

ASIAN PATENT ATTORNEYS ASSOCIATION (APAA)

68th & 69th Council Meeting

November 17-21, 2018

New Delhi, India

Anti-Counterfeiting Committee: Thailand Recognized Group

Special Topic Report:

Preservation and Disposition of Seized Counterfeit Goods

Prepared by Kowit Somwaiya, LawPlus Ltd.

SCOPE OF REPORT

The scope of this report as set out by the Co-Chairs of the Anti-Counterfeiting Committee is as follows:-

“A discussion on the issues relating to preservation of evidence v. early disposition; donation of seized goods for humanitarian purposes v. total destruction; storage costs; etc. What are the rules or practices followed in each jurisdiction?”

EXECUTIVE SUMMARY

- (a) The problem of trademark and copyright infringement in Thailand has been a significant problem which negatively impacts the economy of the country for many years. However, the situation is getting better in these recent years as the Thai government becomes more aggressive in enforcing law, amending the existing law and issuing some new laws to better protect IP rights in Thailand.
- (b) Both civil and criminal actions are available for IPR enforcement against infringers in Thailand. Criminal action is more popular than civil action because it is more cost-effective and faster.
- (c) The preferred course of the criminal action against trademark and copyright infringement is a criminal action involving a police raid (based on a lawful search warrant), arrest of the infringer and seizure of the infringing goods and a subsequent

criminal prosecution by the public prosecutor before the specialized Intellectual Property and International Trade Court.

- (d) The counterfeit and pirated goods may also be seized by the officers of the Customs Department as prohibited goods under the customs law. Customs officers are nowadays entitled to seize counterfeit and pirated goods on an ex-officio basis.
- (e) Under the current laws and regulations, the seized goods can be disposed of after the case is final in many ways as the law allows, including being ordered by the Court to be rendered useless or to be destroyed or to be ordered by the Director-General of the Customs Department to be sold by auction or to be destroyed or even re-exported.
- (f) Under the current practice of Thailand and per the policy of the government and relevant government authorities, if the seized goods are confirmed to be counterfeit in nature, they will be ordered to be destroyed rather than being disposed of by other means.
- (g) The Thai authorities regularly organize destruction ceremonies to destroy counterfeit and pirated goods. It is to make sure all such goods are removed from all channels of commerce and will never re-enter the market and to demonstrate effectiveness of law enforcement efforts against counterfeiting and piracy.

1. SEIZURES AND FORFEITURES OF COUNTERFEIT GOODS

Both civil and criminal actions are available for IPR enforcement against infringers in Thailand. Criminal action is more popular than civil action because it is more cost-effective and faster. The preferred course of the criminal action against trademark and copyright infringement is a criminal action involving a police raid (based on a lawful search warrant), arrest of the infringer and seizure of the infringing goods and a subsequent criminal prosecution by the public prosecutor before the specialized Intellectual Property and International Trade Court (“**IP&IT Court**”).

Import or export of counterfeit goods or pirated copyright works is also subject to the customs prosecution under the Customs Act B.E. 2560 (A.D. 2017). The customs prosecution can lead to a criminal action in the IP&IT Court by the public prosecutor.

1.1 Seizures of Articles under the Criminal Procedure Code

A criminal action against trademark and copyright infringement is initiated by filing a complaint with the police, the police raid with a lawful warrant from the court, arrest of the infringer and seizure of the infringing goods.

After the police complaint is filed, if the police determine that there is sufficient evidence of infringement, they will coordinate their efforts with the IP owner and its legal representative to request a search warrant from the IP&IT Court to search and raid target's premises and seize the counterfeit goods.

Section 69 of the Criminal Procedure Code ("CPC") sets forth the causes for requesting a search warrant from the court as follows:-

- (1) *Discovering and seizing an article which may be used as evidence for the sake of an inquiry, preliminary hearing or trial.*
- (2) *Discovering and seizing an article whose possession constitutes an offence, or which has been obtained by unlawful means or which is reasonably suspected to have been used or intended to be used for committing an offence.*
- (3) *Discovering and rescuing a person who is unlawfully detained or confined.*
- (4) *Discovering any person against whom a warrant of arrest is issued.*
- (5) *Discovering and seizing an article pursuant to a judicial judgment or order, in the event where such discovery or seizure cannot be otherwise implemented.*

Under Section 85 paragraph 1 of the CPC, the official conducting the arrest or receiving the arrestee has the power to search the person of the physical body and seize all articles which may be used as evidence.

Per Section 85 paragraph 2 of the CPC, the official shall have the power to retain the article seized until the finality of the case. Upon the case becoming final, the article shall be returned to the accused or other person entitled to claim its return, **unless the court orders otherwise.**

1.2 Forfeitures of Property under the Penal Code

The Thai Penal Code (“PC”) provides for conviction-based forfeiture schemes. Forfeiture provisions in the PC are applicable to any offense including criminal offences under the intellectual property laws like trademark infringement and copyright infringement.

Under Sections 32 and 33 of the PC, the court is empowered to order the forfeiture of property of which possession is illegal, property used or intended for use in the commission of an offense and property acquired by a person through the commission of an offense.

Sections 32 and 33 of the PC read as follows (emphasizes added):-

*“Section 32. Any property is prescribed by the law that any person **makes or processes to be an offence**, such property shall be forfeited wholly, irrespective of whether it belongs to the offender and there is the person inflicted with the punishment according to judgment or not.”*

“Section 33. For the forfeiture of a property, the Court shall, besides having the power to forfeit under the law as specially provided for that purpose, have the power to forfeit the following properties also, namely:

- (1) A property **used or possessed for use in the commission of an offence** by a person; or*
- (2) A property **acquired** by a person **through the commission of an offence***

unless such property belongs to the other person who does not connive at the commission of the offence.”

It should be noted that forfeiture of property of which possession is illegal is to be made without regard to any person being criminally punished whereas a property used or possessed for use in the commission of an offence by a person or a property acquired by a person through the commission of an offence may only be forfeited if a conviction is obtained.

In criminal actions against IP infringement, especially trademark and copyright infringement cases, the counterfeits and pirated goods are usually ordered by the court at the final stage to be forfeited as property that any person making or processing it will constitute an offence and/or a property used or possessed for use in the commission of an offence by a person.

1.3 Seizures of Counterfeits under the Customs Act

The main customs legislation relevant to seizures of counterfeits in Thailand is the new Customs Act B.E. 2560 (A.D. 2017) replacing the old Customs Act B.E. 2469 (A.D. 1926) with many significant changes and additions.

Under the old Customs Act, the trademark or copyright owner must file a formal complaint with the customs officers for them to seize or suspend a shipment of suspected infringing goods. However, under the new Customs Act, customs officers can seize counterfeit goods on an ex-officio basis.

When a seizure is made at the border by the customs authorities, they will contact the brand owner or its local representative for confirmation that the alleged infringing goods are counterfeit/pirated (or not) within 24 hours from the date of detention, failure to which the said goods shall be released. If each brand owner or their representative confirms that the seized goods are counterfeit, customs authorities can fine the importer up to four times the ad valorem value of the seized goods. If the infringer agrees to pay the fines, the seized goods will be stored and become properties of the state and then be ordered to be destroyed.

On the other hand, if the importer does not comply with the customs order, the customs authorities will proceed with filing a petition with the police against the importer on the grounds of violation of the Customs Act or the Trademark/Copyright Act for further investigation by the police and prosecution by the public prosecutor. If the public prosecutor finds that the case has merit, he or she will then file a criminal complaint with the IP&IT Court.

1.4 Confiscation of Counterfeits under the Trademark Act

Section 115 of the Trademark Act B.E. 2534 (A.D. 1991) as amended (“**TMA**”) provides as follows:-

“All goods which are imported for distribution or had in possession for distribution in violation of this Act shall be confiscated whether or not anyone has been convicted of the offence.”

It should be noted that the confiscation under Section 115 of the TMA can be ordered by the court even when no one is ruled to be convicted of the offence under the case.

1.5 Destruction under the Copyright Act

The Copyright Act of B.E. 2537 (A.D. 1994) as amended in 2015 (“CA”) grants the competent court the power to order the infringing articles to be confiscated or destroyed, with the infringer bearing the cost of the destruction.

Before the amendment of the CA in 2015, its Section 75 used to read as follows (emphasizes added):-

*“Section 75. All articles made in or imported into the Kingdom which constitute an infringement of copyright or performers’ rights under this Act, whose titles still belong to the offender under section 69 or section 70, **shall become the property of the owner of copyright or performers’ rights.** Any article used for committing an offence shall be confiscated.”*

Under the amended CA, its new Section 75 reads as shown below (emphasizes added):-

*“Section 75. All articles made or imported into the Kingdom constituting the infringement of copyright or performers’ rights and articles used in commission of an offence under this Act, **shall be confiscated**, or in the case where the court deems appropriate, **the court may make an order to make such articles useless or to destroy such articles.** The court shall order the infringer to cover related expenses.”*

This means copyright owners are no longer entitled to ownership of the infringing articles. The infringing articles will be made useless or destroyed by order of the Court.

2. LAWS ON PRESERVATION AND DISPOSITION OF SEIZED GOODS

The major legislations of Thailand applicable preservation and disposition of seized goods are the CPC, the PC, the Customs Act, the TMA and the CA discussed above.

According to Section 85 of the CPC, the official shall have the power to retain the article seized until the finality of the case. Upon the case becoming final, the article shall be returned to the accused or other person entitled to claim its return unless the court orders otherwise.

Under Section 35 of the PC, the properties forfeited by the Court's judgment shall be vested in the State and the Court may give judgment for such properties to be rendered useless, or to be destroyed.

Section 75 of the CA requires all pirated goods to be confiscated, or in the case where the court deems appropriate, the court may order them to be made useless or destroyed.

The Director-General of the Customs Department has the powers under the Customs Act to order auction sale or destruction of un-clearance seized genuine goods or order their importer or transporter to re-export them out of Thailand. If such person fails to comply with the order, customs authorities shall have a power to destroy such goods at the expense of the importer or the transporter of goods.

However, for the seized counterfeits or pirated goods, the Director-General of the Customs Department will order them to be destroyed only.

3. PRACTICE OF THAILAND ON PRESERVATION AND DISPOSITION OF COUNTERFEIT GOODS

Under the laws of Thailand discussed above, after the case is final, the seized goods can be disposed of in many ways as the law allows, including being ordered by the Court to be rendered useless or to be destroyed or to be ordered by the Director-General of the Customs Department to be sold by auction or re-exported (in case of un-clearance genuine goods) or to be destroyed (in case of pirated/fake goods).

3.1 Destruction of Counterfeit and Pirated Goods

Although the laws do not stipulate expressly that all the seized goods must definitely be destroyed, under the current policy and practice of Thailand as implemented by relevant government authorities, if the seized goods are confirmed to be counterfeit in nature, they will be ordered to be destroyed rather than being disposed of by other means. Fakes and pirated goods are not donated or distributed either before or after the case is final.

In practice, the Thai authorities regularly organize destruction ceremonies to destroy counterfeit and pirated goods at least once a year in Bangkok or other provinces. For instance, on 3rd September 2018, a destruction ceremony was organized by the Thai government to dispose of counterfeit and pirated goods with the total value of around THB1.3 billion baht (US\$40 million). In the ceremony, about THB2.1 million counterfeit items were from the finalized intellectual property infringement cases split into around 87,000 items from the Royal Thai Police, 1.7 million items from the Customs Department,

and 181,000 items from the Department of Special Investigation. These goods included luxury apparel, bags, belts, shoes, watches, mobile phones, CDs, DVDs, eyewear, and cosmetics. The event was organized in a fully transparent manner, with full access and participation by media and IP right owners.

In June 2018 there was the destruction ceremony in Phuket, Southern part of Thailand, for destruction of approximately 80,000 items with value of over THB182 million (US\$5.9 million). The destruction of the counterfeiting goods was led by Phuket Customs Office Chief Kanjana Suwachino. Ms Kanjana said, “[t]his is the final step in cases involving counterfeit and imported prohibited products that have been seized in Phuket in recent months. After the cases are closed and sentences are handed down, items have to be publicly destroyed.”

Some pictures of destruction ceremonies are shown in ***Annex 1*** attached.

3.2 Costs for Storage and Destruction

Thai government absorbs all costs related to storage and destruction of counterfeit and pirated goods.

However, in some rare cases when the seized goods are of a very large volume and the government offices involved with the case do not have sufficient storage space available at that time, the IPR holder may be asked to assist by renting a storage space from the private sector.

3.3 Thailand’s Policy on IPR Enforcement

The prevention and suppression of intellectual property infringement in Thailand has been put into the national policies and the Thai government under Prime Minister Prayut Chan-ocha has attached high importance on the protection of intellectual property and continuously promoted IP awareness and enforcement of laws in line with the Thailand 4.0 policy. This has resulted in more concrete actions against intellectual property infringement.

Destruction of the seized counterfeits and pirated goods is part of the national policies on intellectual property protection in Thailand. It is to make sure all such goods are removed from all channels of commerce and will never re-enter the market. It is also to raise public awareness of intellectual property protection in Thailand and to demonstrate effectiveness of law enforcement efforts against counterfeiting and piracy. It is also an opportunity to accentuate the

social, environmental and economic outcomes of the law enforcement actions. Moreover, the ceremonies make IP right owners feel more confident in doing business in Thailand. They are encouraged to assist and cooperate more with government and police officers on the verification of seized goods and pursuing cases against infringing activities.

4. CONCLUSION

Counterfeits and pirated goods can be seized by the police as evidence and part of the criminal actions against offenders under the trademark law, the copyright law and the criminal law. They can also be seized by customs officers under the customs law.

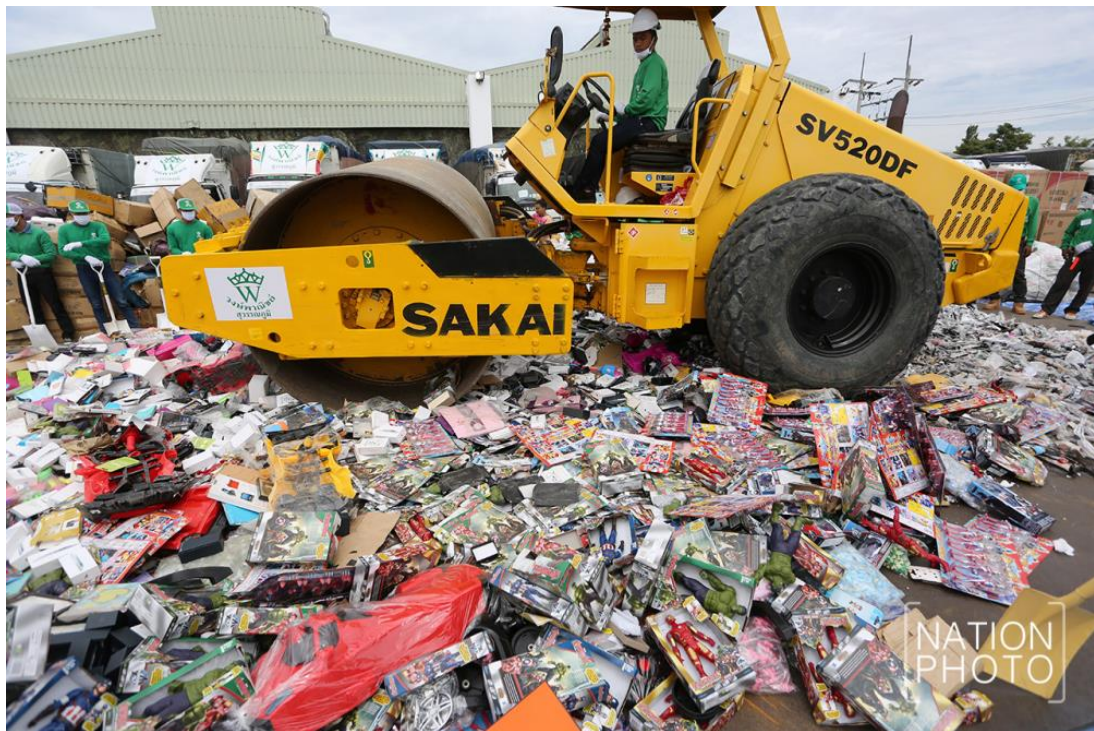
The police, the customs officers and the public prosecutors keep the seized goods while the criminal case against the infringer is pending.

Although the laws do not stipulate expressly that all the seized goods must definitely be destroyed, under the current policy and practice of Thailand and the relevant government authorities, if the seized goods are confirmed to be counterfeit in nature, they will be ordered by the Court or the competent officials to be destroyed at expenses of the government after the case is final. Other means of disposal is not a practice.

ANNEX 1

Some Pictures of Destruction Ceremonies







(Source: <http://www.nationmultimedia.com/detail/national/30353593>)