



Titirat Wattanachewanopakorn
Attorney-at-Law
titirat.w@tilleke.com

Counterfeit Automotive Crackdown

The past several years have witnessed continuing growth in the presence of counterfeit automotive parts in the Thai market. Dissatisfied with this trend, a Japanese automotive spare parts supplier decided that it would no longer tolerate the damage caused to its business and reputation by the illegal trade of fake goods.

Unlike with counterfeit T-shirts or handbags, buyers are rarely aware of the authentication method for automotive parts. In some cases, it is even difficult for sales representatives and experienced technicians, who have handled the products for years, to distinguish the counterfeit goods from the genuine. Adding to the complex situation, it appears that many of the shops that sell genuine spare parts occasionally also deliver counterfeit products to their customers.

SEIKEN brand has been well known for high-quality brake and clutch parts in the Thai market for a number of years. Despite being a well-recognized brand, it could not avoid the inevitability of counterfeit products entering into the market. After carefully evaluating the situation, our client decided to launch its very first anti-counterfeiting campaign to protect its IP rights and its valuable customers.

The campaign began with an in-depth market investigation. The Tilleke & Gibbins surveillance team monitored the business activities of suspected shops located in Worachak area, also known as the Automotive District, and tracked down the sources of the counterfeit SEIKEN brake and clutch parts. The first target that our investigation team uncovered was a factory located in a Bangkok suburb that produces brake and clutch parts, which also has its own brand. On the day that we conducted a police raid, we were surprised to see that approximately 70 to 80 percent of the products in stock were counterfeit brake and clutch parts bearing the SEIKEN brand; the company's own brand was merely a cover. The team ended up seizing more than 200,000 counterfeit products, including molds

and machinery from this factory.

After the raid, the threat of an aggressive civil suit led the owner of the factory to agree to a favorable settlement for our client. The infringer agreed to pay compensation and even gave us leads to two other factories that were producing counterfeit SEIKEN brake and clutch parts.

Part of this compensation was then reinvested into an investigation of the two additional suspected companies. The investigation results showed that the leads provided by the first infringer were reliable. Our investigation team located a second target, a wholesaler near Chinatown. This target distributed copycat brake and clutch parts bearing an imitating mark of our client's SEIKEN trademark with a similar packaging design. More than 20,000 items were seized from this target as a result of the police raid, and the owner of the shop was charged with the imitation of a registered trademark.

After the two raids were carried out, rumors about our enforcement activities spread throughout the auto parts market, and the volume of counterfeit SEIKEN brake and clutch parts decreased significantly. The third target, which was under investigation at the time, was being extremely cautious, and ceased production for a short period of time. Nevertheless, we managed to conduct a successful raid a few months later, seizing over 300,000 counterfeit SEIKEN brake and clutch parts, including unfinished products and packages from their office and distribution center.

To date, over THB 10 million worth of counterfeit products have already been removed from the market as a result of these three cases, and these illegal products will be destroyed once the court judgments are finalized.

Effective IP enforcement requires a sustained ongoing effort. To this end, our client is building on its success thus far by continuing to focus on suppressing and combating counterfeit goods in Thailand. The reality is that as long as the SEIKEN

brand is famous and in demand, people will try to take advantage and make a profit from it. Therefore, we are continuing to work closely with our client on additional investigations to deliver more successful outcomes in the near future.

