

DAMAGES FOR TRADEMARK INFRINGEMENT IN THAILAND*

*Narisa Aeimamnuay***

ABSTRACT

Trademark protection has direct and indirect effects on economic development. At current situation of Thailand, many trademark infringements still increasingly arise.

In Thailand, the Trademark Act B.E. 2534 does not provide the provision determining the types of damages that the plaintiff may claim from the infringer. Within Thai jurisdiction, the court applies the concept of tort damages to the trademark cases under Section 438 of the Civil and Commercial Code, which in most cases it is improper to apply this Section to the trademark damages because the provision of this Section is too broad and that it is hard to give the clear rules and guidelines to the parties and the court. Thus, it may lead to the failure to achieve the compensation due to the fact that trademark law is more complicated and different than the general infringement of tort law.

This thesis aims to study the trademark infringement and damages under foreign laws, namely the United States law, Australian law, Singapore law, Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and Thai law in order to examine the problem and seek the appropriate resolutions to handle the problem of non-existing types of damages for trademark infringement under Thai trademark law.

Thus, to solve the mentioned problems, Thai trademark law should be amended. The resolutions to problem of non-existing types of trademark damages under Thai trademark law are separated into a short-term and a long-term.

To resolve this problem in short-term where the Trademark Act is not yet amended, the President of the Supreme Court should issue the recommendation in relate to types of claimable damages in trademark infringement case in order to give the clear rules and guidelines for the parties and the civil courts in the proceeding.

Moreover, the Department of Intellectual Property (DIP), as the principal agency in the development of intellectual property system in Thailand, should draft and publish the guideline and model framework for legislation on types of damages for trademark infringement in order to enhance the efficiency of intellectual property enforcement system.

In the long run, the Trademark Act B.E. 2534 should be amended by adding the provision to specify types of claimable damages that the court may grant and easily apply to trademark infringement case.

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**Graduate Student of Master of Laws Program in Business Laws (English Program), Faculty of Law, Thammasat University.

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บทคัดย่อ

ในประเทศไทย การคุ้มครองเครื่องหมายการค้ามีผลกระทบทั้งทางตรงและทางอ้อมต่อการพัฒนาเศรษฐกิจของประเทศ ซึ่งในปัจจุบันการละเมิดเครื่องหมายการค้าก็ยังเกิดขึ้นอย่างต่อเนื่อง และเมื่อเกิดการละเมิดเครื่องหมายการค้าขึ้น เจ้าของเครื่องหมายการค้ามักฟ้องคดีต่อศาลเพื่อขอให้ศาลมีคำสั่งห้ามการกระทำละเมิด รวมทั้งเรียกร้องค่าเสียหายอันเกิดจากการกระทำละเมิดนั้น อย่างไรก็ตามพระราชบัญญัติเครื่องหมายการค้า พ.ศ. 2534 ไม่มีบทบัญญัติที่กำหนดประเภทของค่าเสียหายที่โจทก์อาจจะสามารถเรียกจากผู้กระทำละเมิดได้ ซึ่งภายในเขตอำนาจศาลไทยนั้น ศาลนำหลักในมาตรา 438 แห่งประมวลกฎหมายแพ่งและพาณิชย์ ซึ่งเป็นหลักทั่วไปในการกำหนดค่าสินไหมทดแทนในคดีละเมิด มาปรับใช้กับคดีละเมิดเครื่องหมายการค้า ซึ่งในหลายกรณีหลักดังกล่าวไม่เหมาะสมที่จะปรับใช้กับคดีละเมิดเครื่องหมายการค้า เนื่องจากบทบัญญัติดังกล่าวไม่ได้กำหนดหลักและแนวทางในเรื่องค่าเสียหายให้แก่ผู้กรณีและศาล ดังนั้น จึงอาจนำมาสู่ความสับสนในการได้รับค่าสินไหมทดแทน เนื่องมาจากกฎหมายเครื่องหมายการค้ามีความซับซ้อนและแตกต่างจากกฎหมายละเมิดทั่วไป

ผู้เขียนวิทยานิพนธ์จึงมีจุดมุ่งหมายที่จะศึกษาถึงหลักของการละเมิดเครื่องหมายการค้าและค่าเสียหายจากการละเมิดเครื่องหมายการค้า ภายใต้กฎหมายต่างประเทศ ซึ่งได้แก่ กฎหมายของประเทศสหรัฐอเมริกา ออสเตรเลีย สิงคโปร์ รวมทั้งข้อตกลงทางการค้าที่เกี่ยวข้องกับทรัพย์สินทางปัญญา หรือความตกลงทริปส์ (TRIPS) และกฎหมายไทย เพื่อที่จะศึกษาถึงปัญหาและหาแนวทางแก้ไขปัญหานั้นที่เหมาะสมเพื่อนำมาปรับใช้กับปัญหาการขาดบทบัญญัติที่กำหนดประเภทค่าเสียหายของการละเมิดเครื่องหมายการค้าภายใต้กฎหมายเครื่องหมายการค้าของไทย

ผลจากการศึกษาในวิทยานิพนธ์นี้ ผู้เขียนได้เสนอแนวทางในการแก้ไขปัญหาดังกล่าวเป็นสองระยะ คือ ระยะสั้นและระยะยาว สำหรับระยะสั้นนั้น ในขณะที่พระราชบัญญัติเครื่องหมายการค้าฉบับปัจจุบันยังไม่ได้มีการแก้ไข เห็นควรให้ประธานศาลฎีกาออกคำแนะนำในเรื่องประเภทและการกำหนดค่าเสียหายในการละเมิดเครื่องหมายการค้า เพื่อที่จะได้เป็นหลักและแนวทางให้แก่ผู้กรณีและศาลในการพิจารณาตัดสิน นอกจากนี้ กรมทรัพย์สินทางปัญญา ซึ่งเป็นหน่วยงานหลักในการพัฒนาระบบทรัพย์สินทางปัญญาของประเทศ ควรร่างแนวทางและแผนงานต้นแบบสำหรับการบัญญัติกฎหมายในเรื่องค่าเสียหายของการละเมิดเครื่องหมายการค้า ส่วนในระยะยาว พระราชบัญญัติเครื่องหมายการค้าควรได้รับการแก้ไขปรับปรุงโดยการเพิ่มบทบัญญัติที่กำหนดประเภทค่าเสียหายที่ศาลอาจจะให้ได้ในคดีการละเมิดเครื่องหมายการค้า

คำสำคัญ: เครื่องหมายการค้า, ละเมิดเครื่องหมายการค้า, ค่าเสียหาย, ละเมิดความตกลงทริปส์, สหรัฐอเมริกา, ออสเตรเลีย, สิงคโปร์, ไทย

1. Introduction

In today's competitive business world, a trademark is one of the most valuable intellectual properties and significant to each countries' national economy and commerce.¹

Trademark protection in Thailand is specified in the Trademark Act (No.2) B.E. 2543. A trademark law is aimed at protecting the benefits of traders and consumers. Traders benefit from law by receiving the right to use their own trademark exclusively. On the other

¹ Worrawong Atcharawongchai, "Trademark damages: the comparative study on trademark damages in Thailand and US" 320 (2012).

hand, consumers are also protected by the law through the requirement to register, which prevents the likelihood of confusion and deception.²

In situation where trademark protection in Thailand has direct and indirect effects on economic development and the globalization of trade in products and services has changed, the problem of trademark infringement still has always been increasingly arisen and it has also been one of the more difficult issues to resolve. Once infringement has been occurred, the plaintiff in a trademark infringement lawsuit can seek an order from the court preventing the infringer from any further infringing activity. The court regularly grant injunctions against further trademark infringement.³ Apart from injunction relief, the court may also award monetary recovery which includes damages, the defendant's profits and costs of action.

However, in Thailand, the Trademark Act does not provide the provision determining the types of damages that the plaintiff can claim and the court normally award in infringement case.

2. Damages for Trademark Infringement

Relief in the form of damages is one of the remedies available in claims of tortious liability. Some jurisdictions allow for awards statutory damages, exemplary damages and other remedies. However, granted damages must be reasonably proven to the court by the plaintiff. There are many types of damages for trademark infringement recognized under the law that is;

2.1 Compensatory Damages also called "Actual Damages"

This damages are awarded with an intention of putting the party who has suffered injury in the same position as he would have been had the tortious act not been committed. The amount awarded is based on the proven damage, loss, or injury suffered by the plaintiff.

2.2 Nominal Damages

Nominal damages are awarded in certain cases where the plaintiff's right has been infringed, but no loss is sustained or the extent of the damage cannot be measured and proved.⁴ In other word, as a general rule, actual damages need not be shown to receive nominal damages.⁵ Nominal damages usually are awarded after the court declines the plea of the plaintiff that compensatory damages should be awarded. However, the plaintiff may not be awarded nominal damages in every case where he does not receive compensatory damages.⁶

2.3 Punitive Damages

Punitive damages are awarded to the prevailing party in addition to compensatory damages when the defendant's action is willful, malicious and oppressive. The

² *Id.*

³ Richard Stim, Trademark Law 133 (2000).

⁴ John A. Bauman & Kenneth H. York, **Remedies** 3 (1987).

⁵ John F. O'Connell, **Remedies in a nutshell** 64 (1985).

⁶ James Edelman, **Gain-Based Damages Contract, Tort, Equity and Intellectual Property** 243 (2002).

award of punitive damages is at the discretion of the court. Anyhow, actual damages must exist before the court can award punitive damage. The court uses punitive damages to advance public policy goals to punish one guilty of willful wrong and to prevent the defendant and potential offenders from further misconduct.⁷

2.4 Statutory Damages

Statutory damages are awarded in situation where it is difficult to determine the exact value of harm or infringement to the injured person. The court may award the statutory damages even in the absence of proof about the plaintiff's losses or defendant's profits. Before the statutory damages were an alternative, the court awarded damages based on the plaintiff's damages or defendant's profits from the sales of counterfeit goods.

3. Damages for Trademark Infringement under International Convention, Laws of Foreign Countries and Thai Law

3.1 International Convention

3.1.1 Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) 1994

The TRIPS Agreement is an international agreement that sets down minimum standards for various form of intellectual property regulation.⁸

In regard to trademark damages, a trademark owner is entitled to recover damages or injunctions for trademark infringement, TRIPS provides that Member States must provide their judicial authorities with the respective power to order adequate damages to compensate the trademark owner for trademark infringement, or with reasonable grounds to know according to Article 45 (1).⁹

TRIPS Article 45 (1) – “The judicial authorities shall have the authority to order the infringer to pay the right holder adequate damages 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.”

3.2 Laws of Foreign Countries

3.2.1 The United States

The United States extended the Lanham Act 1946 to govern the protection of trademark including trademark infringement and especially set out Section 35¹⁰

⁷ FREGRE & BENSON LLP, “*Availability of Punitive Damages for Trademark Infringement*”, available at http://www.faegrebd.com/files/3647_Punitive_Damages.pdf (last visited Jun. 15, 2015)

⁸ World Trade Organization, “*Overview: The TRIPS Agreement*”, available at https://www.wto.org/english/tratop_e/trips_e/intel2_e.htm (last visited Apr. 1, 2015)

⁹ World Intellectual Property Organization, “*Which kind of damages are available in IP disputes?*”, available at <http://www.wipo.int/enforcement/en/faq/judiciary/faq08.html> (last visited Apr. 1, 2015)

¹⁰ Section 35 (a) of the Lanham Act – “When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under Section 1125 (a) or (d) of this title or the willful violation under Section 1125 (c) of this title, shall have been established in any civil action arising under this Act, the plaintiff shall be entitled, subject to the provisions of Sections 1111 and 1114 and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of action. The court shall assess such profits and damages

to help the court and the parties to determine various types of claimable damages and the amount of damages in infringement. Damages can include lost profits, business losses, punitive damages, costs and attorney's fees. The Act determines the types of claimable damages to profits; damages; and the costs of action and attorney fees and also giving the guideline to the court for granting such damages

3.2.2 Australia

At present, Australian trademark law has been codified in the Trade Marks Act 1995. The Trade Marks Act defines trademarks, what constitute trademark infringement and also what relief can be obtained from the court.

A monetary recovery for trademark infringement that can be obtained from the court is provided under Section 126 of the Trade Mark Act 1995.¹¹ The remedies for trade mark infringement available for the successful plaintiff also include injunction; damages or account of profits. Moreover, the court also has the power to grant the additional amount in assessment of damages if the court considers it appropriate to do.

3.2.3 Singapore

The protection for trademarks is available under the Trade Marks Act)Chapter 332 ,(which is revised in 2005. In accordance with Section 31 of the Act¹² that provides action and remedy for infringement of registered trademark. The Act provides the various types of relief that the court may grant to a plaintiff in infringement case which includes injunction, damages and account of profits. Furthermore, the Act clearly specifies that when the damages awarded to compensate the infringement, the court is also permitted to award an account of any profits distributable to an infringement.

3.2.4 Thailand

or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sale only; defendant must prove all elements of costs or deduction claimed. In assessing damages the court may enter judgment, according to circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find the amount of recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to circumstances of the case. Such sum in either of above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party."

¹¹ Section 126 of the Act – "(1) The relief that a court may grant in an action for an infringement of a registered trade mark includes: (a) an injunction, which may be granted subject to any condition that the court think fit; and (b) at the option of the plaintiff but subject to Section 127, damages or an account of profits. (2) court may include an additional amount in assessment of damages for an infringement of a registered trade mark, if the court considers it appropriate to do so having regard to...."

¹²Section 31 of the Act – "(1) An infringement of a registered trade mark is actionable by the proprietor of the trade mark.

(2) Subject to the provisions of this Act, in action for an infringement, the types of relief that the Court may grant include the following:

- (a) an injunction;
- (b) damages;
- (c) an account of profits;
- (d) in any case to which subsection (5) applies, statutory damages under subsection (5)(c)...."

In Thailand, the Trademark Act does not provide the provision determining the types of damages that the plaintiff can claim. Within the Thai jurisdiction, the court applies trademark law and civil tort law to the problems of trademark infringement. However, in case of compensation, the court applies Section 438 of the Civil and Commercial Code to determine the damages.

4. The problems of the current Thai trademark law on damages

The problems of the current Thai trademark law on damages is that the Trademark Act does not stipulate the types of damages that plaintiff may entitled in infringement case.

The court applies Section 438 of the Civil and Commercial Code to determine the damages caused by trademark infringement which is improper for the intellectual property regimes because trademark law aims to protect the human intellect and private economic right, while Section 438 aims to compensate the damages from tort that is mostly relevant to the injury to death, body, health and tangible property.

Moreover, Section 438 does not provide for any profits; the plaintiff has to prove the defendant's intention or negligence and the amount of actual damages can only be granted. Although, the court may grant damages in connection with intangible elements such as mental distress, pain, grief; but it depends on the court's discretion to grant any profits to the plaintiff through Section 438.

Moreover, the problem of the non-existence of the types of damages for trademark infringement seems to be unusual given that other IP laws like copyright under Section 64 of the Copy Right Act B.E.2557¹³ and patent law under Section 77ter¹⁴ clearly specify the types of claimable damages.

In addition, Section 64 of The Copyright Act B.E. 2537 as amended by the Copyright Act (No.2) B.E. 2558 has now includes a second paragraph allowing the court to award punitive damage, not exceeding two times of the damages according to first paragraph. The purpose of the amendment is to protect the copyright owner or performer's right and to deter the infringer from willful and malicious conduct.

5. A comparative analysis of trademark damages

Comparing those foreign laws and Thai law, Thai Trademark Act does not have

¹³ Section 64 of the Copyright Act B.E. 2537 – “In the case of infringement of copyright or performer's rights, the Court has the authority to order the infringer to compensate the owner of copyright or performer's rights for damages the amount which the Court considers appropriate by taking into account the seriousness of injury including the loss of benefits and expenses necessary for the enforcement of the right of the owner of copyright or performer's right.”

¹⁴ Section 77ter of the Patent Act (No.3) B.E. 2542 (1999) –“In case of an infringement of the rights of the owner of a patent or petty patent under Section 36, 63 or Section 65decies and 36, the court shall have the power to order the infringer to pay owner of the patent or petty patent damages in an amount deemed appropriate by the court, taking in to consideration the gravity of the injury including the loss of benefits and expenses necessary to enforce the rights of the owner of the patent or petty patent.”

the provision stipulating the types of damages that plaintiff is entitled to claim in an infringement case. In the United States, damages awarded in an infringement case are prescribed in various types which includes defendant's profits, any damages sustained by the plaintiff, the costs of action and attorney fees. While, the Australian trademark law provides that at the option of the plaintiff, the court may grant damages or an account of profits. It is therefore different from the US law that the plaintiff may be entitled to obtain both damages and defendant's profits. However, in Australia, the court may also include an additional amount in assessment of damages for an infringement of a registered trademark. While Singapore law also gives the power to the court to award actual damages and account of profits, but does not provide the costs of action and attorney fees like US law.

As mentioned above, the Thai copyright and patent law clearly specifies the claimable damages that the court may grant in an action for an infringement. Under the Copyright Act, the court has power to award damages including the loss of benefits; expenses necessary for the enforcement of the right of the owner of copyright or performer's right and punitive damages. Hence, trademark law as one of intellectual property laws, does not provide the certain claimable damages like other Thai IP laws may cause the problems of inefficiency and inadequate compensation in trademark infringement case.

Conclusions

As mentioned earlier, the trademark law has no provision determining the types of damages that plaintiff is entitled. The court applies Section 438 of the Civil and Commercial Code to determine the damages caused by trademark infringement.

Moreover, this Section does not clearly stipulate that any profits such as defendant's profits, or loss of profits can be granted. The plaintiff has to prove the defendant's intention or negligence and the amount of actual damages can only be granted. Even though the court may award any profits caused by infringement through Section 438, but in practice it relies on the court's discretion. Furthermore, most of court decisions do not differentiate the types of damages, but rather granted the award of total damages representing all types of damages claimed by the plaintiff.¹⁵ Thus, the amount of claimed damages may not be granted in adequate amount for the damages occurred in infringement case.

It is therefore improper to only apply Section 438 of the Civil and Commercial Code to the trademark infringement case due to the fact that trademark law is a specific law aiming to protect human intellect and prevent unfair competition. The inadequate and ineffective protection of trademark law is a condition for trade countermeasure from trading partner country, such as the US and the EU. Thailand has increased its enforcement of copyright and patent law and also has improved its protections, but trademark law, especially in respect of enforcement and remedies, still not improved. Thai trademark law should therefore be amended in order to resolve the problems of non-existence trademark damages and harmonizes with TRIPS Agreement that requires Member Countries to provide more extensive protection of intellectual property within each own legal system and practice.

¹⁵ Atcharawongchai, *supra* note 1, at 360.

Recommendations

The author would like to provide the following suggestions concerning trademark damages that should be specified under Thai Trademark Act. However, for the ease of comprehensions, the author would like to combine the legal concept of trademark damages describing in the US, Australian law, Singapore law and Thai Copyright law. In this regard, the resolutions of problem of non-existence trademark damages under Thai trademark law are separated into a short-term and a long-term as follows;

Short-term resolutions

To resolve this problem in short-term where the Trademark Act is not yet amended, the President of the Supreme Court should issue the recommendation relating to types of claimable damages in trademark infringement case in order to give the clear rules and guidelines for the parties and the civil courts in the proceeding.

The other short-term resolution is that the Department of Intellectual Property (DIP), as the principal agency in the development of intellectual property system in Thailand, should draft and publish the guideline and model framework for legislation on types of damages for trademark infringement. The guideline and legal framework should address the categories of damages that the trademark owner may claim in infringement.

Long-term resolution

In order to resolve the problem of trademark damages in long-term resolution, the Trademark Act B.E. 2534 should be amended by adding the provision regarding the types of claimable damages that the court may grant in trademark infringement case as follows;

Section XX of the Trademark Bill –

“In the case of infringement of registered trademark, the Court has the authority to order the infringer to compensate the owner of trademark for damages the amount which the Court considers appropriate by taking into account the seriousness of damage including (1) actual damages; (2) an account of profits; (3) the loss of benefits; and (4) expenses necessary for the enforcement of the right of the owner of trademark.

The court may include punitive damages for an infringement of registered trademark but not exceeding two times of the damages according to the first paragraph if the court considers it appropriate to do so.

The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sale only; defendant must prove all elements of costs or deduction claimed.”

According to the first paragraph of proposed provision, the court has the power to award actual damages and an account of profits as appeared in the legal framework of the United States, Australian and Singapore trademark law. For loss of benefits and expenses necessary for the enforcement of right of the owner of trademark are the same types of damages as appeared in the Thai Copyright and Patent law.

Furthermore, the second paragraph offer the same identification of damages as appeared in the new legal framework of the Copyright Act (No.2) B.E. 2558. With regard to punitive damages, it has the limitation in awarding this type of damages not exceeding two times of the damages that the court may award in the first paragraph.

In addition, the third paragraph provides that the plaintiff may obtain both actual damages and defendant's profits occurred from infringement.

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