

Intellectual Property And International Trade Court : A New Dimension For IP Rights Enforcement In Thailand

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I. Introduction

The late 1990s witnesses Thailand's transition from economic success to economic recession, from the days of hope and glory to a more sober time of re-thinking, re-planning and perhaps, restructuring our economic strategies. In the promotion of international trade and investment, it is essential that one must create the legal environments to attract one's trading partners. As far as the legal aspect is concerned, one must create an atmosphere of fairness, trust and that legal right shall be effectively and expeditiously enforced. It is on the road to economic recovery and to even more economic success, one must put one's house in order. In the field of administration of justice, the establishment of the Central Intellectual Property and International Trade Court(The IP&IT Court) is a single most important factor for the road to the more glorified days of international trade and investment and to the recovery of Thai economy as a whole.

II. Establishment of an Intellectual Property and International Trade Court

The Act for the Establishment of and Procedure for Intellectual Property and International Trade Court 1996 was passed by the National Assembly and promulgated in the Government Gazette on the 25th October 1996. Under the Act, a Royal Decree was later passed to inaugurate the Central Intellectual Property and International Trade Court on the 1st December 1997. The IP&IT Court Act was the culmination of a joint effort between the Ministry of Justice and the Ministry of Commerce in the wake of negotiations between Thailand and the United States as well as the European countries on trade related aspects of intellectual property rights. In fact Thailand is exceeding its obligation under Article 41(5) of the Agreement on Trade-Related Aspects of Intellectual Property Right(TRIPS Agreement)by establishing the IP&IT court. Article 41(5) simply states:

It is understood that this Part does not create any obligation to put in place a judicial system for the enforcement of intellectual property right distinct from that for the enforcement of law in general...Nothing in this Part creates any obligation with respect to the distribution of resources as between enforcement of intellectual property rights and the enforcement of law in general.

However, the IP&IT Court is established to create a 'user-friendly' forum with specialized expertise to serve commerce and industry. International trade is added to the jurisdiction of the court for the reason that in a country like Thailand specialized Bench and Bar in intellectual property and international trade should be grouped together for easy access and administration. Not least for want of sufficient workload to warrant a separate court system.

III Some salient Features of the IP&IT Court System

The following are some of the prominent features in the new court system:

- Liberal use of Rules of the Court to facilitate the efficiency of the forum. Perhaps this could be seen as a unique 'common law' approach to solve a 'civil law' problem.
- Exclusive jurisdiction both in civil and criminal matters on the enforcement of intellectual property rights throughout the country.

- Exclusive jurisdiction on matters concerning international trade e.g. international sale, carriage, payment, insurance and related juristic acts.
- Exclusive jurisdiction on the arrest of ship.
- Exclusive jurisdiction on anti-dumping and subsidies.
- Exclusive jurisdiction on the enforcement of arbitral awards in intellectual property and international trade matters.
- Panel of three judges to constitute a quorum. Two of whom must be career judges with expertise in IP or IT matters. The third member of the panel is an associate judge who is a lay person with expertise in IP or IT. A double guarantee of specialization.
- Availability, for the first time in Thai procedural law, of the 'Anton Piller Order' type of procedure. An English innovation incorporated in the TRIPS Agreement.
- Possibility of the appointment of expert witness as amicus curiae. A friend of the court.
- Leap-frog procedure where appeals lie directly to the IP&IT Division of the Supreme Court. An attempt to redress delay
- Possibility of extending the jurisdiction to other matters by further amending legislation. At the moment, there has been discussion of transferring insolvency matters from the court exercising civil jurisdiction to the IP&IT Court.
- However, the protection of juvenile justice takes precedence over the protection of IP rights. Hence, a juvenile shall be charged in the Juvenile and Family Court and not in the IP&IT Court even if in IP infringement cases.

While establishing a new court is not an easy task, the successful promotion of it to international commerce and industry is much more challenging and difficult. One will have to create the right 'legal environments' to attract international commercial litigation. integrity, expertise, convenience, accessibility, expenses, respect and the effective enforcement of order or judgment of the court are but some of the more important criteria.

IV. Rules of the Court under the IP&IT Regime

It is hoped that, as special expertise develops in this specialized court, more just and effective measures in IP rights enforcement can be further incorporated in the 'Rules of the Court'. Rules of the Court is a common law technique in creating court procedure. Traditionally, in Thailand which is basically a civil law country, the amendment to the procedural law is invariably by way of an amendment Act to the Procedural Code. Under section 30 of the Act for the Establishment of and Procedure for Intellectual Property and International Trade Court 1996, a new procedure has been devised, it reads:

For the purpose to ensure convenience, expediency and fairness of the proceedings, the Chief Justice of the Central Intellectual Property and International Trade Court shall be empowered, subject to the approval of the President of the Supreme Court, to issue Rules of the Court on proceedings and hearing of evidence in intellectual property and international trade cases, provided that such provisions shall not impair the rights of defence of the accused in a criminal case.

By this means, changes in the procedure of the court will be achieved much more speedier than in the traditional means of an Act of Parliament. Rules of the Court may take a couple of months to be finalized whereas an Act of Parliament will invariably takes years. The question for concern is how much of a "blank-cheque" would the legislature be willing to give to the judiciary of this

legislative role. An analogy might be made with the power vested in the Executive to issue Royal Decrees and Ministerial Regulations. In other words, what is the scope of the "Rules of the Court" in relation to principles of procedural law of the "public order" (l' order public) type? Cant his be interpreted as an encroachment on the legislative functions by the judiciary? A caveat has been entered under section 30 itself that "such provisions shall not impair the right of the accused in a criminal case".

V. Novelty in Intellectual Property Rights Enforcement : Injunction V. Police Raid

In Thailand, the Conventional method of policing intellectual property rights against infringers has always been conducting a police raid. The provisions of TRIPS Agreement, in particular Article 50 equip the authority with the power to order prompt and effective provisional measures to :

(a) Prevent an infringement of any IP right from occurring and entering into the channels of commerce. (Preventive Injunction)

(b) Preserve relevant evidence in regard to the alleged infringement. (Anton Piller Order)

Preventive injunction under Article 50 (1) (a) has been implemented for the first time in Thailand by section 116 of the Trademarks Act 1991, section 77 bis of the Patent Act (second amendment) 1992 and section 65 of the Copyright Act 1994. This is seen as a novelty in Thai Procedural law because contrary to the provisions on provisional measures prior to judgment under the Civil Procedural Code, preventive injunction under the IP legislations can be requested prior to the filing of a statement of claim or the prosecution.

However, if one examines carefully into the three relevant section which give rise to preventive injunction in intellectual property matters, some flaws can be detected. On the whole the provision prescribe :

'IN case where there is clear evidence that a person commits or is committing or is about to commit an act of infringement of intellectual property rights, the right owner may petition a court to make an order restraining such person from committing the infringement.'

The earliest version is that of the Trademark Act 1991. The literal interpretation of section 116 is 'a person commits or is committing' but the Patent Act 1992 and the Copyright Act 1994 prescribe 'a person commits or is about to commit.' A notion closer to preventive injunction.

On procedural points, the legislation fails to provide the petitioner and the court with sufficient "back up" mechanism for the effective application of the preliminary injunction. Some of the examples are:

- No provisions as to which court to apply.
- No provisions as to the applicability of an ex-parte hearing.
- No provisions as to speed in which the court is to conduct the case e.g. in urgent cases.
- No provisions as to security for compensation of damages should the petitioner's claim fail.
- No provision for review requested by the defendant.
- No provisions for lapse or revocation of the order after a certain period.

All the described above are detected and taken care of by the implementation of the Rules of the Intellectual Property and International Trade Court.

Another consideration is that most IP infringement cases in Thailand are brought by criminal prosecution. Attempts should also be made for the improvement of police raids as an alternative to injunction. This predicament may also be true for most jurisdiction in Asean where most infringement cases are blatant and obvious.

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VI. Anton Piller Order under Art.50(1)(b) of TRIPS Agreement

Anton Piller Order derives from the celebrated English case of Anton Piller KG V. Manufacturing Process Ltd.{1976}Ch.55.It derives from the rule that the court has an inherent jurisdiction to prevent the defendant frustrating the process of justice by destroying the subject-matter of an action or documents or other relevant evidence.

This jurisdiction may be invoked on an ex parte application by the plaintiff. The application is usually made after the plaintiff has issued his writ but before he has served it on the defendant. When the application is heard the court sits in camera. The plaintiff must satisfy the court that he has an extremely strong prima facie case on the merits of his claim, that he is likely to suffer very serious actual or potential damage from the defendant's action, that there is clear evidence that the defendant has incriminating documents or things in his possession and that there is grave danger that the defendant will smuggle away or destroy the material before an application inter partes can be made. If the plaintiff can satisfy these conditions the court will grant appropriate relief in the form of injunction directed to the defendant, breach of which will put the defendant in contempt of court.

In addition, the order may include a direction to the defendant that he permit the plaintiff to enter the defendant's premises, to search for goods or documents belonging to the plaintiff or which are relevant to his claim, and to remove, inspect, photograph or make copies of such material according to the circumstances of the case.

The defendant may be ordered to disclose to the plaintiff the names and addresses of his suppliers or customers.

In Thailand, prior to the IP&IT Court regime, there were no provisions which came close to an Anton Piller Order. Under sections 254(4),255(4)(a) and 255(4)(b) of the Civil Procedural Code, the plaintiff might move a court to grant an order arresting and detaining a defendant who willfully evades a writ or an order of the court or hides any documents which may be incriminating to him in the proceedings.

The measure is hardly used and its effectiveness for preserving evidence is doubtful in the light of a more draconian method of an Anton Piller Order.

The language of Article 50(1)(b)of TRIPS is not clear and certainly one would doubt, even in the most optimistic mind, that requires a Member State to create something akin an Anton Piller Order English sense. Perhaps somewhere along line with some restrictions on part successful plaintiff might be prototype for Thai IP&IT Court. These considerations include:

-An undertaking by the plaintiff to compensate the defendant in damages for any loss caused, should the plaintiff's claim fail.

-An undertaking not to use the material or information gained for any purpose other than the action in which the order is given.

-An officer of the court must be present in enforcing the order.

-The plaintiff is not entitled to use force. It is a pleasure to report that under section 29 of the IP&IT Court Act and its ensuing Rules of the Court, a somewhat 'reformed' Anton Piller order along the line discussed above is preferred by the Drafting Committee of the rules of the Court.

However, falling short of an Anton Piller Order, the right owner can always consider the relative effectiveness of a search warrant under the Criminal Procedural Code.

VII. Rights of Information

Article 47 of the TRIPS Agreement provides that:

'Members may provide that judicial authorities shall have the authority to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the infringing goods or services and of their channels of distribution'.

Two observations may be made here:

(1) The word 'may' in Article 47 indicates a choice rather than an obligation on the part of Member States for its implementation.

(2) The right of information enunciated in Article 47, if applied in a criminal case, may infringe the rule of privilege against self-incrimination. A rule acknowledged by Article 243 of the constitution of Thailand.

In the House of Lords case of Rank Film Distributors V. Video Information Centre (1981) 2 All E.R. 76, the defendants to an action for breach of copyright successfully sought the discharge of an Anton Piller Order which ordered them to disclose the names and addresses of their suppliers and customers for illicit copies of the Plaintiffs' films, on the ground that this would tend to expose them to proceedings for a criminal offence. The House of Lords held that the privilege against self-incrimination is capable of being invoked in such a case.

Rank Film was a 1981 House of Lords decision. In the same year, the Parliament in England enacted the Supreme Court Act 1981 and in section 72 the Act reverse the effect of Rank Film and restores the full effectiveness of Anton Piller Order by taking away the Privilege against self-incrimination in proceedings for infringement of intellectual property rights.

An fine example of how powerful and effective the lobbyists on the part of the IP rights owners are.

VIII. Damages

Under section 64 of the Copyright Act 1994, the court may order appropriate damages for the right owner by taking into consideration the gravity of the damage including loss of benefit and necessary expenses in enforcing his right.

This is an improved version from the former Copyright Act of 1978 which simply stated that a fine shall not preclude the right of the right owner from seeking civil compensation for the amount in excess of the fine which is received by the right owner.

Some comments may be levied on the new section 64 :

-Section 64 satisfies the test under Article 45(1) but not 45(2) of the TRIPS Agreement.*

-Under section 64 of the Copyright Act 1994, it is suggested that the test for damages in a civil action is one of 'foresee or could have foreseen' the consequences of the damage. Thus, it is more akin to the wordings of 'knowinglt or with reasonable grounds to know' under Article 45(1) than the negative element under Article 45(2).

-Article 45(2) may be of a higher standard than Article 45(1), but the word 'may' in Article 45(2) denotes a choice for the Member States rather than an obligation.

-Article 45(2) also demands the payment by the infringer of expenses including appropriate attorney's fees. Section 64 speaks of 'necessary'expenses in enforcing the right. Attorney's fees may be necessary for the enforcement of the right but only appropriate attorney's fees not excessive attorney's fees. One would have to use the objective standard in the country of the forum to determine what the appropriate attorney fees' are.

IX . Conclusion

One concept that may describe conventional wisdom in contemporary Thai society is perhaps globalization. In 1995 the Criminal Court of Thailand extradited a Thai national to face criminal charges in the United States for infringement of drug related offences allegedly committed in America. One of the reasons given by the court was that the Extradition Treaty between the United States and Thailand must be respected and given effect in view of different opinion and practice in other civil law countries, particularly on the Continental Europe. The decision was later affirmed by the Court of Appeal, the final forum on the matter. It was widely acclaimed internationally as a liberal interpretation of the extradition treaty from a civil law country. The then President of the Thai Supreme Court was conferred with an Honorary Doctorate in Law from a prestigious American Law School of which the decision was a higt-light in his inaugural speech. The creation of the Intellectual Property and International Trade Court to foster a fair, speedy, friendly and equitable atmosphere for settlement of trade disputes and effective enforcement of intellectual property rights is in the same direction of globalization.It is on the road to create an atmosphere of trustworthiness and an investment friendly market .This is competitiveness and eventual economic success itself.

TRIPS Agreement Article 45

1. The judicial authorities shall have the authority to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered because of an infringement of that person's intellectual property right by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity
2. The judicial authorities shall also have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney's fees. In appropriate cases, Member may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity.