



How to Secure Effective Evidence of IP infringement in South-East Asia

1. Evidence of IPR infringement in South-East Asia

Piracy, counterfeiting, infringement, copying, stealing, reproducing, replicating, call it any name you want, this is one of those crimes every successful business fears. The ramifications can be significantly detrimental and costly to the survival of businesses. Companies that have spent valuable time and resources building a strong brand or to innovate can have their reputation eroded in a matter of months. With the Internet, social media, e-commerce and through online marketplaces, piracy and counterfeit sales can reach a worldwide audience so much more quickly. Negative product reviews, complaints, confusion between genuine and fake goods have also made the process of brand erosion more devastating than ever. Even when it is obvious that the product is a knock off, the desirability of products bearing that brand may diminish and hence the value of the brand may quickly crumble.

In light of the above, it is crucial to equip businesses with information on how to gather evidence of infringement of their intellectual property rights (IPRs) in order to effectively enforce their IPRs in the countries where infringement takes place. As evidence is usually one of the key points to a successful enforcement of businesses' IPRs, businesses should take care to ensure that adequate resources are spent on gathering valid evidence of IPR infringement, when the circumstances call for the same.

2. What Evidence can be procured?

Enforcement is based on proof of evidence which would need to comply with certain requirements in order to be admissible

in enforcement proceedings. Most IPR infringement actions, therefore, start with the process of collecting evidence. Generally speaking, "evidence" is understood to refer to every type of proof legally presented at trial (allowed by the judge) which is intended to convince the judge and/or jury of alleged facts that are essential to the case. Evidence can be made up of "direct evidence", for example objects, oral testimony of witnesses, including experts, documents, public records and photographs. It also includes the so-called "circumstantial evidence" which is intended to create belief by showing surrounding circumstances which logically lead to a conclusion of fact. In the world of proving IP crimes or to seek justice on civil and administrative actions, evidence we usually encounter would be sample purchases, advertising materials including those published online, brochures, leaflets, invoices, photographs, information developed through digital forensics, among others. In criminal enforcement, preliminary evidence to form the basis for the suspicion that a crime has been committed is also needed to secure the support of law enforcement to act and irrefutable evidence is required to successfully prosecute a case in court.

3. Evidence and Stages of IPR Enforcement Actions

i) Investigation Stage

Initially, brand owners are made aware of possible infringements usually through tip offs, consumer complaints or through their own market survey, research or investigations. To verify if a product is counterfeit, a sample will need to be obtained by the brand owner. In most cases, the services of a professional private investigator will be needed. This

1. Evidence of IPR Infringement in South-East Asia
2. What Evidence can be procured?
3. Evidence and Stages of IPR Enforcement Actions
4. SME Case Study
5. Take-Away Messages
6. Glossary of terms
7. Related links and additional information



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is followed by an evaluation or comparison of the differences between the genuine and counterfeit products.

Once it is confirmed that the product is indeed counterfeit, the brand owner can choose to conduct further investigations to find out more information, such as commencing field investigations or market surveys to identify sources of supply of counterfeit goods or ascertain the extent of the availability of the counterfeits.

If the objective is to take criminal enforcement actions, trap purchases (e.g. buying samples with the intent to obtain the counterfeit product) are then made to garner evidence to produce before the court in support of an application for a search warrant. Other evidence that forms the bundle of information submitted to law enforcement and ultimately the judge granting the search warrant (in a case that requires a search warrant) includes invoices, site maps, floor plans, photographs, recorded conversations and videos (where admissible) and in the case of software copyright infringements, digital forensic or other evidence of installation and use will be helpful.

It is important to note that the burden of proof and requirements for validity to convince law enforcement to act differs across every country in Asia. In some countries, a letter of complaint stating suspicion or based on informant information may suffice for law enforcement to conduct a raid. Elsewhere, the burden of proof requires notarised evidence and conclusive evidence before any action can be taken. In some jurisdictions, for the police to act, elements of organised crime may need to be shown, otherwise the police would refer the case to local enforcement authorities.

For example, under the laws of Singapore, the owner or licensee of a copyright or a registered trade mark (the “objector”) may give the Director-General of Customs (“Director General”) a written notice stating that he objects to the impending importation of infringing copies of copyright material or trademark-infringing goods. The objector must provide sufficient information (1) to identify the infringing copies or goods, (2) to enable the Director-General to ascertain the time and place where the infringing copies or goods are expected to be imported, and to satisfy the Director-General that the copies or goods are indeed infringing.

In addition, the notice shall be accompanied by (1) a statutory declaration that the particulars in the notice are true, (2) a fee of SGD200 (approximately EUR125), (3) a security in the form of deposit or bank guarantee as required under Copyright Act or Trade Marks Act, and (4) a Letter of Undertaking to bear all costs relating to the seizure, transportation, storage and disposal of the infringing copies or goods. (EU SMEs may also wish to note that the objector is also required to furnish a security that is sufficient (1) to reimburse the government for any liability or expense it is likely to incur as a result of seizing the infringing copies or goods, and (2) to pay such compensation as ordered by the court for loss suffered by the defendant if the infringement action is dismissed or discontinued.)¹

Similarly, in Vietnam, IPR holders are entitled under Article 217

¹ Quick Guide for Copyright and Trade Mark Owners and Licensees: <https://www.customs.gov.sg/businesses/border-enforcement-of-intellectual-property-rights/quick-guide-for-copyright-and-trade-mark-owners-and-licensees>.

of the Vietnam Law on Intellectual Property to request for the application of measures to control intellectual property-related imports and/or exports (which measures include (a) suspension of customs procedures for suspected infringing goods, and (b) inspection and supervision to detect goods showing signs of intellectual property right infringement). To request for the application of the aforementioned measures, IPR holders are required to (1) produce documents and evidence proving that they are the holders of the IPRs, (2) supply information sufficient to identify the suspected infringing goods, (3) file written request with the customs offices and pay the prescribed fees, and (4) pay damages and other expenses incurred to the persons subject to control measures in cases where the controlled goods are found to have not infringed upon the holders’ IPRs. The IPR holders are similarly required to deposit a security, which may be in the form of a sum of money equal to 20% of the value of the goods lot subject to the application of the measure of suspension of customs procedures, or at least VND 20 million where it is impossible to value such goods lot. Alternatively, the security deposit may be in the form of a guarantee deed issued by a bank or another credit institution.²

Elsewhere in South-East Asia, enforcement authorities may be able to exercise their powers and their own initiatives to take preventive measures with respect to allegedly infringing goods. Under the Indonesian Government Regulation No. 20 of 2017 on the Control of Import and Export of Goods Allegedly Constituting or Deriving from Intellectual Property Infringement (“GR No. 20/2017”), the owner or right holder of trade marks and/or copyrights can file for recordation with the Customs Office.³ Based on the trade mark or copyright recordation, the Customs Office will be able to exercise its powers on its own initiative to take preventive measures with respect to import and export of allegedly infringing goods. In particular, the Customs Office will notify the owner or right holder recorded in the Customs Office’s database of any alleged infringing goods being shipped into or outside Indonesia together with sufficient evidence thereof if the Customs Office identifies such potential illegal activities.

Upon receipt of the Customs Office’s notice, the owner or right holder must confirm the notice within 2 days from the date of the notice, and proceed to seek a suspension order from the Court within 4 days from the date of confirmation of the notice. The suspension order, if issued by the Court, may then be enforced by the Customs Office (e.g. by sending notice to the relevant parties and holding a physical examination of the alleged infringing goods). It is therefore highly recommended that prior to expending time and resources on investigations, EU SMEs should consult brand protection specialists or law firms to coordinate the investigations.

² Vietnam Law on Intellectual Property (No. 50/2005/QH11: http://moj.gov.vn/vbpg/en/lists/vn%20bn%20php%20lut/view_detail.aspx?itemid=5966.

³ The requirements for filing an application for recordation are as follows:- Evidence of trade mark and/or ownership; Information on the characteristics of the originality of products and/or the specification of copyrighted products; and Statement from the owner or right holder with respect to any consequences arising from the recordation.

The Customs Office will issue an approval or rejection letter to such application within 30 days upon receipt of such application. If the application is approved, the trade mark or copyright recordation will be valid for 1 year (and is extendable).

The investigator's knowledge and experience with evidence collection and preservation is coupled with the legal guidance of what minimal evidence is needed is important. Evidentiary purchases must be made lawfully, and the "chain of custody" must be preserved in order for that evidence to be useful and admissible in court.

Evidence obtained by Entrapment

In criminal cases, investigators may make test purchases in order to collect evidence. In most cases, it would be a straightforward purchase of ready-made products. However, in some other cases, the infringement occurs through a process (for example, in software cases, a computer dealer installs an unlicensed copy of software into the computer) or a manufacturer is asked to make a copy as a sample. The defendant in such a case often raises the so-called entrapment defence, denying the probative value of such evidence.

Generally, if the defendant intends to perform or has performed infringing acts before the brand owner makes the purchase, and the purchase merely provides the infringer an opportunity for infringement, then the evidence obtained is admissible. However, if the defendant does not intend to infringe but is induced to perform the infringing act by the way in which the rights holder collects the evidence, then such evidence may be viewed unfavourably and may be lead to an entrapment.

Investigators may also collect evidence to demonstrate that the defendant's infringement took place over a period of time. This can prove to some extent that the infringing act is not a one-off action caused by the investigator.

Notarisation of Evidence of Infringement

Notarisation of evidence of infringement is not legally required in most countries in South-East Asia. Notarised evidence has stronger probative force and accepted by Courts in China or any other Chinese enforcement authority. For example, evidence of infringement by means of notarisation would be the purchase of a sample infringing product whilst accompanied by a notary public.⁴ Therefore, if you will discover that the source of counterfeit you are suffering in South-East Asia is actually in China, most likely you will start a legal action (also or solely) in China. However, in most other countries in South-East Asia, properly documented, independent evidence will suffice, and the probative value will depend on the weight given to it by the judge through a rigorous cross examination process.

For example, in Singapore and Malaysia, usually evidence needs not be notarised. However, generally evidence will have to be pointed out by way of statutory declaration made before a commissioner for oaths. In some other countries, such as Vietnam, IPR holders may be required to submit notarised copies of the documents proving that they are the holders of the IPRs (e.g. notarised Certificates of Registration of Trade Marks) to the relevant

enforcement authorities when filing an application requesting the latter to take administrative measures against the allegedly infringing goods. In addition, in Vietnam and Thailand, evidence may sometimes be required to be translated and/or notarised/legalised if the evidence submitted is in the form of a foreign document.

Evidence of Online Infringements

Increasingly, e-commerce sales of goods in the South-East Asian region have been growing exponentially. Unfortunately, apart from being a forum for legitimate suppliers or vendors to sell their products to the end customers, the Internet has also been used by unscrupulous businesses to distribute counterfeit products. In this regard, online infringements, while undesirable, may also present brand owners the opportunity to collect valid evidence for the purposes of subsequent IPR enforcement actions against the relevant parties involved in the online infringements.

To gather evidence of IPR infringement on an e-commerce website, brand owners may create an account on the website and subsequently make sample purchases from said website. When the goods are delivered, shipment documents may also be useful as they may reveal information on the sellers of the counterfeit goods.

The sample purchases of counterfeits may be the basis for the initial warning letters (also known as "take-down notices") that brand owners may send to the e-commerce website operators. Alternatively, they may be used in the subsequent legal actions that are commenced by the brand owners to enforce their IPRs.

For more information about evidence in online infringements in South-East Asia, please refer to our Guide 'How to Remove Counterfeit Goods from E-Commerce Sites in South-East Asia' available here.

ii) Enforcement Stage

Once sufficient evidence has been obtained which identifies the alleged infringers, brand owners may request, via Letters of Demand (also known as Cease and Desist Letters), that the alleged infringers cease the infringing acts. A Letter of Demand usually comprises undertakings on the part of the alleged infringers to cease the infringing acts and refrain from committing similar infringing acts in the future. The Letter of Demand will also identify the IPRs that are being infringed.

Should the alleged infringers choose to ignore the Letters of Demand, EU SMEs may consider enforcing their IPRs via criminal prosecution instead. The evidence collected at the investigations stage may be sufficient for criminal prosecution but usually prosecutors require additional evidence secured through an enforcement raid to support the evidence of the commission of the crime. Sometimes, brand owners also hope through the enforcement raid that the infringing activity is stopped and a strong message is sent to other infringers that the law is being enforced.

⁴ http://www.china-iprhelpdesk.eu/sites/all/docs/publications/EN_Enforcement_Mar-2016.pdf

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The evidence collected during raids are usually samples being sold, displayed, stored in warehouses, at various stages of manufacture, invoices, receipts, purchase orders and other computer records, eye witness testimony from those participating in the raid action and statements taken from those operating the infringing business. Further evidence may also be obtained to identify infringers that operate higher up the supply chain.

Ensuring the chain of custody is intact is probably the most important aspect at the enforcement stage. The chain of custody⁵ is a process that must be followed for evidence to be legally defensible (i.e. acceptable to courts and government agencies). It involves these main elements, namely (1) the evidence collector properly identifies the evidence, (2) the evidence collector must be

⁵ <https://definitions.uslegal.com/c/chain-of-custody/>

a neutral party who has no personal interest in the test results, and (3) the evidence collector tamper-proofs and secures evidence at the collection site. Many criminal investigations and enforcement cases have failed due to a break of chain of custody, so it is critical to ensure investigators and law enforcement officials work closely with lawyers or brand protection specialists to ensure all processes are followed. Generally speaking, enforcement proceedings in South-East Asia follow very formal requirements, the absence of which may void the effectiveness and validity of the evidence. It is therefore very important for EU SMEs to understand the local laws and regulations which may differ for each country.

4. SME Case Study

Case study 1: Online infringement in Malaysia

Background: The website FastBuy is an e-commerce platform in Malaysia through which users can purchase a wide variety of goods. FastBuy is operated by FastBuy Pte. Ltd. ("FastBuy"). Petite Pretty is a famous fashion brand for ladies in Malaysia, who recently learned that Petite Pretty clothes are listed for sale on FastBuy although there has never been any business relationship between FastBuy and Petite Pretty.

Actions taken: Petite Pretty carries two sample purchases and ascertains that the clothes ordered from FastBuy website are counterfeit. Petite Pretty then proceeds to send FastBuy a Letter of Demand requesting FastBuy take down the counterfeit Petite Pretty clothes immediately, failing which legal actions will be commenced against FastBuy.

Outcome: Shortly after, all products advertised as "Petite Pretty" are taken down from the FastBuy website which was considered sufficiently satisfactory for "Petite Pretty" at that stage to stop the sale of infringing goods.

Lessons Learned: Brand owners are recommended to conduct sample purchases after learning of the alleged infringing acts. The sample purchases may form the basis for brand owners to send out Letters of Demand (or "take-down notices") to the alleged infringers, or may be used as evidence in the subsequent legal actions commenced against the alleged infringers.

Case study 2: Private Investigation in Vietnam

Background: Exact replicas of Brand AZ's goods are being sold on a number of local markets in Vietnam by a family-owned business headed by Company B.

Actions taken: After learning of the alleged infringement, Brand AZ decides to hire a private investigator to conduct sample purchases from all the stores run by Company B and obtain evidence and more information of the scale of the infringement. Brand AZ then turn over the sample purchases and other information it has gathered on the family-owned business to the police, and request for the police's assistance in conducting raids at Company B's shops.

Outcome: The police finds infringement on-site. A fine is therefore imposed on Company B, while the infringing goods are confiscated and destroyed.

Lessons Learned: Brand owners should work with local enforcement agencies, as that may prove to be the more effective method to end IPR infringement. While such penalties are generally not as harsh as penalties that can theoretically be awarded under civil litigation or criminal prosecution, in practice administrative actions may offer a more realistic chance of stopping infringers quickly, especially in the case of small infringers.

Before the local enforcement agencies could take action, valid evidence of infringement is required.

5. Take-Away Messages

The collection, custody and preservation of evidence is a vital aspect of evidence integrity. If proper procedures are not followed, crucial evidence that could potentially have great impact on a court case could be rendered useless. In South-East Asia, it is not uncommon to find non-IP lawyers defending IP cases. These skilled defence lawyers in criminal procedures will look to scrutinise every step taken by the investigators and law enforcement officials involved within the case with regards to the custody of evidence and, in doing this, attempt to undermine the admissibility of such evidence.

In many parts of South-East Asia, local law enforcement officials are not well versed in investigating IP crimes. Further, the specialised nature of IP prosecutions only serves to underscore the necessity for brand owners to ensure private investigators who have the expertise, knowledge and experience guided by IP legal practitioners are engaged to gather evidence and preserve it in a way that allows for its use during criminal prosecutions.

6. Glossary of terms

- **Alleged infringer** – Refers to a person who is suspected of selling or offering for sale counterfeits, or otherwise infringing upon another person's intellectual property rights.
- **Chain of custody** – In legal contexts, refers to the chronological documentation or paper trail that records the sequence of custody, control, transfer, analysis, and disposition of physical or electronic evidence. Particularly important in criminal cases, the concept is also applied in civil litigation.
- **Counterfeits** – Refers to goods to which a trade mark has been applied without the consent of the trade mark's proprietor or its licensee(s).
- **E-commerce websites** – Refers to websites which serve as an intermediary platform to facilitate transactions in the sale of products between buyers and sellers.
- **Entrapment** – Usually refers to a practice whereby a law enforcement agent induces a person to commit a criminal offence that the person would otherwise have been unlikely or unwilling to commit. This method of collecting evidence is usually discouraged and therefore, in many jurisdictions, entrapment is available as a defence against criminal liability.

7. Related links and additional information

- Visit our Guide on Top 20 IP consideration when entering a new market in South-East Asia - <http://www.southeastasia-iprhelpdesk.eu/sites/default/files/publications/Top20-English.pdf>
- Visit our Guide on Protecting Your Industrial Designs in South-East Asia - <http://www.southeastasia-iprhelpdesk.eu/en/content/helpdesk-guides>
- Visit our Guide on Patent Protection in South-East Asia - http://www.southeastasia-iprhelpdesk.eu/sites/default/files/publications/EN_patent.pdf
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- Visit our Guide on Protecting Your Trade marks in South-East Asia - http://www.southeastasia-iprhelpdesk.eu/sites/default/files/publications/EN_TM.pdf
- Visit the country factsheets of each South-East Asia countries – <http://www.southeastasia-iprhelpdesk.eu/en/country-factsheets>
- Visit other publications at South-East Asia IPR SME Helpdesk website – www.ipr-hub.eu
- Visit the Helpdesk blog <http://www.youripinsider.eu/> related articles on IP in South-East Asia and China

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