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# Anti-counterfeiting 2019

Cambodia

Tilleke & Gibbins

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## A Global Guide



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# Cambodia

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## Legal framework

Specific laws relating to IP rights in Cambodia include:

- the Law Concerning Marks, Trade Names and Acts of Unfair Competition 2002 (known as the Trademark Law);
- 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 2006; and
- Prakas on the Procedures to Record and File Permission Letters for Imported Goods Bearing Exclusive Trademarks 2016.

General laws applicable to IP rights in Cambodia include:

- the Civil Code 2007;
- the Criminal Code 2009; and
- the Code of Criminal Procedure 2007.

Cambodia is a party to the following international treaties relating to IP rights:

- the Madrid Agreement Concerning the International Registration of Marks 2015;

- the Association of the Southeast Asian Nations (ASEAN) Framework Agreement for Protection of Intellectual Property 1999;
- the Paris Convention for the Protection of Industrial Property 1998;
- the Agreement on Trade-Related Aspects of Intellectual Property Rights 1994;
- the Patent Cooperation Treaty 2016; and
- the Hague Agreement Concerning the International Registration of Industrial Designs 2017.

Cambodia is a party to the following bilateral treaties and agreements relating to IP rights:

- the Agreement on Comprehensive Economic Partnership among Japan and Member States of ASEAN 2009;
- the Agreement between Japan and the Kingdom of Cambodia for the Liberalisation, Promotion and Protection of Investment 2008;
- the Memorandum on IP Cooperation Between Cambodia-Thailand 1997;
- the Agreement between the United States of America and the Kingdom of Cambodia on Trade Relations and Intellectual Property Rights Protection 1996;



## A shipment could theoretically be immediately seized if it clearly contains counterfeit goods, but normally the clearance will be suspended until the petitioner takes further action

- the Agreement between the Government of the Kingdom of Cambodia and the Government of Malaysia for the Promotion and Protection of Investments 1994;
- the Agreement between the Royal Government of the Kingdom of Cambodia and the European Patent Organisation on the Validation of European Patents 2017;
- the Cooperation for Facilitating Patent Grant with Japan Patent Office 2016; and
- the Memorandum of Understanding on the Cooperation in Industrial Property with the IP Office of Singapore 2015.

### Border measures

#### Customs recordal and exclusive distributorships

Cambodia has no customs recordal system in place.

If a rights holder uses an exclusive distributor in Cambodia, it may register an exclusive distributorship with the Department of IP Rights. Once the registration is accepted, it can be forwarded to Customs, which may look out for and stop any imports not imported by the registered exclusive distributor. This approach offers rights holders protection against parallel importing, but may also contribute to intercepting counterfeits, as shipments are more carefully scrutinised by Customs on import.

Pharmaceutical products are excluded from obtaining a registered exclusive distributorship under the applicable regulations.

#### Border measures per shipment

Rights holders may petition Customs and the courts for border measures against a suspicious shipment. A petition must provide

*prima facie* evidence showing the shipment is counterfeit, a description of the goods, plus evidence of the IP registrations. A general complaint requesting Customs to look out for counterfeits will not be accepted, as a specific shipment should be identified by the *prima facie* evidence.

The Cambodian legal framework allows for *ex officio* border measures, although this is rarely employed. Border measures are available only in relation to trademark and copyrights under the current legal framework. A granted petition will be valid for 60 days.

If the border measure is granted and the shipment is identified, Customs will suspend clearance and hold the shipment at the border. A shipment could theoretically be immediately seized if it clearly contains counterfeit goods, but normally the clearance will be suspended until the petitioner takes further action. If the petitioner does not commence court proceedings on the merits of the case within 10 working days after being notified that the shipment was suspended, the suspended shipment will be released. The 10-day deadline may be extended by another 10 working days on request by the petitioner, if the petitioner shows good cause.

A petitioner will be responsible for warehousing the suspended goods in the vicinity of the entry point and is normally permitted to examine the suspended goods and remove samples for examination, testing and analysis to help determine if they are counterfeit. Authorities may also require the petitioner to pay a security deposit or provide other assurance sufficient to protect the importer and the authorities in the event that the goods are determined to be genuine.

## **Criminal prosecution Enforcement authorities**

Criminal action in Cambodia can be initiated *ex officio* or by submitting a complaint to the police or prosecutor. The Anti-intellectual Property Crime Office, part of the Anti-economic Crime Police Department, which in turn falls under the General Commissariat of National Police, was established to handle IP infringements in Cambodia.

A recent development is the additional possibility to submit a complaint to the Cambodia Counter-counterfeit Committee (CCCC), which may also result in criminal prosecution. The CCCC receives complaints and establishes a committee to address the complaint. These committees normally include enforcement authorities (eg, the police), but may also include experts from other ministries, depending on the specificities of the matter.

The CCCC will coordinate enforcement actions and may forward the case file to the prosecutor for criminal prosecution.

## **General procedure of criminal action**

If a rights holder is aware of an infringement and wishes to pursue criminal action, the Criminal Procedure Code requires the rights holder to file a complaint with the police or the prosecutor. These authorities will have a statutory duty to conduct some level of preliminary investigation, depending on the circumstances. The prosecutor will have discretion whether to pursue the case. A rights holder may appeal the prosecutor's decision.

In case criminal prosecution takes place, a rights holder that suffered demonstrable damages may file a request to participate as a civil party in the criminal proceeding. In that capacity, the rights holder may request investigative actions, make court submissions and otherwise participate in the criminal proceedings, and could eventually be awarded damages suffered as a result of the infringement.

## **Remedies**

**Trademarks:** The Trademark Law imposes criminal penalties as follows:

- Counterfeiting a registered trademark, service mark, collective mark or trade name, or importing, offering for sale, selling or

having inventory for sale, any goods bearing a counterfeit mark, bearing a forgery of a trademark, service mark or collective mark, is subject to fines of CR1 million to CR20 million (approximately \$250 to \$5,000), imprisonment for one to five years or both.

- Committing an act of unfair competition by imitating a registered trademark, service mark, collective mark or trade name, in order to mislead the public into believing that it is the trademark, service mark, collective mark or trade name of another enterprise, is subject to fines of CR5 million to CR10 million (approximately \$1,250 to \$2,500), imprisonment for one month to one year or both.

Infringers who repeat the same offence are subject to double these fines and prison terms. Goods that are imported, sold, offered for sale or held for the purpose of sale in violation of the law must be confiscated or destroyed, regardless of whether anyone has been convicted of an offence.

**Patents:** The Patent Law imposes criminal penalties on infringers who have knowingly performed an act that constitutes patent infringement and is punishable by a fine of CR5 million to CR20 million (approximately \$1,250 to \$5,000), imprisonment for one to five years or both.

Repeat offences committed within five years of the previous conviction are subject to double these fines and prison terms. The court is also empowered to seize and destroy the infringing goods and their means of production.

**Copyrights:** The Copyright Law imposes the following criminal penalties:

- Producing or reproducing a copyrighted work is punishable by a fine of between CR5 million and CR25 million (approximately \$1,250 to \$6,250), imprisonment of between six and 12 months or both.
- Importing or exporting pirated products is punishable by a fine of between CR2 million and CR10 million (approximately \$500 to \$2,500), imprisonment of between six and 12 month or both.
- Infringing performance works or communicating pirated performance

works to the public is punishable by a fine of between CR1 million and CR5 million (approximately \$250 to \$1,250), imprisonment of between one and three months or both.

- Producing or reproducing copyrighted works without the permission of the performer, phonogram producer, video producer or broadcasting organisation is punishable by a fine of between CR5 million and CR25 million (approximately \$1,250 to \$6,250), imprisonment of between six and 12 months or both.
- Importing or exporting phonograms, cassettes or video cassettes without the permission of the performer, phonogram producer, video producer or broadcasting organisation is punishable by a fine of between CR2 million and CR10 million (approximately \$500 to \$2,500), imprisonment of between one and three months or both.
- Broadcasting by a broadcasting organisation without the permission of the performer, phonogram producer, video producer or broadcasting organisation is punishable by a fine of between CR1 million and CR10 million (approximately \$250 to \$2,500), imprisonment of between one and three months or both.

In all of the above cases, repeat offences are subject to double punishment. In addition, the court is authorised to:

- confiscate pirated materials and revenue obtained through the piracy;
- confiscate equipment used to commit the offence; and
- order the destruction of the confiscated items or their return to the lawful copyright owner.

### Civil enforcement

#### Damages

Rights holders that suffer damage from an infringement are entitled to file civil claims for damages and specific relief from the infringer.

The Trademark Law provides that the registered owner of a mark has the right to institute court proceedings against any person who infringes the owner's mark or commits unfair competition practices, and the court may award actual damages and order injunctions.

The Patent Law likewise authorises the courts to award actual damages and order injunctions against persons that infringe patents. The Copyright Law gives copyright owners the right to request the courts to award damages, enjoin further piracy, redress moral injuries and return or destroy disputed materials.

#### General procedure of civil procedure

The procedure in a civil case is for the plaintiff to file a complaint with the court, after which the defendant will file an answer. The court will call the parties in for evidentiary hearings and then issue a judgment. Depending on the circumstances, the judgment may be appealed to the Appeals Court and then to the Supreme Court.

#### Preliminary injunctions

**Trademarks:** The Trademark Law authorises a court to order provisional measures to prevent an infringement, imminent infringement or an act of unfair competition, or to preserve relevant evidence regarding an alleged infringement. Emergency measures may be ordered if the petitioner furnishes *prima facie* evidence that the petitioner is the trademark owner and the infringement is imminent, and posts security (set by the court) to protect the defendant and prevent abuse.

If provisional relief has been ordered, the defendant is entitled to a hearing within 15 working days from the notification. In addition, the petitioner must initiate court proceedings on the merits within 20 days of the notification. If the petitioner fails to initiate within the allotted time, the court must revoke the provisional measures at the defendant's request. If the provisional measures are revoked or the petitioner loses the case on the merits, the court may require the petitioner to pay compensation to the defendant for the damages caused by the provisional measures.

**Patents:** The Patent Law permits the court to grant injunctions to prevent infringement or imminent infringement of patents, but is silent on the criteria for obtaining injunctions. However, Cambodia's Civil Procedure Code authorises the court to order preliminary/temporary relief, pending a final judgment,

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when the plaintiff can establish a strong *prima facie* case on the merits, plus a strong argument that it will be unable to recover its damages after judgment is rendered, if the defendant is permitted to continue infringing the plaintiff's intellectual property during the trial. If the court grants this kind of preliminary relief, it will normally order the petitioner to post security against the defendant's damages in case the petitioner eventually loses the case.

**Copyrights:** The Copyright Law authorises the court to:

- enjoin actual or imminent piracy;

- seize or destroy pirated materials and their means of production; and
- preserve evidence of piracy.

The petitioner is liable for the defendant's actual damages if these actions prove to be unfounded. If the petitioner does not file a case on the merits within 30 days of a seizure, the court may release the seized assets at the defendant's request.

#### **Remedies**

An infringed rights holder may be awarded the proven damages resulting from the



## Contracts should clearly address issues such as backdoor leaking of products, the intellectual property used in the manufacturing process and a programme to monitor the manufacturers to prevent any infringements

infringement plus litigation costs, although it would not be prudent to assume that the court will order the infringer to pay more than a small portion of the actual litigation costs.

### Anti-counterfeiting online

In Cambodia, counterfeiters often use online platforms (eg, web shops, marketplaces and social media) to sell their goods. Recent trends have shown that many distributors of counterfeit items are using messenger apps to sell and deliver their counterfeit products less conspicuously.

The most popular social media platforms and online marketplaces provide takedown mechanisms to help prevent online sales of counterfeits. A rights holder or its representative can follow the platform's required steps to request removal of the infringing content. These mechanisms provide rights holders with a relatively simple approach to combat clear infringements. Counterfeit sales facilitated through messenger apps can be harder to locate as these channels are typically more private. Evidence can be gathered through investigations and action may be taken if counterfeit sales can be proven.

Cambodia has no specific laws or provisions addressing online counterfeiting and actions may be taken against online counterfeiters under the regular IP framework.

A draft Cybercrime Law is currently under consideration by the government, but there has been no official indication as to when it may be adopted. The unofficial draft circulating online addresses IP infringement, but it merely refers to the existing framework for trademarks and copyrights. Other provisions of the draft

Cybercrime Law may be used to act against online infringement, as it addresses the use of the online space to commit crimes in general.

In addition, the government is also considering a draft e-commerce law, but as yet no draft is publicly available.

### Preventive measures/strategies

#### Preventive measures

At a minimum, rights holders must focus their efforts on registering their IP rights and maintaining their portfolio accordingly. The portfolio should be audited regularly, so that the rights holder may systematically assess and manage risks, remedy problems and implement best practices in IP asset management. A well-kept IP portfolio provides for strong protection and is a key starting point for any enforcement action.

Cambodia is known for its garment sector. Trademark owners in this and other manufacturing industries need to build and maintain strong relationships with manufacturing partners in Cambodia. In addition, contracts should clearly address issues such as backdoor leaking of products, the intellectual property used in the manufacturing process and a programme to monitor the manufacturers to prevent any infringements.

A third preventive measure is training of enforcement authorities. Cambodia is in the midst of rapid development and the authorities appreciate training to stay up to date with constant changes. In addition to enhancing the knowledge of enforcement officers, IP rights holders can demonstrate to the authorities that they are dedicated to Cambodia's advancement. Engaging with authorities on a regular



basis will help prevent IP infringement and strengthen the enforcement of the IP holders' rights when it becomes necessary.

### **IP enforcement strategies**

IP enforcement is becoming increasingly important in Cambodia, as the country continues to welcome foreign investment. Understanding IP rights is steadily rising and enforcement actions are increasing as a result.

In the current IP enforcement landscape, initiative lies mostly with the rights holder. Many enforcement authorities expect the rights holder to employ private enforcement actions first, which includes conducting their own investigations, sending out warning and cease and desist letters, as well as negotiating with infringers.

If private enforcement steps do not garner favourable results, it is possible to request assistance from the authorities. Cambodian ministries can provide mediation procedures to solve IP infringements, which have been proven to work very effectively in Cambodia.

In case rights holders require stronger enforcement action, they may petition for the assistance of enforcement authorities such as

the Cambodia Counter-counterfeit Committee or the Anti-economic Crime Police. It is essential for a rights holder to build a solid case before resorting to enforcement authorities, including conducting investigations and legal analyses to evidence infringement and support the request for enforcement. Presenting the enforcement authorities with a clear-cut case will greatly strengthen the chances of successful enforcement in Cambodia. **WTR**

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