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WORLD CUSTOMS ORGANIZATION

**World
Trademark
Review**

Anti-counterfeiting 2014

Regional focus

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With a population of 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. With the ASEAN Economic Community (AEC) 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.

Given the region's tremendous growth, 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 some of the key markets in Southeast Asia: Thailand, Cambodia, Laos, Myanmar, Indonesia and Vietnam.

Legal framework

Thailand

Thailand has a sophisticated legal framework for the protection of IP rights, set out in the Patent Act 1979, the Trademark Act 1991 and the Copyright Act 1994. Additional protection is provided under the Plant Varieties Protection Act 1999, the Protection of Layout Designs of

Integrated Circuits Act 2000, the Trade Secrets Act 2002, the Protection of Geographical Indications Act 2003 and the Optical Disc Production Act 2005.

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;
- the Sub-decree on the Implementation of the Law Concerning Marks, Trade Names and Acts of Unfair Competition (46/2006); and
- the Sub-decree on the Establishment of the National Committee for IP Rights (2008).

Laos

In Laos, IP protection is governed by:

- the Law on Intellectual Property 2011, which provides a framework to govern industrial property, new plant varieties, 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; and
- the Instruction on Customs Measures for the Protection of IP Rights.

Myanmar

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 Sea Customs Act 1878, the Merchandise Mark Act 1889 and the Registration Act 1908 to more recent legislation such as the Private Industrial Enterprise Law 1990, the Science and Technology Law 1994, the Motion Picture Law 1996, the Control of Money Laundering Law 2002 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. The trademark law is likely to be the first IP law in Myanmar and is forecast to come into effect in 2014.

Indonesia

IP rights are protected in Indonesia under the laws and government regulations on patents, trademarks, copyright, industrial designs, trade secrets, layout designs of integrated circuits and plant variety protection. There are also regulations that extend protection to geographical indications and other IP rights.

Vietnam

As a part of Vietnam’s World Trade Organisation (WTO) commitments, the country has introduced a number of laws to protect IP rights. The principal national law is the Law on Intellectual Property 2005, amended in 2009. The government has also introduced a wide range of decrees relating to, among other things, copyright, plant varieties and administrative penalties.

Border measures

Thailand

To help protect their IP rights at the borders, rights holders in Thailand can rely on a memorandum of understanding between the public and private sectors which provides streamlined steps to stop suspected counterfeit products from entering or leaving the country by creating the Customs Watch List.

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

- the name and address of the rights holder or its representative in Thailand;
- power of attorney;
- the names of authorised local manufacturers or distributors; and
- trademark registrations, product descriptions and product identification.

Once a rights holder is on the Customs Watch List, Customs will report any suspected counterfeit products, so that the goods can be seized. If the goods 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 rights holder or its 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.

Table 1: International treaties

International IP treaty	Thailand	Cambodia	Laos	Myanmar	Indonesia	Vietnam
Berne Convention	1931	-	2012	-	1997	2004
Madrid Agreement Concerning the International Registration of Marks	expected in 2014	-	-	-	expected in 2015	1939
Paris Convention	2008	-	1998	-	1950	1949
Patent Cooperation Treaty	2009	-	2006	-	1997	1992
World Intellectual Property Organisation	1989	1995	1995	2001	1979	1976
World Trade Organisation	1995	2004	2013	1995	1995	2007

Cambodia

Although Cambodia does not have a customs recordal system, the registered trademark owner and/or a customs officer can initiate an action to suspend customs clearance of suspicious counterfeit or pirated goods. The rights holder may request Customs or the Cambodia Import-Export Inspection and Fraud Repression Directorate-General (CAMCONTROL) to suspend the clearance of suspected counterfeit goods by proving ownership of the registered mark. If a party disagrees with the decision of the relevant authorities, an appeal can be filed before the court. In addition, Customs and CAMCONTROL can suspend the clearance of goods if they have *prima facie* evidence that the import of counterfeit goods is taking place or is imminent. Customs and CAMCONTROL, through the court's decision, have the authority to destroy infringing goods.

Laos

Article 153 of the Law on Intellectual Property (01/NA) states that customs officers can seize goods that infringe IP rights. The Customs Law (4/NA) expressly provides for a procedure allowing a rights holder to order the inspection and seizure of allegedly infringing goods with regard to not only imports and exports, but also goods in transit. The rights holder must provide Customs with reliable information that the shipment includes infringing material and must pay certain fees and bonds, after which Customs can inspect and suspend the goods. The suspension lasts up to 10 working days and may be extended if judicial action is initiated. Otherwise, the goods are released and the bond paid by the rights holder is used to compensate the owner of the goods for any damages incurred.

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 from being imported into the country.

Indonesia

Indonesian customs law does not specify clear requirements or procedures for filing customs

recordation; nor does it provide guidance as to temporary suspension orders or injunctions of imported or exported goods that are suspected of infringing intellectual property. Nevertheless, in 2012 the Supreme Court issued the Rules on Injunction and on Provisional Measures, which contain detailed procedures for filing injunction and provisional measures applications with the Commercial Court. These rules also entitle a rights holder to request a warrant from the Commercial Court to suspend temporarily the release of suspected goods if it can provide:

- sufficient evidence of violation of its trademarks or copyrights;
- evidence of its ownership of the trademarks or copyrights;
- a detailed description of the imported or exported goods being subjected to suspended release, so that customs officials will recognise them; and
- securities for possible damage caused to the suspended goods.

Upon receipt of the warrant, the customs official shall notify the importer, exporter or owner of the goods in writing and shall suspend the release of the goods. During the 10-day suspension period, the rights holder must notify Customs of any required legal action to be taken. If it turns out that the goods are not infringing, the owner of the goods may countersue the rights holder to obtain compensation for the detention.

Vietnam

Vietnamese border control measures include monitoring to detect goods suspected of infringing IP rights and suspension of customs clearance. To avail of border control measures, the rights holder must apply to add its registered IP right to the customs database, as this will help Customs to recognise infringing versions of the rights holder's products and improve the chances of seizure.

Following this request, Customs will begin monitoring for infringing goods. When suspected goods are detected, Customs will temporarily suspend clearance of the goods and notify the rights holder. Within three working days, the rights holder should submit an application for suspension and a deposit bond or bank guarantee.

If the rights holder knows of a suspected illegal shipment of its products, it can work with Vietnamese Customs to detain such shipments even if it does not request monitoring beforehand. Within the time limit for suspension, the rights holder can obtain evidence verifying whether the suspended goods are indeed infringing. If infringement is found, it is possible to initiate a civil lawsuit against the owner of the detained goods, request Customs to take administrative action against the owner of the detained goods or reach a settlement agreement with the owner of the detained goods.

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 rights holder to file a criminal complaint with the police or the Department of Special Investigation. In practice, however, the authorities need cooperation from the rights holder 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 and imprisonment for up to four years. Penalties are usually reduced or suspended for first-time offenders. Lesser penalties apply to imitation of a trademark (as opposed to forgery) and other offences (eg, under the Penal Code).

Cambodia

Criminal IP cases in Cambodia can be initiated by either the economic police or CAMCONTROL. Forgery and wilful import, sale, offer for sale or holding 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 to Cr20 million and/or imprisonment for one to five years, while imitation offences carry lower penalties. 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. Repeat offenders may face double fines and 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 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 or pirated goods constitutes a violation under the law. When these violations are committed intentionally, it is a criminal offence.

If any of the following acts is committed for commercial purposes or results in harm to the health of a person, damage to the environment or damage to property, it will be deemed a criminal offence:

- exercising an IP right of the rights holder without permission;
- infringing copyright and related rights;
- committing acts of unfair competition; and
- violating plant variety rights.

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 and K10 million. 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 the Penal Code, trademark infringement is a criminal offence subject to fines and imprisonment. When a party applies a false trade description, the court can confiscate all of the counterfeit goods and items used in the commission of infringement.

IP enforcement is a new practice in Myanmar, so rights holders may face difficulties in taking criminal action against infringers. It is typically necessary to gather substantial evidence proving infringement before cooperating with the police. The police may ask the rights holder to send a notice to the infringer before taking action themselves, because the police would prefer a cooperation-based outcome. If the infringement continues, then launching a criminal action may be appropriate, but it is necessary first to obtain a court order for seizure and destruction of the infringing goods.

Indonesia

IP infringement cases are based on complaints made to the Directorate of Investigation of the Directorate General of Intellectual Property Rights (DGIPR) or the police. This means that a rights holder must file a formal complaint before any action can be initiated by the authorities (except for copyright). DGIPR investigators hold the same authority as police to investigate IP infringement. Typically, the investigation will lead to a raid.

Forgery of a trademark or service mark is punishable with fines of up to Rp1 billion and/or up to five years' imprisonment. Imitation of marks can result in fines of up to Rp800 million and/or up to four years' imprisonment, whereas selling any product or service knowing that such product or service infringes a registered trademark or service mark will attract fines of up to Rp200 million and/or up to one year's imprisonment. However, the court often grants a probation order and/or a lower fine.

In practice, rights holders tend to reach settlements with the infringers rather than prosecuting them. Settlements generally involve the destruction of counterfeit goods, an undertaking and a public apology from the infringer.

Vietnam

In Vietnam, harsh penalties are available for criminal prosecutions. Importantly, however, criminal action is not applicable to companies. Under Article 105 of the Criminal Proceedings Code, competent authorities would criminally prosecute IP crimes only at the request of the victims. Under the law, victims can only be individuals, not legal entities. As a result, criminal actions are not available to companies which are rights holders.

Civil enforcement

Thailand

Rights holders 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, a rights holder 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 import of counterfeit goods. Injunctions can be issued provisionally. The rights holder can request an injunction from the court to award damages and grant any other remedy provided under Cambodian law to prevent infringement, imminent infringement or an unlawful act, as defined in the legislation. When a licensee has requested the rights holder to institute court proceedings for specific relief, but the owner refuses, the licensee will be entitled to seek injunctive relief.

Laos

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

- cessation of infringement;
- suspension of customs procedures;

- seizure of goods;
- declaratory judgment of infringement;
- payment of damages;
- payment of the rights holder's expenses (including attorneys' fees);
- destruction or disposal of infringing goods; and
- disposal of materials and tools related to the infringing goods.

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.

Myanmar

A rights holder can launch a civil suit against a trademark infringer to obtain a permanent injunction and claim damages. Under the Civil Procedure Code, when a complaint is filed and the accused does not deny the allegation, this is generally deemed admission.

At present, IP infringement cases are handled by the town, district state or regional courts, and the Supreme Court. Disputes can be amicably resolved by negotiation or conciliation, and sometimes with the intervention of a third party. However, under the Specific Relief Act, any person entitled to a right to any property, including intellectual property, may institute a suit against any person denying, or interested in denying, its title to such right.

Indonesia

Rights holders or the recorded licensees of a registered trademark may file suit with the Commercial Court against trademark infringers to claim compensation and/or cease all acts related to the registered trademark.

To prevent further loss during the examination process, rights holders may request the judge to instruct infringers to cease production, distribution and/or trade of the product or service using the infringed mark. The Commercial Court may order that the surrender or valuation of the goods be carried out only after the court's decision has become final and legally binding. The Commercial Court's decision may be appealed to the Supreme Court.

Vietnam

Vietnamese courts implement a two-level adjudication system (first instance and appeal). Vietnamese law also provides for the following special procedures to review enforceable decisions:

- a cassation or judicial review in the case of a serious breach of the law in the course of handling the case; and
- a new trial or retrial in the case of finding fresh evidence which may change the content of a court's decision and which was previously unknown.

No special chambers deal with IP 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 suggesting that rights holders rely on relevant provisions of the Computer Crimes Act 2007 related to false computer data and actions inconsistent with public morals. In 2011 these sections were applied to a case related to food and medical products before the criminal court. 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 and issued an order to block the distribution undertaken by the defendant.

Cambodia, Laos and Myanmar

There are no specific laws regarding online counterfeiting in Cambodia, Laos or Myanmar.

Indonesia

Although there is no specific legislation with regard to online counterfeiting in Indonesia, the Law on Electronic Information and Transaction prohibits anyone from manipulating, creating, modifying, deleting or damaging electronic information and/or documents for the purpose of obtaining authenticity. The law allows civil suits against persons whose conduct caused a loss to the plaintiff. Guilty parties may be fined up to Rp12 billion and/or may be imprisoned for up to 12 years. In addition, measures to prevent cybersquatting are available

Vietnam

In Vietnam, e-commerce is specifically governed by Decree 52/2013/ND-CP, which prohibits online trading in counterfeits. The legal actions against counterfeiting are laid down under the IP Law and its subordinate legal documents. Therefore, typically, the legal actions against online counterfeiting and physical counterfeiting are virtually the same.

Preventive measures/strategies

A wide range of enforcement measures are available to rights holders faced with infringement in Thailand, Cambodia, Laos, Myanmar, Indonesia and Vietnam. 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 that undergoes regular audits. By virtue of the audit, the rights holder can systematically review its intellectual property so as to assess and manage risk, remedy problems and implement best practices in IP asset management. An appropriate enforcement strategy can be worked out as a result of the audit and the management of the IP portfolio in general.

Such an approach can include traditional anti-counterfeiting actions such as market surveys and collaboration 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 markets or at 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](#)

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Darani Vachanavuttivong helps clients to protect their IP rights in some of the toughest jurisdictions in the world – Thailand, Vietnam, Cambodia, Laos and Myanmar. She previously headed the firm's trademark registration group and is well versed in writing patents.

Ms Vachanavuttivong is the managing director of the Tilleke & Gibbins IP group, which is consistently recognised as the pre-eminent IP practice in Thailand. She was elected by her peers to serve on the Association of Southeast Asian Nations (ASEAN) IP Association as the country head for Thailand (2009-2015) and as a council member (2007-2015). She also serves as president of the Thailand group of the Asian Patent Attorneys Association (2012-2015).



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Sukontip Jitmongkolthong is a partner in Tilleke & Gibbins' IP group. An expert in trademark, copyright, patent and trade name legislation, she 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.



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Loc Xuan Le is a principal in T&G Law Firm LLC, a licensed law firm and IP agent that partners with Tilleke & Gibbins for local filings in Vietnam. With 10 years' experience in IP enforcement, he has cultivated strong relationships with Vietnamese authorities, including the courts, market control, inspectors, the police, Customs and People's Committees of various levels. He has organised and overseen raids for leading clients in the automotive, high-tech and luxury goods industries. He also represents clients on technology transfer, IP licensing and franchising matters.

Mr Le is a member of the Hanoi Bar Association and a qualified IP agent at the National Office of Intellectual Property of Vietnam.