

LEGAL PROBLEMS RELATED TO PROTECTING CONSUMERS FROM UNFAIR TRADING PRACTICES: LOOKALIKE PRODUCT PACKAGING (COPYCAT)*

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Abstract

Some business operators use lookalike product packaging to entice consumers to purchase their product. This lookalike packaging contains false information that confuses consumers and leads them to make an erroneous purchase because they are misled to believe that the false product is made by the same manufacturer as the genuine one. Moreover, this practice also affects the competition in the market. Since the results of this study indicate that Thai law does not contain any obvious legal measure to control lookalike product packaging, it will be suggested that a legal measure should be added to the Thailand Consumer Protection Act B.E. 2522 to address this omission and the legal measures related to consumers' rights to redress under the Thailand Consumer Case Procedure Act B.E. 2551 should also be improved.

Keywords: Lookalike Product Packaging, Copycat Product, House Brand Products, Unfair Trading Practice, Free-riding, Passing-off, Consumer Protection Law

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1. Introduction

The legal measure to protect consumers from lookalike product packaging in Thailand is studied in this article and compared with the United Kingdom Law, German Law and Australian Law to determine the most appropriate legal measure to protect consumers in Thailand from lookalike product packaging. A documentary analysis will be used to compare the legal problems related to protecting consumers from lookalike product packaging in the following four aspects;

1. Effect of Lookalike Product Packaging

When a business operator unfairly uses lookalike product packaging, it not only damages consumers, but also has a negative effect on other business operators. The similar packaging misleads consumers into thinking that the quality or nature of the copycat product is comparable to that of the original brand, or at least, more comparable than they might otherwise have assumed.

2. Characteristics of Lookalike Product Packaging

The problem related to the characteristic of lookalike product packaging has not been addressed in the Thai legal system; hence, it is proposed that Thailand should examine certain foreign legal measures and court decisions to adopt some guidelines for legal measures to prevent lookalike product packaging, specifically those of the United Kingdom, Germany, and Australia.

According to the Consumer Protection from Unfair Trading Regulation of the United Kingdom, lookalike product packaging has the following features;¹

¹ Department for Business Innovation and Skills, *'Review of the enforcement provisions of the Consumer Protection from Unfair Trading Regulations 2008 in respect of copycat packaging'* (2014) < <https://assets.publishing.service.gov.uk> > accessed 5 June 2018.

(1) It contains false information² or its overall presentation in any way deceives or is likely to deceive the average consumer so that the average consumer takes, or is likely to take, a different transactional decision, as a result,³ or

(2) It concerns any marketing of a product that creates confusion with any products, trademarks, trade names or other distinguishing marks of a competitor, so that the average consumer takes, or is likely to take, a different transactional decision, as a result,⁴ or

(3) It promotes a product similar to a product made by a particular manufacturer in such a manner as to deliberately mislead the consumer into believing that the product is made by that same manufacturer when it is not.⁵

The German Act against Unfair Competition provides protection against unfair imitation in Section 4 (3) and a blacklist of illegal commercial practices within the meaning of Section 3 (3); although lookalike products are not expressly mentioned in the legal code, their meaning has been developed by the German court, as follows;^{6, 7}

- (1) The manufacturer of the original product must show the individual and distinctive character of the original
- (2) Imitator's knowledge of the original
- (3) Similarity between original and imitation
- (4) Protection even if the Trademark is changed
- (5) All claims require an "unfair element"

² *Consumer Protection from Unfair Trading Regulations* (2008) reg 5 (4), (5) and (6)

³ *Ibid.*, reg 5 (2)

⁴ *Ibid.*, reg 5 (3)

⁵ *Ibid.*, SCHEDULE 1, Para 13

⁶ European Brands Association, '*Parasitic Copying : Trading on Innovation and creativity of others*', (2010) <<http://www.aim.be>> accessed 5 June 2018.

⁷ Angela Fox and Michael Nielen, 'Fighting unfair competition in the UK and Germany: An Anglo-German Perspective' (2016) <<http://www.managingip.com>> accessed 5 June 2018.

The Australian Consumer Law also prohibits any person in trade or commerce engage in conduct that is misleading or deceptive, or is likely mislead or deceive in Section 18 (1) and Section 29 (1) (a) (g) (h) (k).

Moreover, the Australian court⁸ provides the factors to be considered to determine if consumers are likely to be misled or deceived, as follows;

- (1) Strength of the applicant's reputation, and the extent of distribution of its products
- (2) Strength of the respondent's reputation, and the extent to which the respondent has undertaken any advertising of its product;
- (3) Nature and extent of the differences between the products, including whether the products are directly competing;
- (4) Circumstances in which the products are offered to the public; and
- (5) Whether the respondent has copied the applicant's product or intentionally adopted prominent features and characteristics of the applicant's product.
- (6) Any evidence of confusion

Therefore, the characteristic of lookalike product packaging is that it is visually similar, but not identical, to a recognised branded product.

3. Legal Measure Related to Consumer Protection and the Control of Lookalike Product Packaging

It was found from the results of this study that the consumer protection law related to general products in Thailand's Consumer Protection Act B.E. 2522 and the legal measure concerning specific products contain no obvious legal measures to protect consumers from lookalike product packaging, as well as no enforcement authority and no specific penalty. After studying and analysing the existing Thai laws by comparing them

⁸ Homart Pharmaceuticals Pty Ltd v Careline Australia Pty Ltd (2017) FCA 403 (Federal Court of Australia).

with foreign laws, it is also evident that the Thailand Consumer Protection Act B.E. 2522, the Thailand Trade Competition Act B.E. 2560, the Thailand Trademark Act B.E. 2534 and the Thailand Criminal Code B.E. 2499 also do not provide obvious legal measures to control the use of lookalike product packaging.

In the United Kingdom, Part 3 of Regulation 9, Offences of the Consumer Protection from Unfair Trading Regulations 2008, provides that traders are guilty of an offence if they engage in a commercial practice that is misleading based on Regulation 5 otherwise than by reason of the commercial practice satisfying the conditions in Regulation 5 (3) (b) shall be liable, on summary conviction, to a fine not exceeding the statutory maximum, or on conviction on indictment, to a fine or imprisonment for a term not exceeding two years or both under Regulation 13.

The German Act against Unfair Competition does not impose a criminal penalty in the case of lookalike product packaging, but it does provide for the Federal budget to profit in Section 10.

Civil penalties and criminal sanctions do not apply in Section 18 of the Australian Consumer Protection Act.

In my opinion, the United Kingdom provides the most effective penalty for traders who are guilty of an offence that is a misleading action by imposing a fine or prison term not exceeding two years or both. I believe that this penalty will deter business operators from committing a continuous offence. Therefore, I think that imposing a penalty of imprisonment in Section 47 of the Thailand Consumer Protection Act will be appropriate to control lookalike packaging.

4. Legal Measure Related to Remedying Consumers from the Effect of Lookalike Product Packaging

The United Kingdom provides legal measure related to remedying consumers from the effect of lookalike product packaging in Part 4A of the Consumer Protection (Amendment) Regulation 2014, consumers' right to redress from misleading actions and aggressive conduct can be found in the Consumer Protection from Unfair Trading Regulation 2008.

Consumers have a private right to redress⁹ by unwinding the relevant contract¹⁰ or a discount¹¹ or damages¹².

The legal measures related to remedying consumers from the effect of lookalike product packaging in Germany can be found in the Act against Unfair Competition, UWG) as follows:

- (1) Right to sue for elimination, cessation and desistance¹⁶
- (2) Right to claim compensation for damages¹⁷
- (3) Right to sue for the surrender of profits¹⁸

The legal measures related to remedying consumers from the effect of lookalike product packaging can be found in the Australian Consumer Law, as follows;

- (1) Right to sue for the court to grant an injunction¹⁹
- (2) Right to claim for pecuniary penalties²⁰
- (3) Right to claim for damages²¹
- (4) Right to claim for compensatory and preventative orders²²
- (5) Orders for non-party consumers²³

In my opinion, the legal measures related to remedying consumers from the effect of lookalike product packaging under the special law in Thailand are inadequate to protect consumers. Moreover, the legal measures related to remedying consumers from lookalike product packaging

⁹ The Consumer Protection (Amendment) Regulations 2014, reg 27A

¹⁰ Ibid., reg 27E

¹¹ Ibid., reg 27I

¹² Ibid., reg 27J

¹⁶ The German Law of Act Against Unfair Competition, s 8(1)

¹⁷ Ibid., s 9

¹⁸ Ibid., s 10(1)

¹⁹ The Australian Consumer Law, s 232

²⁰ Ibid., s 224

²¹ Ibid., s 236

²² Ibid., s 237 (2)

²³ Ibid., s 239

in the Civil and Commercial Code does not provide an obvious remedy, but relies on interpretation. Furthermore, the remedial measure is inappropriate and does not cover the damages of consumers. However, the legal measures related to remedying consumers from the effect of lookalike product packaging under the special law of the United Kingdom has many advantages in that it provides redress for consumers, as well as obviously awarding consumers with the appropriate right to directly complain to the trader before take action in the court due to a civil recovery for this practice being difficult.

Conclusion

In response to the legal problems related to protecting consumers from lookalike product packaging, it is suggested that the Thailand Consumer Protection Act B.E 2522 and the Thailand Consumer Case Procedure Act B.E. 2551 should be amended to control lookalike product packaging and increase consumers' rights by giving them the right to redress for damage caused by lookalike product packaging, as follows;

1. Legal Measures to Control Lookalike Product Packaging in Thailand

1.1 Pre-Market Control Measure

This measure should provide that business operators may send the Committee a sample of packaging if there is doubt about whether it looks like another product in the market or not for their consideration and an opinion on this matter before use.

1.2 Post-market Control Measure

In terms of a post-market control measure, the Committee on labels and packaging should be given the power to order businessman to stop using or revise any labels or packaging that may cause consumers to misunderstand the material facts concerning these goods.

2. Legal Remedies for the Effect of Lookalike Product Packaging in Thailand

It is suggested that the legal remedy should be developed by adding a new provision in the Thailand Consumer Case Procedure Act B.E. 2551 for consumers' right to redress, as follows;

- (1) Right to Unwind the Contract
- (2) Right to a Discount
- (3) Right to Claim Damages to Compensate

References

Laws & Regulations

The Australian Consumer Law

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Electronic Media

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Australian Case

Homart Pharmaceuticals Pty Ltd v Careline Australia Pty Ltd (2017)
FCA 403 (Federal Court of Australia)