

2018 Mid-Year Review

Intellectual Property

Thailand

Comprehensive updates on all aspects of intellectual properties, including:

- ❖ Overall: Thailand Remains on Watch List
- ❖ Trademarks: New Guideline on Goods/services
- ❖ Trademarks: Co-existing more peacefully
- ❖ Patents: Draft Industrial Designs Act
- ❖ Copyright: (Another) Proposed Amendment
- ❖ Geographical Indications: Support from the Government
- ❖ Personal Data: Keeping Up with Global Standard – The Draft Personal Data Protection Act
- ❖ Enforcement: Destruction of Counterfeit STIHL Chainsaws and Chainsaw Guide Bars by Thai Customs

Overall: Thailand Remains on Watch List

Last December, Thailand was lifted by the United States Trade Representative from the Priority Watch List to the Watch List in its Out-of-Cycle Review. That was a very successful outcome of the government's eager effort to improve IPR protection and enforcement. Still, the government has consistently continued this effort with a goal to be removed from the Watch List. Though this new goal has not yet been achieved in the annual review of 2018, the effort has resulted in a number of outstanding concrete developments as recognized in the U. S. T. R. 's 2018 report.

According to the report, the establishment of the interagency National Committee on Intellectual Property Policy, chaired by the Prime Minister, and the Subcommittee on Enforcement against IP Infringement, consisting of 16 committees from all relevant authorities, has resulted in seamless coordination as well as enhanced and sustained enforcement. On the prosecution side, the substantial increase of the number of examiners has reduced the backlog. The accession to the Madrid Protocol also facilitated the U. S. and other foreigners in applying for trademarks in Thailand.

In addition, the report suggests certain issues for the government to improve. These include counterfeit goods in both on- line and off- line markets, ISP liability, unauthorized cam- recording, backlog in patent applications, use of unlicensed software, unfair commercial use and disclosure of data for marketing approval of pharmaceutical and agricultural chemical products, cable and satellite signal theft, unauthorized collective management organizations, lengthy civil enforcement procedure, and low monetary compensation in court. The Thai government is also urged to find a proper balance between solving the public healthcare

problem and promoting innovation through a patent system.

In view of the continuous improvement in various aspects, it is very possible that Thailand will be lifted from the Watch List in the near future.

#####

Trademarks: New Guideline on Goods and services

According to the Thai Trademark Act, an application must clearly specify the goods and services for which protection is sought. Interpreting this provision very strictly, the Thai Trademark Office is known for requiring very specific goods and services.

On May 22, 2018, the Thai Trademark Office issued the new Guideline on Acceptable Descriptions of Goods and Services making this the second update within the period of less than 12 months. The Guideline is a non-exhaustive list of descriptions which have been accepted by the Office as being sufficiently clear. This means that the terms not listed therein may still be acceptable. In practice, however, some examiners may be reluctant to accept those terms. Some of the material changes are as follows:

- Some high-tech goods and services in emerging markets have been added in the recent amendments. Samples are smart watches, smart bracelets, driverless submarines, drones, VR glasses, AI robots, internet broadcasting services and laser intercommunication services.
- Some terms have been removed from the previous version of the Guideline, e.g. *soap, rice,*

salt, flour, tobacco, marketing and financial services, implying that the said terms may no longer be acceptable.

- Certain terms in the previous Guideline require further itemization. For example, dentifrice, dyes, speed meters, manuals, beds, cabinets, and technological research, accepted for years, now require to be further specified to be accepted, e.g. *dentifrice in the paste form, dyes for textiles, meters of automobile speed, computer manuals, sleeping beds, filing cabinets and technological research relating to computers*.

While the Trademark Office's continued revision of the Guideline shows the authority's attempt to become updated on modern goods and services emerging in fast growing fields of business and technology, this can inevitably jeopardize predictability of the Office's practice of determining acceptability of terms of goods and services. The terms accepted at the time of filing an application may be removed from the Guideline and become no longer acceptable at a later date when it is examined (normally 10 months after filed). It is thus necessary to keep monitoring the authority's continually changing practices.

#####

Trademarks: Co-existing more peacefully

Due to the increasing number of marks registered with the Department of Intellectual Property, a similarity rejection becomes more common for a new application. In 2016, however, the Trademarks Act was amended to make assessment of similarity more flexible. Under the new law, the authority cannot simply rely on classification but is required to further consider whether the specific goods and services of the parties are of the same nature or not. This applies regardless of whether the goods and services are in the same class or not.

According to this year's precedents, the Board seems to adopt this new amendment by analyzing the goods and services of the parties more thoroughly. Purposes of use, intended buyers, and trade channels are taken into account. For example, in Decision No. 1189/2560, the Board found recruitment services not related sales management services despite being in the same class. Chemicals for agricultural use were found not related to chemicals for metal industries as they were specialized for totally different purposes (Decision No. 23/2561). These suggest that identical or similar marks may be allowed to co-exist in the same class if the goods and services are of different natures.

Even in case that the marks are found confusingly similar, the Board may still accept the junior mark if the applicant can present proof of honest concurrent use or special circumstances. During late 2017 and early 2018, the Board have issued some decisions in favor of the junior applicants on this issue (Decision Nos. 1874-1875/2560, 1614-1615/2560, 1616-1618/2560 and 1773-1774/2560). Some of these involve the marks which are rather common foreign names. This may play some role in supporting the applicant's good faith and the possibility of co-incident adoption. According to the precedents, the Board paid a lot of attention to evidence of use and registrations especially if it predates the filing date of the cited marks. This can be in form of foreign registration certificates, sale invoices with a large sale amount in Thailand, long history of the company, and promotional materials. In some cases, the Board also mentioned co-existence of the marks in foreign countries. Furthermore, evidence showing the reputation of the junior mark, such as brand and market share rankings, may be helpful.

Nonetheless, the Board still does not give much weight to a letter of consent from the owner of the prior mark or a co-existence agreement between the parties. The Board explains that such letter or agreement merely binds the contractual parties and cannot prevent public confusion. Unlike the Board, the Court seems to take a broader approach. In Supreme Court Decision No. 8031/2559, the Court took the letter of consent from the prior registrant into assessment of confusing similarity explaining in essence as follows. The owner of the prior mark, as a direct business competitor, would be directly affected if a similar mark was accepted. Accordingly, the letter of consent from the prior mark owner could be presumptive evidence that the junior mark was not confusingly similar to the senior one.

With a more flexible approach from the authorities, a trademark owner may have more options in overcoming similarity rejections. It would be helpful to analyze all relevant factors thoroughly when facing the rejection.

#####

Patents: Draft Industrial Designs Act

Currently, an industrial design is protected under the Thai Patents Act. The Act states that certain provisions on an invention patent shall apply to an industrial design to the extent applicable. This has caused difficulty in interpretation. Many have proposed a solution to this problem by enacting a specific law for the industrial design.

With the government's plan to access to the Hague Agreement concerning the International Registration of Industrial Designs by the end of this year, a separate Industrial Designs Act is being drafted.

To be eligible for protection under the amendment, an industrial design must meet the "creativity requirement" in addition to the existing novelty requirement under the current law.

The prosecution under the new Act is expected to be more convenient, less time consuming, and more suitable under the current situation. All official fees (i.e. application, publication, and issuance fees) are consolidated into a single payment upon filing of an application. The examination procedure will also be restructured. Formality examination and novelty examination based on prior arts in Thailand, i.e. domestic novelty, will be conducted prior to publication. An opposition may be filed within 90 days upon publication. If no opposition is filed, the design patent will be granted.

After grant, the patentee or a third party may at any time request the examiner to examine novelty of the design based on worldwide prior arts, i.e. worldwide novelty. If the design is found new, the Department will issue a certificate of novelty. However, if it turns that out the design lacks novelty, the patent will be invalidated.

The Act will also establish the Industrial Design Patent Board (separately from the existing Patent Board) to consider issues relating to industrial design patents.

The enactment of this Act as well as the accession to the Hague Agreement will be landmark development for industrial designs in Thailand. It is anticipated that the law will be clearer and the prosecution will be more effective. This should benefit both Thai and foreign design owners.

#####

Copyright: (Another) Proposed Amendment

On-line piracy has become more and more severe throughout this digitalized world. Thailand is not an exception. To address this problem, the Thai government amended the Copyright Act in 2015 to, among others, establish a court procedure for a copyright owner to request removal of an infringing content from a computer system. According to this amendment, the owner may file a request with the court seeking the order against an internet service provider to cease the alleged infringement. To obtain this order, however, the owner will have to elaborate certain information to the court, including the procedure in detecting the infringement, the evidence of infringement as well as the damage from the

infringement. Most importantly, the owner is required to initiate a lawsuit against the infringer within a period prescribed by the Court. This can be hardly possible in practice especially if the infringer is unknown or abroad. Consequently, it has been very difficult to obtain the order under this provision.

Few years later, another amendment is being proposed to better facilitate the removal process. Under this amendment, the service providers are categorized into 4 groups in accordance with their services, i.e. (i) intermediary for data transmission, (ii) system caching, (iii) data hosting, and (iv) data locating tools. While all providers are required to establish and comply with a policy to terminate services for repetitive infringers, the notice and take-down procedure applies only to data hosting providers and data locating tool providers. Relying largely on the U.S. Digital Millennium Copyright Act, the proposed procedure will become more private with the court's involvement only in case that a notice is objected to by the user. The copyright owner may issue a notice directly to the provider requesting it to remove or cease access to the allegedly infringing data. The provider shall then immediately comply with the request and notify its relevant user for possible objection. In case of objection, the provider shall notify the right owner. Unless the right owner files a lawsuit within a certain period, the provider may bring back or reconnect to the disputed data.

By complying with the take-down notice, the provider may be exempted from monetary liability provided that other safe harbor conditions are fulfilled. These conditions are that (i) the provider is not aware of infringement, (ii) the provider does not receive any direct financial benefit from the infringement in case that the provider has the right and capacity to control infringement, and (iii) the provider provides a channel for a take-down notice. However, in case of a lawsuit, the provider will still have to comply with the Court's order to terminate a user's account, cease access to infringing data, or take other actions as necessary and least burdensome to the provider to prevent and suppress infringement.

For the intermediary, the proposed amendment sets different conditions for safe harbor in relation to monetary liability, including that (i) the transmission of an infringing data is initiated by a user, (ii) the service is rendered automatically without the provider's selection of data or recipient, and (iii) the provider does not store a copy of the data for an unnecessarily long period longer than necessary. This however does not prevent the Court from ordering the intermediary to terminate the user account or cease access to data outside Thailand.

This amendment should be advantageous to the copyright owner as it makes the notice and take-down process more

time and cost efficient. On the other hand, the service provider should also benefit from clearer requirement specifically customized for each type of services.

#####

Geographical Indications: Government Support

While focusing on technology development towards innovative and knowledge based economy as guided by the Thailand 4.0 Policy, the government does not fail to promote traditional economy, including agriculture and handicraft. A geographical indication is selected as one of the tools to achieve this goal. The government has encouraged local communities to secure protection for their geographical indications for use in enhancing product uniqueness, increasing product values, and attracting tourists to the origins.

The Department of Intellectual Property has actively provided assistance to locals since a very beginning step by visiting various sites throughout the country to raise awareness among local people, establish quality control mechanisms, and prepare application documents.

115 GIs have been registered among 183 GIs applied for since 2004. With the government's aim to have GIs registered for all 77 provinces, there are now 99 registered Thai GIs from 67 provinces, including some famous products, e.g. Nakornchaisae Pomelo, Pon Yang Kham Beef, Surin Jasmine Rice, Longlablae Durian, and Phuket Pearl. The registration process has recently been very effective with as many as 15 GI's registered in the last 6 months.

The government also provides supports in other aspects, e.g. assistance in registration procedures in foreign countries, and organization of exhibitions as well as markets (both physical and on-line) for sales of GI products. Most notably, the DIP issues a GI mark for qualified GI traders to indicate their products from the registered geographical areas.

In Thailand, a geographical indication is protected under a specific law, i. e. The Geographical Indications Protection Act, B.E. 2546 (2003), which came into effect on April 28, 2004. To be eligible for such protection, the GI must not be a generic name of the relevant goods and must not be against public order, morality and public policy. A foreign geographical indication is also eligible for protection in Thailand provided that it is eligible for GI protection under the law of its home country and has been in use up to the application date in Thailand. Currently, there are 16 foreign geographical indications registered with the Thai DIP. These included some globally known GIs, e.g. Cognac, Scotch Whisky, and Tequila, as well as those from

neighboring countries, e.g. Kampot Pepper from Cambodia and Shan Tuyet Moc Chau Tea from Vietnam.

#####

Personal Data: Keeping Up with Global Standard – The Draft Personal Data Protection Act

The Draft Personal Data Protection Act (the "Draft"), which is expected to establish data privacy standards for Thailand, was approved by the Cabinet in May, 2018 and is being finalized prior to submission to the National Legislative Assembly for approval. The Act should enable Thailand to meet the global standards in relation to protection for personal data.

Following the global trend of cybersecurity and data protection spearheaded by the European Union's GDPR, Thailand is trying to keep up. The Draft is essentially similar to the GDPR in the sense that it defines new legal terms e.g. personal data, data controller, and data processor.

Under the Draft, collecting and processing personal data is generally forbidden unless consent is expressly given in writing or other electronic forms. In obtaining the consent, the data controller shall indicate clear objective(s) for collection. The consent may be revoked at any time. For Personal Data already existing in the Controller's possession prior to the Act, it could be processed for the original objective of collection of the Data.

The exemption clauses that would allow collection of the data without the consent are also similar to those under the GDPR, e.g. public interest, legitimate interest, contract duty, and legal obligation. Nonetheless, unlike the GDPR, there is no clear explanation on the legitimate interest exemption clause as to what could be considered legitimate interest or how to establish legitimate interest.

Another concern is enforcement, especially effectiveness of the protection as well as remedy to those whose personal data is illegally collected or processed. The Draft does not provide punitive damages or means to calculate actual damages. Accordingly, the general principle of tort/ infringement laws shall apply. Under Thai civil practice, damages from infringement are mostly limited to actual and direct damages. The plaintiff bears the burden to prove the amount of damages based on the expenses incurred to cure the damage (e.g. reasonable medical fees, actual loss of income). This can be complicated in case of infringement of personal data. Furthermore,

stresses and mental sufferings are difficult to quantify as actual damages under the current system.

The Draft imposes criminal liabilities for violation, i. e. imprisonment not exceeding six months and/or fines not exceeding THB 500,000. Compared with the massive punitive fines imposed by the GDPR, the criminal penalties under the Draft seem insignificant. With little repercussions, it would be a challenge for the Thai government to actually protect the data privacy and keeping up with the international standard.

Enforcement: Destruction of Counterfeit STIHL Chainsaws and Chainsaw Guide Bars by Thai Customs

On 27 March 2018 the Thai Customs Department, in collaboration with the Department of Special Investigation ("DSI", a non-police law enforcement agency which has the authority to handle IP-related criminal offenses), destroyed 21 counterfeit STIHL chainsaws and 150 counterfeit STIHL chainsaw guide bars at the Customs office in Nongkai Province (approximately 630 km to the northeast of Bangkok). The goods were seized in an anti-counterfeiting operation conducted by the DSI in March and May 2014. After the cases went through the Intellectual Property and International Trade Court and became final, the two government agencies decided to publicly destroy the goods.

The chainsaws and guide bars were first run over by a backhoe and then burnt. Photographs taken during the destruction are shown below.

Our Contributors:

- ❖ Rutorn Nopakun
- ❖ Nathapong Tongkaew
- ❖ Manita Kongkitti-ngam
- ❖ Passara Thammashotworn
- ❖ Saran Kleesuwan
- ❖ Padcha Ritkasem
- ❖ Hathaichanok Limpattanakul

Website: www.dsb.co.th, Email: mail@dsb.co.th

©2018 Domnern Somgiat & Boonma Law Office Ltd.