


Regional Guide to Trademark Enforcement in Southeast Asia: Online-to-Offline Actions



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INTRODUCTION

The proliferation of constant connectivity and internet penetration has sparked new intellectual property protection concerns in recent years. In their 2018 report, Google and Temasek projected a USD 240 billion internet economy with an expected e-commerce market of USD 102 billion in Southeast Asia by 2025. From the trademark enforcement perspective, this surge in e-commerce poses new challenges to conventional ways of dealing with infringement. Current legislation may not yet address these situations adequately, but just as traditional methods of conducting business will not be completely obliterated by e-commerce, existing methods of enforcing trademarks will remain relevant in anti-counterfeiting efforts in this region.

This guide provides insight into the legal framework regulating trademark infringement resulting from online sales of counterfeit goods in Cambodia, Indonesia, Laos, Myanmar, Thailand, and Vietnam, and the remedies available to rights holders. We will also examine the recommended strategies for maximizing results from enforcement endeavors against infringement occurring online.



Taking It Offline

In Cambodia, Indonesia, Laos, Myanmar, Thailand, and Vietnam, the most common form of trademark-infringing activity on the internet is the offering for sale of counterfeit or imitation products on websites, online marketplaces, and social media platforms. Here are some of the most popular platforms in these jurisdictions:

PLATFORM	CAMBODIA	INDONESIA	LAOS	MYANMAR	THAILAND	VIETNAM
Online Marketplace	<ul style="list-style-type: none"> ▪ Khmer24 ▪ Glad Market ▪ MyPhsar 	<ul style="list-style-type: none"> ▪ Tokopedia ▪ Bukalapak ▪ Shopee ▪ Lazada 	<ul style="list-style-type: none"> ▪ Yula.la ▪ Bestbuy ▪ Hotdeal 	<ul style="list-style-type: none"> ▪ Shopmyar ▪ OMyanmar ▪ Shop.com.mm ▪ Baganmart.com 	<ul style="list-style-type: none"> ▪ Lazada ▪ Shopee ▪ Kaidee 	<ul style="list-style-type: none"> ▪ Lazada VN ▪ Sendo ▪ Yes24 ▪ Shopee ▪ Tiki
Social Media	Facebook, Instagram					
Private Websites	Registered under Top Level Domains (TLDs) .com or .kh	Registered under TLDs .com or .id	Registered under TLDs .com or .la	Registered under TLDs .com or .mm	Registered under TLDs .com or .co.th	Registered under TLDs .com or .vn

The internet shrouds infringers with a cloak of anonymity. Therefore, the first challenge for brand owners is to identify the counterfeiters hiding behind their anonymous usernames. By penetrating this veil, brand owners can take the case offline, which is particularly important if the existing legal framework does not specifically address infringing activities happening on the internet.

To do so, in-depth investigations must be conducted. The investigation is often aided by sample purchases, which provide an opportunity to obtain information on the sellers through their bank account details and senders' addresses. Upon identification of the infringer, brand owners must assess the options available. For example, the issuance of warning letters is usually the preferred enforcement action against small-scale online infringers, as it often proves to be more time- and cost-efficient than other actions if parties are able to achieve an amicable settlement.

Another method is the use of takedown notices and infringement complaint hotlines based on brand violation policies of existing third party platforms, such as those established by major online marketplace operators like Lazada and Shopee. However, not all infringers are equally receptive to these approaches, and the receipt of warning letters or takedown notices may only cause them to temporarily suspend their activities while they seek new business names or sales platforms, ultimately ignoring the demands of the brand owners. In such cases, a raid action against these targets, in order to seize the infringing products, will likely be considered a better solution. In addition to penalizing the infringers, a highly publicized raid action also spreads the message that the brand owner takes infringement seriously in order to protect its consumers. Following a successful raid action, a criminal action may be filed in court, and a brand owner may also be able to concurrently pursue a civil action to seek statutory relief (depending on the jurisdiction).



CAMBODIA



The Constitution of the Kingdom of Cambodia forbids the import, manufacture, and sale of counterfeit products, and provides that those who commit these acts be punished severely. However, the constitution does not provide any further details on the punishments to be imposed.

The Law concerning Marks, Trade Names and Acts of Unfair Competition (“Cambodian Trademark Law”) is the main piece of legislation that addresses counterfeit sales in Cambodia, and it applies to both online and offline counterfeit sales. A draft e-commerce law is under consideration that will also likely address online counterfeit sales, but as of November 2019 no official draft has been made available. The Cambodian Trademark Law provides that whoever willfully stocks for the purpose of sale, offers for sale, or sells any counterfeits is subject to fines of KHR 1–20 million (approx. USD 250–5,000) and imprisonment for one to five years. For repeat offenders the potential penalties are doubled.

Brand owners that are victims of counterfeiting are recommended to engage in private enforcement actions, as many Cambodian enforcement authorities will ask the brand owner to do so prior to providing their assistance. Private enforcement actions include warning letters, meetings to discuss amicable settlements, and the dispute resolution procedure offered by the Department of Intellectual Property Rights, also referred to as the “administrative proceeding.” Interestingly, in Cambodia there is a very high rate of cooperation with private enforcement actions, with most counterfeiters cooperating after receiving warning letters and attending subsequent meetings with rights holders or their representatives. The chances of reaching amicable settlements are higher when the brand owner is willing to provide a solution that does not immediately bankrupt the counterfeiter.

This is also the case for online counterfeit sales, which mainly take place on social media platforms in Cambodia. If these online counterfeiters do not cooperate, asking the platform to remove the page is usually effective in shutting down the seller. If the counterfeiters do not cooperate, the warning letters will show that the counterfeiter has been informed that the sales are illegal, and any sales beyond that point can therefore be regarded as willfully selling counterfeits. A well drafted warning letter therefore meets the standards of evidence set by the Cambodian Trademark Law for prosecution.

At this stage of a case, a brand owner should decide if they would like to file a civil claim, in which damages could potentially be recovered, or to file a criminal complaint, which often results in a raid action and criminal punishment of the counterfeiter.

The specifics of the case usually dictate which option is preferred. In either of the options, the evidence dossier is key, and a brand owner should always have ample evidence of the infringement by the counterfeiter, the suffered damages, and its efforts to offer an amicable solution. This evidence is essential in convincing a judge in criminal or civil proceedings that the counterfeiter should be punished accordingly, or that damages should be awarded.

INDONESIA



In Indonesia, there are no specific regulations addressing the sale of counterfeit goods through online platforms. The laws governing the sale of counterfeit goods both online and offline are enshrined within Law No. 20 of 2016 concerning Trademark and Geographical Indication (the Indonesian Trademark Law). Under the Indonesian Trademark Law, every person who unlawfully uses any mark that is identical or substantially similar to the registered mark of another party for similar goods or services, can be sentenced to imprisonment for up to five years, fines of up to IDR 2 billion (approx. USD 140,000), or both. Also, a person who trades counterfeit goods, services, or products can be sentenced to imprisonment for up to one year or fines of up to IDR 200 million (approx. USD 14,000).

The options for brand owners to take action against the sales of counterfeit goods through online channels include sending a takedown request to the e-commerce or online platform, sending a cease-and-desist letter directly to the seller, or filing a civil lawsuit and police complaint. Sending takedown requests and issuing cease-and-desist letters are the preferred options against online infringers.

The enforcement authorities for trademark infringement are the Indonesian National Police and PPNS (civil servant investigators) under the Ministry of Law and Human Rights, Directorate General of Intellectual Property. In addressing the development of internet use in Indonesia, the Ministry of Communication and

Informatics has also taken action against several websites, although those actions have been limited to preventing illegal streaming.

LAOS



There are no references in the Constitution of the Lao PDR to intellectual property and its protection. However, there are indications that Laos is taking serious steps toward better protection and enforcement of intellectual property rights, both online and offline. The government and the ruling party have recognized the importance of intellectual property to the country's ambitions for industrialization, modernization, and graduating from least-developed-country status. Such sentiments have been included in policy statements and strategic planning goals, and local authorities have grown more supportive toward the enforcement of intellectual property rights.

The main legislation framing intellectual property in Laos is the Law on Intellectual Property, as amended on November 15, 2017 (the Laos IP Law). There are several regulations mentioning the importance of intellectual property rights, and guarantees of IP protections are made to foreign direct investors in legislation such as the Law on Investment Promotion, the Law related to the Medical Industry, and the Law on Business Competition.

According to Article 58 of the Laos IP Law, a trademark owner can prevent third parties from using identical or similar signs for goods or services that are identical, similar, or related to those for which the trademark is registered. Article 125 of the law prohibits the counterfeiting of goods bearing registered trademarks. It further stipulates that goods bearing without authorization a trademark identical to a trademark validly registered for the same goods or services (or those that cannot be distinguished in their essential aspects), is prohibited.

Sanctions under the Laos IP Law are rather broad and include fines, warnings, and withdrawal of business licenses of repeat offenders. Article 246 of the Penal Code punishes intellectual property infringement, listing several violations of intellectual property and unfair competitive practices that cause damage to

another person, and subjects violators to penalties such as 1–3 years' imprisonment, fines of LAK 5–20 million (approx. USD 568–2,274), re-education, and remittance of 5–20% of salary to the state for up to one year.

The above regulations do not differentiate between offline and online infringements, and therefore they can be applied to both. In practice, few instances of high-profile online intellectual property enforcement cases have yet been reported. Nonetheless, in light of the importance the authorities have placed on e-commerce and intellectual property as tools for the country's economic development and business growth, it seems likely that enforcement actions against online infringement are as possible as they are against offline enforcement.

The key determining factor in either case is the collection of enough evidence for an enforcement action to proceed. Once evidence has been collected through a market survey or investigation into specific shops, a complaint should then be filed with the relevant authorities containing a report, pictures of the infringing goods, guidelines for distinguishing genuine goods from counterfeits, and any other relevant evidence. Depending on the nature of the infringement, the relevant agency in the Ministry of Industry and Commerce (MOIC), or the Economic Police, will consider the complaint.

Analyzing the submitted documents generally takes five to 15 working days for the MOIC, or from 10 days to one month for the Economic Police. Once the authorities approve a raid action, it should not take more than 10 working days before it is carried out. In the meantime, discussions with the authorities may be required to devise a raid action strategy.

MYANMAR



Although there were no specific trademark laws in Myanmar until the recent enactment of the Pyidaungsu Hluttaw Law No. 3 of 2019 (the Myanmar Trademark Law) in January 2019, brand owners have been able to rely on various provisions in other laws, such as the Myanmar Penal Code of 1860 (India Act XLV), the Code of Criminal Procedure, the Merchandise Marks Act 1889, and the Specific Relief Act 1877 to enforce

their trademark rights in the past. For example, under Section 482 of the Myanmar Penal Code, a person who uses a false trademark can be punished with imprisonment of up to one year, a fine, or both, unless it is proven that he or she has acted without the intention to defraud others. Section 486 of the Myanmar Penal Code also imposes the same punishment on persons who sell, expose, or possess for commercial purposes goods affixed with a counterfeit trademark, unless the violator has taken all reasonable precautions against committing this offence, discloses the supply of such goods, or had acted innocently.

While this old legislation was drafted during a time when business was carried out only via brick-and-mortar stores, and may therefore be inadequate in tackling new issues in the digital age, the laws nonetheless continue to be relevant today and the new Myanmar Trademark Law, which has yet to enter into force, does not repeal them. Although there are no specific provisions targeting online enforcement, chapter 23 of the new Myanmar Trademark Law lays down comprehensive provisions addressing trademark offenses and applicable penalties, including the stipulation of imprisonment terms of up to 10 years and fines not exceeding MMK 10 million (approx. USD 6,600) for repeat offenders. Depending on the actual scope of infringement, the new Consumer Protection Law (Pyidaungsu Hluttaw Law No. 9 of 2019) and Competition Law (Pyidaungsu Hluttaw Law No. 9 of 2015) may also offer feasible options for those who wish to seek legal redress.

In Myanmar, raid actions are carried out by the Myanmar Police Force. Brand owners who wish to initiate raid actions must first file a complaint with the police, which should be supported by a dossier of evidence. The police will conduct their own investigation and will then decide whether to proceed with the raid actions to seize the counterfeit goods. Depending on the product involved it may also be possible to collaborate with relevant government ministries in the compilation of evidence to be submitted—particularly if the matter relates to highly regulated products such as pharmaceuticals, food, cosmetics, and pesticides.

THAILAND



Both online and offline sales of counterfeit goods are governed by the same set of laws, which includes the Thai Trademark Act and the Thai Penal Code. The foremost piece of legislation with relevance to trademark counterfeiting activities is the Trademark Act B.E. 2534 (1991) as amended by the Trademark Act (No.2) B.E. 2543 (2000) and the Trademark Act (No.3) B.E. 2559 (2016) (collectively the Thai Trademark Act), and in particular, sections 108–110 of the Thai Trademark Act. Under the Thai Trademark Act, selling or offering for sale of counterfeit products affixed with a registered trademark in Thailand is punishable by imprisonment for no more than four years, a fine of up to THB 400,000 (approx. USD 13,000), or both. In the case of imitated products, the penalty is half of the above. In addition, sections 273–275 of the Thai Penal Code proscribe activities traditionally considered to be counterfeiting in relation to trademarks registered outside of Thailand. However, the penalties under the Thai Penal Code are less severe than the provisions under the Thai Trademark Act.

The available options for brand owners are sending cease-and-desist letters, conducting raid actions, or filing a civil lawsuit. Each option is suitable in different situations. Sending a warning letter is usually the preferred enforcement action against small-scale online infringers, while conducting raid actions against infringers with large inventories can be more effective.

However, in relation to online sales of infringing goods, some brand owners may prefer to remove the online posts advertising the sale of counterfeit goods in order to stop their widespread dissemination as soon as possible. The current Computer Crime Act B.E. 2550 (2007), as amended by the Computer Crime Act (No. 2) B.E. 2560 (2017), contains a provision allowing permanent injunctions to block websites that contain IP-infringing materials. However, this available option has yet to be tested for trademark infringement cases. In practice, brand owners usually seek cooperation from social media or marketplace operators in removing the posts, which is often very effective.

VIETNAM



Although the illegal online trading of counterfeit products has been rising in Vietnam in parallel with the rapid development of technology, so far there have been no separate laws governing trademark infringement online. The act of selling counterfeit goods online is regulated by the same set of laws as that of offline activities, which mainly includes the Law on Intellectual Property 2005 (amended in 2009) and the IP crimes provisions of the Penal Code 2015 (amended in 2017), plus its subordinate legal documents. Notably, e-commerce activities are specifically governed by Decree 52/2013/ND-CP. Under this decree, trading in counterfeits online is prohibited. Once trademark owners detect any online counterfeiting activities, they can employ the same legal actions to deal with the counterfeiters as they would with offline infringements, which include administrative raids and civil action. Administrative raids often result in monetary fines and confiscation and destruction of the counterfeit products. For civil court action, the following remedies are available for IP infringement: compulsory termination of the infringing act; compulsory public rectification and apology; compulsory performance of civil obligations; compulsory compensation for damages; and compulsory destruction, distribution, or noncommercial use of the infringing goods. Counterfeiting in Vietnam is also subject to criminal charges, which impose the harshest penalties on counterfeiters. Article 192 of the Vietnamese Penal Code sets forth criminal penalties for individuals, including the following: fines from VND 100 million to VND 1 billion (approx. USD 4,200 to USD 43,000); imprisonment from one year up to 15 years; and bans on holding certain posts, practicing certain professions, or performing certain jobs for between one and five years. The new Vietnamese Penal Code, which came into effect in 2018, has introduced the concept of corporate criminal liability. The IP-related articles of the new Vietnamese Penal Code provide the penalties that are applicable to companies for IP infringement and violations, which are significantly higher than the penalties for individuals.

Currently, the issue of online counterfeiting has not been well addressed due to difficulties in identifying and locating infringers, and the authorities' inexperience in dealing with online counterfeiting. In addition, as a matter of practice, online sellers typically maintain low inventories. Therefore, the competent authorities consider them low-profile infringers and are reluctant to carry out raids on them.

Practical Strategies to Maximize Enforcement Success

Boasting a population of over 660 million as of July 2019, Southeast Asia is an extremely diversified region. While there is no one-size-fits-all enforcement strategy, and no one method will be able to address every act of infringement, brand owners should be aware of the various approaches available to bolster their trademark enforcement efforts in this region. For example, brand owners can take the following measures into consideration:

- **Cooperate with enforcement agencies.** Brand owners should equip themselves with knowledge regarding the different enforcement agencies available in each jurisdiction, understand their respective powers, and strive to foster good working relationships with them. This will also provide brand owners with the opportunity to engage with policy and regulation, and help to reshape governments' views on trademark enforcement in the region.
- **Consider the use of multifaceted approaches.** With the introduction of data privacy regulations in many jurisdictions, and the increased application of GDPR-compliant policies by domain name servers, it may be more difficult to access the domain name registrant information through WHOIS searches these days. Nevertheless, brand owners are encouraged to adopt bolder strategies when enforcing their rights, such as by exploring the possibility of relying on copyright laws, consumer protection laws, customs laws, or unfair competition legislation in their enforcement efforts.

- **Collaborate with the media.** It is good to involve the media to report on raid actions or counterfeit problems. Negative press coverage linked to a specific industry or a specific location will provide government authorities with more incentive to undertake enforcement and administrative endeavors. The media is also a powerful tool for brand owners who wish to engage in an “educate first” approach, which may also be an effective way to curb counterfeiting activities in developing nations.

- **Develop an understanding of the specific jurisdiction.** Brand owners must be prepared to navigate and utilize the different situations in each country. In remote areas of Southeast Asia, the timely delivery of warning letters or coordination of concurrent raid actions may be affected by the lack of formal addresses or the inaccessibility of certain locations. As such, proper time planning is essential when considering the execution of any action. Also, in countries where the adoption of online payment mechanisms remains low, such as in Myanmar, well-structured sample purchases should also incorporate a good cash-on-delivery or prepayment methodology that allows brand owners to obtain further information of the identity of the infringer.



- **Acquire knowledge of the local e-commerce scene.** An awareness of consumer trends, and how preferences may change from one jurisdiction to another, is vital. This can include varying levels of popularity of different messaging applications in different countries, as well as the different e-commerce sites used in each country. Periodic checks should be conducted on target sites and dealers.

The lack of a robust legal infrastructure specifically targeting illegal activities online should not be a deterrence for brand owners to enforce their proprietary rights. In jurisdictions where existing frameworks do not cater to handling online trademark infringement, rights holders should strive to establish a case offline. A multifaceted approach to tackling issues will be necessary in the fight to eliminate counterfeits, as brand owners continue to play an indefeasible role in transforming the enforcement landscape.

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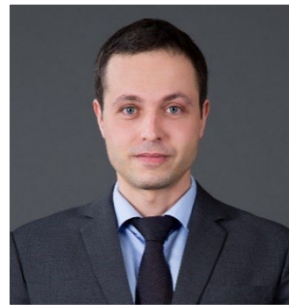


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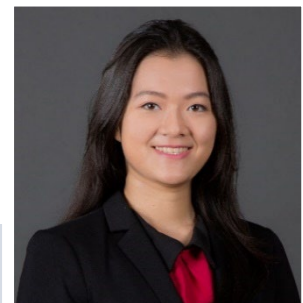
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