with the new

These various legislative changes place certain obligations on IP-focused businesses, as care must be taken to ensure full compliance with the new laws

laws. The Cosmetic Act and the Product Liability Act provide examples of laws requiring strict attention to compliance. At the same time, the legislative changes offer new opportunities and expanded avenues for enforcement for IP owners, as exemplified by the Film and Video Act and the proposed amendments to the Trade Mark Act and Copyright Act. The effectiveness of these new enforcement mechanisms will warrant close attention in the year ahead.