

Thailand: IP Developments

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MOVING TOWARD NEW STRATEGIES FOR IP ENFORCEMENT IN THAILAND

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With the techniques of intellectual property infringers and counterfeit goods traders in Thailand becoming more complex, and with the global economy proceeding toward a sluggish recovery, we have designed new strategies to help our clients handle enforcement of intellectual property rights ever more efficiently and cost-effectively. Our years of experience combating infringement and counterfeiting have taught us that brand owners must be proactive and take all reasonable precautions to ensure that their intellectual property rights are secured.

The precautionary measures we have adopted in the past few years focus mainly on border control and routine market surveys. We have built strong collaborative partnerships with customs and police authorities (both in

Thailand and in neighboring jurisdictions), working side-by-side to prevent counterfeit products from being transported and smuggled into the country, while at the same time monitoring and evaluating the counterfeit products in the domestic market. Although our joint activities with customs and the police have proven satisfactory to a degree, we see room for improvement. Our new strategies to increase the value of our relationships concentrate on strengthening all precautionary measures, including customs inspections, police surveillance, public alerts, and periodic market watches.

Relationship with customs

Regarding border control, our revamped approach involves more intense educational programs for customs officers relating to intellectual

property violations, including product identification guidelines to increase their capability and confidence when conducting preliminary inspection of suspicious goods, courtesy visits by our lawyers to customs offices and ports throughout the country to establish a stronger collaborative network, and closer connections being forged as we repeatedly encourage customs to be vigilant in monitoring our clients' brands. In some cases, we are working to track down the overseas manufacturers and exporters of counterfeit goods with our allies, in particular investigation firms, adding a new dimension to our firm's approach in order to better attack the problem at its root.

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PATENT COOPERATION TREATY RECEIVING OFFICE NOW OPEN IN THAILAND

by Darani Vachanavuttivong

On September 29, 2009, a ceremony was held at the Department of Intellectual Property to officially open Thailand's Patent Cooperation Treaty (PCT) Receiving Office. This ceremony took place after Thai Deputy Minister of Commerce Alongkorn Ponlaboot deposited the instruments of accession to the PCT with the World Intellectual Property Organization (WIPO) in Geneva on September 24, 2009. During the opening ceremony, Deputy Minister Alongkorn's remarks were focused on the government's strong commitment to protection and promotion of intellectual property rights in Thailand.

With the PCT Receiving Office now open, the PCT will actually enter into force for Thailand on December 24, 2009. However, it is important to note that the PCT national phase filing will not be retroactive for foreign applications which have already been filed in a foreign country before the effective date. Therefore, during the transition period, applicants must continue to file Thai patent applications within 12 months from the first foreign filing date.

PATENT EXAMINATION FOR PHARMACEUTICAL FORMULATIONS

by Radeemada Mungkarndee



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January 1, 1995, was an important date for global trade history due to two events: the World Trade Organization (WTO) officially commenced under the Marrakesh Agreement, replacing the General Agreement on Tariffs and Trade (GATT); and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) became effective as part of the Uruguay Round of GATT. The Uruguay Negotiation Round was the biggest negotiating mandate on trade ever agreed since the trading system was extended, notably in the areas of services and intellectual property. At that time, under the Thai Patent Act 1979, pharmaceutical products were excluded from patentability. Under the TRIPS Agreement, patentability became available in all countries party to the agreement, including Thailand, for any kind of invention, whether a product or process, in all fields of technology without discrimination.

As a WTO member, Thailand had an obligation to apply the TRIPS provisions to its national laws in order to establish minimum standards of intellectual property protection for foreign and domestic products and processes. As regards product patents for pharmaceutical products, Thailand implemented TRIPS on September 30, 1992, as an amendment to the Thai Patent Act, significantly increasing the level of pharmaceutical patent protection.

Application for zidovudine

On March 14, 1986, before the effective date of the Patent Act amendment in Thailand, a multinational pharmaceutical company filed a patent application for "Antiviral Nucleosides." The application originally contained 15 claims covering a process for preparation of zidovudine pharmaceutical formulation. The antiretroviral drug zidovudine (also known as AZT) is a nucleoside analog reverse transcriptase inhibitor whose role is to interfere with virus replication, namely the growth of either human T-lymphotropic virus type HI (HTLV-III) or lymphadenopathy-associated virus (LAV), two pathogenic retroviruses which can play a role in the acquisition of acquired immune deficiency syndrome (AIDS). Zidovudine was first synthesized in 1964 by Dr. Jerome Horwitz, and in 1974, Wolfram Ostertag

provided some evidence that zidovudine was active in a mouse cell cultures system transformed by Friend virus (a virus similar to HIV). Zidovudine is currently used in the "AIDS Cocktail" along with other AIDS drugs.

After the pre-grant publication of the application and the amendment of the Patent Act allowing the protection of pharmaceutical products became effective, the applicant submitted a claim amendment to the Thai Patent Office extending the number of claims from 15 to 26, with the intention to add the protection for zidovudine pharmaceutical formulation. By virtue of Section 39 of the amended Patent Act, the applicant argued that any application filed before the effective date of the 1992 amendment for which the Director-General had not yet issued an instruction shall be deemed to be filed under the amended Act. Additionally, the claim amendment did not enlarge the scope of the patent because the pharmaceutical formulation of zidovudine had been disclosed in and supported by the detailed description as originally filed.

Obviousness rejection

At the substantive examination step, the Director-General issued a rejection of the application on the ground of obviousness. The Director-General considered that although zidovudine per se was known in accordance with Dr. Horwitz's work, and its in vitro bioactivity was recognized in regard to Ostertag's work, the medical application against human retroviruses had not been reported. Therefore, the process for preparation of zidovudine pharmaceutical formulation was not anticipated and thus was novel. However, a process for preparation of pharmaceutical formulation by adding an active ingredient into pharmaceutically acceptable carriers was obvious to a person skilled in the art, making the application unpatentable.

Denial of new subject matter

The applicant submitted an appeal petition to the Board of Patents; however, the Board rejected the application on the same ground as the Director-General. Additionally, the Board considered the additional claims for the drug formulation product as an

insertion of new subject matter, which was not allowed. The legal intention of Section 39 was to recognize the validity of applications filed prior to the amendment of the Thai Patent Act 1979, not to allow such applications to be evaluated under the revised procedures. The applicant then filed an appeal with the Civil Court in May 1997, seven months before the establishment of the Central Intellectual Property and International Trade Court, but again lost the case in the Civil and Appeal Courts for the same reasons as above. The applicant then brought the case to the Supreme Court.

Supreme Court decision

In Decision No. 1764/2549, the Supreme Court noted it was the common knowledge of persons in chemistry-related fields that in any pharmaceutical dosage forms, the pharmaceutical formulations could be prepared by adding an active ingredient, or its pharmaceutically acceptable derivatives, with pharmaceutically acceptable carriers. The claims in the "Antiviral Nucleosides" patent application failed to explicitly state the kinds of carriers as well as the steps in the formulation preparation process. Even though the corresponding patent for this application was granted in Europe, and the Thai Director-General may treat such examination result from any foreign patent office as having been done by a competent officer in order to facilitate the examination of a patent application, the Thai Examiner still had the power to conduct the examination in accordance with provisions of Thai law. Also, it is important to note that all patent applications for inventions have to go through substantive examination on a country-by-country basis. In the end, the Supreme Court ruled the application obvious and not patentable.

As the zidovudine case demonstrates, without explicit mention of discrete technology or a specific carrier, the process for preparing a formulation of a single active ingredient claimed in association with known or unspecified carriers or excipients claimed in the patent will fail the inventive step criteria if variations in composition and formulation are obvious to a person ordinarily skilled in the art. ❖

ACQUIRING IP IN ASIA: DUE DILIGENCE IS ESSENTIAL

by Alan Adcock and Christine Faller



Left: Alan Adcock, Deputy Director
Right: Christine Faller, Intern
Intellectual Property

Intellectual property acquisitions are becoming commonplace in Asia. While these agricultural and manufacturing economies may not have been prolific creators of IP, they have become key territories for global or regional IP deals with the transition to knowledge-based economies. Acquiring companies are now frequently Asian, looking to fast-track the design/branding process and acquire IP as going concerns, complete with marketable products.

Buyers in an IP acquisition in Asia and the West want to know the same information about the IP they are acquiring, but the process must be conducted differently in Asia. In Western deals, buyers typically can rely on the statements and warranties accompanying the acquisition agreements for the IP, but in Asia, buyers must be more proactive in performing their own due diligence. Buyers should therefore obtain local advice to ensure that there are no hidden difficulties accompanying their newly acquired IP.

Why IP due diligence?

According to the Chinese, “sharpening the axe before chopping the tree is not a waste of time.” In the context of intellectual property, due diligence is critical. This should include not only a review of the status of registered rights, but also an analysis of previous transactions and other relevant agreements which may affect what can be done with the IP.

When acquiring IP, due diligence should confirm several things. First, a buyer wants to identify the property to a degree sufficient to confirm it fits his or her needs. For instance, do the patents cover what you hope them to achieve? Are the trademarks in the appropriate classes for the goods or services you will use them with? Full searches are ideal, but prioritization is crucial if time or costs are limited.

Second, a buyer wants to confirm that the IP is owned by the seller so that the seller can legally assign the property to the buyer. This is mainly confirmed by review of all licenses, agreements, and encumbrances relating to the IP.

Third, a buyer wants confirmation that the IP does not infringe any third party intellectual property rights. Due diligence must consider all disputes and litigation related to the IP. Contested IP

may come at a lower price, but a buyer risks being precluded from using that IP or even being sued for its use of contested IP upon acquisition. This needs to be addressed long before the signing of any acquisition agreement, and it is unwise to rely solely on indemnifications.

Additionally, acquiring the IP alone may not be sufficient. Regulatory permits, product certifications, or accreditations should flow with the IP for food, beverage, pharmaceutical, nutritional, and personal care items. There may also be valuable know-how, associated materials, or technical knowledge related to the IP for use in manufacturing products or dealing with customers. This needs to be identified, verified, and included in the acquisition.

How much is enough?

The extent of due diligence depends on the amount of disclosure and the depth of investigation the buyer thinks

necessary and the seller thinks reasonable. The exercise culminates in the production of two very important documents. First is the Due Diligence report, prepared by the buyer’s counsel. It assesses legal risks and liabilities so that a decision can be made about whether to proceed. Second is the Disclosure Letter, which the seller’s counsel prepares. It sets out the IP, the defects in the IP, and other risks. The Disclosure Letter often serves to limit the Warranties set out in the Sale and Purchase Agreement so that the buyer will be precluded (save for fraudulent misrepresentation) from taking action against the seller after the deal is completed.

The checklist below includes issues that must be considered in a thorough due diligence process. ❖

DUE DILIGENCE CHECKLIST

(ACQUISITION OF INTELLECTUAL PROPERTY AND OTHER PROPERTY)

1. **Trademark.** All trademarks should be listed and their status noted, including jurisdiction, precise wording, images and nonalphabetic marks used, renewal dates, the registered proprietor, pending applications, copies of registration certificates, and lapsed or expired marks in the last five years.
2. **Copyright.** All copyrighted works should be listed, noting the date and place of creation, identity and contact details of the author(s)/creator(s) and of the current owner, and the mode of copyright acquisition.
3. **Design.** All designs should be listed, noting jurisdiction, design and image thereof, Locarno class(es), application and registration numbers, annuity/extension dates, the registered proprietor, and all expired or invalidated designs in the past ten years.
4. **Patent.** All patents and patent applications should be listed, noting jurisdiction, application and registration numbers, status, and the registered proprietor. Any patent ability opinions, patent plans, the patent portfolio, descriptions of “design around” efforts, infringement assessments, freedom to operate opinions, clearance opinions, or validity assessments held by the seller should also be included.
5. **Know-how, associated materials, technical knowledge, etc.**
6. **Other intellectual property rights**
 - 6.1. Domain names
 - 6.2. Common law unregistered and unfair competition rights and common law goodwill
 - 6.3. Unregistered trademarks, logos, and/or business names, including those in foreign languages
 - 6.4. Brand descriptors or brand extensions or any other tag lines, sub-brands, and slogans
7. **Third party rights in the IP** should be listed, noting all third parties with any interest in the IP, rights held, the source of those rights, and the relevant jurisdiction.
8. **Litigation and disputes** should be listed, noting parties, the nature of the dispute, jurisdiction, cause(s) of action, status, etc. for any actual, pending, or threatened litigation, administrative action, or settlements.
9. **Regulatory approvals** should be listed for all countries where obtained or applied for, along with a copy of such approval, for food, beverage, pharmaceutical, nutritional, and personal care items.
10. **Other Issues**
 - 10.1. Security interests in intellectual property
 - 10.2. Product formulations for branded products
 - 10.3. Manufacturing information, including current and past manufacturers, copies of current manufacturing contracts, and current and past label and packaging printers, print plates, and mould ownership details
 - 10.4. Customers, shops, outlets, or wholesalers involved with the IP
 - 10.5. Territory, if the acquisition is not global
 - 10.6. Transitional arrangements are important in cases where Seller participation is necessary for Buyer’s smooth takeover of the existing business.

TRADEMARK STYLIZATION: SUFFICIENT TO OVERCOME DESCRIPTIVENESS?

by Jarima Thumkeungsuradej



Jarima Thumkeungsuradej, Attorney-at-Law
Intellectual Property

In an attempt to make their brands stand out in the minds of consumers, business owners frequently invent trademarks that evoke a product's features. What they may not realize, however, is that such trademarks might be unregistrable. According to the Thai Trademark Act, a trademark that is considered descriptive of the applied goods or services shall be deemed nondistinctive and thus unregistrable. In seeking a possible solution to transform descriptive marks into distinctive marks, brand owners sometimes choose to stylize the font in the hope that these marks would become distinctive. Unfortunately, many precedent cases in Thailand indicate that this option may not always be helpful, as the following examples demonstrate.

BIGGER

A Thai individual lodged an application to register the trademark **BIGGER** (Stylized) for pants in International Class 25. Despite the stylization in



reversing the first letter G, the Registrar considered this mark unregistrable because the word *bigger* was directly descriptive of the goods covered by the application. The applicant filed an appeal petition with the Board of Trademarks, but the Board reaffirmed the Registrar's rejection by denying the application on grounds of nondistinctiveness. In its decision, the Board deemed that *bigger* meant "to be more famous" and thus was directly descriptive of the applied goods in the Board's point of view. The reversal of the G letter did not increase the chances of success in registering the mark.

TWO TO ONE

A similar rejection was faced by the trademark **TWO TO ONE** (Stylized) covering confectionery products in Class 30. The Registrar found that the term "two to one" could imply that the consumers would receive two products based on the purchase of only one product and thus was directly descriptive of the goods covered by the application. Even though the mark was presented in a stylized manner, on

appeal the Board of Trademarks determined that the mark referred to the term "two in one." For example, it could imply that the applicant's chewing gum products could be both gum and breath refreshment. Therefore, the mark **TWO TO ONE** (Stylized) was directly descriptive of the applied goods and the Board rejected the appeal. In regard to the evidence submitted to support the appeal, the Board reasoned that such evidence was inadequate to prove that the mark had been so extensively used or advertised in Thailand that it had acquired distinctiveness through use.



FINN COMFORT

A third example is provided by the trademark **FINN COMFORT** (Stylized) covering footwear in Class 25. The mark was presented in a special font, but this stylization did not help increase the chance of successful registration. The Registrar was of the opinion that the mark was nondistinctive because the words *Finn* and *comfort* were generally used, while the Board of Trademarks considered that *Finn* was a common term and *comfort* was directly descriptive of the applied goods. The application for the mark was therefore dismissed.



Lessons for applicants

The above precedent cases indicate the difficulties in successfully registering marks that are descriptive of the applied goods or are generally descriptive, even when they are presented in a stylized manner. Marks that are extremely well-recognized among Thai consumers can overcome issues of descriptiveness; however, much more common is the fate of the applicants in the above cases. Even though the applicants submitted plenty of evidence of use to support their appeals, in each case the Board reasoned that such evidence was inadequate to prove that the marks had been so extensively used or advertised in Thailand that they had acquired distinctiveness through use. The standard for "adequate proof" is

difficult, if not impossible, to determine, as it varies on a case-by-case basis. Sales invoices, catalogues, leaflets, brochures, newspaper and magazine advertisements, and so on which demonstrate the use of the mark in Thailand may not be enough to sway the Board to rule a mark as having acquired distinctiveness through use, no matter the length of time the evidence covers or the volume of material submitted.

Options for applicants

To increase the chances of success in registering marks initially found descriptive, the best solution is to add another distinctive word or device, or to add the applicant's house mark. The combination will then be registrable, with the condition that the exclusive right to the use of the descriptive term or general description be disclaimed. One such success story is the trademark application for **BUTTER TOFFEES TEMPTATIONS** (Stylized) for confectionery products in Class 30. Despite the mark's stylization, it was initially rejected by both the Registrar and the Board due to its nondistinctiveness (image of rejected mark, below left). In response, the applicant reapplied for the trademark by adding its house mark. The Registrar accepted the revised mark for registration, subject to a disclaimer for all of the descriptive words and graphics (image of accepted mark, below right).



Many brand owners devote a great deal of time and money creating brands that consumers will recognize easily, only to find that trademark protection proves elusive due to a lack of distinctiveness. When developing a marketing plan, it is therefore important for brand owners to create a trademark that is not only memorable but also registrable. ❖

RECENT SUPREME COURT SUCCESSES

by Parichart Monaiyakul and Nuttaphol Arammuang



Left: Parichart Monaiyakul, Attorney-at-Law
Right: Nuttaphol Arammuang, Attorney-at-Law
Intellectual Property

Among other successful litigation cases for Tilleke & Gibbins, the summer of 2009 is notable for three decisions announced by the Dika Court (Supreme Court) that not only have allowed our client's valuable trademarks to register but also serve as a guideline for brand owners who may face issues of descriptiveness and similarity. Although the Supreme Court's decisions are not considered precedents to follow under the Thai legal system, lower Courts do in practice consider the merits and principles of prior Supreme Court rulings as guidelines when reviewing similar cases. In observing how the Supreme Court ruled on the issues of distinctiveness and similarity in the following judgments, we can better assess how the Court determines descriptiveness and the possibility of allowing concurrent-use registrations in Thailand.

Descriptiveness

In the first favorable Supreme Court decision, No. 11044/2551, the Registrar and the Board of Trademarks (Board) initially denied the mark COOLAIR, which had been filed for registration for confectionery and gum in International Class 30, as they found the word COOLAIR directly descriptive of the characteristics of the goods and thus prohibited for registration. Evidence submitted by the applicant did not convince the Board that the mark had gained secondary meaning through wide use and advertising in Thailand. The case was then brought before the Central Intellectual Property and International Trade Court (IP&IT Court) for consideration. The IP&IT Court disagreed with the Registrar and the Board and found that the word COOLAIR itself is not directly descriptive of the mark's goods. The Department of Intellectual Property then appealed the IP&IT Court's decision with the Supreme Court. The Supreme Court upheld the IP&IT Court's decision, finding that the meaning of the word COOLAIR is not directly descriptive of the character of the goods and would not cause the public to think so. The trademark COOLAIR was ruled distinctive and thus permitted to register.

Concurrent registration

Supreme Court Case No. 1147/2552, the second favorable case, is indicative of a recent trend in which the Supreme

Court confirms the similarity of marks and the likelihood of confusion, and yet allows registration of the marks in question. In this case, the Registrar, the Board, and the IP&IT Court all found the mark MARNI confusingly similar to the prior-registered mark MANI on the basis of visual and aural appearance and identical classes of goods, and thus denied it registration. (The mark MARNI was filed for goods in International Classes 18 and 25 in 2003, while MANI had been registered since 1988 in the same classes.)

The applicant then appealed the IP&IT Court's judgment to the Supreme Court. In making its decision, the Supreme Court relied on a number of key facts. First, the mark MARNI was initially created in 1988 for use with high-end coats and later distributed widely with several goods in many countries including Thailand. Second, designers commonly use materials and designs for many goods—particularly clothing and accessories such as shoes, bags, and watches—that add a value to the products. This distinguishes the products from others and increases their popularity amongst high-end customers. Third, the owner of the mark MARNI presented evidence of both its advertisements for the products and its registrations of the mark in many countries. Fourth, the styles of products under the MARNI and MANI marks were quite different, and through its products and advertising the mark MARNI had become recognized by the relevant group of consumers. Finally, the owner of the mark MANI had provided a letter of consent for the plaintiff's use. Even though the letter of consent did not lessen the degree of similarity between the marks, it presented an acknowledgement by MANI's owner that the marks could coexist.

For the above reasons, the Supreme Court deemed that the plaintiff had used its mark in good faith and permitted MARNI to register.

Registrability of the same word by different applicants

In the third favorable Supreme Court case, No. 3203/2552, the Registrar and the Board rejected the service mark GULLIVERS TRAVEL ASSOCIATES—filed for hospitality-related services including computer software design relating to holidays and travel in International Class

42—because of its confusing similarity to the trademark GULLIVER, earlier registered with computer-related goods in International Class 9. The Board held that even though the applicant's mark also contained "TRAVEL" and "ASSOCIATES," these two words are directly descriptive of the goods and must be disclaimed. In essence, both parties marks are thus pronounced the same. The IP&IT Court agreed with the Registrar and the Board on the similarity of the marks and affirmed the Board's decision.

The applicant filed an Appeal with the Supreme Court. The Supreme Court disagreed with the IP&IT Court and opined that the applicant's disclaimer of the words "TRAVEL ASSOCIATES" indicates that the applicant has no exclusive right to use these words, but does not constitute their deletion from the mark. In considering the similarity of the mark, the Court judged it necessary to consider all three words together, along with the services covered under the mark, which directly relate to holiday travel, unlike the goods under the prior-registered trademark. Further, the Court found that the applicant filed the mark in good faith because "GULLIVER" is the name of a well-known literary character and the applicant has used the mark since 1975. Therefore, the Supreme Court found that the mark was registrable and it was not necessary to delete computer software design from the list of services.

Summary

When evaluating trademark applications, the Registrar and the Board often focus their attention quite narrowly on the basic properties of the mark, such as the appearance, pronunciation, and goods covered, while discarding additional evidence. In contrast, judges are frequently more open to considering other factors that might support registration of the mark, such as extensive good-faith use of the mark. Therefore, when difficulties are encountered in registering a mark at the Trademark Office, appeal to the court seems to be a valuable means to secure the registration. ❖

IP ENFORCEMENT (from page 1)

Relationship with police

We have also taken steps to strengthen our relationship with the Royal Thai Police Department and the Department of Special Investigation. Besides seminars concerning intellectual property law and legal proceedings, we recently held meetings with officials to share information on client cases, helping to greater contextualize the situation on the ground as regards the battle against counterfeit goods. While in the past these activities were mainly focused in Bangkok, we are now expanding our coordination efforts with the police to other parts of Thailand. We have already visited local police in many major cities in every region of Thailand to discuss how to better support them, particularly in relation to their intellectual property enforcement duties. Their positive feedback includes telephone inquiries about the brand owners active in our anti-counterfeiting campaign and an increasing number of reports regarding police *ex officio* cases.

Public awareness

As long as the buyers' demand for counterfeit and pirated goods exists, we will continue to see such products in the market. However, we believe that by raising public awareness of the abuses inherent in IP-infringing goods, we can diminish the demand for fakes. We are currently seeking permission from government agencies to post sandwich-board style advertisements in airports and at borders with neighboring countries warning people who enter and leave the Kingdom that carrying or transporting of counterfeit and pirated items is illegal and they could face serious consequences.

In-house investigation team

As part of our duties to enforce our clients' intellectual property rights inside and outside Thailand, our investi-

gators regularly monitor key locations and obtain relevant information about suspicious manufacturers and traders. We are in the initial stages of significantly increasing market surveys, having instructed our investigators to visit the markets and areas where counterfeit goods are distributed and sold on a regular basis. This not only includes the traditional hotspots in Bangkok, but increasingly sees us coordinating investigations around border regions in northern Thailand where Chinese-made goods are often coming from. Our investigators have also been tasked with monitoring online marketplaces as well in an attempt to directly address the problem of overstaying foreigners and locals who trade counterfeit products online from Thailand. Clients who participate in our anti-counterfeiting campaign are receiving a confidential report on a quarterly basis containing data on counterfeiting and other infringement activities, such as unauthorized use of business enterprise names or confusingly similar packaging design, along with our legal analysis and recommendations. With this approach, we aim to increase our clients' recognition of infringement problems in Thailand and thereby encourage them to take appropriate actions before the damage becomes too difficult to control.

Mediation – A new approach

In addition to these precautionary measures, it is necessary to take parallel actions to solve as fast as possible problems that have already occurred. Mediation or negotiation is becoming a more effective option for some clients when disputes take place. A few years ago, we started bringing cases into the mediation process of the Department of Intellectual Property, whose specialists in trademarks and patents have worked in concert with us to deliver satisfactory outcomes for our clients in many instances. Recently, the Central Intellectual Property and International

Trade Court has offered a mediation process to help parties settle disputes instead of filing lawsuits. We recommend both forms of mediation as worth exploring given their expediency and economy, and we have enjoyed marked success through these processes for several clients.

Litigation – Don't be afraid to fight

However, if disputes cannot be settled out of court, litigation cannot be avoided, which often raises complex legal and technical issues. Experienced infringers know exactly how to play the game to keep themselves in business. Fortunately, our seasoned team of intellectual property litigation experts consistently create and execute new approaches to counter infringers' evasive tactics, including application of the Consumer Protection Act and Food and Drug Administration regulations. We recently managed to obtain several Anton Piller Orders—rarely granted in Thailand—which allowed our clients to secure evidence prior to pursuing their individual matters. Preliminary injunctions, however, remain difficult to obtain.

Ongoing responsibilities

While many think that a case is complete when the final judgment is rendered or when lawyers reach a settlement, we at Tilleke & Gibbins view as ongoing our responsibilities as legal representatives. In fact, we have recently implemented a policy of following up on targets within two years after each case is closed to ensure that infringers have truly ceased committing their wrongful acts. If our investigators learn or suspect that the same targets are involved in infringement again, we notify our clients immediately.

For more information about these new enforcement strategies, please contact Titirat Wattanachewanopakorn at titirat.w@tillekeandgibbins.com. ❖

TRAINING FOR CUSTOMS AND POLICE OFFICERS

During the week of August 31, 2009, the Tilleke & Gibbins IP enforcement team and representatives from various brand owners held a series of training events for Royal Thai Customs Department and Royal Thai Police officers. The training seminars took place in Bangkok, Nongkhai Province (northern Thailand), and Phuket Province (southern Thailand). The purpose of the training was to familiarize officers with the appropriate procedures for handling IP cases and to provide preliminary information on how to identify the differences between genuine and counterfeit products.



UPDATE: LATEST CUSTOMS DEVELOPMENTS

by Wiramrudee Mokkhavesa



Wiramrudee Mokkhavesa, Attorney-at-Law
Intellectual Property

Major seizures by Thai Customs

In August 2009, the Thai Customs Department was involved in four major seizures of products with a total value exceeding THB 100 million. These seizures were carried out in accordance with the Customs Department's clear policy to protect Thai society and the environment by accelerating the suppression of goods that evade taxation and infringe intellectual property rights. With this policy in mind, Wisudhi Srisuphan, Director General of the Customs Bureau, assigned Deputy Director Somchai Poon-sawas to create a strategy to suppress IP-infringing products. A specialized team was created to address the issue, referred to as the Ad Hoc Unit of Investigation and Suppression Bureau (Ad Hoc Unit). The intensive suppression work of the Ad Hoc Unit resulted in these major seizures, which generated significant interest among the media and intellectual property right (IPR) owners.

The first two seizures, both of which occurred on August 4, 2009, resulted from cooperation between the Ad Hoc Unit and the Bangkok Port Clearance Bureau and Ladkrabang Inspection Officers. Among other contraband products, Customs authorities found a large number of suspected counterfeit goods, such as mobile phones, DVDs, Blu-ray discs, caps, brand-name handbags, shoes, watches, and other accessories in two shipments. In total, more than 400,000 items were seized with a combined value of THB 70 million (about USD 2.1 million).

The Ad Hoc Unit was then involved in two more seizures, this time working in cooperation with Laemchabang Port (Chonburi Province) on August 13 and 14, 2009. After inspecting the shipments, Customs officials seized more than 200,000 imitated weapons (BB guns) and other suspected counterfeit goods, including mobile phones, cigarettes, medicines, brand-name handbags, clothing, watches, and cosmetics. The seized products in these seizures were valued at THB 50 million (about USD 1.5 million).

On the basis of these seizures, charges can be laid against the importers for false declaration to evade the taxation of customs duty; importing or otherwise bringing into the Kingdom any uncustomed, restricted, or prohibited goods, or any goods which have not been duly passed through the Customs;

and buying or receiving goods with the knowledge that they are prohibited from or face restrictions in being brought into the Kingdom.

Border measures

These recent seizures provide an example of how effective Customs actions on behalf of intellectual property right owners can be. However, in order to implement an IP-protection strategy that makes full use of Customs actions, it is important for IPR owners to be aware of both the strengths and the limitations of the measures that are available to stop goods at the borders.

In Thailand, border measures are only available for pirated copyright and counterfeit trademark goods because these are defined as "prohibited products" under the Customs Act 1926, as amended. When Customs officials suspect that a shipment may have been smuggled, they shall inform the IPR owner to inspect the goods. In order to detain the suspected products, the IPR owner shall file a request to the Customs Department to detain the goods for 10 days. The IPR owner is then required to post a security deposit with Customs and to guarantee in writing that they will assume responsibility for possible damages resulting from the detainment. This is in compliance with the TRIPS agreement, to which Thailand is a party.

IPR owners generally expect that the scope of border measures ought to cover all goods infringing IP rights where the infringement can be proved. While this should, in theory, be applicable to patent-infringing products, no clear definition exists as to whether patented products can actually be protected under Section 27 of the Customs Act. In addition, the Act lacks a section explicitly stating that goods bearing a trademark registered in a foreign jurisdiction can be protected under this Act.

Upcoming amendments to Customs Act

IPR owners will be pleased to know that these shortcomings in the current Customs Act, which has been in effect since 1926, are now being addressed. In order to improve Customs procedures and deal effectively with the current reality, a new Customs Act is being drafted. The definition portion of the bill, Section 6, clearly states the meaning of "intellectual property infringing goods"

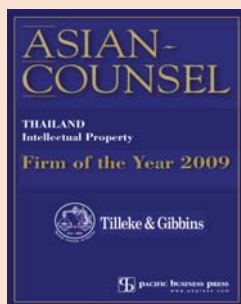
and no longer relies on the designation of "prohibited goods," as stated in the current legislation. These goods include (i) goods that infringe other parties' registered trademarks, both inside and outside of Thailand; (ii) copyright-infringing goods; and (iii) goods that infringe other IP rights for which the law provides such protection. Section 147 of this draft allows the Customs authorities to inspect and search, without the need for a warrant, a vessel's goods for up to 72 hours if the officers are suspicious that the goods are infringing IP rights. Section 161 of the bill states that the penalty for importing and exporting IP-infringing goods is imprisonment for a period not exceeding ten years or a fine equal to five times the duty-paid value of the goods, or both.



After this draft has been implemented, it is expected that the procedures for taking actions against IP-infringing products will be smoother and clearer, and arguments about what can and cannot be seized will cease. The new Customs Act should also help to clarify the scope of actions that can be taken in suppressing fake products in Thailand. ❖

THAILAND IP FIRM OF THE YEAR

In the July-August issue of *Asian-Counsel*, published by *Pacific Business Press*, Tilleke & Gibbins was named "Firm of the Year 2009" for Thailand in the Intellectual Property category. This is the second such award for the Thailand IP group, with the first win coming back in 2007. In 2008, *Asian-Counsel* recognized additional practice strengths when it named



Tilleke & Gibbins Firm of the Year for Employment, Environment, Real Estate, Securities/Finance, and Technology, Media & Telecommunications.

FULL SERVICE LAW FIRM OF THE YEAR – THAILAND

Tilleke & Gibbins is proud to have received another important honor to add to its already impressive list of recognitions.

**ACQCOUNTRY
AWARDS2009**

ACQ Finance, a UK-based magazine, has named Tilleke & Gibbins as the "Full Service Law Firm of the Year – Thailand" in its recent issue featuring the ACQ Country Awards for Achievement 2009. The awards, now in their second year, are based on an independent poll of industry stakeholders. This honor further reaffirms Tilleke & Gibbins' firm-wide strength in providing high-quality legal advice and services to its clients in a wide range of practice areas.

SPEAKING ENGAGEMENTS IN SINGAPORE

On August 24–25, 2009, Alan Adcock and Clemence Gautier (both from Tilleke & Gibbins' Bangkok office) and Nguyen Thi Phi Nga (from Tilleke & Gibbins' Hanoi office) attended the 2nd Annual Pharmaceutical Regulatory Affairs Summit in Singapore. During the event, Alan and Clemence acted as workshop leaders with a presentation entitled "Overcoming Regulatory and Patent Roadblocks for Clinical Trials in Asia: China, Thailand and Vietnam."

Also in Singapore, Alan gave a presentation on the topic "Top 10 Mistakes SMEs Make in China and How to Avoid Them" at the Annual Advisory China Seminar on August 25, 2009. As a follow-up to the presentation, Alan was quoted in the article "Check Out Central China: IE" in the September 2 edition of Singapore's *The New Straits Times*. In explaining that small and medium-sized companies entering the Chinese market often encounter problems because they are insufficiently prepared, Alan noted that "there's a lot that can be done if you're given the information and tools before you get there to organize your IP strategy."

MEETING WITH THE DEPUTY COMMERCE MINISTER

Deputy Commerce Minister Alongkorn Ponlaboot was recently recognized by *Managing Intellectual Property* magazine's seventh annual list of the 50 most influential people worldwide in IP. The list of notable individuals included campaigners, in-house counsel, politicians, academics, and judges. Among other well-known individuals, the list includes U.S. Supreme Court Justice Sonia Sotomayor, Francis Gurry, Director General of WIPO; and Dr. Margaret Chan, Director General of the World Health Organization. Pictured below are Tilleke & Gibbins representatives presenting Deputy Minister Alongkorn with a framed copy of an extract from the magazine during a meeting on September 17, 2009, at the Parliament.



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