

INTELLECTUAL PROPERTY RIGHTS LAWS

THE EVER-INCREASING NEED FOR SUCH LAWS

Competition for foreign and domestic markets has increased in Thailand and in other countries around the region. Thailand is in the midst of rapid industrialization, making the transition from an agricultural society to a newly industrialized country, and using increasing amounts of new technology which stimulates economic growth. The value of such advanced technology has become widely accepted in Thailand and plays an integral part in the industrialization process.

This increased technology transfer to Thailand raises important issues relating to intellectual property rights (IPR) and the constant protection of such rights. Infringements and imitations of intellectual property are inevitable in a developing country like Thailand, and may be viewed as a good thing by local business, but not in that light by the foreign intellectual property owners or their home governments.

DEFINITION

The terms intellectual property and industrial property are used interchangeably here, and include the legal rights and interests pertaining to patent inventions, product designs, trademarks, service marks, certification marks, collective marks, and copyrights. Intellectual property/industrial property rights should be understood in the broadest sense, and apply not only to industry and commerce, but also to agricultural and extractive industries and all manufactured or natural products.

Intellectual Property as Corporate Assets

For practical purposes, intellectual property is generally classified as follows:

- Marks: Trademarks, service marks, certification marks, collective marks.
- Patents: Inventions, product designs, petty patents.
- Copyrights: Literary works, artistic works, dramatic works, musical works, audio-visual works, cinematographic works, sound and video broadcasting works, computer software.

From a business perspective, intellectual property is regarded as one of the most important and valuable assets of a business. The value of marks and names is based on the goodwill and reputation accumulated through the owner's use of them in his/her business until they become known and accepted by the general public to represent or be associated with quality goods and/or services.

The value of a patent lies in the owner's monopoly and exclusive right to its use for a certain period of time without competition from other traders, thus allowing him/her to derive commercial benefit therefrom, whether it be the result of his/her own research and development, or by transfer from the former patent owner for a fee.

Owners benefit from well-managed and well-protected intellectual property in two forms—direct commercial profit through their own use, and royalties and other fees through others' use with owners' permission, or both. However, more and more companies with valuable intellectual property (e.g., high technology and/or well-known international marks and names) are increasingly inclined toward royalties. Technological cooperation, licenses, franchises, and other similar arrangements are gaining popularity among hi-tech or well-known companies as ways to maximize

business profit with minimal risk, especially in alien business environments. For example, Thailand's income from royalties is quite substantial and increasing every year.

Thailand's Need for High Technology and Know-how

In recent years, Thailand's economic growth has been very impressive. To sustain and even further expand such growth, the country needs increasing amounts of high technology and know-how. The expansion and growth of business transactions and technological cooperation, both in the private and public sectors, seem inevitable and further underline the country's need for high technology and know-how.

THAI INTELLECTUAL PROPERTY RIGHTS LAWS

Infringement and Counterfeiting

Infringement and counterfeiting are the biggest problems facing intellectual property owners and underline the need for better protection. Protection is often overlooked or neglected, which may lead to grave financial losses, obstruction, or delay in business progress due to loss of or conflict over intellectual property rights. Some companies invest heavily in research and development, including product and market feasibility studies, only to find that someone else has imitated their product design or registered their brand or trademark prior to the introduction of their products to the market. Others place too much emphasis on products and marketing with little regard for protection of their rights. They later find themselves unable to export their products into a certain market, because others have taken advantage of their neglect by registering the mark before them. This gives rise to obstruction and delays the legitimate owner's entry into that market. Whether or not the legitimate trademark owner succeeds in canceling the infringer's registration, his/her business will face financial loss, delays, and difficulties in conducting operations.

Protection of Intellectual Property

In view of both recent economic growth and escalating problems of infringement and counterfeiting in Thailand, intellectual property owners necessarily have to seek protection through both active use and legal protection. An owner must evidence his/her active use of intellectual property in order to prove his/her right over infringers, or he/she may have to defend against an action of cancellation for nonuse.

Legal protection of intellectual property is based on the provisions of the Trademark Act B.E. 2534 (A.D. 1991), the Trademark Act (No. 2) B.E. 2543 (A.D. 2000), the Patent Act B.E. 2522 (A.D. 1979), the Patent Act (No. 2) B.E. 2535 (A.D. 1992), the Patent Act (No. 3) B.E. 2542 (A.D. 1999), the Copyright Act B.E. 2521 (A.D. 1978), the Copyright Act B.E. 2537 (A.D. 1994), as well as other laws such as the Civil and Commercial Code, Penal Code, and Consumer Protection Act. Trademarks and patents are legally protected by a registration system, while copyright protection is automatic without registration. However, the Department of Intellectual Property provides a copyright recordation system.

Counterfeiting in Thailand is a serious problem and means that original owners must pay more attention and put forth greater effort in protecting their rights. Illegal copies of goods are produced by local manufacturers and sold for lower prices. Computer software currently lacks clearly defined copyright protection in Thailand. Recognizing the significant role of IPR laws and the protection of the rights of intellectual property owners, the Trademark Act B.E. 2543 (A.D. 2000), the Patent Act (No. 3) B.E. 2542 (A.D. 1999), and the Copyright Act B.E. 2537 (A.D. 1994) were enacted to provide better protection.

The Department of Intellectual Property, Ministry of Commerce, is responsible for all matters relating to intellectual property (trademark, service mark, or patent registrations; copyright recordation; etc.) as well as enforcement of IPR laws.

MARKS

Thailand has a standard system of mark registration. Thailand is currently implementing the Trademark Act B.E. 2534 (A.D. 1991) as amended by Trademark Act (No. 2) B.E. 2543 (A.D. 2000), which became effective on June 30, 2000. Thailand adopted the International (Nice) Classification of Goods and Services for the Purposes of the Registration of Marks. The Act classifies goods and services into 45 groups and provides for legal protection and registration of the following:

- Trademarks.
- Service Marks.
- Certification Marks.
- Collective Marks.
- Trademark/Service Mark License/Registered User.

In addition to legal protection for trademarks registered in Thailand, the Act also provides protection for well-known trademarks. Applications for recordation of well-known marks were accepted as from August 1, 2005. Owners of well-known marks who wish to record their marks as well-known marks in Thailand should submit an application together with evidence proving the famous reputation of their marks.

Under the Trademark Act, a court action to cancel the registration of any mark on the grounds of better right must be brought within five years from the date of registration. Additionally, the time period before cancellation of a registration for nonuse is three years.

The Act grants a priority right to trademark applications filed in Thailand within six months from the date of first application in a foreign country if the applicant is a national or is domiciled or has an actual operating industrial or commercial enterprise in a country which is a member country of an international convention or treaty for the protection of trademarks of which Thailand is also a member, or a country where a reciprocal gesture is made for Thai nationals.

The Act provides the penalties for counterfeiting and also stipulates that the proprietor of a trademark, service mark, certification mark, or collective mark whose rights are infringed may petition for a court injunction instructing the infringer to cease and desist. In practice, a petition for injunction is filed after an action against mark infringement has been initiated.

REGISTRABLE TRADEMARKS

According to the Thai Trademark Act (No. 2) B.E. 2543 (A.D. 2000), a mark includes a photograph, drawing, invented picture, brand, name, word, text, letter, numeral, signature, group of colors, shape, or three-dimensional object, or any combination of these items.

A trademark is registrable if it meets the following conditions:

- It is distinctive.
- It is not forbidden under the Act.

- It is not identical or similar to trademarks registered by others.

Distinctiveness Requirement

A distinctive trademark is one which makes the general public or consumers believe that the goods bearing a particular trademark are different from other goods. A distinctive trademark shall possess or consist of at least one of the following essential particulars:

- The name of an ordinary person, first name and surname of an individual which are not ordinarily understood, full name of a juristic person under related laws, or trade name represented in a special or particular manner and having no direct reference to the character and quality of the goods.
- A word or clause that has no direct reference to the character or quality of the goods, and is not a geographical name according to the prescription of the Minister.
- A group of colors represented in a special or particular manner or an invented letter, numeral, or word.
- The signature of the applicant for registration or that of some predecessor in his business, or of another with his or her permission.
- The photograph of the applicant or that of another with his or her permission, or with the consent of his or her ascendants, descendants, and spouse in the case of a deceased person.
- An invented picture.

In case a name, word, or phrase contrary to the first two items above is used as a trademark on goods which are widely distributed or extensively advertised under the rules and regulations prescribed by the Minister of Commerce, and there is proof that the rules and regulations have been complied with, the trademark shall be deemed distinctive.

A trademark which possesses or consists of any of the following particulars shall not be registrable:

- Royal or official arms or crests, royal seals, official seals, the Royal Chakri seal, emblems and insignia of royal orders and decorations, position seals, emblems of ministries, bureaus, departments, or emblems of provinces.
 - Flags of Thailand, royal standards, or official flags.
 - Royal names, royal signatures, royal monograms, or royal dynasties.
 - Photographs or portraits of the King, Queen, or heirs.
 - Names, words, text, or emblems which represent the King, Queen, royal descendants, or heirs.
 - National flags or national emblems of foreign countries, flags and emblems of international organizations, seals of heads of foreign countries, official emblems and marks of quality assurance on goods of foreign countries or international organizations, or names and initials or acronyms of foreign countries or international organizations, unless authorized by the person in charge of foreign affairs of such foreign countries or international organizations.
- Official emblems, emblems of the Red Cross, or the appellation "Red Cross" or "Geneva Cross."
- A trademark which is similar to any of the seven categories listed above.

- A mark identical or similar to the representation of a medal, diploma, or certificate or any other mark awarded at an exhibition or competition held by the Thai government or a Thai government agency or Thai state enterprise, a foreign government, or an international organization, unless such medal, diploma, certificate, or mark has actually been awarded to the applicant for goods bearing its representation, and it is used as a part of his trademark, and provided that the calendar year of award is indicated.
- A mark which is contrary to public order, morality, or public policy.
- A mark which, according to criteria prescribed by the Minister, is identical or so very similar to a well-known trademark that it confuses or deceives the public as to the proprietor or the origin of the goods bearing the mark, regardless of whether or not the trademark has been registered.
- A geographical indication which is protected under related laws.
- Other trademarks prescribed by the Minister.

Application

A trademark (service mark, certification mark, collective mark) application must be:

- Completed on an official form in the Thai language, with specimens of the mark attached.
- Filed by the proprietor or his/her agent under a power of attorney, who must have a fixed place of business in Thailand or a contact address which the Trademark Registrar can contact.
- Filed with the Department of Intellectual Property.

According to the Trademark Act, for purposes of instituting legal proceedings relating to trademarks, service marks, certification marks, and collective marks, if the applicant or proprietor of a mark is not domiciled in Thailand, the business office or premises of such person or his/her agent, as stated in the application or recorded on the register, shall be considered the domicile of such person.

Translation

All documents and marks not in the Thai language must be translated into Thai. Word marks can be registered, but the meaning and pronunciation in Thai shall be stated in the application.

Power of Attorney for Trademark Applications

A single notarized Power of Attorney is good for all applications having the same owner, but it is valid only for the calendar year of the signature.

Approval Procedure

If the Trademark Registrar finds that the proposed trademark is distinctive, is not prohibited, is not identical or similar to another trademark already registered by another proprietor, does not confuse or deceive the public as to the proprietorship or origin of the goods, and meets criteria for registration, the Registrar will then advertise the mark and details of the application in the *Trademark Gazette*, which is published in Thai. If there is no objection within 90 days of publication, the mark will be registered subject to the payment of registration fee.

Priority Right

In the event that several persons have applied for registration of identical or closely resembling marks for goods of the same or different classes, but which are, in the Registrar's opinion, of the same character so as to confuse the public, the first applicant has the priority right.

The Trademark Act provides the right in certain cases to an applicant or challenger not satisfied with the Registrar's decision to file an appeal with the Board of Trademarks within 90 days from the date of receipt of the Registrar's notice. If the applicant or challenger in either appeal petition or opposition case is not satisfied with the Board of Trademarks' decision, the applicant or challenger can file a lawsuit with the IP&IT Court within 90 days from the date of receipt of the Board's decision. Furthermore, the losing party at the IP&IT Court can bring the case to the Supreme Court, which is the final procedure available.

When a trademark is registered, the date on which its application was filed or deemed to be filed shall be its date of registration.

The registration of a trademark is valid for a period of ten years from the filing date of the application. The validity term does not include the period of time involved in legal proceedings. Application for renewal can be made within 90 days before the registration expires.

Extent of Trademark Rights

When a trademark is registered, the proprietor of the trademark shall have the exclusive right to its use with goods for which registration was granted.

Any interested person or the Registrar may request the Board of Trademarks or the Court, depending on the circumstances, to cancel the registration of a trademark on various grounds (e.g., nondistinctiveness, contrary to public policy or good morals, nonuse, and better right).

Assignment

Rights to trademark applications or registered trademarks are transferable and inheritable. However, if the proposed assigned application or registration is registered as an associated trademark with other trademarks, they shall be transferred or inherited only as a whole according to Section 50 of the Thai Trademark Act.

License Agreement

The owner of a registered mark may grant a license to other persons to use it for any or all goods to which the registration pertains. A trademark license agreement must be in writing and registered with the Department of Intellectual Property. According to the Notice of the Department of Intellectual Property B.E. 2543 (A.D. 2000), a trademark license agreement shall at least provide: (1) the conditions and terms of agreement between the trademark proprietor and the person applying to be an authorized licensee, which enable the former to control the quality of goods manufactured by the latter; (2) the goods for which the licensed trademark is to be used; (3) provision specifying that only the authorized licensee has the right to use the trademark, or that the proprietor shall authorize any person in addition to the authorized licensee to use it.

Unregistered Trademarks

According to the Act, the owner of an unregistered trademark is not entitled to institute any legal proceedings in court to prevent use or to recover damages for infringement. Certain protection for the owner of an unregistered trademark is afforded by the Penal Code, which imposes penalties on use of name, figure, artificial mark, or wording in carrying on the trade of another person, or causing

same to appear on merchandise, packing, covering, advertisement, price list, commercial letter, or the like in order to make the public believe that it is the merchandise or trade of such person. However, under the Civil and Commercial Code (CCC), the owner of an unregistered trademark has the right to institute a case in the IP&IT Court against any person for passing off goods as those of the true proprietor.

The owner of a trademark cannot use an encircled letter R on imported goods if the trademark is not registered in Thailand. The importer is subject to punishment of both imprisonment and a fine.

COPYRIGHTS

Copyright is protected and governed by the Copyright Act B.E. 2537 (A.D. 1994), Ministerial Regulations B.E. 2540 (A.D. 1997), and Notification of the Ministry of Commerce Re List of Member Countries to the Convention Governing Protection of Copyrights or the Convention Governing Protection of Performers' Rights. Generally, protection is for the whole life of the copyright creator plus a further 50 years.

Copyright is not required to be registered in order for protection to exist. However, one can file an application with the Department of Intellectual Property for copyright recordation. A current, duly notarized Power of Attorney and one original or copy of the copyrighted work must accompany the application form, which must be completed in the Thai language.

A record of copyright does not conclusively prove ownership or priority, but it may be used as one piece of evidence in court among other evidence (e.g., an affidavit stating history of creation, registration (if any), transfer or assignment of right, etc.). A copyright notice should also be shown or attached to the copyrighted work, but this is similarly not obligatory for protection.

Legal Effect

The legal effect of a copyright in Thailand is to protect the owner's creation or works from infringement by giving the owner the power to file a civil and/or criminal complaint to enforce his/her copyright. A criminal offense under the Copyright Act is compoundable. A court action (civil) must be initiated within three years from the date the copyright owner became aware of the infringement, but not more than ten years from the date of infringement.

Types of Works

According to the definitions presented in Section 4 of the Thai Copyright Act, there are eight categories of original works that may be protected:

- Literary works (defined to include computer programs).
- Artistic works.
- Dramatic works.
- Musical works.
- Audio-visual works.
- Cinematographic works.
- Sound and video broadcasting works.
- Any other works of a literary, scientific, or artistic nature.

The above categories of works effectively cover those recorded on video cassettes, soundtracks of films, any form of sound recordings, works of craftsmanship, architectural works and models, etc.

A copyright is inherent in every original work if:

- At the time of creating a yet unpublished work or else when it first became published, the author was either a Thai citizen or person resident at all times or most of the time in Thailand, or a national or resident of a member country of the Berne Convention or the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).
- The work was first published within Thailand or a member country of the Berne Convention or TRIPS, or else a nonmember country of the Berne Convention or TRIPS, and subsequently published in Thailand or a member country of the Berne Convention or TRIPS within 30 days of first publication.

Copyright protection does not extend to ideas, steps, processes or systems, methods of use or operation, concepts, principles, discoveries, or scientific or mathematical theories. The author of the work is the inherent owner of the copyright, although certain exceptions exist in the context of employment and other commissioning relationships. When the work is created by an officer or employee under hire of service, said person is entitled to a copyright unless otherwise agreed in writing. When it is created by a contractor for commission, the employer is entitled to the copyright unless otherwise agreed between the parties. The author will generally possess an exclusive right to take action against unauthorized users of the work, including unauthorized reproduction, adaptation, or public dissemination.

Term

In general, copyright will exist for the life of the author plus an additional period of 50 years after his/her death. If the author is a juristic person, the copyright exists for a period of 50 years after the work is first published or, if unpublished, after its creation. Works of "applied art," which are a type of adaptation of a protected work, may be protected for 25 years.

Assignment/License

Copyright is transferable (assignable). The owner may grant a license to another person for reproduction, adaptation, public dissemination of its copyrighted work, or renting an original or copy of a computer program, audio-visual work, cinematographic work, and sound recording with or without conditions. No conditions which restrict fair competition as provided in Ministerial Regulations B.E. 2540 (A.D. 1997) issued under the Copyright Act B.E. 2537 (A.D. 1994) are permitted.

Performers' Rights

A performer holds exclusive rights to the sound and video broadcasting or the public dissemination of his/her live performance. Performers also have the exclusive right to authorize the making of a recording of their performance and the right to control the reproduction of a performance recording made without permission, or made for purposes other than those for which the performers gave their permission, or of that which falls under the exemptions to infringement of performer's rights. The performer shall be entitled to compensation, provided he/she is a resident or citizen of Thailand, or a substantial portion of the performance occurred in Thailand or a member country of the International Convention on Protection of Performers' Rights, of which Thailand is also a member. Performers' rights are protected for a term of 50 years from the last day of the calendar year of the performance or recording thereof.

Any assignment of performers' rights must be in writing and can be made either wholly or in part, except when through inheritance. If there is no period of time specified in the assignment contract, it shall be deemed that the assignment is for a period of three years.

Valid Use of Copyrights

Use of copyrighted material for any of the following purposes is not considered infringement, provided that such act neither conflicts with the normal exploitation of the work nor unreasonably prejudices the lawful rights of the owners:

- Use for research, study, teaching, examination, or for personal or family benefit; for comment, or for reporting current events through mass media with acknowledgment of the copyright owner of the work; or for proceedings or consideration of government officials.
- Reasonable use (i.e., reasonable recitation of, copying, or reference to any part of a copyrighted work) with acknowledgment as to the ownership of such work. Reasonable copying for use in a library or for the purpose of research or study, and not for profit-making purposes.
- Use of a computer program for research, study, or for the benefit of the owner of the reproduction of the computer program; for comment, or for reporting current events through mass media with acknowledgment of the copyright owner of the computer program; for proceedings or consideration of government officials; for adaptation of the computer program when necessary for its use; or for making backup copy for reference or for public research and not for profit-making purposes.
- Reasonable dissemination to the public of dramatic or musical works by associations, foundations, or charitable organizations when not done for profit.
- Copying a copyrighted work in conducting government affairs by a government official with authority under the law or as directed by government officials, if such work is under official possession.

Additionally, the following uses shall not be considered as copyright infringement:

- Use for drawing, painting, constructing, engraving, sculpting, carving, lithographing, photographing, filming, video broadcasting, or any similar acts with regard to any artistic work displayed in a public place (excluding architectural work).
- Use for acts as described immediately above (except construction work) carried out in relation to a work of architecture.
- Restoration of a building which is a copyrighted architectural work to its previous form.

Foreign Conventions

Thailand is a member of the International Convention for the Protection of Literary and Artistic Works (Berne Convention) concluded at Berne in September 1886, revised at Berlin on November 13, 1908, and completed by the Additional Protocol signed at Berne on March 20, 1914. Thailand did not accept the revisions of the Berne Convention as amended by the Rome Act of 1928, by the Brussels Act of 1948, or by the Stockholm Act of 1967. However, Thailand did accept Sections 22 to 38 of the Berne Convention revised in Paris in 1971.

Thailand has adhered to the Berne Convention since 1931 and TRIPS since January 1, 1995. Copyrighted work of a creator from a member country of both the Berne Convention and TRIPS shall enjoy protection under the Thai Copyright Act of 1994. The Copyright Act also protects foreign performers' rights of member countries of TRIPS.

Thailand is not a signatory to the Rome Convention of 1961 or the Universal Copyright Convention. Therefore, only persons with unpublished works who are nationals, subjects, or residents of a country party to the Berne Convention, and those whose works were first published in such a member country may claim copyright protection in Thailand, provided certain conditions are met.

Infringement

Copyright infringement arises from a deliberate act with respect to all or part of a copyrighted work of another without permission, either directly or indirectly. Direct infringement consists of copying, modifying, reproduction, adaptation, public dissemination, renting out an original or a copy (audio-visual, cinematographic, sound recording, computer program), or publication by a person who is not the copyright owner or licensee. Computer programs are infringed if reproduced, adapted, disseminated to the public, or rented out without consent. Indirect infringement, which occurs from selling, possession for sale, offering for sale, offering for rent or hire-purchase, public dissemination, distribution in any manner prejudicial to the copyright owner's rights, or importing or making an order for import into Thailand by any person who is aware or should have been aware that such particular work infringes on copyrighted work for the purpose of seeking profit also constitutes infringement. The prescribed period within which a legal action (civil) must be brought in respect of copyright infringement is three years from the date the copyright owner became aware of the infringement, and not more than ten years from the date of the infringement.

Any unauthorized direct act with regard to audio-visual materials, cinematography, or sound recordings without permission, regardless of whether it pertains to sound and/or picture, is also regarded as an infringement.

No copyright can be claimed for daily news, constitutions, regulations, by-laws, judgments, orders, or government decisions based on the public's underlying right to receive information.

Optical Disc Control

Historically, the most suitable means for copyright owners to seek redress against infringers in Thailand has been to utilize the specific enforcement mechanics enshrined in the Copyright Act of 1994. Unfortunately, the remedies available under that legislation provide troubled copyright owners with the ability to pursue either criminal action or to initiate civil cases.

After many years of legal wrangling the CD Product Manufacturing Act B.E. 2548 (A.D. 2005), which prescribes stringent requirements for optical disc production, import of equipment, and the procurement of raw-materials, received royal approval on May 22, 2005, and came into force on August 29, 2005.

The framework established by the law is premised on notification systems under which manufacturers must notify the authorities of their intention to manufacture discs. Copyright owners wishing to obtain disc production services must similarly notify officials of their intention to obtain such services.

The legislation seeks to control the movement of production equipment by requiring the notification of sales, distribution, or transfer of optical disc production machinery, in addition to the acquisition and possession of raw materials to be used in pressing discs. Importantly, the legislation introduces a system of "marking" with manufacturers obliged to apply manufacturing certification marks on discs manufactured by them, which will ultimately facilitate the tracking of discs to their origin.

In carrying out the duties under this Act, the Ministerial Regulation provides that the Competent Officer shall be at minimum a Class 3 government official of the Department of Intellectual Property or a Class 3 government official of a Provincial Ministry of Commerce Department.

The Competent Officer is authorized to enter into the place of manufacturing between sunrise and sunset or during the time of manufacturing at the location, for the purpose of inspection. The Officer can order any person to present a statement or to open books of account, documents, or other evidence for inspection if such inspection would appear beneficial or if it will yield evidence in proving a commission of an offense under the Act.

Manufacturers who fail to notify authorities of the manufacture (or who fail to notify of any change in place of business) may be subject to imprisonment for a term not exceeding one year together with a fine not exceeding THB 200,000.

Failure by copyright owners to comply with requirements may also expose themselves to sanction. For example, failure to file the required notice of intention to manufacture optical discs or notice of the appointment of a manufacturer hired to perform such services is punishable with fines of up to THB 200,000. Failure to affix the manufacturing certification mark will attract a fine not exceeding THB 200,000.

FAIR USE GUIDELINES ISSUED BY THE DEPARTMENT OF INTELLECTUAL PROPERTY

In 2006, the Department of Intellectual Property (DIP) initiated a significant move to develop a knowledge-based system with intellectual property laws. As a result, three fair use guidelines were drafted to strike a balance between the copyright owners' interests and the interests of the public. The guidelines for software and news reporting have already been finalized, but the guidelines for education are currently under review by the subcommittee, and hence, subject to further modification.

Despite the DIP's endorsement, these guidelines are not the law and have no binding effect. However, they can be viewed as explanations of Section 32-35 of the Thai Copyright Act, providing practical approaches to the general public as to the extent of "use" in order to be qualified as "fair use."

According to the guidelines (and as provided in the Copyright Act), three general elements must be met in order for a use to qualify as "fair use": (1) the use must not conflict with the normal exploitation of the copyrighted work; (2) the use does not unreasonably prejudice the legal rights of the owner; and (3) the use must not be commercial in nature.

In addition to these basic elements, for educational use, the DIP proposed in the guidelines that the following factors be taken into consideration: (1) the purpose of the use and whether the use is appropriate; (2) the nature of the copyrighted work; (3) the amount used—in general, the guideline suggests that using less than 10 percent of the copyrighted work is allowed; and (4) the economic impact or effect on the value of the copyrighted work.

With respect to news reporting, the DIP proposed the following considerations: (1) whether the use is within the general course of news reporting through the mass media and contains an acknowledgment of copyright ownership; (2) the nature of the copyrighted work; (3) the amount used—in general, using less than 10 percent of the copyrighted work is permissible; and (4) the effect of the use on the potential market for or the value of the copyrighted work.

As for software, the guidelines suggest that applying the considerations regarding the nature of the copyrighted work and the amount used would be inappropriate. Therefore, the DIP recommended an analysis which focuses on the purpose and economic impact of the use and the terms of the licensing agreement in connection with the computer program. Moreover, the DIP suggested that different types of software should be analyzed differently. Commercial software should be treated strictly because most of the conditions would depend on the terms indicated in the licensing agreement. In case of shareware, trialware, and freeware, the DIP provided guidelines to users as to what extent such “use” should be deemed fair or unfair. For instance, the DIP suggested that multiple downloads of trialware after its expiration to avoid purchasing the software would be considered unfair. On the other hand, open source software is open to reverse engineering or development without prior consent or licensing agreement. The DIP proposed the draft to include sections to address these issues.

Consequences

The Department of Intellectual Property is working on a revised draft amendment of the Thai Copyright Act of B.E. 2537 (A.D. 1994), as the proposed draft amendment submitted to the Council of State in 2006 was returned to the DIP for review. One of the significant aspects is a proposal to add sections to appoint a rights-management committee and address issues of rights management. It is also proposed to amend the definition of “copy” to include temporary copy, and “technological measures” is proposed to be included in this amendment. Punishment and fine will potentially be amended. According to the proposed draft, sanctions for commercial infringement will be stringent.

Penalties

In general, the penalties for infringement of copyright include fines of up to THB 200,000. Commercial infringement may result in a higher fine of up to THB 800,000 or imprisonment of up to four years, or both. One-half of the fine paid by the offender for infringement according to court judgment is paid to the copyright owner, who is then also entitled to bring civil action against the infringer for other damages. In case of a juristic infringement, every director and manager is regarded as a joint offender unless he/she can prove the infringement was done without his/her knowledge or consent. However, under the proposed amendment, penalties under the Copyright Act are subject to amendment.

PATENTS

Thailand is not yet a member of the Patent Cooperation Treaty (PCT). However, on August 2, 2008, Thailand became a party to the Paris Convention. Thailand is carrying out the legal proceedings on the accession process to obtain membership in the PCT. It is generally expected that adherence to the PCT will occur in the near future.

The right to apply for patent protection is not restricted to Thai nationals and nationals of countries that have reciprocal patent agreements with Thailand. The right to apply for patent protection will also be extended to nationals of countries which are parties to international patent treaties or conventions to which Thailand is also a party.

Since Thailand is a member of the Paris Convention, the WTO, and thus TRIPS, nationals of Paris Convention and WTO member countries will receive the same protection accorded to Thai nationals. All foreign applicants entitled to national treatment will be able to claim priority right within 12 months of the first foreign filing date in case of invention application.

Patents are protected under the Thai Patent Act B.E. 2522 (A.D. 1979), Thai Patent Act (No. 2) B.E. 2535 (A.D. 1992), and Thai Patent Act (No. 3) B.E. 2542 (A.D. 1999), covering both inventions and product designs. The Acts provide protection for patents, design patents, and petty patents.

Invention means an innovation that creates a new product or process, or any improvement of a known product or process.

To be patentable, an invention must be new, nonobviously inventive, and industrially applicable. An invention which is new and capable of industrial application but lacks inventive steps is entitled to a petty patent. Petty patent holders receive the same exclusive right to exploit an invention, as well as the right to grant licenses to others as ordinary patent holders. Applicants may not apply for both a patent and a petty patent for the same invention. However, applicants in either case can change the type of right applied for (i.e., from petty patent to patent and vice versa) prior to registration of the invention and issuance of the petty patent, or before publication of the patent application, whichever the case may be.

An invention is new if it does not form part of the state of the art. State of the art includes the following inventions:

- An invention which was widely known or used by others in the country prior to the date of the application for patent.
- An invention the subject matter of which was described in a document or printed publication, displayed, or otherwise disclosed to the public in Thailand or a foreign country prior to the date of the application for patent.
- An invention already patented or petty patented in Thailand or a foreign country before the date of application for patent.
- An invention for which a patent or a petty patent has already been filed in a foreign country more than 18 months before the date of the application, and a patent or petty patent has not been granted.
- An invention for which a patent or a petty patent application has already been filed within or outside Thailand, and the application has been published before the date of filing the application in Thailand.

A disclosure which was made due to or in consequence of the subject matter having been obtained unlawfully, or a disclosure by an inventor, including display of the invention at an international or official exhibition if done within 12 months before the application for patent was filed, shall not be deemed to be a disclosure under the second condition described above.

Thailand has an early publication system which can be deferred on request. Pre-grant opposition must be filed within 90 days from the publication date. The substantive examination as to novelty and obviousness is not automatic, and must be requested within five years from the publication date. No substantive examination is required for petty patents. However, an interested person may request for such within one year from the registration.

The following inventions do not qualify for patents or petty patents:

- A naturally occurring microorganism and its components, animals or plants, or extracts from animals or plants.
- A scientific or mathematical rule or theory.
- Computer program.

- Method of diagnosis, cure, or treatment for human or animal diseases.

The term of an invention patent is 20 years from the filing date, and is not renewable. The term of protection for a petty patent is six years from the application date, which can be extended twice for two years each.

Product design means any form or composition of lines or colors which gives a special appearance to a product.

A patent may be granted under this Act for new designs for industry, including handicrafts. Absolute novelty is required for a design to be patentable (i.e., it must not be disclosed anywhere prior to the date of filing a patent application in Thailand).

The life of a design patent is ten years from the filing date.

Designs which are contrary to public policy or good morals, or prescribed by royal decree, are not patentable.

The right to apply for a patent or petty patent and design protection extends to:

- Thai nationals or juristic persons whose principal office is situated in Thailand.
- Nationals of countries that have reciprocal patent agreements with Thailand.
- Nationals of a country which allows Thai nationals or juristic persons with a principal office in Thailand to apply for patents.
- Nationals of countries which are parties to international treaties or conventions for patent protection to which Thailand is also a party.
- Foreign applicants who are domiciled or have an ongoing functioning industrial or commercial enterprise in either Thailand or a country which is member of any international treaties or conventions for patent protection to which Thailand is a party.

Priority Rights—Invention

Priority can be claimed if the application is filed in Thailand within 12 months from the first filing date in a foreign country, if the applicant is a national or has a domicile or an actual and earnest ongoing functioning industrial or commercial enterprise in a country which is a member of the WTO, Paris Convention, or an international convention or treaty for patent protection to which Thailand also belongs, or a country which also affords priority rights to applications filed by Thai citizens.

Priority Rights—Design

Priority can be claimed if the application is filed in Thailand within six months from the first filing date in a foreign country, if the applicant is a national or has a domicile or an actual and earnest ongoing functioning industrial or commercial enterprise in a country which is a member of the WTO, Paris Convention, or an international convention or treaty for patent protection to which Thailand also belongs, or a country which also affords priority rights to applications filed by Thai citizens.

Patent Enforcement

The patentee is granted an exclusive right to engage in the production or utilization of processes which have been patented during the patent's period of validity. The rights of the patentee include selling or possessing for the purpose of selling such products.

Any act done before a patent is granted is not considered an infringement unless the act was against an invention under a pending patent application which has been published in the official

Patent Gazette, and the person so acting knew of the patent application or had been informed in writing thereof. A complaint for related damages may be filed only after the patent is granted.

In a case dealing with the infringement of a patented process, the burden of proof is on the defendant.

Importation of a patented product may be considered as working or using the patent.

The patentee also has the exclusive right to use the words “Thai Patent” and to assign or license the patent and corresponding rights.

The following acts are not considered infringement of a patent:

- Use of a patent or patented process for the benefit of education, experimentation, or research.
- Manufacture of a patented product or utilization of a patented process by a manufacturer or utilizer who has operated the business, or has the equipment for operation in good faith prior to the filing date in Thailand.
- Acts in relation to acquiring the products in good faith.
- Preparation of a specific medicine according to a physician’s or medical practitioner’s prescription.
- Acts for the purpose of applying for registration of a medicine formula for selling, distribution, or importing the patented product after the patent has expired.

Patent Injunction

If an infringer violates a patent holder’s right, the patent holder may file a petition with the Court to stop the infringement. In practice, this may be done after a court action against patent infringement has been initiated. In a civil process patent infringement case, the burden of proof is on the defendant. In addition, the Court has the power to order the infringer to make compensation for actual damages, loss of profit, and necessary expenses incurred in enforcing the patent holder’s rights, and to confiscate or destroy all infringing goods possessed by the infringer to prevent resale.

Infringement of a patent holder’s exclusive right is also considered a criminal offense. Potential penalties are imprisonment not exceeding two years or a fine not exceeding THB 400,000, or both.

Patent Licensing Agreements

The patent holder may authorize any other person by granting a license to exercise his rights, or may assign his patent to any other person. However, in granting a license, the patent holder shall not:

- Impose upon the licensee any condition, restriction, or royalty term which tends to unfairly limit competition. Conditions, restrictions, or terms which tend to unfairly limit competition shall be prescribed by the provisions of the ministerial regulations.
- Require the licensee to pay a royalty for use of a patented invention after the patent has expired.

Conditions, restrictions, or royalty terms which are contrary to the above are considered null and void. The patent license contract and the assignment of a patent must be in writing and registered in compliance with the requirements and procedures prescribed by ministerial regulations.

Compulsory License

An application for a compulsory license may be made under the following circumstances:

1. If, after three years from granting of patent or petty patent or four years from date of application, whichever is later, the patentee or petty patentee has not enforced his/her lawful rights (Section 46 of the Thai Patent Act B.E. 2542).

2. If the exercise of the patent rights of one party (the junior patentee) may infringe another patentee (the senior patentee) provided that:

- the junior patentee's invention must be a substantial technological advancement which is beneficial to the economy, compared to the invention under the patent for which the license is being sought;

- the senior patentee receives a cross-license to exploit the junior patentee's patent rights; and

- the junior patentee shall not assign a legal license to anyone unless it is an assignment together with his own patent (Section 47 and Section 47 *bis* of the Thai Patent Act B.E. 2542).

3. A Ministry or a Department may exploit an exclusive right by itself or by designating another person in a patent for the benefit of public utilities or national defense; the preservation or acquisition of natural resources or the environment; the prevention of severe shortage of food or medicine or other necessities for living; or other public interests (Sections 51 and 52 of the Thai Patent Act B.E. 2542).

Termination of Protection

The Director General may ask the Board to revoke a patent if (1) two years after issuance of license, the patentee or licensee has not manufactured the product or applied process under the patent in the Kingdom, or for the time being the product is not being sold or imported for sale, or is being sold but at an unreasonable price; or (2) the patentee has licensed other persons to exercise the rights in the patent without conforming to prescribed procedures.

INTELLECTUAL PROPERTY RIGHTS VIOLATIONS

Thailand's government and police authorities are consistently under heavy pressure from multinational companies owning copyrights, patents, and registered trademarks because of a perceived lax attitude toward adequate protection of intellectual property rights. While the problem of trade in infringing goods is not unique to Thailand, IPR owners are justified in their assessment that infringement of IPRs is indeed rampant in the jurisdiction.

The continued presence of a glut of fake goods manufactured and sold in Thailand is especially remarkable, because it is seen despite the promulgation of one of the most aggressive legislative schemes to facilitate enforcement efforts of any country in Southeast Asia. The following is an outline of laws focusing on remedies for trademark, copyright, and patent infringement in Thailand.

Mark Violations—Civil Action

The owner of a registered trademark which has been infringed may file an action claiming compensation from the infringer under Sections 420 and 421 of the Civil and Commercial Code (CCC). The owner of a trademark not yet registered in Thailand but registered somewhere else can

also receive protection under the Trademark Act B.E. 2534 (A.D. 1991), Section 46 under a “passing off” theory. For monetary recovery, proof of damages is required.

Infringement of Trademarks—Criminal Action

The legal framework for the protection of marks in Thailand is set out in the Trademark Act B.E. 2534 (A.D. 1991) as amended by the Trademark Act (No. 2) B.E. 2543 (A.D. 2000), the Penal Code, and the Civil and Commercial Codes. Under this framework, the most cost-effective remedy available to the owner of a trademark that is registered in Thailand is found in Section 44 of the Act, which provides that when a trademark is registered, the person registered as the proprietor of that trademark shall have the exclusive right to its use for the goods in respect of which registration has been granted.

Penalties for forgery of a trademark registered in Thailand can include fines of up to THB 400,000 and prison sentences of up to four years (usually reduced or suspended for first-time offenders). A trademark owner may bring criminal charges against an infringer by either submitting a complaint directly to the Court, or more commonly, lodging a complaint with police authorities. Penalties for imitation of a mark registered in Thailand are similar but less severe. The key point to remember is that the mark must be registered in Thailand in order to have the full range of protection provided in the Trademark Act. Infringement of foreign registered marks can also lead to criminal sanctions, but the fines are dramatically less and provide little deterrent effect. The proscriptions on activity under the Act are directed at those who forge, imitate, import, sell, or offer for sale any counterfeit goods or grant any service using, without court permission, any registered trademark, service mark, collective mark, or certification mark. Furthermore, after a court action on trademark infringement has been initiated, a trademark proprietor can file a petition directly with the Court requesting an injunction on forgeries or imitations of his/her mark.

Foreign trademarks not registered in Thailand but already registered outside of Thailand are protected under Sections 273–275 of the Penal Code. Currently, the maximum penalties imposed are a fine of THB 6,000 or imprisonment of three years or both for forging a trademark, or a fine of THB 2,000 or imprisonment of one year or both for imitating a trademark.

A criminal action is initiated when the owner of a mark or his/her duly authorized agent files a complaint with the police, followed by a police raid.

Directors or managers of a juristic person (a company, registered ordinary partnership, association, foundation, or limited partnership) are regarded as having jointly committed the offense with the juristic person, unless it can be proven that the offense was committed without their knowledge or consent (Section 114 of the Trademark Act).

Generally, a trademark owner must be prepared to commit significant resources for any truly effective sustained campaign. Costs will include special agents’ or investigators’ fees for conducting raids, legal incentives and rewards given and accepted by the police and/or other officials (authorized under Thai law Title 38, Incentives and Rewards, Chapter 1, General Principles Concerning Payments and Rewards, and is contained in the regulations of the Police Internal Manual), rewards for informers, and naturally, legal fees.

Copyright Infringement

The Copyright Act provides criminal penalties, including fines and imprisonment, for infringement of copyrighted works. While the Copyright Act also provides for confiscation of infringing goods and permits the copyright owner to seek to permanently enjoin an infringer from repeating the offense,

the Copyright Act also provides that 50 percent of the fines levied by the Court against the infringer will be payable to the copyright owner.

In addition, the Copyright Act provides that the copyright owner may withdraw the complaint filed against an infringer and settle the case privately. The settlement in this regard may take place at any time during the criminal proceedings, but before judgment is rendered.

Criminal action against infringements of copyrighted works that are protected in Thailand may be taken under the penalty provisions of the Copyright Act (Sections 69 to 77). The four most important enforcement/penalty provisions for copyright owners are Sections 69, 70, 75, and 76.

Section 69 states, "Any person infringing the copyright or the performer's rights under Section 27, Section 28, Section 29, Section 30, or Section 52 shall be liable to a fine of THB 20,000 to THB 200,000."

Section 70 states, "Any person infringing a copyright under Section 31 shall be liable to a fine of THB 10,000 to THB 100,000."

If the violation is committed for commercial purposes, the offender shall be liable to imprisonment of three months to two years or a fine of THB 50,000 to THB 400,000, or both.

Section 75 states, "All articles made in or imported into Thailand which constitute an infringement of copyright or performer's rights pursuant to this Act and are owned by the offender under Section 69 or Section 70 shall become the property of the owner of the copyright or performer's rights, whereas all articles used for committing a violation shall be forfeited."

Section 76 states, "One-half of the fine paid pursuant to a judgment of a court shall be payable to the owner of the copyright or the owner of performer's rights, but the payment shall not be prejudicial to the right of the owner of the copyright or the owner of performer's rights to bring a civil action to sue for damages which are in excess of the amount of the fine received by the owner of the copyright or the owner of performer's rights."

Double penalties may be imposed upon any person who, within five years after being released from punishment of a previous offense of copyright infringement, commits another copyright offense.

Directors or managers of a juristic person (a company, registered ordinary partnership, association, foundation, or limited partnership) are regarded as having jointly committed the offense with the juristic person, unless it can be proven that the offense was committed without their knowledge or consent (Section 46).

All articles made or imported into the Kingdom which infringe upon a copyright become the property of the owner of the copyright, and all articles used for committing the offense shall be forfeited by the Court. Fines, normally paid by the guilty party to the government, are shared with the copyright owner in copyright cases. The law states that one-half of the fine shall be paid to the copyright owner, and this payment does not preclude the copyright owner from claiming compensation for damages in a civil action in excess of the amount of the fine actually received (Sections 47 and 49).

The prescribed period for an action on copyright infringement is three years from the date the copyright owner became aware of the infringement, or not more than ten years from the date of infringement.

Enforcement procedures are quite similar for actions taken under the Trademark Act, the Copyright Act, or the Penal Code. Steps include preliminary investigation to gather evidence regarding the infringement activity, presentation of the evidence to the police, raiding of the infringer's premises to arrest the infringer and seize infringing goods as evidence, and then prosecution of the infringer and/or a private settlement negotiated between the infringer and the copyright owner in the case of copyright infringement.

Current Situation of Patent Enforcement

Under the Thai Patent Act, applicants may file for patent protection for inventions, designs, and petty patents. For patent filing purposes, at present Thailand is not a member of the Patent Cooperation Treaty; however, it is in the process of application and will most likely become a member soon. Thailand has its own criteria and procedures for acceptance of patent applications as per the Patent Act B.E. 2522 (A.D. 1979), as amended by Patent Act (No. 2) B.E. 2535 (A.D. 1992), as amended by Patent Act (No. 3) B.E. 2542 (A.D. 1999). Also worth noting is that to date no business method patent has been issued in Thailand (computer programs are not patentable subject matter). Criteria for patentability are novelty, an inventive step, and industrial applicability. Pharmaceutical products are patentable if they meet the criteria, but naturally occurring microorganisms, their components, animals, plants, and/or their extracts are not patentable. As well, there is a compulsory licensing provision in the Patent Act, Sections 46–51, which is regulated by the corresponding WTO rules. The Thai government first exercised this provision by issuing compulsory licenses for patented HIV/AIDS drugs on November 29, 2006, and January 14, 2007, and for heart disease drugs on January 25, 2007.

Infringement of Patent

Both civil and criminal action may be taken against infringers of a Thai registered patent. In patent infringement matters involving process patents, the burden of proof is reversed: "in the case where a patentee or a petty patentee of a process patent sues an infringer of his patent or petty patent in a civil case and can prove that the product produced by the defendant has the same or similar characteristics to the product made using the patentee's or the petty patentee's process, it shall be presumed that the defendant has used the patentee's or the petty patentee's process, unless the defendant can prove otherwise."

The right of a patent owner to receive compensation in a civil action for losses suffered as a result of infringement is generally based on the tort provisions of the Thai Civil and Commercial Code Sections 420 and 421.

Criminal action is initiated with the filing of a criminal complaint with the police, followed by a police raid (based on a lawful search warrant), arrest of the infringer, and seizure of the infringing goods.

Generally speaking, there is not a great deal of patent infringement litigation in Thailand, presumably because of the lack of a formal discovery mechanism and the expense necessary to prepare and prove a case.

TRADE SECRETS

Trade secrets are protected under the Trade Secret Act B.E. 2545 (A.D. 2002) (TSA) which came into force on July 22, 2002. The TSA provides broad trade secret protection, including protection for pharmaceutical formulas, food formulas, cosmetic formulas, advertisements and marketing strategies, etc.

Definition

A trade secret can be defined as:

- Trade information that is not generally known or readily accessible to groups of persons within the circles that normally deal with information of the said kind.
- Trade information that has commercial value due to its secrecy.
- Trade information that has been subject to reasonable measures taken by its lawful controller to keep it secret.

Nature of Trade Secret

No registration is required to obtain trade secret protection. A trade secret is transferable by juristic act or by inheritance.

Rights of Trade Secret Owner

The owner of a trade secret has the right to disclose, take, or use his/her trade secret, or permit others to use his/her right without any necessary condition to maintain its secrecy.

Infringement of Trade Secret

Infringement of a trade secret includes an act of disclosing, taking, or using a trade secret without the lawful consent of the trade secret owner, and in a manner that violates fair commercial practice. In this regard, the infringer must know, or have appropriate reason to know, that his/her action is contrary to fair commercial practice.

Actions that are contrary to fair commercial practice include breach of contract, breach of confidence or persuasion to breach of confidence, bribery, intimidation, fraud, theft, receipt of stolen property, or espionage by electronic surveillance or any other means.

Exceptions to Infringement Claims

The following actions shall not be considered an infringement of a trade secret.

- Disclosure or use of a trade secret by a person who obtained such a secret through a juristic act without awareness or without any reason to be aware that the other party acquired such trade secret by violating another person's trade secret rights.
- Disclosure or use of a trade secret by a government agency in charge of preserving such trade secret in the circumstances where:
 - It is necessary to protect the public health and security.
 - It is necessary for other public interests, not for commercial purposes. In this regard, a particular agency that is charged with the keeping and maintaining of the trade secret, or a state agency or any concerned person that obtained such trade secret, shall take regular measures to protect such trade secret from unfair commercial use.
 - Independent discovery as a result of the expertise of the person making the discovery.
 - Reverse engineering.

However, the exception under reverse engineering cannot be applied if the person who carries out such reverse engineering has entered into an agreement with the trade secret owner or with the product seller that states otherwise. Therefore, prudence dictates an express prohibition against

reverse engineering when contracting for or licensing any technology or product where a trade secret is at risk of exposure.

Trade secrets for agricultural chemical products are further protected under the Regulation of the Ministry of Agriculture and Cooperatives governing Maintenance of Trade Secrets for Agricultural Chemical Products B.E. 2547 (A.D. 2004), which was enacted per Article 15 of the TSA. To date, however, the regulation has never been used in Thailand.

Trade secrets for pharmacopoeia registration are drafted in the Regulations of the Ministry of Public Health on Maintenance of Trade Secrets in respect of the Information of Pharmacopoeia Registration B.E. 2550 (A.D. 2007), but they have not yet been enacted.

Trade secrets shall have protection as long as they are deemed secret.

Penalties

The penalties under the TSA are primarily criminal penalties consisting of fines, imprisonment, or both. The fines will be from THB 2,000 up to THB 2,000,000, and imprisonment from one month up to ten years, depending upon the offender and the offense.

In the event of an offense committed by a juristic person resulting from an order, action, or lack of an order or action which must be performed in the course of duty by the director, manager, or any person responsible for the operations of such juristic person, that juristic person shall be subject to punishment pursuant to the relevant provisions pertaining to the offense.