

Case Study

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Vice President of Phnom Penh
Municipal Court of First Instance,
Cambodia

Another Country

ABCM Corp.
(Manufacturer & Seller of
Construction Machineries)

YBCM (Def)
(Wholly Owned
Subsidiary)

⑥ Incorporation

⑦ Import of CM

① The Exclusive
Distributorship
Agreement

② Import of
Construction
Machineries ("CM")

⑧ Sales & Lease
of CM

Def's Mark1: **ABCM**

Def's Mark2: **ABCM + Images
of CM**

Def's Mark3: **The Word which
is expressed "ABCM" in the
Language of your Country**

⑤ Termination

⑨ Lawsuit

XBC (Plf)
(The Former Sole
Distributor)

ABCM
(Plf's Trademark)

The IP Authority
of your Country

③ Exclusive Distribution of CM

④ Registration of the Trademark

The Designated Goods

"Construction Machineries etc."

Your Country

Q1. What kind of claims and allegations might XBC (plaintiff) raise regarding trademark infringement in Your country?

- The plaintiff who believes its mark is being infringed may choose to sue the defendant in civil litigation. The complaint must include the following points as below:
 - ✓ Assertion of ownership rights to the trademark,
 - ✓ Identification of the accused trademark infringer/defendant,
 - ✓ An explanation of the relevant facts,
 - ✓ Identification of the grounds upon which the action is based (e.g., trademark infringement),
 - ✓ Identification of how the owner has been harmed by the defendant,
 - ✓ Assertion of unauthorized use of the mark, and
 - ✓ A request for a form of relief.
- There are varieties of remedies available for the right holder include the following:
 - Requesting the injunction order to stop the defendant from using he accused mark.
 - Requesting an order to destroy or forfeit the infringement goods.
 - Requesting for remedy relief which include the defendant's any damage sustained by the plaintiff and cost of the action and
 - Requesting an order that the defendant paying the attorney's fees.

Q2. What kind of defenses and allegations might YBCM (Defendant) raise regarding trademark infringement in your country? (for example, non-similarity of the mark, cancellation of registration or invalidation of plaintiff's trademark, license, etc)

- YBCM shall prove the facts that would either eliminate or mitigate the defendant's liability for the plaintiff's claims
- YBCM shall prove the facts that XBM has no validation of license and not use the mark in business as below:
 - a) YCBM is the wholly owned subsidiary of ABCM Corp disposing the right to import, sell and lease the ABCM's products in Cambodia.
 - b) ABCM Corp. had legally terminated the exclusive distributorship agreement with XCB in compliance with relevant laws and contractual obligations in Cambodia. However, XCB unlawfully applied for and registered ABCM trademark in Cambodia without the permission from ABCM Corp. (unlawful act committed by third party art.21 a.) The trademark registration was fraudulent.
 - c) XCB has no good faith for registration. There must be a bona fide intent to use the mark by XBM, which is more than just the idea. XCB did not provide the evidences such as: a business plan, sample products, or other initial business activities.
 - d) Therefore, the court shall rule against the XBM's claim.

Q3.1 Please explain how the trademark infringement cases are judged in your country

- Before suing, the plaintiff should issue a cease and desist letter urging the defendant to stop using the trademark. If it doesn't work, the plaintiff shall file a complaint to the court to remove this infringement.
- Currently, there is no specific procedure for handling the commercial case as well as the infringement of trademark. Other than the law concerning Mark, Trade Names and Acts of unfair competition, the court follows civil procedure in dealing with the case.
- After submission of the complaint, the court will review its compliance with article 75 of the civil procedure code. If being in line with, it will be served on the defendant. Then, the judge will, within 30 days after the complaint submitted(art.80), designate the initial day of preparatory proceeding for oral argument (PPOA) to figure out the subject matter of conflict. Next, after successfully arranging the subject matter of conflict, the final date for submission of evidence will be set as well as the date for the proceeding of oral argument (POA) will be decided. During the hearing, the judge will listen to the statements from both parties and examine the evidence one by one based on the point at issue. The final judgment will be delivered within 30 days after the hearing concluded(art.187). Regarding the claim on the monetary or property right, the court, may, upon the motion or its own authority, declare the provisional execution of judgment (art.196). The appeal shall be filed within 30 days after receiving the judgment. Or, it will come into force and become binding.

Q3.2. How you judge trademark infringement in hypothetical case above, including the following points:

- During the preparatory proceeding of oral argument, the parties will provide the affidavit so that the court is able to arrange subject matters of the conflicts. In case study, the marks are, obviously, identical while the goods and trade channels are similar. Thus, the defendant may counterattack the trademark registration based on two factors: the mark is vulnerable on the grounds of non-use; and invalidation of the plaintiff's license. The plaintiff bears the burden of proof in providing the evidence.
- In trademark litigation, the court will observe whether or not a likelihood of confusion exists between two trademarks. Normally, there are three main factors to be, frequently, considered by the court in determining the similarity whether they are close enough in sound, appearance and meaning as below:
 - a) The similarity of the trademark;
 - b) The similarity of goods or services; and
 - c) The similarity of trade channel
- If there are the similarities regarding the designated goods and service, additional factors should be taken into account:
 - a) how and where the parties' goods or services are advertised, marketed, and sold;
 - b) the purchasing conditions;
 - c) the range of prospective purchasers of the goods or services;
 - d) whether there is any evidence of actual confusion caused by the allegedly infringing mark;
 - e) the defendant's intent in adopting its mark; and
 - f) the strength of the plaintiff's mark.

Q4. How are infringement and damages theories asserted, proven and refuted in the course of litigation?

- To support a trademark infringement claim in court, a plaintiff **must prove that** :
 - It owns a valid mark, that it has priority (its rights in the mark(s) are "senior" to the defendant's),
 - The defendant unlawful use of mark; and
 - It is likely to cause confusion in the minds of consumers about the source or sponsorship of the goods; and
 - Causing harm on right holder
- Damage theory
 - A copyright holder can recover actual damages and the infringer's profits if he or she successfully proves copyright infringement. Other than the injunction, other remedies available shall include:
 - ✓ costs of litigation,
 - ✓ damages,
 - ✓ Plaintiff's loss of profits,
 - ✓ the defendant infringer's profits, treble damages, and attorney fees.

Q5. Please explain how damages for trademark infringement are calculated in your country?

- If the plaintiff can prove that his right was infringed, the defendant will bear all liabilities resulting from his unlawful act.
- The methodology for damage calculation in the course of infringement are below:
 - Owner's lost profits "lost of market value"
 - Disgorgement of infringer's profits "infringer's gross revenue"
 - Reasonable royalty
 - Corrective advertising
 - Augmented punitive damages
 - Statutory damages
 - Legal fees

Q6. if the Plaintiff had registered the plaintiff's trademark but has not actually been used for the sale of construction machinery, would the decision in Q1 to

Q5 be affected?

- Law concerning Marks Trade Name and Acts of Unfair Competition allows for the cancellation of a trademark registration if, for a continuous period of five years from the date on which the mark was entered into the Trade Marks Register, there has been no *bona fide* use of the trademark for the goods/ services covered by the registration. In this case, the registered trademark becomes vulnerable to a cancellation action.
- In defining the use of mark, the court should incorporate the following factors:
 - A trademark is considered to be in use if it is used on goods (say on packaging or on the good itself) or in relation to services (say in promotional material relating to a service).
 - However "use" also encompasses actions other than actual sale of goods or rendering of services. For instance, it would be sufficient if a party can demonstrate that it has taken a "preparatory step" to use the mark .
 - The use must be significant, commercial use of the mark on or in relation to the goods/ services.
- If the plaintiff is unable to prove that the mark has not been in use for the period of five years from the date on which the mark registered as defining in article 15 of the law concerning Mark, Trade Name and Unfair Competition, the court wont go through the entire steps from Q1 to Q5 as elaborated above.

Q7. if this case were filed in your country, what final judgment would you expect to taking into account the defendant's defenses available? Please briefly explain your conclusion and reason?

- If the defendant is unable to prove that the mark had not been in use for the period of 5 years after its registration as mentioned in Q6, the court will rule in favor of the plaintiff's claim.
 - A registered trademark doesn't become vulnerable to a cancellation action, since the period prescribed in article 15 of the law concerning marks, trademark and acts of unfair competition allows for the cancellation of a trademark is 5 years after obtaining registration. However, the time difference between the date of obtaining the registration and the date of filing of the complaint is only two years. Thus, the conditions stated in article 15 are not satisfactory.
 - Besides, the plaintiff has obtained a registered trademark in Cambodia while the defendant or ABCM hasn't and no application was filed under the Madrid Protocol. Thus, ABCM's trademarks are not protected in Cambodia.
- The final judgment will follow the plaintiff's claim as explained in Q1.

Q8. Please explain the enactment or amendment of any trademark laws in your country within the last five years, including the recent legislation to be complaint with treaty obligation?

- During the past five years, no enactment or amendment of any trademark laws had been made in Cambodia.