



Thailand: IP Developments

A Publication of Tilleke & Gibbins' Intellectual Property Department

August 2006

NEW MOU ADDRESSING LANDLORD RESPONSIBILITY FOR RETAIL PIRACY

by Edward A. Madden and Emily Picone

The Thai Ministry of Commerce, along with a number of private sector representatives and law enforcement groups, has signed a new Memorandum of Understanding (MOU) on the Cooperation in Suppression of Sales of Infringing Products. This MOU supplements a similar MOU implemented on June 26, 2004, which primarily dealt with copyright piracy at the retail level. The goal of the new MOU is to coordinate efforts and cooperation between both the private sector, policy agencies and law enforcement in a more effective effort to combat the infringement of intellectual property rights, especially with regard to sales of counterfeit and

pirate goods in otherwise legitimate shopping centers.

The initiative is timed to coincide with and pay homage to Thailand's revered monarch, His Majesty King Bhumibol Adulyadej, on the 60th anniversary of his accession to the Thai throne.

The MOU establishes two specific categories of geographical areas where the sale of counterfeit goods is particularly problematic, identified as either "Special Restricted Areas" or "Restricted Areas". The difference between these two categories is that the Government will conduct IP enforcement actions against counterfeit



Left: Edward A. Madden, Director Intellectual Property Department
Right: Emily Picone Summer Associate/Law Intern

products in Special Restricted Areas, whereas the private sector will lead enforcement actions in Restricted Areas. It is expected that both problem areas will be regularly patrolled by private sector and public sector representatives in an effort to create deterrence and suppress Thailand's highly visible trade in illicit goods.

Both categories include a number of well-known department stores in Bangkok, including the notorious Pantip Plaza, as well as

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THAILAND-JAPAN AND THAILAND-U.S. FTA UPDATE

by Michael Loi and Edward J. Kelly

The Year of the Dog, 2006, could go down as the Year of Missed Opportunities for Thailand. Recent meetings between American business interests and the Thai Board of Trade painted a grim picture for the stalled Thailand-U.S. FTA talks. A number of committee members from the American Chamber of Commerce had recently participated in a door-knock visit to Capitol Hill in Washington to discuss FTA prospects with legislators and trade officials. American legislators reportedly seem to have lost

interest in Thailand, and frequently cited the advancement of other FTAs with various competitors in the region, such as Korea, Malaysia, and Indonesia, and also focused on Vietnam's upcoming accession to WTO as presenting better opportunities for more interesting trade relations. The American officials stressed that the political atmosphere in D.C. is not friendly towards trade agreements in general at this time because of pressure on U.S. manufacturing and agricultural interests, and that Thailand has sunk to the bottom of



Left: Michael Loi Summer Associate/Law Intern
Right: Edward J. Kelly, Partner Intellectual Property Department

the list due to its perceived lack of interest in compromise and the present political vacuum caused in Thailand arising from the caretaker status of its government.

The stakes could not be more important. Thailand is set to lose a

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STOPPING FAKES AT THE BORDER*

by Edward A. Madden



*Edward A. Madden, Director
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As the role played by intellectual property (IP) in national economic development grows in importance, widespread infringement in the form of counterfeiting and piracy can severely undermine a country's competitiveness. The problem becomes more acute when criminal syndicates become involved in IP infringement.

Weak laws and lax enforcement in developing countries (including Thailand) have already attracted organized crime cartels. These infringers are attracted by potentially significant profits and minimal risks of severe punishment in the event of being uncovered. Cartels now operate and manage production facilities in a number of developing countries (such as China) and use various international shipping and distribution channels to distribute contraband globally. Illicit products are shipped around the world for final assembly and distribution in an attempt to minimize the risk of seizure in the country of production and also to profit as much as possible from greater and cheaper production capacity in developing countries.

Thailand still suffers from widespread IP infringement, but the dynamic of this problem has also changed in line with these international trends. Even though manufacturing of fakes still takes place here, more and more counterfeits available on the market here have arrived from foreign origins. There is also a fear that Thailand is playing a bigger role as a trans-shipment hub for fakes ultimately destined for major global markets in the US, Europe and the Middle East. European Commission reports over the past number of years have highlighted Thai ports as the origin of many of the fakes arriving at Europe's borders.

International legal obligations arising from WTO membership requires member countries to implement and maintain what have come to be known as "border control

measures"--systems devised to enable customs officials to check and intercept suspect shipments. These border control measures serve two core functions: to prevent incoming shipments of contraband entering a national market and also to prevent national ports being used as trans-shipment ports.

In the context of intellectual property rights, all WTO member countries are required by the TRIPs Agreement to adopt procedures enabling customs authorities to stop suspected pirate or counterfeit trademarked goods. The rules enable officials to stop, search and detain shipments which are suspected of infringing third party rights. Most countries including Thailand have enacted laws to implement these requirements.

Various provisions within the Customs Act and the Import and Export Act enable Thai customs officers to search without a warrant within the "Customs Control Zone". The exercise of this authority must be based on reasonable cause, and not only property/goods may be searched but persons as well. Customs officials also have the power to open and examine packages while the packages are passing through customs. The same law allows officials to board and search vessels within the Kingdom's boundaries. Customs officials also have the authority to arrest persons on reasonable suspicion of an offense against the Customs laws.

In cases of infringement of protected IP, the Director-General of the Customs Department is authorized to order the destruction of all seized items pursuant to Section 25 of the Customs Act. In addition, Section 20 of the Export and Import Act 1979 allows the confiscation of the infringing goods, including items used for packing and loading.

In the past, these laws were not seen to be entirely effective as customs were not in a position to intercept shipments without some form of

notification from the IP owner. In addition, customs officials had to make a determination as to the authenticity of the goods within 24 hours. For a shipment to be detained, an IP owner was frequently requested to provide very onerous security (frequently in the form of insurance bonds). All of these factors served to weaken the effectiveness of border control in Thailand.

Mindful of the flaws with the system, a memorandum of understanding was signed by a number of government departments and representatives of intellectual property owners in 2003. This development saw the introduction of a fast-track system premised on IP owners notifying customs of the brands they wish to keep watch for. The new system which involves greater collaboration between brand owners and customs is now regarded as one of the most effective means for IP enforcement where a brand is facing counterfeits arriving from overseas. The new system permits brand owners to create a notification system with customs under which infringing products can be pinpointed and intercepted before they leak into the Thai market, or are transhipped to other destinations.

Historically, brand owners have not placed must interest in the Thai border control system – no doubt because of the perceived difficulties. However, recent strenuous and proactive efforts by customs have resulted in a considerable number of very important seizures of significant quantities of fakes. With these current strenuous efforts by customs, border control in Thailand is certainly a very useful weapon against modern-day infringers. ♦

*As first published in the Bangkok Post on May 19, 2006

FENWAL'S FIRE WALL

by Nuttaphol Arammuang and Edward J. Kelly

In a case involving Kidde-Fenwal Inc. and Anti-Fire Co., Ltd., the Dika (Supreme) Court of Thailand affirmed the Central Intellectual Property and International Trade (IP&IT) Court's decision by ruling that Kidde-Fenwal had a priority right through use (or the so-called better right) to the trademarks "FENWAL" and "Fire Eater Design" over Anti-Fire. The Dika Court ordered cancellation of Anti-Fire's competing registered trademarks and allowed Kidde-Fenwal to register the marks in its name.

In 2000, Kidde-Fenwal, a US company, filed three trademark applications with the Thai Department of Intellectual Property (DIP) for registration of the marks "FENWAL" and "Fire Eater Design" for designated goods in classes 1 and 9, covering fire and explosive extinguishers and smoke detectors, fire extinguishers, electro-mechanical devices for use in conjunction with temperature controllers, etc.

During the pendency of the applications, Kidde-Fenwal conducted and discovered that their trademarks had already been registered in Thailand by a Thai company, Anti-Fire. Consequently, as expected, the Trademark Registrar rejected Kidde-Fenwal's applications because the marks were identical/confusingly similar to the registered trademarks "FENWAL" and "Fire Eater Design" previously registered by Anti-Fire since 1998.

Anti-Fire's
Registered
Trademark



Kidde-Fenwal's
Trademark



Kidde-Fenwal filed a formal petition seeking suspension of the dismissal of its three applications and filed a civil suit with the IP&IT Court to cancel Anti-Fire's three applications based on Kidde-Fenwal's claim to a "better right" to the mark as a result of earlier creation and use of the marks. On August 15, 2002, the IP&IT Court ruled in Kidde-Fenwal's favor, citing that it had proved a better right to the trademarks "FENWAL" and "Fire Eater Design". As such, the Court ordered cancellation of Trademark Registration Nos. TM94776 and TM95135 and the Trademark Application No. 395223 filed by Anti-Fire.

On October 14, 2002, Anti-Fire filed an appeal petition with the Dika Court to reverse the IP&IT Court's judgment. On March 17, 2006, the Supreme Court pronounced its judgment affirming the IP&IT Court decision by ruling that



Left: Nuttaphol Arammuang
Enforcement Attorney
Right: Edward J. Kelly, Partner
Intellectual Property Department

Kidde-Fenwal had established a better right to the trademarks "FENWAL" and "Fire Eater Design" based on the following information:

- Kidde-Fenwal is the creator of the disputed trademarks.
- The disputed trademarks had been used by Kidde-Fenwal in Thailand since 1983, which was before Anti-Fire registered its marks.
- Kidde-Fenwal has registered the trademarks "FENWAL" and "Fire Eater Design" in several other countries, i.e. U.S.A., Canada, France, Germany, Denmark, etc.
- The disputed marks are "invented trademarks", which form a part of Kidde-Fenwal's company name.

Consequently, the Dika Court ordered cancellation of Anti-Fire's trademarks. As such, the Trademark Office will automatically withdraw Anti-Fire's trademarks and proceed with registration of Kidde-Fenwal's trademark applications, handing the company a hard fought victory after six years of litigation. ♦

MOU (from page 1)

in other provinces across Thailand. Under the previous MOU, landlords or proprietors of department stores were not required to be responsible for policing or suppressing the vigorous trade in fake goods taking place on their premises. Although many IP owners expressed dissatisfaction with this lack of accountability, it had been difficult to implement effective strategies to hold landlords and proprietors liable for infringement under Thai law, which does not explicitly provide for vicarious or contributory liability for infringement. In trade negotiations for a Free Trade

Agreement, this loophole in Thai law was the subject of contentious discussions.

However, rather than reform the law to make it easier for IPR owners to take legal action against landlords, Thai IP enforcement and policy officials have instead sought to gain their cooperation through this MOU mechanism. A number of department stores have actively participated in the Government's drafting meetings for the new MOU, and have signaled their intention to cooperate in suppressing IP infringements. The MOU was signed on August 16, 2006.

Perhaps the most important aspect of the new MOU is the obligation of

department stores and landlords to immediately terminate the leases of tenants when the Department of Intellectual Property (DIP) informs the store that the tenant has been prosecuted for IP infringement. Failure to abide by this provision could pave the way for civil liability for landlords and tenants alike, similar to the successful proceedings taken by IPR owners against shopping centers in China.

It is expected that this MOU will indeed drive increased cooperation between the private and public sector which will lead to an improvement in the IP enforcement regime in Thailand. ♦

NEW ELITE GOVERNMENT IP SUPPRESSION UNIT TO BOLSTER THAILAND'S DRIVE TO BE AUTOMOTIVE REGIONAL HUB

by Edward J. Kelly and Suebsiri Taweepon



Left: Edward J. Kelly, Partner
Intellectual Property Department
Right: Suebsiri Taweepon
Enforcement Attorney

The Thai automotive sector with the aid of the Thai government's Ministry of Industry and the Thai Automotive Institute ("TAI") has gone to great lengths to develop the region's reputation as a motor vehicle and motorcycle manufacturing hub for Asia, sometimes referred to as the "Detroit of Asia." TAI has invested over Baht 8.7 billion to improve human resource development, upgrade manufacturing technology, establish R&D centers, create an IT center to analyze industry trends and develop an export promotion center to promote free trade with the two leading sources of foreign direct investment -- Japan and the U.S. In line with this policy, Thailand has made positive progress with intellectual property protection.

The good news bodes well for the automotive sector, but manufacturers still express reservations and concerns directed towards issues of counterfeiting and patent infringement that are endemic in parts of Asia, with Thailand occupying a position as a regional manufacturing and transshipment hub of fake goods.

Lack of quality assurance in counterfeit and low quality infringing automotive and motorcycle parts pose serious risks to consumers. A consumer intuitively expects a brand owner's reputation to back a branded product for quality and safety. Counterfeiting tends to destroy these notions and in turn lowers consumers' trust in the market. In the case of the automotive market, the failure of fake replacement parts branded as legitimate parts affects the reputation of the manufacturers, dealers and service centers. Ultimately, this robs resources from R&D and directs them to the prosecution of counterfeiters.

Relationship between Counterfeits and Product Liability

With the introduction of a new Product Liability Law, rights holders will face new threats of punitive and class action liability for counterfeit

goods in the event that the rights holder is found to have been negligent in failing to police the market to eliminate or suppress counterfeit goods.

A new generation of Thai tort lawyers is aware of a 2001 California Superior Court precedent case, *Lynn v. Serono, Inc.* In *Serono*, a Swiss biotechnology company was forced to settle with two American consumers after they sued the company for damages arising from ingestion of a counterfeit Serostim®, a drug prescribed to ameliorate cachexia, a symptom of HIV/AIDS commonly referred to as "wasting." The plaintiffs claim that *Serono* was or should have been aware of the presence of counterfeits in its distribution chain and should have taken aggressive steps to investigate and eliminate the counterfeits. This case creates a new strategy for plaintiffs' lawyers in product liability tort actions. Since the identification of the counterfeiter was improbable, it was logical for the lawyer to set sights on *Serono*, in the absence of any other viable defendant.

There is obvious parallel application of *Serono* to cases involving defective auto and motorcycle parts. The case for aircraft parts is alarmingly similar. For example, a plane belonging to the Norwegian charter airline Partnair, reportedly crashed in 1989 because of faulty counterfeit parts. Police in Europe recently raided three aviation parts manufacturers in Rome and seized over US\$2 million in repackaged used parts being sold as new. In each of these cases, the hazards presented by the introduction of counterfeit parts presents unacceptable risks for consumers and for manufacturers.

A Victimless Crime?

Clearly, counterfeiting is not a victimless crime. Losses can be quantified in dollars and social terms. The American Chamber of Commerce estimated losses from counterfeiting and piracy in the range of US\$250 billion. In

the automotive industry, the Automobile Manufacturers Association estimates the global problem to be US\$12 billion.

As recently as June 7, 2006, U.S. Representative Joe Knollenberg of Michigan testified before the U.S.-China Economic and Security Review Commission that the U.S. Customs Service estimated 750,000 jobs have been lost to counterfeiting, largely affecting small business owners in the U.S. Both private and public sectors are trying to mend the issue. For example, Delphi Corp., the largest automotive supplier in the U.S., stated it is "working with our trade partners to get our arms around the problem," and U.S. Rep. Mike Rogers, (R) Brighton, even posts pictures of counterfeit parts on his web site.

Examples of Fakery at the Highest Levels

Some countries are notorious for infringing the automotive industry's intellectual property rights. China is generally accepted as ground zero in the war on counterfeit goods, which include fake parts such as brake pads and oil filters. Neal Zipser, vice president for the Motor and Equipment Manufacturers Association, a group representing suppliers, succinctly stated, "When people buy a fake Rolex or Gucci handbag, they know they aren't getting the real thing. But when people get an oil filter or brake pads, they don't want to take a chance on buying a knockoff."

Thailand, second only to China, also presents a disproportionately large challenge to IP rights owners because of its role as a manufacturing and export hub for fakes. Thai law enforcement and Customs have responded to the calls for more effective action against the trade in fake goods, particularly in the automotive sector.

For example, in October 2005, the Department of Special Investigation ("DSI"), an elite Thai law enforcement

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THAILAND'S EVOLVING DOCTRINE OF TRADEMARK DILUTION AND WELL-KNOWN MARKS

by Srila Thongklang and Suebsiri Taweepon





One of the principal benefits of securing a registered trademark in Thailand under the Trademark Act is the exclusivity that is obtained for the use of the mark with designated goods or services. As in most countries, applicants for a trademark must designate the goods and services for which the registration is sought under various internationally recognized categories or "classes". Typically, the rights of the mark owner are hence restricted to the categories of goods and services for which the mark has been registered.

The issue arises as to what a trademark proprietor can do in such cases. In reality, it may still be possible for a challenge to be mounted against the second mark, but only where the marks registered in different classes can be regarded as related in normal practice. An illustrative example is the registration of a mark for "cement" which is typically contained in Class 17, and the registration of a mark for "chemical substance used with cement" in Class 1 (Supreme Court Case No. 5422/2539). A plaintiff will secure the best chance of success in challenging a third party's registration where he can demonstrate that his mark has "well-known trademark status" according to the Thai trademark law.

In a recent ruling, the Thai Dika (Supreme) Court confirmed the strength of well-known trademarks by allowing the owner to take action to cancel third-party trademark registrations across different classes of goods to those for which the owner registered his mark. The case signals a further development in the doctrine of trademark dilution in Thailand.

In October 2002, Compaq Information Technologies Group, L.P. filed a civil action with the Intellectual Property & International Trade (IP&IT) Court to

cancel Intel Inter Marketing Co., Ltd.'s two registered trademarks. The action was based on Compaq's five trademark registrations which were similar in sound and appearance:

Plaintiff's Trademarks	Defendant's Trademarks
	
	

In this case, Compaq had registered trademarks in Class 9 for various electronic goods such as personal computers and other computer equipment. Compaq also registered the same marks as service marks in Class 42 in respect of computer services such as computer networking and training. On the other hand, Intel Inter Marketing had registered its trademarks for goods in Class 20 including furniture surface tops. At first glance, one may have considered that computer products and services are quite distinct from furniture, that the trade channels are completely different, and that in general the public would not be confused by similar or identical marks being used for these two categories of products.

In order to secure their position, Intel Inter Marketing contended that their marks "COMPAC TOP & Device" and "COMPAQ TOP & Device" were originally created by them, in particular, by making reference to the fact that their products are typically called "Compact Laminate" or "Top". Intel Inter Marketing argued that the use of the adjectives "COMPAC" and "COMPAQ" were chosen so as to have the same pronunciation as the word "COMPACT". Most of Intel Inter Marketing's products are attached on the surface of furniture and in this



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Right: Suebsiri Taweepon
Enforcement Attorney

respect Intel Inter Marketing had intended to use the word "TOP" with the word "COMPAC" and "COMPAQ" to describe the physical nature of its product. Intel Inter Marketing also distinguished the quality levels of their products into two main categories by using the letter "C" for the "Common material" and the letter "Q" for "Qualitative material".

In October 2003, the IP&IT Court arrived at a decision in favor of Compaq by holding that Compaq nevertheless had a better right in the "COMPAQ" and "COMPAC" trademarks, with the result that Intel Inter Marketing was ordered to withdraw its trademark registrations.

In November 2003, Intel Inter Marketing filed an appeal with the Dika Court requesting the Court to reverse the judgment of the IP&IT Court and dismiss Compaq's complaint.

In May 2006, the Dika Court stated in its opinion that Compaq's trademarks "COMPAQ" and "COMPAC" had achieved well-known status amongst the public through extensive use based on the evidence submitted. The Dika Court further stated that Intel Inter Marketing's claim that it had independently created the marks that were coincidentally similar to Compaq was not credible. Intel Inter Marketing was found to have registered the trademarks "COMPAC TOP & Device" and "COMPAQ TOP & Device" in bad-faith. The Court said that the marks are confusingly similar to

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FTA UPDATE (from page 1)

significant competitive trade advantage with the U.S. in the months to come anyway because the Kingdom will no longer qualify for the favorable Generalized System of Preferences ("GSP") scheme provided to developing countries by the U.S. Trade Act of 1974. Thailand's FTA with Japan is also in jeopardy. Japan is the number one source of foreign direct investment to Thailand. The U.S. is the second largest source. The Japanese-Thai FTA is all but concluded, simply waiting for signatures to become effective. But if the Japanese-Thai FTA is not signed by September 2006, the Japanese legislature may unwind the agreement and walk away from the deal.

With no FTAs and no GSP, Thailand, once poised to be the regional hub for export to the U.S. and Japan for so many products, will now be at a hopeless disadvantage with other SE Asian countries which do have FTAs and GSP, and which trade in the same categories of goods. This could represent one of the biggest economic reversals of fortune seen in many decades. The reason? Anti-globalization interests and NGOs, posing as neutral academics, have hijacked Thailand and made it a political football, stirring up nationalism, anxiety and fear, and playing on concerns about "loss of sovereignty" with a calculated misinformation and disinformation propaganda campaign.

It appears that many U.S. trade officials have lost interest in pursuing the FTA with Thailand and have focused energy and resources on other trading partners such as Malaysia, Vietnam, and Indonesia.

It is important to note Thailand asked the U.S. for an FTA, despite the popular perception that the U.S. is trying to force the FTA upon Thailand. Timing is critical for the stalled FTA because the U.S. Trade Promotion Authority expires on June 30, 2007. The lack of a functional government in Thailand while awaiting the October 15 snap elections further compounds the uncertainty. Both parties appeared to understand that action must be taken now to resume talks in preparation for the newly formed Thai government which should be in place by the end of the year. Even then, it will prove difficult to resume full negotiations with the U.S. because the American negotiators tasked with the Thai FTA discussions will likely be in the middle of negotiations with Malaysian officials.

Fears expressed by some Thai representatives border on the xenophobic and irrational: many express concerns and fears about the FTAs and the effect on foreign investment. The greatest fear is that American businesses will essentially move into the region and displace Thai business owners and employees, and consume Thailand's vast natural resources, leaving nothing to the Thais. This despite the fact that numerous American businesses have Thai citizens heading up the operations in Thailand, with Proctor & Gamble one notable example. Other academics and commentators proclaim loudly and often that pharmaceutical patents will lead to the deaths of "hundreds of thousands" of Thais because patients will not be able to gain access to patented medicines. Worse, the man on the street appears to believe this rhetoric.

It is disheartening to see that the long history of good relations between Thailand and the U.S. through shared democratic values, mutual respect, close military alliance, commercial development and aid, and the Treaty of Amity may now evaporate.

Data from various FTAs with other countries (e.g., Jordan, Singapore, and Australia) establish that FTAs profit both countries by greatly increasing the amount of investment in the foreign economy. A rising tide lifts all the boats. One Thai official in favor of the FTA also pointed out that those SE Asian countries that already have FTAs with the U.S. may import goods from Thailand and re-export them to the U.S., thus profiting from Thailand's lack of an FTA with the U.S.

Overall, trade representatives and business interests agreed to continue with subcommittee meetings and promote open dialogue regarding the FTA negotiations. Both sides agreed that much more needs to be done to air out the positive aspects of the FTA, especially in the public forum so that rumors, disinformation and myths can be dispelled. While U.S. trade officials present a very sobering outlook on the future of the FTA, they also stressed the need for swift action to resuscitate the talks. However, AMCHAM reported that the USTR vows not to re-enter negotiations without a guarantee of a final conclusion. Therefore, serious efforts must be made to ensure successful negotiations and compromise on the remaining issues of discord before we expect to see any forward progress. ♦

TRADEMARK DILUTION (from page 5)

Compaq's trademarks, which may cause confusion among the public as to the owner and origin of the mark. Ultimately, the Dika Court affirmed the IP&IT Court's decision.

The above Dika Court decision demonstrates that the strength of a

well-known trademark can defeat other imitating trademark registrations across different classifications and types of goods/services. More importantly, it also goes to show a third party's bad-faith in registering an imitative trademark because even though the products are completely unrelated, there is no

credible reason for creating such similar mark. This decision is a major step towards a doctrine of trademark dilution in Thailand, although in light of the reasoning in the case, the success of future actions will certainly pivot on the extent of public recognition and fame of the challengers' trademarks. ♦

"Colors (Stylized)" vs. "COLOUR EIGHTEEN"

by Supatra Watanavorakitkul



Supatra Watanavorakitkul
Deputy Managing Director
Intellectual Property Department

Esperance Resources Limited (ERL) was permitted to register its mark "Colors (stylized)" in Class 35 after having appealed to the Board of Trademarks arguing that its mark is not confusingly similar to the registered mark "COLOUR EIGHTEEN" in Class 42.

ERL filed an application in Thailand under Class 35 for the services "marketing, importing, exporting of fruits and vegetables, all of the foregoing services provided also by means of the internet". ERL came across an obstacle when the Registrar cited that ERL's mark is confusingly similar to the registered mark "COLOUR EIGHTEEN" belonging to Toppo Trade Mark Limited, but this registered mark is in Class 42 for the services "retail of clothing, jewelry, leather ware and chronometer; dress designing, flower arranging, hairdressing, beauty salon". The Registrar took the position that since the word "EIGHTEEN" has been disclaimed from the mark "COLOUR EIGHTEEN" leaving only the word "COLOUR", use of the word "COLOUR" was confusingly similar to the mark "Colors (stylized)", and the services in Classes 35 and 42 were considered related.

colors **COLOUR EIGHTEEN**

Is the mark "Colors (stylized)" registrable in light of the registered mark "COLOUR EIGHTEEN"?

As a practical matter, appealing against the Registrar's objections on the ground of confusing similarity has only a 50-50 chance with the Board of Trademarks, because the Board weighs heavily on whether both parties' marks consist of an identical word as the essence of the mark and whether the goods/services of both marks are related.

In appealing to the Board to reverse the Registrar's objection, ERL was successful in convincing the Board that the marks at issue are clearly distinguishable

in that the mark "Colors (stylized)" is presented in a handwritten script manner, whereas "COLOUR EIGHTEEN" uses plain capital letters. Even though the word "EIGHTEEN" is disclaimed, Toppo Trade Mark Limited consistently includes the word "EIGHTEEN" whenever their mark is used. Furthermore, both parties' marks are known among the public. ERL's internet services are known for its import and export of fruits and vegetables while Toppo Trade Mark Limited's "COLOUR EIGHTEEN" mark is known for its trendy women's apparel.

The Board ruled that despite the similarities between the marks "Colors (stylized)" and "COLOUR EIGHTEEN", ERL's mark can proceed to registration considering that the business nature and target market of both parties are different, and that due to the parties' different industries, no confusion would likely occur among the Thai public. ♦

NEW ELITE UNIT *(from page 4)*

unit, seized some 50,000 counterfeit automotive parts and accessories bearing unauthorized trademarks of Mercedes Benz, Chevrolet, Honda, Saturn and BMW. DSI officials estimated the value of the seized parts and equipment at more than Baht 1 billion (over US\$25 million). The raid was one of the largest of its kind in Thailand's history of IP enforcement.

The Rise of DSI as a Force in IP Enforcement

The Ministry of Justice established the new highly trained operating force, the DSI, in October 2002 with responsibility for investigating "Special Criminal Cases" throughout Thailand. DSI established a specialized Bureau of IP Crime approximately two years ago and this unit had major breakthrough cases in IP Enforcement. For these matters, DSI is charged with investigating IP offenses if the injured party can demonstrate a prima-facie case of infringement valued

at a threshold of more than Baht 500,000 (approximately US\$12,500) based on the value of the genuine original goods.

Seeking the assistance of DSI in significant IP cases is rather effective because DSI has enhanced autonomy in investigating criminal cases. Moreover, when DSI investigates an IP infringement case, they will normally consider the criminal IP infringement case as a predicate offense, which will then provide the basis for an expanded inquiry of other related offenses such as tax avoidance, labor, immigration violations, money laundering and other technically non-IP related criminal offenses.

In the October 2005 raid for DaimlerChrysler, DSI officials were said to be looking at terrorist financing related to the Madrid train bombings because the owner of the counterfeit operations was a Spanish national. As an example of DSI's ability and willingness to expand the inquiry beyond the initial offense, DSI worked with DaimlerChrysler to uncover over 50 operations using signage and trademarks of Daimler-

Chrysler. The Thai Department of Intellectual Property itself became quickly involved and expressly endorsed and sponsored a warning campaign to force these unauthorized dealers to stop using the trademarks and logos owned by DaimlerChrysler.

Another series of raids by DSI resulted in the seizure of nearly 1,100 fully assembled motorcycles worth more than Baht 45 million from a factory in southern Thailand in March 2006. The DSI raid team seized the motorcycles under the authority of the Thai Patent Act for the criminal infringement of Yamaha Motor's design patents. DSI was not deterred when the infringer retaliated by calling in so-called "influential persons" to intimidate DSI in the carrying out of its duty. In years past, this type of "influence" would have wrecked a case, but DSI stood firm despite the political muscle working against the unit. The standard of professionalism demonstrated by DSI's command and officers clearly meet international standards for law enforcement officials.

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MEETINGS WITH DSI AND DIP

On June 27, 2006, a meeting was held with the Bureau of IP Crime, Department of Special Investigation (DSI), Thai Ministry of Justice and the Japan External Trade Organization (JETRO), Bangkok. Yet again on July 18, 2006, Tilleke & Gibbins facilitated and organized meetings with the DSI, the Department of Intellectual Property (DIP) and Philip Morris Asia Limited. Discussions centered on the current IP infringement situation in Thailand and coordinated measures that can be taken for future enforcement of IP Rights. Shown in the picture on the right are, from left to right, Edward J. Kelly, T&G partner; Commander Yongyoot Srisattayachon, Director of the Bureau of IP Crime; Mr. Hitoshi Amano, Director of the IP Department of JETRO; and Mr. Suebsiri Taweepon, T&G enforcement attorney.



From left to right: Mr. Prasert Sutthikul of the DIP; Ms. Wiboonlasana Ruamraksa, Deputy Director General of the DIP; Andrew Pearce, Asia Pacific Regional Manager for Product Intelligence and Security at Philip Morris Asia Limited; and Mike McKeivith, Senior Counsel of Brand Integrity of Philip Morris Asia Limited.

From left to right: first four individuals, DSI Team Chiefs; Commander Yongyoot Srisattayachon; Mr. Pearce; Mr. McKeivith; Ms. Nattanee Kasemrattakul, Corporate Affairs Executive, Philip Morris (Thailand) Ltd.; and from T&G, Mr. Pichai Ponpai, enforcement attorney; Ms. Liza Leung, Deputy Director of IP Department; and Ms. Hassana Chira-aphakul, enforcement attorney.

NEW ELITE UNIT *(from page 7)*

Copying and infringement on the scale of the DaimlerChrysler and Yamaha tends to adversely impact Thailand's ability to attract R&D operations and foreign direct investment. What investors seek, and what high tech ventures need, is confidence that

Thailand will protect their resources used for innovation and creativity.

Hope for the Future

In this regard, Thailand's success as the "Detroit of Asia" will continue to depend on effective enforcement and protection of IP rights. Thailand needs cooperation between the government,

industry and legal community in order to enforce IP rights and to compete in the automotive sector on the world stage. With the right mix of skilled labor, R&D investment and a more secure environment for innovation, the branding of Thailand as the "Detroit of Asia" is well within reach. ♦

LEADING LAWYERS

For the fourth year in a row, Vipa Chuenjaipanich and Edward J. Kelly have been identified by the Asialaw Leading Lawyers survey as highly-acclaimed legal experts in the Asia-Pacific region in the area of intellectual property. Joining this elite group this year is Edward A. Madden. In addition, Ms. Chuenjaipanich and Mr. Kelly have been nominated by in-house counsel and their peers to appear in the Guide to the World's Leading Trade Mark Law Practitioners as pre-eminent practitioners.



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Thailand: IP Developments is intended to provide general information on intellectual property and recent developments in this area in Thailand. The contents do not constitute legal advice and should not be relied upon as such. If legal advice or other expert assistance is required, the services of competent professionals should be sought.