

Targeting purchasers and landlords in Thailand's battle against counterfeiting

With the country on the Office of the US Trade Representative's Priority Watch List, a new bill has been introduced to strengthen the anti-counterfeiting options available to trademark owners. Will it prove a game changer?

The US government notes that "piracy and counterfeiting remain widespread" in Thailand, with open markets for pirated and counterfeit goods located throughout Bangkok. As a consequence, the country currently remains on the Office of the United States Trade Representative's (USTR) Priority Watch List (2010 Special 301 Report), despite senior-level government commitment to stronger protection and enforcement of IP rights. In the face of the challenges that exist, the government recently introduced a bill to amend the Trademark Act 1991, with provisions designed specifically to address the issue of counterfeiting.

Despite the fact that the Trademark Act imposes severe penalties for the criminal offence of trademark infringement, the individuals that engage in counterfeiting and piracy remain both undaunted and undeterred. As a result, the Department of Intellectual Property introduced provisions in the bill that increase the pool of offenders by penalising those who support or demand counterfeit goods, including purchasers, landlords and entities that manufacture, distribute, obtain for distribution, offer for sale or import counterfeit goods. By attacking the supply chains, support networks and demand for fake goods, the Department of Intellectual Property hopes to stem the tide of counterfeit products in Thailand.

Shaping public attitudes to counterfeits

During the drafting process, many stakeholders proposed that the purchase or possession of counterfeit products be made a criminal offence. The original draft of the bill therefore extended punishment both to persons who purchased counterfeit products and to those in possession of such goods. However, opponents argued that the provision was open to abuse, as police officers would have the authority to arrest a person who was merely holding counterfeit products.

As a result, under the current draft bill, the offence is limited to actually purchasing counterfeit products. The draft provision provides that "whoever, without appropriate reasons, buys goods, while knowing or [where the buyer] reasonably should have known that such goods have used forged trademarks, service marks, or

collective marks according to Section 108, shall be punishable by a fine not exceeding Bt1,000".

The penalty for this offence is relatively low, with the maximum fine of Bt1,000 equivalent to about \$32 at current exchange rates. This may signal the drafters' belief that purchasing counterfeit products is not a direct infringement and is also not a serious offence. This provision will, however, serve to remind the public that trademark infringement is a criminal act and will hopefully prevent them from supporting such illegal enterprise.

Targeting landlords

A more significant element is the proposal to make it an offence to rent out premises for the commission of infringing acts. Under the current law, a landlord has no responsibility for counterfeiting activities that take place on its property. Should the bill become law, the proposed changes will encourage trademark owners to enforce their property rights more effectively by enabling action against offending landlords.

The proposed provision states: "Whoever provides rental of spaces, including the owner or occupier of any building or space, while knowing or [where the owner] reasonably should have known that the user of the building or spaces therein sells, offers for sale, or possesses for sale goods which have used forged trademarks, service marks, or collective marks according to Section 108 and 109, shall be punishable by imprisonment not exceeding one year or a fine not exceeding Bt200,000 or both."

There are two lines of argument regarding this proposed provision. On the one hand, the clause may not be necessary: opponents of the provision argue that a landlord who knowingly assists or somehow provides the counterfeiter with assistance is already liable as one who renders "assistance to trademark infringement". Proponents argue, however, that the more serious offence of contributory trademark infringement is not expressly stated in the Trademark Act, and that the revision is necessary to impose clear liability on landlords that allow their property to be used for infringing activities.

As the passage of the bill may take time, the Department of Intellectual Property asked the Office of the Attorney General to render an opinion on whether a landlord that allows its tenant repeatedly to commit the offence of trademark infringement can be punished under the existing laws. Unsurprisingly, the Office of the Attorney General affirmed that under the current law, a landlord has no direct responsibility to monitor the acts of its tenants.

Fortunately, the Office of the Attorney General further opined that in any trademark infringement case where a sufficient weight of evidence proves that the landlord acted as a principal, instigator or supporter of the counterfeiting activities on its premises, the rights owners entitled to file a criminal case against such landlord under Section 83, 84, or 86 of the Penal Code in relation to the criminal liability of principals and supporters. The opinion may now increase the willingness of law enforcement officers to bring a case against a landlord that assists or supports trademark infringement. Nonetheless, the government has not yet identified the type of evidence required to prove the offence of assistance and support.

In the meantime, trademark owners await the passage of the bill and the alternative means for combating counterfeiting activities it offers. The bill has now been presented for review to the Council of State. Only time will tell whether it and other legislative initiatives, taken together and coupled with strong enforcement, will succeed in removing Thailand from the Priority Watch List. [WTR](#)

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