

Malaysia

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1. Legal framework

National

The trademark registration system in Malaysia is governed by the Trademarks Act 1976 and the Trademarks Regulations 1997.

International

Malaysia acceded to the Paris Convention for the Protection of Intellectual Property on January 1 1989. In 1994 Malaysia signed the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), and accordingly Malaysia has reviewed its domestic IP laws and amended them in order to comply with the various requirements and obligations under the TRIPs Agreement.

2. Unregistered marks

Rights in unregistered marks are protected under Section 82(2) of the Trademarks Act, which allows actions in respect of passing off.

The nature of the right protected or sought to be protected by a passing-off action is the goodwill generated by the use of a mark, name or get-up or other indicia in the course of business of a trader.

3. Registered trademarks

Ownership

Any person claiming to be the proprietor of a trademark used or proposed to be used by it may apply to the registrar of trademarks for the registration of that trademark in the Trademarks Register.

The person that first uses a mark in Malaysia in conjunction with its goods or services is entitled to claim ownership over it.

In this respect, in *Lim Yew Sing v Hummel International Sports & Leisure A/S* ([1996] MLJ 7) the Malaysian Court of Appeal held that it was permissible for a local person to apply to register a trademark belonging to a foreigner which had never been used in Malaysia. This decision was recently followed by the Court of Appeal in *McLaren International Ltd v Lim Yat Meen* ([2007] 7 MLJ 581) (see section 4 below).

However, Section 14(d) of the act, which took effect from August 1 2001, seems to lessen the effect of the *Lim Yew Sing* decision. It expressly prohibits the registration of a trademark if it is identical or similar to a mark that is well known in Malaysia and used by another party for the same type of goods or services.

Scope of protection

Malaysia still adopts the definition of a 'mark' as laid down in the UK Trademarks Act 1938, as opposed to the modern definition of a 'sign' now found in legislation in the United Kingdom, Hong Kong and Singapore.

A 'mark' is defined to include a device, brand, heading, label, ticket, name, signature, word, letter, numeral or any combination thereof (Section 3 of the act). This definition is wide, but not exhaustive.

According to Section 10(1) of the act, a trademark must contain or consist of at least one of the following elements in order to be registrable:

- the name of an individual, company or firm represented in a special or particular manner;
- the signature of the applicant for registration or of some predecessor;
- an invented word or words;
- a word having no direct reference to the character or quality of the goods or services not being, according to its ordinary meaning, a geographical name or surname; or
- any other distinctive mark.

The requirements under Sections 10(1)(a) to (e) stated above are disjunctive and even if a mark does not satisfy all the requirements of Sections 10(1)(a) to (d), it can still be registrable if it satisfies the requirement of Section 10(1)(e) (ie, if it qualifies as a distinctive mark).

In the final analysis, most Malaysian trademarks are registered on the justification that they are distinctive marks. In this respect, a more relaxed standard of distinctiveness, in line with the standard for a Part B mark under the previous legislation, has been adopted since August 1 2001. The more relaxed standard lays emphasis on the capability of a trademark to distinguish in fact rather than its inherent distinctiveness. However, trademark applications filed before August 1 2001 are still subject to the higher standard of inherent distinctiveness.

Although a mark may be registrable under any essential elements of Section 10 of the act, registration does not follow as a matter of course. Not only does the registrar have a discretion to refuse, but the act also contains four broad prohibitions against registration, which are based primarily on the protection of public interest. The statutory prohibitions are as follows:

- The use of the mark is likely to deceive or cause confusion to the public, or would be contrary to law (Section 14(1)(a));
- The mark contains or comprises any scandalous or offensive matter, or would otherwise not be entitled to protection by any court of law (Section 14(1)(b));
- The mark contains matter which might be prejudicial to the interest or security of the nation (Section 14(1)(c)); and
- The mark is identical to or closely resembles a mark that is well known in Malaysia used by another party for the same type of goods or services (Sections 14(1)(d) and (e)).

4. Procedures

Examination

Application: The first step in the application procedure is the filing of the requisite application form (TM5 - five copies must be filed), a statutory declaration of the applicant claiming to be the proprietor of the trademark and an index card setting out the particulars of the trademark application, together with the prescribed fee.

The Trademarks (Amendment) Regulations 2007 came into force on July 12 2007, amending the Third Schedule of the Trademarks Regulations 1997. Previously, the class headings of Classes 1 to 45 of the Nice Classification were listed in the Third Schedule. However, the amendment has removed the class headings and instead makes reference to the International Classification of Goods and Services for the Purposes of the Registration of Marks established pursuant to the Nice Agreement on June 15 1957, including any amendments made to it from time to time, and the International Classification of the Figurative Elements of Marks established pursuant to the Vienna Agreement of June 12 1973, including any amendments made to it from time to time.

Previously, Malaysia was not a signatory to the Nice Agreement or the Vienna Agreement; the Malaysian Trademark Registry nevertheless adopted these international classifications as guidelines. On September 28 2007 Malaysia became a party to the Nice Agreement and the Vienna Agreement. Therefore, the Trademark Registry will now apply any new editions of the Nice Classification and Vienna Classification. The ninth edition of the Nice Classification came into effect on January 1 2007, while the sixth edition of the Vienna Classification has been in force since January 1 2008.

Substantive examination: After filing a trademark application, it takes about one year for

the application to be examined. Once substantive examination is completed and the examiner is of the view that the mark under application is objectionable on some grounds, he or she will issue an office action on Form TM70 setting out the grounds for objection.

The applicant is given an initial period of two months to respond to the office action, usually by way of written submissions. If the registrar receives no reply, the application will be deemed abandoned. An extension of time is possible by paying the prescribed fee. If the written submissions fail to convince the registrar, the applicant may make a request for a hearing and present arguments orally before the registrar.

Acceptance: If no official objection is raised or the objections are overcome, the registrar will send a Form TM29 to the applicant containing direction for publication of the trademark in the *Government Gazette*. Once the applicant confirms that the particulars of the Form TM29 are correct, the applicant must return the form to the registrar together with four bromide prints of the mark and the prescribed fees within two months of the date of the form for the purpose of publication of the mark in the *Government Gazette*.

Publication: The process of preparing a mark for publication in the *Government Gazette* takes six to 12 months.

Opposition

Any interested person is given a period of two months from the date of the advertisement to lodge opposition proceedings against the registration of the trademark. The two-month period for opposition can be extended on good grounds.

Opposition is initiated by the opponent filing a notice of opposition setting out the grounds of opposition. Within two months of receipt of a notice of opposition, the applicant may file a

counterstatement setting out the grounds on which it relies in support of its application.

The parties have two months to file their respective evidence of use. This period may be extended upon application.

The registrar will then give notice to the parties of a date (usually one month from the notice) by which they may submit any written submissions.

After expiration of this period, the registrar shall consider the evidence and written submissions and shall, within two months, communicate to the parties in writing the decision on the matter and the grounds of that decision. The registrar's decision is subject to appeal to the High Court.

Registration

If there is no opposition after the expiration of the two-month period or if the opposition is ultimately dismissed, the mark will be ready for registration and the registrar will issue the registration certificate. The trademark will be registered for a period of 10 years from the date of application.

Renewal

An application to renew a registration may be filed two months before the expiry date. It will normally take two to three months for the registrar to issue the renewal certificate. The renewal period is 10 years and a mark can be renewed indefinitely.

Removal from register

A registered trademark can be removed from the register upon application of an aggrieved person if:

- it was registered without the trademark applicant having a good-faith intention to use the mark and it has in fact not been used in good faith; or
- the trademark is not used for a period of three years from the date of registration (the date on which the trademark was entered in the register).

In the recent decision of *McLaren International Ltd v Lim Yat Meen* ([2007] 7 MLJ 581) the Court of Appeal held that before a removal or cancellation action can be launched, the applicant must prove that it is an aggrieved person. The court did not define who is an 'aggrieved person', but merely stated that the best approach to arrive at a correct decision as to whether an applicant is an aggrieved person is "by bringing all the available evidence to bear before the judge, rather than debating whether the terminology of 'an aggrieved person' should be given a wide or restricted interpretation".

In this case the applicant McLaren International Ltd owned the well-known mark MCLAREN, which is associated with Formula One racing. It applied to remove Lim Yat Meen's identical mark for clothing and shoes from the register. Lim's mark had been registered since 1992 and was regarded as conclusive after being registered for seven years. The court held that when Lim registered his mark in 1992, the MCLAREN mark was not used in Malaysia and such appropriation by a local trader was legitimate following the *Lim Yew Sing Case* (see section 3 above). Further, McLaren was "in the business of fast lanes and fast cars", while Lim was "in the mundane business of shoes and slippers". It is clear that the court was of the view that McLaren was unlikely to suffer any damage. McLaren had yet to set up business in Malaysia and, even if McLaren did ultimately set up business in the country, the court held that "in all probability [that business] would also be different from that of the respondent's footwear business".

Thus, it appears that the Court of Appeal takes a very restrictive approach in deciding whether an applicant is an aggrieved person for the purpose of a removal action. An 'aggrieved person' appears to be confined to a person whose business or trading interests would suffer direct damage. This may not follow the letter and spirit of the TRIPs Agreement, whereby the interests of an owner of a well-known trademark are to be protected, irrespective of

whether it has a local business presence or whether the businesses are similar.

In terms of procedural requirements, it is mandatory for an applicant in a removal action to provide a copy of its counterclaim and the particulars of objections to the validity of the registration to the registrar of trademarks pursuant to the requirements of the Rules of the High Court. Failure to do so will result in the dismissal of the application for removal (see *Wembley Gypsum Products Sdn Bhd v MST Industrial Systems Sdn Bhd* [2007] 7 MLJ 193).

In *Industria De Diseno Textil SA v Edition Concept Sdn Bhd* ([2005] 2 CLJ 357, [2005] 3 MLJ 347) the court held that the required period of three years of non-use runs from the date of actual registration and not the date of application for registration.

In addition, pursuant to Section 45 of the act a registered trademark can be removed on the following grounds:

- The entry was wrongfully made or entered in the register; or
- The entry wrongfully remains in the register.

Section 37 of the act provides that in all legal proceedings relating to a trademark registered in the register (including an application for expunction under Section 45), the original registration of the trademark shall, after the expiration of seven years from the registration date, be taken to be valid in all respects unless it is shown that:

- the original registration was obtained by fraud;
- the trademark violates Section 14; or
- the trademark was not, at the commencement of the proceedings, distinctive of the goods of the registered proprietor.

In *Bata Ltd v Sim Ah Ba @ Sim Teng Khor* ([2006] 6 MLJ 445) the Court of Appeal reaffirmed the effect of Section 37. Further, the court held that the relevant time to consider the issue of the

continuing likelihood of confusion (Section 14) or lack of distinctiveness is the time of filing the application for expunction. Regarding the issue of a likelihood of confusion, the court declared that a mere possibility is not sufficient; there must be “a real tangible danger of confusion”.

An aggrieved person needs to make an application by way of an originating motion to the High Court moving the court to make an order to expunge or vary an entry in the register.

Merger

An application for recordal of merger is made using the prescribed Form TM15 together with the merger document and the required fee. It takes approximately six to 12 months to record a merger in respect of a trademark registration.

Change of name

An application for recordal of change of name is made using the prescribed Form TM16 together with the certificate of incorporation of change of name and the required fee. It takes about two to three months to record a change of name in respect of a trademark registration.

5. Enforcement

Civil proceedings

A trademark infringement action must be based on a registered mark. For registered marks, it is possible to sue for trademark infringement and passing off. In the case of unregistered marks, the sole redress for the proprietor is to sue for passing off.

Section 38 of the Trademarks Act provides for two types of trademark infringement:

- unauthorized use of an identical or confusingly similar mark in respect of goods or services within the scope of the registration; and

- unauthorized use of an identical or confusingly similar mark which imports a reference to the registered proprietor or its goods.

Civil remedies: A successful plaintiff in a trademark infringement or passing off action may obtain the following relief:

- a permanent injunction;
- an order for delivery up of offending matter or obliteration of the offending trademark;
- damages in respect of past infringement or, in lieu of damages, an account of the profits made by the defendant from the sale of the marked goods; and
- a declaration that the defendant has infringed.

Interlocutory injunctions: Pending trial of the action, which may take some time, the plaintiff may resort to some interlocutory relief such as applying for an interlocutory injunction. The Malaysian courts have followed the principles laid down in the celebrated case of *American Cyanamid Co v Ethicon Ltd* ([1975] AC 396) when deciding whether to grant an interlocutory injunction.

Anton Piller order: If there is strong reason to believe that the defendant may destroy the infringing articles or other evidence of infringement or passing off, the plaintiff may make an *ex parte* application for an Anton Piller order.

An Anton Piller order is an order requiring the defendant to allow the plaintiff or its representatives to enter the defendant's premises to search and seize any infringing evidence.

Mareva injunction: A plaintiff may also apply for a Mareva injunction, which is a form of preventive relief granted *ex parte* to the applicant, restraining the defendant from dissipating its assets out of the jurisdiction before any judgment is obtained.

Summary judgment: It is possible to obtain summary judgment for trademark infringement

if the plaintiff can demonstrate to the court that there is no defence to the claim.

In *Intel Corporation v Intelcard Systems Sdn Bhd* (Civil Suit D8-22-1381-2002) (see Teo Bong Kwang and Azrul Hamid, "Summary judgment process works for Intel", World Trademark Law Report, April 1 2005) the High Court reaffirmed that it has the jurisdiction to grant a permanent injunction and an assessment of damages in a summary judgment in relation to a trademark infringement.

Damages: An award of damages is by far the most common remedy in a trademark infringement or passing off action. There is no fixed quantum of damages for either action. It is incumbent upon the plaintiff in a successful action to prove its losses. Normally, separate proceedings (after the trial) are held to determine or assess the damages incurred by the plaintiff.

The case of *Wembley Gypsum Products Sdn Bhd v MST Industrial Systems Sdn Bhd* ([2007] 7 MLJ 193) illustrates how damages are calculated. In this case the Court of Appeal upheld the trial court's award of damages amounting to RM4.83 million (approximately \$1.5 million) for trademark infringement and passing off. The appeal court held that the trial court was right to use the defendant's total sales bearing the infringing mark and the profit margin of 32.5% as a basis in arriving at the damages. The appeal court also confirmed the award of 8% interest on the damages, calculated from the date of the first wrongful use of the trademark to the date of realization. This is the first reported case in Malaysia where the basis for the calculation of damages for a trademark infringement and passing off action has been discussed.

Jurisdiction: In recognizing the importance of intellectual property as an engine of growth for the country's economic and social development, on April 27 2007 the Malaysian government unveiled a new National Intellectual Property

Policy (NIPP) to encourage the development and protection of intellectual property.

In addition, Prime Minister Datuk Seri Abdullah Badawi announced the government's commitment to the NIPP, which includes setting up:

- a RM5 billion fund (\$1.4 billion) to be used over the next five years;
- an IP Academy; and
- specialized IP courts.

The IP courts were officially launched on July 17 2007 with the establishment of a dedicated IP High Court and an IP Criminal Sessions Court in Kuala Lumpur. In September 2007 the chief registrar of the Federal Court issued a circular directing all civil IP cases, which were previously filed with the commercial divisions of the Kuala Lumpur High Court, to be transferred to the newly established IP High Court. The IP High Court is presided over by Justice Datuk Ramli Ali and all IP cases are treated as fast-track cases. Most of the IP cases transferred to the IP High Court were given early trial dates.

With the establishment of the IP High Court in Kuala Lumpur, all trademark and passing-off cases involving trademarks or trade name originating in Kuala Lumpur must be filed with the dedicated IP High Court. In states where IP courts are yet to be established, actions for trademark infringement and/or passing off continue to be filed in the local high courts. This is due to the fact that only the high courts have the jurisdiction to grant injunctive relief. The criminal prosecution of cases involving false trade descriptions is generally instituted in the subordinate courts (eg, the magistrate or sessions courts). Since the establishment of the IP Criminal Sessions Court, all cases involving IP issues are registered with this court.

The Malaysian government intends to establish 15 IP sessions courts with criminal jurisdiction, one

for each state, and six IP high courts with both civil and appellate jurisdiction. The high courts will be known as, for example, the High Court of Malaya (Intellectual Property) as the case may be. The states which will have dedicated IP high courts are states which generally have a higher level of infringement or counterfeiting activities. These states are Kuala Lumpur, Selangor, Johor, Perak, Sabah and Sarawak.

Quasi-criminal proceedings

Besides instituting a civil action for trademark infringement and/or passing off, the proprietor of a trademark can resort to some criminal sanctions to curb counterfeiting activities involving trademarked goods.

The principal legislation that provides for such criminal sanctions is the Trade Descriptions Act 1972. Section 3 of the act creates two distinct offences in connection with goods:

- the offence of applying a false trade description to any goods in the course of a trade or business; and
- the offence of supplying or offering to supply any goods to which a false trade description is applied in the course of a trade or business.

A 'trade description', in relation to a product, is an indication of its nature, quantity, method of manufacture, composition, strength or performance. A trade description can also refer to the manufacturer itself. This definition is wide enough to encompass trademarks affixed to goods.

The controller of trade descriptions, his deputy and assistant have the power to enter premises (but not premises used as dwellings) to ascertain whether any offence under the act has been committed. They also have the power to arrest, investigate, prosecute and compound any offence under the act.

Malaysia has a unique remedy created by statute called a trade description order, which is an

order of the High Court made under Section 16 of the Trade Descriptions Act declaring that a specified infringing trademark or get-up is a false trade description for the purpose of the act. Trade description orders often prove to be highly effective means to enforce a trademark.

A trade description order is conclusive proof in proceedings under the Trade Descriptions Act that the infringing trademark or get-up specified therein is a false trade description when applied to the goods denoted in the order.

Border measures

Any registered trademark owner can apply to the registrar of trademarks for an order to restrict the import of counterfeit trademarked goods. Upon approval, the registrar shall immediately take steps to notify any Customs officer to prohibit any person from importing goods identified in the notice, not being in transit, and shall seize and detain the identified goods.

The goods so seized will be released to the importer unless the trademark proprietor institutes a trademark infringement action within a period specified by the Customs officer. Failure to do so may result in the seized goods being returned to the importer and the trademark owner being penalized with an order for compensation by the court.

6. Ownership changes – legalization requirements

Every assignment to be recognized under the act must be recorded with the registrar of trademarks pursuant to the procedures prescribed.

A trademark licensee may apply to enter itself as a registered user of a trademark registration. A registered user is entitled to sue for trademark infringement under certain circumstances.

7. Related rights

A trademark that is made up of an artistic device may also be subject to copyright protection.

8. Online issues

There are no specific laws in Malaysia protecting trademark owners against unauthorized use of their trademarks in domain names, websites, hyperlinks, online advertisements or metatags. Therefore, the only recourse for such trademark owners is to sue for trademark infringement and/or passing off.

The Malaysian Network Information Centre (MYNIC) is the body responsible for the allocation and registration of the Malaysian country-code top-level domain. The Regional Centre for Arbitration Kuala Lumpur (RCAKL) has been appointed as the '.my' domain name dispute resolution service provider. All domain name disputes are governed and administered in accordance with MYNIC's Domain Name Dispute Resolution Policy (MYDRP), the Rules of the MYDRP and RCAKL Supplemental Rules. The MYDRP is essentially similar to the Uniform Domain Name Dispute Resolution Policy that is administered by the Internet Corporation for Assigned Names and Numbers.

