

A Guide to Anti-counterfeiting in Thailand

Intellectual property infringement has been a problem in Thailand for a number of years. Despite collaboration between the government and the private sector, counterfeiters have demonstrated an ability to adapt and evolve, allowing them to withstand efforts at suppression. Over 2000 cases, mainly trademark infringement, are brought to justice each year, but a large volume of counterfeit goods finds its way to market and is exported. Infringement activities are often related to other crimes, resulting in a complex web of legal, economic and social problems.



By **Titirat Wattanachewanapakorn and Edward J Kelly**
Tilleke & Gibbins International

The Thai legal framework

In Thailand, both registered and unregistered trademarks are afforded protection under the law. Generally speaking, both civil and criminal remedies are available for trademark owners whose marks are being infringed. Registered trademarks are mainly protected under the *Trademark Act B.E. 2534* (A.D. 1991) as amended by the *Trademark Act (No. 2) B.E. 2543* (A.D. 2000). In addition to legal protection for trademarks registered in Thailand, the Act also provides protection for well-known marks. Under Thai law, registered trademarks receive considerably broader and stronger protection than unregistered marks, which are protected through various provisions of the *Thai Penal Code* and the *Civil and Commercial Code*. The owner of an unregistered mark cannot commence a legal proceeding under the Trademark Act to prevent use or to recover damages for infringement of unregistered marks. Only passing off actions under the Civil and Commercial Code or actions under applicable provisions of the Penal Code are allowed.

Border measures

In addition to pursuing a criminal or civil action against infringers, trademark owners may seek the assistance of Thailand's Customs Department to stop counterfeit goods at the borders. Basically, an owner of a registered trademark has three options in detaining

suspect shipments of counterfeit goods.

The first route is through the general recordal/notification to the Department of Intellectual Property (DIP), which is an equivalent of the US Patent and Trademark Office. This is the most formal procedure available and it results in long-term cooperation between the DIP, Customs, and the brand owner/legal representative. The trademark owner must file an application directly with the DIP. The application will be submitted to the competent authorities at the DIP, notifying the Trademark Registrar of the trademark owner's request to prohibit the importation/exportation of the products bearing the counterfeit mark. Then the Trademark Registrar will officially forward the request and all supporting documents to the Customs Department for its records. Any trademark owner who is not domiciled in Thailand but who wishes to apply for protection must have a local representative who can be contacted by the Trademark Registrar.

The second route is more of a case-by-case procedure and presupposes that the trademark

owner has complied with the general recordal/notification to the Department of Intellectual Property, as described above. This option is available in cases where the trademark owner has specifically identified a counterfeit shipment due to arrive in Thailand or be shipped from Thailand and has grounds to show that the suspected goods are counterfeit. In this case, the trademark owner may petition Thai Customs to inspect the shipment prior to the release or delivery of the goods. The trademark owner will be required to provide Customs officials with specific and detailed information regarding the shipment, for example the name or identity of the vessel suspected of carrying the counterfeit goods, the time of arrival in Thailand, the place where the goods are to be kept, and the name of the importer. If the Customs official finds the petition credible, then an inspection or examination of the suspect counterfeit goods will be conducted in the presence of the applicant.

Since it is often difficult for a trademark owner to provide specific details about the suspected shipment or the name of the importer or exporter of the counterfeit goods, a short form recordal procedure before Customs authorities was developed, known as the Customs Watch List. This was created based on the cooperation between Customs authorities, brand owners, and local trademark representatives in an effort to clamp down on piracy and

counterfeiting, and represents a convenient alternative to filing the more formal application with the DIP. An expedited application is directly submitted to Customs including a letter requesting specific cooperation in monitoring and seizure of shipments of specific goods or goods bearing a specific trademark. The letter of request will then be copied to each Customs port of entry and exit around Thailand. This short form recordal typically takes about three to four weeks, while the formal recordal/notification to the DIP takes approximately two or three months.

According to the letter of Customs' regulations, Customs officials have only 24 hours from the date of detention to obtain confirmation that the goods are counterfeit. If the goods are not inspected before the expiry of the 24-hour deadline, the suspected counterfeit items are subject to release to the importer, an undesirable result for the trademark owner. However, in practice, Customs may extend the time for the trademark owner or its representative to identify whether the goods are counterfeit if it is considered reasonable. The application to participate in the Customs Watch List does not require periodic renewals. If a new trademark has been launched, the applicant may simply submit an updated list of existing trademarks at any time.

If the seized goods are confirmed to be counterfeit, the Customs official will file a claim against the importer based on importing restricted and prohibited goods, in violation of the Customs and Trademark Acts. The Customs Committee has the authority to fine the importer. If the importer does not comply with the Customs Committee's order, the case will be referred to the Intellectual Property and International Trade Court (IP&IT Court) which has the authority to fine an importer in an amount up to four times the value of the seized goods. The fine will then be paid to the state. The importer/exporter will have a criminal record and can face maximum sentences if they reoffend. The seized goods will be kept in custody to be destroyed later.

Criminal prosecution

Registered trademarks

Section 44 of the Thai Trademark Act provides that an owner of a registered mark has the exclusive right to its use for the goods in respect of which registration has been granted. Thus, any unauthorized use of a registered trademark in connection with the goods or services for which it has been registered constitutes a trademark infringement actionable by the owner of the mark. Sections 108-111 of the Act criminalize forgery and imitation of registered trademarks as well as various acts of commercial dealing in forged or imitated marks. In the event that the infringement is committed by a company which results from an order/action or lack of order/action of the directors or management, the directors or managers will also be subject to criminal liability.

Unregistered trademarks

If the mark is not registered in Thailand, or is registered but not in connection with relevant classes of goods or services that can provide a basis for an action under the Trademark Act, the mark owner may pursue a criminal action under the Thai Penal Code. The Penal Code provides several bases for criminal passing-off type actions. Section 271 of the Penal Code broadly prohibits "fraudulent or deceitful means" in selling goods so as to deceive a buyer as to the source of origin, nature, quality, or quantity of such goods. Section 272 of the Penal Code further proscribes use of a name, figure, artificial mark, or any wording used in connection with the trade or business of another person in order to make the public believe that the goods/services belong to such other person. Furthermore, under Sections 273-275 of the Penal Code, forgery, passing off and various commercial dealings in forged or imitated marks which have been registered anywhere in the world are considered criminal offences.

Preliminary measures

Preliminary measures in criminal actions are limited to raids and seizures of infringing goods. To do this, a formal complaint must be filed with the police authorities. When the police determine that there is sufficient evidence of infringement, they will coordinate their efforts with the IP owner and its legal representative to request a search warrant from the IP&IT Court to search the raid target's premises and seize the counterfeit goods.

Remedies

Remedies available under criminal prosecution are in the form of fines and imprisonment.

Penalties for infringement of a trademark registered in Thailand can include fines up to Bt400,000 (US\$12,600) and prison sentences up to four years (usually reduced or suspended for first time offenders).

Penalties for offences under Sections 271-275 of the Penal Code include fines up to Bt6,000 and imprisonment up to three years.

The infringing products seized will be destroyed after the final judgement.

Civil enforcement

Registered trademarks

In addition to criminal prosecution under the Trademark Act, an owner of a registered mark may also pursue a civil action against an infringer based on Section 420 of the Civil and Commercial Code. Section 420 is a basic torts provision in Thai law, which reads "[a] person who, wilfully or negligently, unlawfully injures the life,

body, health, liberty, property, or any right of another person, is said to commit a wrongful act and is bound to make compensation therefor." This section is generally used as a basis for a civil action which involves infringements of intellectual property rights.

Unregistered trademarks

In the absence of registered rights, a civil passing-off/unfair competition claim may be formulated under Sections 420 and 421 of the Civil and Commercial Code. An action for passing off does not strictly depend on use of the trademark but rather the overall presentation of the products and the intent to represent the products as those of another. However, it should be noted that unregistered rights such as those giving rise to passing-off actions receive very thin protection and are based on very onerous evidential requisites. The chance of success in bringing a civil suit is generally low.

In addition, Section 47 of the Consumer Protection Act makes it illegal to intentionally cause the public to be misled about the origin, condition, quality, quantity, or other material parts of the goods or services of others or of his own. However, the Consumer Protection Act does not provide consumers or competing business operators with the right to bring an action directly in court. Rather, a complaint must be brought before the Consumer Protection Board.

Preliminary measures

Interim reliefs available include an *ex parte* order for search and seizure of evidence of infringement, known as an Anton Piller order, and a preventative injunction.

An Anton Piller order to seize evidence of infringement may be applied for by an IP owner facing immediate risk that the evidence will be destroyed, damaged, concealed, or otherwise disappear. The order preserves the evidence for when a civil action is initiated by the IP owner. To support a motion for an Anton Piller order, the IP owner must be able to show circumstances of urgency, that is, if the other party or the third party involved is notified beforehand, the evidence of infringement will be damaged, lost, destroyed, or otherwise become difficult to be adduced at a later stage. The court may also require proof of the IP right at stake and proof of infringement sufficient to establish the IP owner's *prima facie* case against the alleged infringer.

While applying for the Anton Piller order, the IP owner may simultaneously seek a preventative injunction to stop further infringement. A preventative injunction is available under each of the intellectual property statutes in Thailand, including the Trademark Act. A preventative injunction under IP legislation can be requested prior to the filing of a statement of claim or the prosecution. An application for a preventative injunction is made on

an *ex parte* basis. In sum, the IP owner must provide the court with proof of ownership in the IP and infringement thereof, and reasons sufficient for the court to conclude that the preventative injunction is appropriate. The court's decision will also depend on the extent of damage that might be incurred by both parties and the difficulty of enforcing the judgement against the alleged infringer.

Unfortunately, in Thailand interim relief is difficult to obtain. Anton Piller orders and preventative injunctions are rarely granted. The IP owner tends to face stringent evidential hurdles which would practically prevent him/her from obtaining immediate relief.

Remedies

In civil proceedings, remedies include permanent injunctions and awards of damages. The ability to obtain such relief will depend on the remedies claimed by the plaintiff in its pleadings and as introduced during trial.

The trademark owner may seek a permanent injunction under Section 116 of the Trademark Act. Damages are generally awarded on an actual basis, that is the trademark owner would have to prove the actual amount of damages suffered as a direct result of the infringement. It is not possible to recoup lost profits.

Anti-counterfeiting online

Thailand does not have a statute which specifically regulates online activities. IP statutes and principles have generally been applied to prevent infringing activities conducted via the internet. Unauthorized use of registered marks and various passing-off conducts which occur online would be subject to criminal and/or civil liabilities under the current law. However, the virtual nature of the internet makes it difficult to effectively control online counterfeiting.

Internet security and online investigation strategies have attracted an increasing amount of interest among IP owners lately. As a result, a number of private firms offer services according to the needs of the IP owners, including various online infringement monitoring programmes.

Preventative measures/strategies

There are several international and local law firms specializing in IP practice in Thailand. There are a few renowned law firms with long-standing experience and well-established credentials, as well as some newly-established entrants to the market. Some law firms provide only trademark execution service, while others offer a one-stop service, including trademark consultation, litigation, and investigation. The number of IP investigation firms is quite small, but it has shown continual growth in recent years.

A trademark owner should select business partners and set up a trading relationship carefully. To ensure that the contractual rights of both parties are recognized and enforceable under the law, Section 68 of the Trademark Act requires that a trademark license agreement must be made in writing and registered with the DIP. In addition, both parties may have to consider the details of the terms and conditions of the agreement as regulated by other related laws, such as the Unfair Contract Term Act, the Trade Competition Act, the Consumer Protection Act, the Customs Act, etc.

The agencies involved in anti-counterfeiting efforts have been adopting more advanced technologies to enhance the abilities of officials to prevent intellectual property infringement in Thailand. The latest technologies have also been implemented with devices of the genuine products in all sectors from fashion and consumer products to the pharmaceutical and automotive industries in order to indicate authentic articles.

Cooperation with national anti-counterfeiting agencies is important. A list of such agencies is provided below:

Department of Intellectual Property (www.ipthailand.org)

Central Intellectual Property and International Trade Court (www.cipitc.or.th)

Royal Thai Police Bureau (www.royalthaipolice.go.th)


Customs Department (www.customs.go.th)

Department of Special Investigation (www.dsi.go.th)

About the authors

Titirat Wattanachewanopakorn is an IP enforcement attorney with Tilleke & Gibbins' award-winning intellectual property department. He joined the IP team of Tilleke & Gibbins in 2002 and is a registered patent attorney in Thailand. While his emphasis is on the enforcement of IP rights, he has special interest in software, automotive, entertainment, fashion, mediation of IP disputes, and anti-corruption legislation. He has been interviewed by the media on piracy and infringement in Thailand and has written articles on the subject. His clients include Business Software Alliance, Honda, Mercedes-Benz, NGK, Playboy, WWE, Escada, Tommy Hilfiger and Shiseido.

Edward Kelly is chief client relationship officer for Tilleke & Gibbins and is a partner of the firm's award-winning intellectual property department. He has been interviewed in relation to IP topics by global media concerns such as Reuters, Wall Street Journal and Al Jazeera. He has represented well-known multinationals including Merck & Co., Pfizer, Microsoft, Mercedes Benz, Yamaha and Adidas, in matters of IP enforcement, lobbying, tech transfer and licensing. He frequently lectures and publishes on intellectual property topics before government agencies and trade associations worldwide.



Tilleke & Gibbins

BANGKOK, THAILAND



OUR INTELLECTUAL PROPERTY PRACTICE

- has been voted by its peers and clients all over the world as the top IP firm in Thailand in separate surveys conducted by Managing Intellectual Property magazine, AsiaLaw magazine, and Asian Counsel magazine.
- prides itself on being a responsive, proactive one-stop center for IP services, including registration, litigation, enforcement, government relations and licensing.
- has an internationally recognized special expertise in anti-counterfeiting, anti-piracy, and enforcement work.

OUR RECENT ACHIEVEMENTS

- Lead external counsel for PReMA, the Pharmaceutical Research and Manufacturers Association in Thailand, advising PReMA on pharmaceutical and US-Thailand Free Trade Agreement legal issues, including patent, compulsory license, data exclusivity and market access issues.
- Lead counsel for Pfizer, AstraZeneca, Novartis, Bristol Myers Squibb, GSK, Sanofi-Aventis, Abbott Laboratories, and Merck & Co., among others, in planning and execution of a defensive strategy to respond to the Royal Thai Government's Ministry of Public Health policy of imposing compulsory licenses on patented medications. Developed and implemented enforcement of invention and process patents for several blockbuster drugs against manufacturers and distributors of infringing copy drug products.
- Represent the Business Software Alliance and software developers such as Microsoft, Adobe and Autodesk Inc. to conduct "end-user" and retail raids and vigorous enforcement actions against manufacturers, retailers and end-users of pirate unlicensed software. From 2003-2007, T&G secured more than US\$4.6 million in fines, legalizations, and settlements for copyright owners as a result of raids and prosecutions of retail and institutional pirates, including a record US\$450,000 settlement for one well-known software developer.
- T&G organized more than ten Product Identification training sessions during the year 2006 for government officials both in Bangkok and in other regions of Thailand. In 2007, T&G continues to organize training sessions for officers at Customs ports and also in major events, such as Project SILK – Strengthening EU-Thai Fight Against Counterfeiting seminar.

CONTACT INFORMATION
Tilleke & Gibbins Building
64/1 Soi Tonson, Ploenchit Road
Bangkok 10330, Thailand
Tel: +66 2263 7700, +66 2254 2640
Fax: +66 2263 7710, +66 2401 0034/5
E-mail: darani.v@tillekeandgibbins.com
edward.k@tillekeandgibbins.com
Website: www.tillekeandgibbins.com



Darani Vachanavuttivong
Formerly Vipa Chuenjaipanich

Edward J. Kelly