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## Co-ownership of Trademark Rights and Evidence Supporting a Co-ownership Relationship

As one of the most valuable assets of a successful business, a trademark is increasingly recognized as an important intellectual property right to be protected against potential infringers. This has led to a growing number of disputes in Thailand, as the increased recognition of marks inevitably leads to claims of overlapping rights. Normally, trademark-related disputes concern the issue of which party has the better right to a trademark—especially when opposing parties’ trademarks are identical or confusingly similar. Each party in such a dispute would likely prepare cogent arguments to claim the better right to the disputed mark.

A landmark case was recently litigated—which we believe to be among the very first of its kind in Thailand—in which the court decided to grant trademark rights jointly to more than one owner. This adds to the arsenal of legal grounds available to IP owners when seeking protection of their trademarks.

The plaintiff in the case was one of a group of companies operating their businesses using a common trade name, and registered and unregistered trademarks, for a long time without any disputes. The defendant in the case was the company that registered the trademarks. At one point, the group of companies decided to alter their shareholder structure, separating all the joint directors and shareholders into their respective individual companies. The plaintiff decided to register the trademarks as a joint-owner but was opposed by the defendant. Furthermore, the defendant claimed that it was the sole owner of the trade name as well as the registered and unregistered trademarks, and sent a notice to the plaintiff to refrain from using the trade name and trademarks with its goods and services. They were unable to settle the dispute amicably, so a case was subsequently filed with the court.

The case established new legal grounds regarding trademark and trade name disputes. Rather than arguing on the grounds that one party has better rights than another, and requesting that the court order the cancellation of the opposing party’s trademark registration, the plaintiff instead filed a case requesting a court order stating that:

1. The defendant does not have better rights than the plaintiff;
2. The plaintiff is the co-owner of the trade name and the registered and unregistered trademarks jointly with the defendant;
3. The registrar’s and the Board of Trademarks’ decisions should be canceled, and the process of registering the trademarks should proceed; and
4. The defendant must transfer the registered trademark rights and the rights in registration request so that the

plaintiff can register as co-owner of the trademarks. If the defendant fails to comply with this request, the court’s judgment should be handed down in lieu of a declaration of intention by the defendant.

### Considerations of the Court

In this case, the court considered the following factors in determining co-ownership of the trademarks and the other disputed issues.

#### 1. Being a Group of Companies without a Parent Company

To determine whether co-ownership as a principle exists among a group of companies, the group companies must be able to prove that they all operate with the same status without any one company being considered the parent company with complete control over all other companies within the group. Some factors that can be cited as evidence of this relationship include:

- ▶ All companies in the group having the same group of directors and major shareholders, which operate all the companies in the group without clear separation;
- ▶ All companies in the group using the same staff without clear separation;
- ▶ Some staff receiving salaries from more than one company in the group;
- ▶ Each company operating and managing its own business; and
- ▶ No company having authority to order the compliance of another company in the group.

#### 2. Trade Name

The principle of co-ownership of a trade name requires proof that the trade name has been used by every company within the group for a long period of time, to the extent that people generally recognize one of the individual companies as being part of the group. It must further be shown that when referring to the trade name, consumers would think of a group of companies, not one particular company.

#### 3. Trademark

In order to determine whether co-ownership of a trademark is feasible, the characteristics of the joint use of the mark must be examined. These may include:

- ▶ Each trademark having been created by a joint decision of all the companies in the group;
- ▶ The trademarks having been used by all the companies within the group for their products and services;
- ▶ All the companies having to pay for the trademarks’ expenses, such as designs and advertisements;
- ▶ All companies using the trademarks jointly; and
- ▶ No trademark licensing agreements existing among any of the companies in the group.

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### 4. Maintaining a Company's Rights after Separation from the Group

To determine whether joint ownership has been maintained after a company has separated from the group, and whether the owner of that particular company still intends to use the trademarks and trade name jointly, it must be proven that the trademarks and trade name are not being added to the valuation of the assets of each company for separation purposes, and that the companies seeking separation still continue to use the trademarks jointly.

#### Results of the Judgment

The court ruled as follows:

1. The plaintiff is the co-owner of the trade name and trademarks jointly with the defendant;
2. The defendant has to transfer its trademark rights to the plaintiff. If the defendant fails to do so, the judgment may be substituted in lieu of a declaration of intention by the defendant;

3. The registrar's and the Board of Trademarks' orders must be canceled, and the registrar has to proceed with the registration process for the trademarks; and
4. If concerned that consumers might be confused about the origin of the goods and mistake the quality of the products, the registrar could grant registration under the condition that the use of the trademarks must comply with section 27 of the Trademark Act (i.e., if using a trademark with a company's initials, the lettering must be large and clear enough for consumers to be able to distinguish the source of the products).

#### Summary

As a result of this decision by the Central Intellectual Property and International Trade Court (which is the court of first instance for intellectual property cases), a new trademark-related precedent has been laid down that may allow a trademark to be registered by more than one owner. This is another major step in the evolution of Thai trademark protection. However, as this case is currently under appeal, we will have to wait and see how the higher court interprets the reasoning of this case by the lower court and how the decision will affect Thailand's IP protection and commercialization in the future. ⚖️