

# INTERACTION BETWEEN IP AND COMPETITION LAW IN THAILAND

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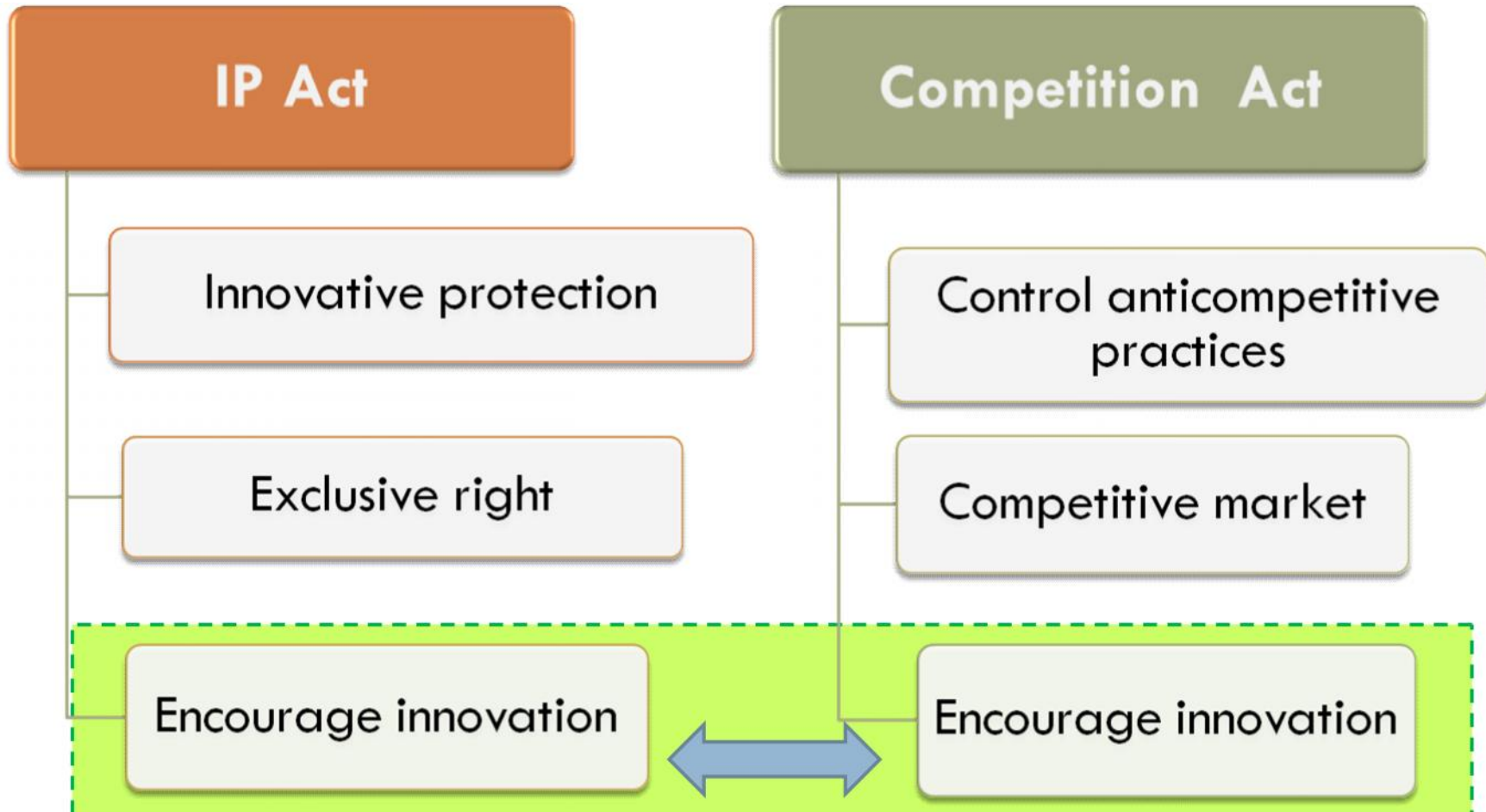
Department of Intellectual Property

# Outlines of the Presentation



- Exploring Intellectual Property Laws and Competition Law of Thailand
- Addressing the interface issues
  - ▣ Pharmaceutical Issues
  - ▣ IP and Competition Remedies
- Case study of The Office of the Trade Competition Commission (OTCC) of Thailand

# Relationship of IP & Competition



# Intellectual Property Law of Thailand



1. Copyright Act B.E.2537
2. Patent Act B.E.2522
3. Trademark Act B.E.2534
4. Act for the Protection of Layout-Designs of Integrated Circuits B.E.2543
5. Trade Secret Act B.E.2545
6. Protection of Geographical Indication Act B.E.2546
7. Control of Optical Disk Production Act B.E.2548

# Licensing Provision in Copyright Act



- Section 15 of the Copyright Act provides authors of copyrighted works with the exclusive rights of
  1. Reproduction or adaptation
  2. Communication to the public
  3. Rental of the original or the copies of a computer program, an audiovisual work, a cinematographic work and sound recordings;
  4. Assigning benefits accruing to other persons
  5. Licensing the rights mentioned in item 1-3, with or without conditions, provided that such conditions shall not unfairly restrict competition.

# Licensing Provision in Patent Act

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- Section 41 of Patent Act provides that the license contract and the assignment of a patent shall be in writing and registered with DIP.
- If it appears that a clause in a license contract is contrary to the provisions of Section 39, the Director-General shall submit such contract to the Board of Patent. If it is held by the Board that the contract is contrary to the provisions of Section 39, the Director-General shall **refuse the registration of such contract or invalid the unfair part.**

# Licensing Provision in Patent Act



- Section 39 of the Patent Act provides that a license should not have the follow clauses;
  - ▣ Imposing upon the licensee any condition, restriction or any royalty term which is unjustifiably anti-competitive.
  - ▣ Having conditions, restrictions or terms which is unjustifiably anti-competitive as prescribed in the Ministerial Regulations;
  - ▣ requiring the licensee to pay royalties for the use of the patented invention after the patent has expired.
  - ▣ Having conditions, restrictions or terms concerning royalties which are contrary to the provisions of this Section are null and void.

# unjustifiably anti-competitive license

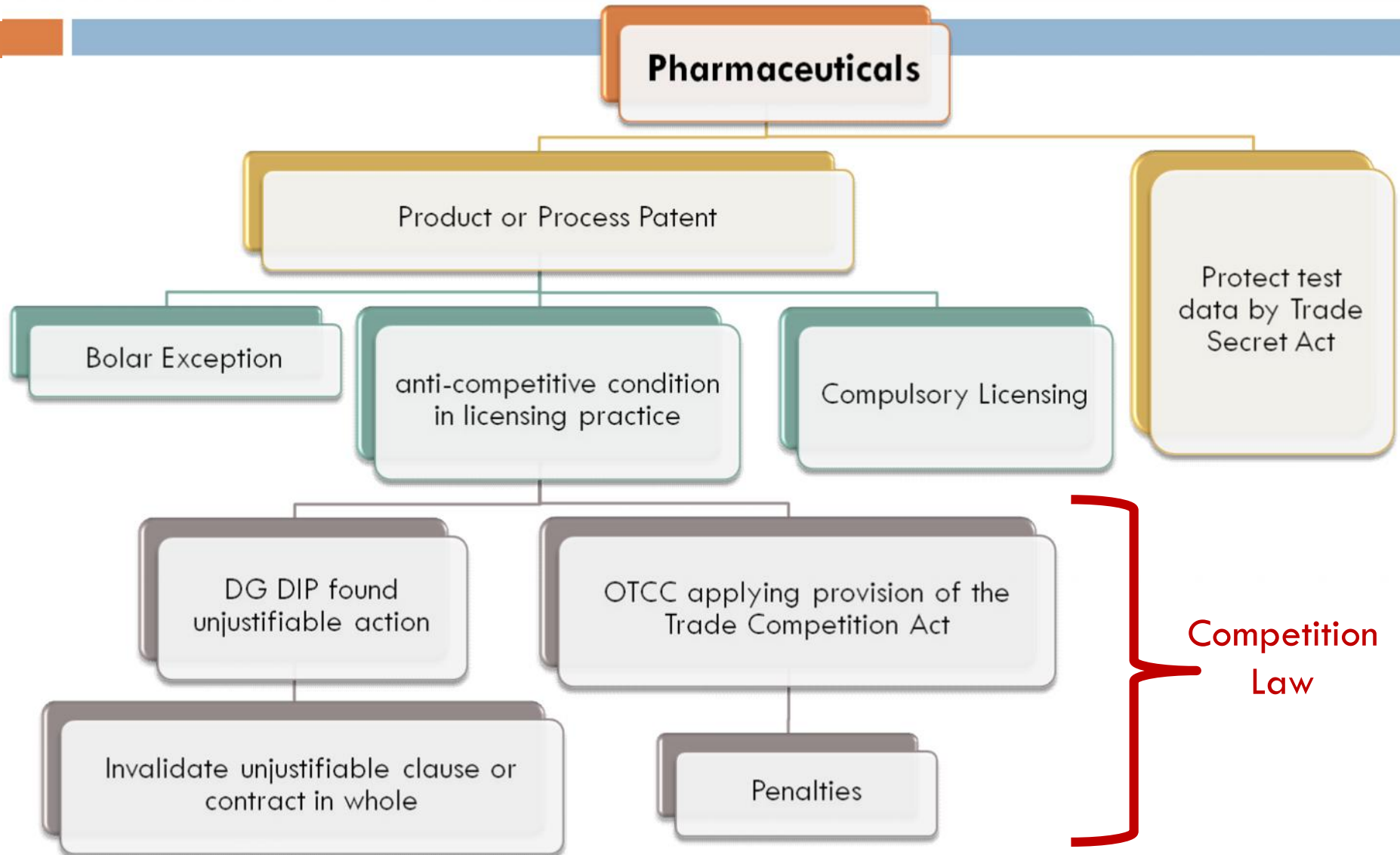
- Ministerial Regulation No.25 gives some example of unjustifiably anti-competitive licensing practice such as
  - a requirement that the licensee shall obtain all or part of the material to be used in production from the patentee
  - a requirement that the licensee shall sell or distribute more than half his production to the patentee or persons designated by the patentee
  - a restriction on the quantity of production, sale or distribution of the licensee's products
  - a requirement that the patentee or the owner of the patent shall have authority in fixing the selling price or marketing of the products manufactured



# Address the interface issues

- Pharmaceuticals Issues
- IP and Competition Remedies

# Pharmaceutical Protection



# Pharmaceutical Issue

## Available IP Protection

- Pharmaceuticals are eligible for both process and product patents under Patent Act
- Test data submitted to FDA is protected under Trade Secret Act
  - ▣ **Section 15 Trade Secret Act** : Applicant can request FDA to maintain the trade secret from being disclosed, deprived of or used in unfair trading activities.
  - ▣ In practice, FDA will permit generic follow-on applicants for marketing approval to rely on the data, subject to bioequivalence testing

# Pharmaceutical Issue

## Limitation of Exclusive Rights

- **Section 36 Patent Act** : Permits generic manufactures to use a patent in order to apply for marketing registration to immediately market after the expiration of patent. (*Bolar exception*)
- **Section 46(2) Patent Act** : Patentee fails to exercise patent rights by not selling the patented product in the domestic market after certain period of time.
- **Section 51 Patent Act** : Permits government use compulsory licensing for the public interest.

# Pharmaceutical Issue

## Anti-competitive practice of patent owner

- **Section 39 Patent Act** : Prohibits the patentee to impose unjustifiably anti-competitive license
  - ▣ Ministry Regulation provides some guidelines of “unjustifiable” action such as price fixing, quantity restriction clause, etc.
  - ▣ If Director General of DIP found that the licensing contract is unjustifiably anti-competitive, the DG will refer the question to the Board of Patent to invalidate the anti-competitive clause or the contract in whole.

# Pharmaceutical Issue

- Section 25(3) of Trade Competition Act : If a threshold of dominance is involved, the OTCC will investigate the complaints and issue a preliminary findings.
- Threshold, according to the Notification of the OTCC of February 2007, is a finding of dominance as defined by market share in the previous year over 50% and at least 1,000,000 million baht turnover.
- If the OTCC found that the competition law is violated, the case will be transmitted to an administrative tribunal, which may affirm the findings and issue a remedy in the form of fines or specific performance.

# Comparative Study on IP & CP



**UNCTAD  
2009**



*“The Interface of Intellectual Property & Competition law in Thailand : International & Comparative perspective”*

**DIP  
Project  
Study  
2008**



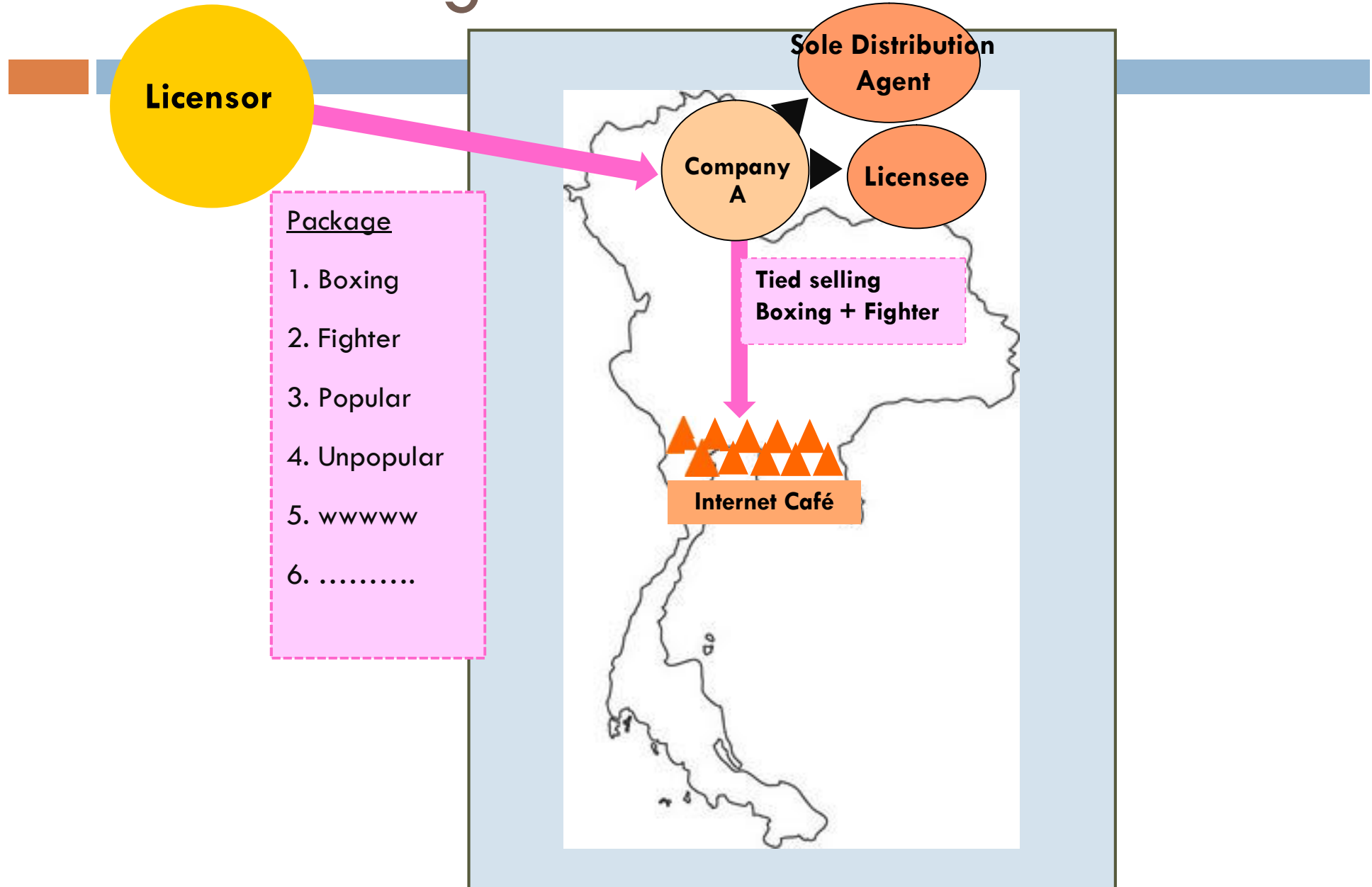
*“The Interaction of the Intellectual Property Act and the Competition Act”*

# IP and Competition Remedies

- No clear linkage between IP laws and Competition laws
- In Patent Act, license will be void and unenforceable, no financial penalty
- No provision of article 31(k) of TRIPS Agmt available specifically in Thai Patent Act, arguably whether it can be applied through section 51 (Government Use) of the Patent Act
- No provision concerning the enforcement of the Competition Act against any violations committed outside Thailand (may be interpreted to be enforced by the virtue of Criminal Code)

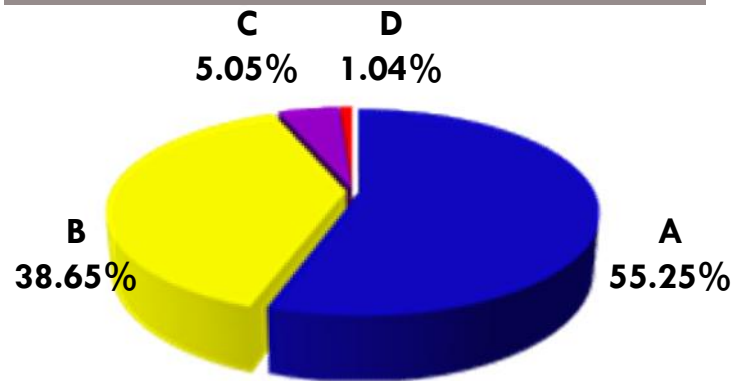


# Tied selling Software Game



# Offline Game Market in Thailand

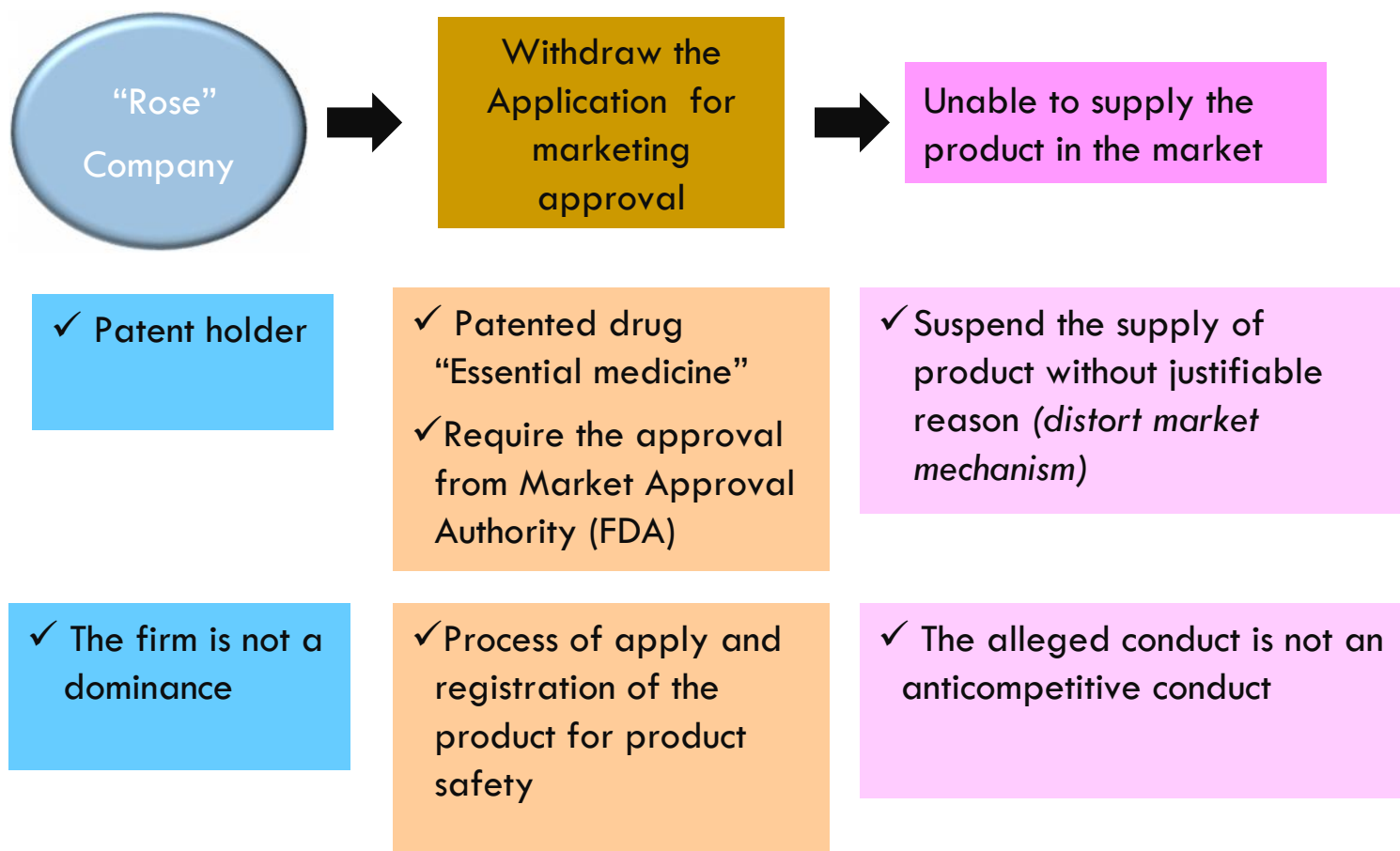
## Market Share



## Sale Volume

Ranking	Company	Sale volume (Million Baht)	Share (%)
1	A	60.1	55.25
2	B	42.07	38.65
3	C	5.50	5.05
4	D	1.13	1.04
	total	108.80	100.00

# Pharmaceutical Anti-Competitive Case





Thank You!



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