

# Thailand: IP Developments

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## LEGAL REMEDIES FOR TRADE NAME INFRINGEMENT

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Intellectual Property

Reputable companies often face difficulties when parasitic third parties attempt to derive benefit from a famous trademark when registering their company names. In Thailand, this is a serious concern because the registration system within the Department of Business Development at the Ministry of Commerce does not include a process for determining whether a new company name is similar to trademarks which have been registered with the Department of Intellectual Property. Most commonly, these disputes arise when a company registers a name which appropriates the essential element of a famous trademark, and then includes additional secondary elements, such as a reference to the nature of its business. Once such a name has been registered, it can only be challenged by the rightful owner of the trademark through litigation. The case study presented below involves a dispute based on the infringement of a trade name and trademark, thus providing a worthwhile overview of the remedies available to commercial entities which face problems with such free riders.

Universal City Studios Inc. (Universal), the famous American production company, became involved in a dispute with a Thai company operating under the name of Universal Pictures (Thailand) Co., Ltd. (UPT) and its director, Mr. Sahawat Katapitak, based on their use of the word "Universal" as the essential part of their company name and trademark. In 2002, UPT filed an application to register "Universal Pictures (Thailand) Co., Ltd." as its company name with the Department of Business Development for the purpose of producing and distributing CDs, VCDs, SVCDs, DVDs, and related equipment. Mr. Katapitak filed an application to register the trademark UPT UNIVERSAL PICTURES (THAILAND) CO., LTD. under Application No. 481081 for the goods Super VCDs in Class 9.

### IP&IT Court Decision

When it became aware of these activities, Universal filed a complaint on July 31, 2003 against UPT and Mr. Katapitak based on the use of a name similar to Universal's

well-known trade name and trademarks UNIVERSAL and UNIVERSAL PICTURES. In its complaint, Universal requested that the IP&IT Court order the following remedies:

1. UPT shall withdraw or change its company name;
2. Mr. Katapitak shall withdraw the trademark application for UPT UNIVERSAL PICTURES (THAILAND) CO., LTD.;
3. UPT and Mr. Katapitak shall be prohibited from using UNIVERSAL and UNIVERSAL PICTURES (both in Thai and English) in their commercial activities; and
4. UPT and Mr. Katapitak shall pay compensation to Universal in the amount of THB 200,000 per month from the date of filing the complaint until both defendants withdraw or change the name and trademark and cease the infringement of Universal's trademark and trade name.

In considering the case, the IP&IT Court rejected most of the defenses that were presented by UPT and Mr. Katapitak. The defendants stated that "universal" and "pictures" were general words and should thus be available to be used by any party. The Court rejected this argument because it was of the opinion that the defendants used these two words together in order to make the public understand that UPT was related to Universal in Thailand. The defendants further claimed that Universal had not yet registered "Universal Pictures" as its company name in Thailand, based upon which Universal should not be entitled to request that UPT change its name. The Court held that this lack of registration did not mean that UPT had the lawful right to the use of such name. Further, UPT was in the business of selling Super VCD products, some of which were movies produced by Universal. Thus, it can be concluded that UPT was aware of the existence of Universal's name. Universal therefore had the better right to UNIVERSAL PICTURES and had the right to prohibit UPT from using UNIVERSAL PICTURES as its company name according to Section 18 of the Civil and Commercial Code.

**Section 18.** *If the right to the use of a name by a person entitled to it is disputed by another, or if the interest of the person*

*entitled is injured by the fact that another uses the same name without authority, then the person entitled may demand from the other abatement of the injury. If a continuance of the injury is to be apprehended, he may apply for an injunction.*

Having established that Universal had a better right to the name, the Court turned its attention to Universal's request for withdrawal of Mr. Katapitak's trademark application. The IP&IT Court informed Universal that it had the right to file an opposition against this application with the Department of Intellectual Property. The filing of a trademark application according to the procedure did not constitute infringement of Universal's rights. There was therefore no basis to mandate that Mr. Katapitak must withdraw his trademark application. (It should be noted that, apart from the subject civil suit, Universal was separately pursuing opposition proceedings against this mark.)

With respect to the compensation, the Court found that Universal did not clearly prove the damages in the amount of THB 200,000 per month. Thus, the Court awarded compensation in the amount of THB 5,000 per month until UPT changed its name. In addition, the Court ordered the defendants to pay attorney's fees to the plaintiff in the amount of THB 2,000.

### Supreme Court Decision

In response to the first-instance court's decision which was mainly in favor of Universal, the defendants filed an appeal to the Supreme Court. The Supreme Court agreed with the IP&IT Court that Universal, as the owner of the trade name and trademark, had the right to prohibit other parties from using UNIVERSAL PICTURES in bad faith in such a way that may cause the public to be unable to distinguish the entity or the owner of goods/service and may cause confusion amongst the public. However, the Supreme Court ruled that

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the IP&IT Court decision ordering UPT to change its name by prohibiting the use of UNIVERSAL PICTURES was legally incorrect. In referring to Section 18 of the Civil and Commercial Code, the Supreme Court held that Universal only had the right to request that the Court prohibit UPT from using UNIVERSAL PICTURES as part of its juristic name. Section 18 does not grant Universal the right to force UPT to change its name. The Supreme Court found that this was an issue of law which involved the public order. On this basis, the Supreme Court had the discretion to consider this matter even though none of the parties to the case raised this issue.

The Supreme Court overturned the IP&IT Court decision ordering the change of name. Rather than *change* its name, the

Court ordered that UPT must *cease using* UNIVERSAL PICTURES (both in Thai and English) as part of its name and trademark. Both defendants must pay compensation to Universal in the amount of THB 5,000 per month from the date of filing the complaint (July 31, 2003) until UPT ceases using UNIVERSAL PICTURES as part of its name. Since this decision was issued in December 2008, the total damages awarded to Universal amounted to THB 325,000 (USD 9,750).

### Conclusion

Ultimately, the Supreme Court clarified the remedies available to the owners of famous names under the broad wording of Section 18. Whereas the first-instance decision had ordered that the name shall be changed, the Supreme Court limited the remedy by ordering that the use of the

name shall cease. Nevertheless, the result of the judgment reached the same conclusion: the defendants were required to stop using the disputed words with their trade name. Although the compensation in this case is notable, this can be attributed primarily to the fact that the defendants failed to cease using the disputed name while the appeal to the Supreme Court was ongoing. In reality, the damages of only THB 5,000 represent a rather limited amount. This once again reinforces the fact that compensation in Thailand is generally determined only by the actual proven damages, which are very difficult to demonstrate. In this case, the Court found that the plaintiff was unable to prove the actual damages, and the Court therefore ordered an amount of compensation which it deemed appropriate, although this amount was quite minimal. ♦