



The Anti-Counterfeiting Group  
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**BASCAP**  
Business Action to Stop  
Counterfeiting and Piracy



**World  
Trademark  
Review**

# Anti-counterfeiting 2013

**Southeast Asia**

Contributing firm Tilleke & Gibbins

Part of The IP Media Group 

**A Global Guide**

# Regional focus

## Southeast Asia

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Authors

**Sukontip Jitmongkolthong, Titirat Wattanachewanopakorn and Wiramrudee Mokkhavesa**

With a total population of approximately 600 million, the combined economy of the 10 nations comprising the Association of Southeast Asian Nations (ASEAN) ranks as the ninth largest in the world. To transform ASEAN into a single market and production base that is highly competitive and fully integrated into the global economy, the ASEAN Economic Community (AEC) is set to be realised on December 31 2015. Most ASEAN countries must comply with the AEC Blueprint, which sets out guidelines for ASEAN to achieve its goal of becoming a single market by 2015. IP rights are an important issue in the blueprint.

As the region continues to grow even in the face of economic stagnation in the United States and Europe, many rights holders are eager to access ASEAN's surging middle class. Yet IP infringement remains rife in much of the region, and rights holders must cope with vast differences in the legal regimes from one country to another. This chapter provides a guide to anti-counterfeiting in Thailand and its neighbouring emerging markets: Cambodia, Laos and Myanmar.

### Legal framework

#### *Thailand*

Thailand has a sophisticated legal framework for the protection of IP rights, which is set forth principally in:

- the Patent Act 1979 (BE 2522, as amended in

- 1992 and 1999);
- the Trademark Act 1991 (BE 2534, as amended in 2000); and
- the Copyright Act 1994 (BE 2537).

Additional protection is provided under the Plant Varieties Protection Act 1999 (BE 2542), the Protection of Layout Designs of Integrated Circuits Act 2000 (BE 2543), the Trade Secrets Act 2002 (BE 2545), the Protection of Geographical Indications Act 2003 (BE 2546) and the Optical Disc Production Act 2005 (BE 2548).

#### *Cambodia*

In Cambodia, the following laws and regulations are relevant to IP protection:

- the Law Concerning Marks, Trade Names and Acts of Unfair Competition 2002;
- the Law on Patents, Utility Model Certificates and Industrial Designs 2003;
- the Law on Copyright and Related Rights 2003;
- Sub-decree 46 on the Implementation of the Law Concerning Marks, Trade Names and Acts of Unfair Competition (2006); and
- the Sub-decree on the Establishment of the National Committee for IP Rights (2008).

#### *Laos*

In 2011 Laos introduced a major amendment to its IP laws in order to comply with international standards. The Law on Intellectual Property 2011 provides a framework governing industrial property, new plant varieties and copyright and related rights. Under the law, 'industrial property' comprises patents, petty patents, industrial designs, trademarks, trade names, layout

designs of integrated circuits, geographical indications and trade secrets.

**Myanmar**

Unlike Thailand, Cambodia and Laos, Myanmar lacks comprehensive laws to address IP issues. IP rights are protected by at least 17 different laws, ranging from the Penal Code 1860, the Specific Relief Act 1877, the Merchandise Mark Act 1889 and the Registration Act 1908 to more recent legislation, such as the Science and Technology Law 1994, the Motion Picture Law 1996 and the Electronic Transaction Law 2004. UK and, to some extent, Indian case law may sometimes be considered as well.

As Myanmar began to liberalise in 2012, the legislature set about drafting a wide range of new laws. A draft IP law is now being circulated, but it is not yet known when it may come into force.

**International treaties**

Most countries in Asia have been actively introducing laws and regulations to adapt to international IP treaties and conventions after becoming members of the World Trade Organisation (WTO). For example, Cambodia and Myanmar have followed this path. Laos is one of 27 countries that are WTO observers and is now negotiating to become a WTO member.

With the AEC set to come into effect in 2015, there has been an acceleration in the adoption of international IP treaties in the region. ASEAN members are required to accede to the Madrid Protocol by 2015, although only the Philippines, Singapore and Vietnam are currently members. Thailand has been working towards accession for several years and is expected to join by 2014.

The AEC also envisages that all countries will become members of the Patent Cooperation Treaty (PCT) by 2015. Laos and

Thailand acceded to the PCT in 2006 and 2009 respectively, but Cambodia and Myanmar have not yet done so.

Table 1 provides an overview of each country's international treaty obligations.

**Border measures**

**Thailand**

To help to protect their IP rights at the borders, mark owners in Thailand can rely on an important agreement between the public and private sectors: the Memorandum of Understanding on the Cooperation of the Relevant Government Agencies and the Private Sector to Prevent and Suppress the Smuggling of Infringing Products. Signed on September 12 2003, the memorandum provides streamlined steps to stop suspected counterfeit products entering or leaving the country by creating the Customs Watch List.

The required information for the Customs Watch List is highly simplified and includes only:

- the name and address of the trademark owner or representative in Thailand;
- power of attorney for the owner or its representative;
- the names of authorised local manufacturers or distributors (to prevent accidental seizure of legitimate shipments); and
- trademark registrations, product descriptions and product identification.

Once a trademark owner is on the Customs Watch List, it will inform Customs whom to contact if suspicious counterfeit goods are found. When Customs finds suspected counterfeit products, it will inform the owner or representative so that the goods can be

**Table 1**

International IP treaty	Thailand	Cambodia	Laos	Myanmar
ASEAN Working Group on IP Cooperation	-	-	1995	-
Berne Convention	1931	-	2012	-
Hague Agreement	-	-	-	-
Paris Convention	2008	-	-	-
Patent Cooperation Treaty	2009	-	2006	-
World Intellectual Property Organisation	1989	1995	1995	2001
World Trade Organisation	1995	2004	-	1995

inspected to verify whether they are genuine. If they are counterfeit, Customs will file a claim against the importer for importing restricted and prohibited goods in violation of the Customs Act or the Trademark Act. To proceed, the owner or representative must submit documents proving that it is the rightful owner of the trademark. Customs can fine an importer twice the value of the seized goods. If the importer fails to comply, the matter will become a criminal case. The court can fine an importer up to four times the value of the seized goods. The seized goods will be kept in custody for later destruction.

### **Cambodia**

In Cambodia, the registered trademark owner and/or a customs officer can initiate an action to suspend customs clearance of suspicious counterfeit goods pursuant to the Law Concerning Marks, Trade Names and Acts of Unfair Competition. The law also applies to pirated copyright goods.

The trademark owner may ask Customs or the competent authorities to suspend the clearance of suspected counterfeit goods by proving ownership of the registered mark. If it is determined that the goods are counterfeit, Customs may inform the trademark owner of the names and addresses of the exporter, importer and consignee, and of the quantity of goods in question.

If a party disagrees with a decision of Customs or the relevant authorities, an appeal can be filed before the court. Customs can also suspend the clearance of goods if it has *prima facie* evidence that importation of counterfeit goods is taking place or is imminent. Customs and the competent authorities, through the decision of the court, shall have the authority to order the destruction of infringing goods. At present, Cambodia has no customs recordation system.

### **Laos**

According to the new Law on Intellectual Property, a trademark owner and/or Customs can initiate an action to suspend customs clearance of suspicious counterfeit goods. The parties may ask Customs to resolve disputes relating to intellectual property at the borders. Customs officers and other border officers

have the right and duty to inspect exported and imported goods, and may seize goods which violate IP law. In the past, most customs seizures of counterfeit goods in Laos have involved products relating to food and drugs.

Laos has a customs recordation system. To meet recently updated regulatory requirements, a petitioner may file a request to Customs including the following key information:

- the name of the border checkpoint(s);
- details of the trademark (date of registration and picture);
- details of the owner, authorised person(s), exporter and importer (including name, address, telephone number and email);
- the name, number and details of goods requested to be inspected and seized; and
- the different features of genuine and counterfeit goods.

In addition, the petitioner is asked to provide a guarantee of K10 million (\$1,250) and evidence of use of a trademark, evidence of infringement (including a sample product, pictures and models of the product), a letter from an attorney confirming the infringing products and other related documents. All of the information cited above must be prepared in the Lao language.

### **Myanmar**

The Sea Customs Act can be applied to border measures. This act provides prohibitions and restrictions for the import and export of specific goods. Goods bearing counterfeit trademarks are prohibited for import into the country.

### **Criminal prosecution**

#### **Thailand**

When faced with infringement in Thailand, a rights holder may bring criminal charges against an infringer directly with the Central Intellectual Property and International Trade Court ('IP & IT Court') or with the police or the Department of Special Investigation. The IP & IT Court – the oldest specialised IP court in ASEAN – is where all matters involving intellectual property are heard. Such actions usually begin by investigating the location of the counterfeit goods, followed by raids on manufacturers or retailers.

Because counterfeiting under the Trademark Act is a state offence, it is not compulsory for the mark owner to file a criminal complaint with the police or the Department of Special Investigation. In practice, however, the authorities need cooperation from the mark owner to verify the goods. Such offences under the Trademark Act must be differentiated from certain IP-related offences under the Penal Code and the Copyright Act. These offences may be compoundable, and thus it is necessary to file a criminal complaint with the police or the Department of Special Investigation under such circumstances.

Penalties for forging, selling or offering for sale products bearing a forged trademark include a fine of up to Bt400,000 (\$13,000) and imprisonment for up to four years. Penalties are usually reduced or suspended for first-time offenders. Selling or offering for sale products bearing an imitation of a trademark (as opposed to a forgery) to mislead the public into believing that the imitation mark is that of the mark owner can result in a fine of up to Bt200,000 (\$6,500) and imprisonment for up to two years.

Under the Penal Code, anyone that uses a name, figure or artificial mark on goods, packaging, covering or advertisements to make the public believe that they are the goods or trade of the mark owner is liable to imprisonment for up to one year, a fine of up to Bt2,000 (\$65) or both.

**Cambodia**

Criminal IP cases in Cambodia can be initiated by the economic police in cooperation with the Cambodia Import-Export Inspection and Fraud Suppression Department (CAMCONTROL), under the supervision of the Ministry of Commerce. CAMCONTROL is also entrusted to enforce IP rights in cooperation with Customs at the borders.

The Law Concerning Marks, Trade Names and Acts of Unfair Competition prescribes the criminal actions that can be taken against trademark infringement. Forgery and wilful import, sale, offer for sale or having for the purpose of sale goods bearing a forgery of a trademark, service mark or collective mark are punishable with fines ranging from Cr1 million (\$250) to Cr20 million (\$5,000), imprisonment

for one to five years or both. Imitation of marks and the wilful import, sale, offer for sale or having for the purpose of sale of goods bearing a forged mark can result in fines of Cr5 million (\$1,250) to Cr10 million (\$2,500), imprisonment for one month to one year or both. Goods that are imported, sold, offered for sale or held for the purpose of sale in violation of the law shall be confiscated or destroyed, no matter whether anyone has been convicted of an offence. The maximum penalty for a repeat offender is a doubling of both the fine and term of imprisonment.

**Laos**

In Laos, a criminal IP case can be initiated through the economic police or by the rights holder, which can file a criminal complaint directly to the People’s Court.

The new Law on Intellectual Property allows for criminal actions for the protection of trademarks, patents, industrial designs, geographical indications, trade secrets and copyright. To create, sell, offer for sale, advertise or otherwise market, import or export counterfeit trademark goods and infringing copyright goods constitutes a violation under the law. To commit such violations intentionally shall constitute a criminal offence.

If any of the following acts are committed for commercial purposes or result in harm to the health of a person, damage to the environment or damage to property, they will be deemed criminal offences:

- exercising an IP right of the rights holder without permission;
- infringing copyright and related rights;
- committing acts of unfair competition (ie, acts that are contrary to honest practices in industrial or commercial matters); or
- violating plant variety rights as defined under the law.

The new law grants more power to the People’s Court than it held previously. It stipulates that individuals who violate IP rights, counterfeit, deceive, defraud or commit acts of unfair competition that result in damages against third parties may be imprisoned for between three months and two years and fined between K500,000 (\$62) and K10 million (\$1,250). The violator may be subject

to additional measures, such as suspension, withdrawal of business licences and seizure of infringing goods and equipment involved in the commission of the offence.

### **Myanmar**

Under Sections 482, 483, 485 and 486 of the Penal Code, trademark infringement is considered a criminal offence for which both a fine and imprisonment can be imposed. The Merchandise Marks Act in the Penal Code prescribes the penalty for applying a false trade description. The court can confiscate all of the counterfeit goods and items used in the commission of infringement. In recent years, very few cases have been brought to court.

### **Civil enforcement**

#### **Thailand**

Trademark owners may pursue civil action against infringers in the IP & IT Court. Passing-off actions are also possible based on the tort provisions of the Civil and Commercial Code. Other trademark infringement actions are possible under the Trademark Act, together with wrongful acts under the code. In a civil suit, an owner can request a permanent injunction against the offender and may try to recover any actual proven damages.

#### **Cambodia**

Civil IP enforcement can be initiated by the enforcement unit of the Intellectual Property Department of the Ministry of Commerce, the enforcement unit of the Industrial Property Department of the Ministry of Industry, Mines and Energy or the rights holder.

The rights holder can file for preliminary and final injunctions to prevent the loss of interests caused by the importation of counterfeit goods. Injunctions can be issued provisionally, as stipulated in Chapter 8 of the Law on Marks, Trade Name and Acts of Unfair Competition. The rights holder is entitled to request an injunction from the court to award damages and grant any other remedy provided for by the general law of Cambodia to prevent infringement, imminent infringement or an unlawful act, as defined in the legislation. Similarly, when a licensee has requested the mark owner to institute court proceedings for specific relief, but such owner refuses, the licensee will also be entitled to seek

such injunctive relief.

When seeking an injunction, the rights holder can request the court to prevent infringement or imminent infringement or to preserve relevant evidence in regard to the alleged infringement. The court shall then order effective provisional measures.

### **Laos**

In Laos, the rights holder can initiate a civil enforcement case with the People's Court to order:

- cessation of infringement by the infringer;
- suspension of customs procedures;
- seizure of goods that infringe an IP right;
- a declaratory judgment of infringement;
- payment by the infringer of damages adequate to compensate;
- payment by the infringer of the trademark owner's expenses, which may include appropriate attorney's fees;
- destruction or disposal of goods that have been found to infringe; and
- disposal of materials and tools used in the creation of the infringing goods.

Means of dispute resolution include reconciliation, mediation, administrative remedies, remedy through the Economic Dispute Resolution Committee, a judicial action before the People's Court and international dispute settlement.

An individual, legal entity or organisation may file a complaint requesting the People's Court to issue an injunction to prevent IP infringement from occurring or to preserve relevant evidence of the alleged infringement. The injunction must be requested following the requirements for application for provisional measures provided under the law. Generally, these provisional measures shall be reviewed by the People's Court, which will order the measures within 20 working days or 31 calendar days, whichever is longer. Moreover, *ex parte* provisional measures are available from the People's Court where any delay is likely to cause irreparable harm to the mark owner or where there is a demonstrable risk of evidence being destroyed.

### **Myanmar**

A mark owner can launch a civil suit against

an infringer for trademark infringement under Section 54 of the Specific Relief Act to obtain a permanent injunction. In addition, the owner may claim damages caused by such infringement. Under the Civil Procedure Code, when a complaint is filed and the accused does not deny the allegation, this is deemed admission, unless the accusation is made against a disabled person. This mechanism significantly expedites the civil procedure in trademark infringement cases.

### Anti-counterfeiting online

#### Thailand

Thailand has no specific legislation to address online counterfeiting. However, the Department of Intellectual Property has tried to resolve this by relying on related legislation. When advising rights holders of their enforcement options, one suggestion by the department is to apply Sections 14 and 20 of the Computer Crimes Act 2007 (BE 2550). Section 14 punishes the act of “entering wholly or partially spurious computer data or false computer data into a computer system, in a manner that is likely to cause injury”, while Section 20 allows a competent official to petition the court to order that distribution of computer data be blocked if it is “inconsistent with public order or good morals”.

In 2011 these sections were applied to a criminal court case involving food and medical products. The defendant advertised the sale of food, medicine and medical equipment by using false information that was deceptive to consumers. The court deemed this act to constitute an offence under Section 14 and issued an order to block the distribution undertaken by the defendant pursuant to Section 20.

#### Cambodia

In Cambodia, no IP or other laws address online counterfeiting (eg, unauthorised internet commerce, internet security, online investigation strategies or internet service provider liability). However, the appropriate laws are being drafted and will be officially adopted in late 2014. While waiting for this implementation, in some cases rights holders may apply to initiate legal action to tackle this issue under the Law on Copyright and Related Rights.

#### Laos and Myanmar

Neither Laos nor Myanmar has specific legislation regarding online counterfeiting.

### Preventive measures/strategies

A wide range of enforcement measures are available to rights holders faced with infringement in Thailand, Cambodia, Laos and Myanmar. As these countries move towards greater integration within the AEC and develop closer trading ties with neighbouring IP-infringing countries (particularly China), a key starting point for any anti-counterfeiting programme should be the adoption of a comprehensive regional strategy with a strong foundation of a well-kept IP portfolio. *Ad hoc* responses to infringement within each country are unlikely to succeed, unless they are supported by a regional view. Rights holders that plan to invest in these four countries should implement coordinated programmes that cut across several countries.

Such an approach can certainly include traditional anti-counterfeiting actions such as market surveys and collaborating with government authorities on raid actions. To improve border control measures, it can also be helpful for rights holders to conduct product identification training for Customs and other relevant IP enforcement officers. These educational sessions convey important information to the authorities on how to differentiate between genuine and counterfeit goods, while also building relationships and ensuring that the authorities know whom to contact when they find suspicious counterfeit goods in the market or at the ports.

By placing all such activities within a regional context, rights holders can optimise their anti-counterfeiting budgets while improving the effectiveness of their enforcement actions. [WTR](#)

**Tilleke & Gibbins**

Supalai Grand Tower, 26th Floor, 1011 Rama 3 Road,

Chongnonsi, Yannawa, Bangkok 10120, Thailand

**Tel** +66 2653 5555 **Fax** +66 2653 5678

**Web** [www.tilleke.com](http://www.tilleke.com)



**Sukontip Jitmongkolthong**  
Partner  
[sukontip.j@tilleke.com](mailto:sukontip.j@tilleke.com)

Sukontip Jitmongkolthong is a partner in Tilleke & Gibbins' IP group. An expert in trademark, copyright, patent and trade name legislation, Ms Jitmongkolthong is routinely selected by international corporations for her proficient enforcement of valuable IP rights, with a focus on apparel, automotive, electronic and fashion products.

Her work includes pre-litigation assistance in cancellations and appeals against Board of Trademarks decisions, reviewing and/or drafting non-disclosure agreements and warning letters, mediation and negotiation, and coordinating with investigators, the Royal Thai Police, the Department of Special Investigations and Customs in raid actions and other enforcement measures.



**Titirat Wattanachewanopakorn**  
Attorney at law  
[titirat.w@tilleke.com](mailto:titirat.w@tilleke.com)

Titirat Wattanachewanopakorn is an attorney at law specialising in IP enforcement in the Bangkok office of Tilleke & Gibbins. He serves clients primarily in the entertainment, automotive, software, consumer products, cosmetics and fashion industries. In protecting his clients' valuable IP rights, he develops and implements strategies that include, as necessary, contractual transactions, IP due diligence, mediation, multi-level negotiations, investigations, raids and other enforcement actions.

He is fluent in English and the recipient of two advanced degrees from leading universities in the United States.



**Wiramrudee Mokkhavesa**  
Attorney at law  
[wiramrudee.m@tilleke.com](mailto:wiramrudee.m@tilleke.com)

Wiramrudee Mokkhavesa is an attorney at law with extensive experience in brand protection, IP enforcement and anti-counterfeiting. Her practice at Tilleke & Gibbins is focused on IP portfolio strategy and management, including comprehensive protection of trademark, copyright, patent and other intellectual assets in Asia and worldwide. She primarily represents multinational corporations and market leaders in electronic appliances, auto parts, consumer products, apparel, software and luxury goods.

Ms Mokkhavesa is a member of the Prevention and Suppression IP Rights Infringement Committee (Private Sector), through which she regularly advocates for increased government action against counterfeiting.