

Malaysia

New case law shakes up thinking on trademarks

This chapter reviews recently passed statutes on competition law and personal data protection and how they might interact with existing IP laws. It also examines several recent decisions involving trademark and company name disputes where certain issues were decided for the first time.

The Competition Act 2010

Competition laws bring many positive economic effects, particularly to consumers, who benefit from lower prices, more choices and the increased availability of goods and services. The Competition Act 2010 and the Competition Commission Act 2010, which were gazetted in June 2010, are expected to be in force by January 2012.

However, the new acts are a source of potential conflict with IP laws, which legitimise monopolies. The Malaysian courts and the Competition Commission now face the challenge of striking a balance between protecting the interests of IP rights holders on the one hand, and guarding against abuses that may distort competition on the other. The main issue of contention is where an abuse of a dominant position arises when a dominant IP rights holder refuses to grant licences to its competitors. An illustration can be drawn from the case of *European Commission v Microsoft Corporation*, whereby Sun Microsystems had lodged a complaint against Microsoft for abusing its dominant position in the market for client PC operating systems. The latter had refused to supply interoperability information for Windows Work Group Servers. The commission found, among other things, that Microsoft had abused its dominant position and required it to make available and allow the use of the relevant interoperability specification.

Awareness of this new legislation should be increased quickly to avoid the serious consequences of non-compliance. However, there is some doubt as to whether the new Competition Act can be implemented effectively in Malaysia, which has little or no precedent in the area of competition law and policies.

The Personal Data Protection Act 2010

The Personal Data Protection Act 2010 seeks to regulate the processing of personal data in commercial transactions in order to safeguard the interests of individuals. The act was gazetted in June 2010 and will come into force on the date specified by the minister of information, communication and culture. The act applies to any person who processes personal data or who has control over or authorises the processing of personal data of individuals in connection with commercial transactions. However, it does not apply to federal and state governments, or to any personal data processed outside Malaysia, unless the personal data is intended to be further processed in Malaysia.

The act is likely to have a substantial impact on intellectual property, as well as the way in which organisations conduct their business. For instance, organisations that claim copyright over compilations of potential employees' personal data are now legally bound to obtain consent from their clients to process personal data or to disclose that data to prospective employers. Organisations that claim IP rights over confidential information such as client lists would also be affected, as their clients may now withdraw their consent to process their personal data. In addition, a data subject can prevent a data user from processing its personal data for the purposes of direct marketing by giving notice to the data user.

Once the act comes into force, all organisations that process their customers' personal data should reassess their current data privacy policy, data process mechanisms and personal data consents and register themselves as data users.

Case updates

Domain name dispute – OCBC

The domain name in dispute was 'www.ocbc.my'. The first complainant, Oversea-Chinese Banking Corporation Limited, is a prominent commercial bank incorporated in Singapore which has been operating for many years in

Singapore and Malaysia. The second complainant, OCBC Bank (Malaysia) Berhad is the Malaysian subsidiary of the first complainant and the registered proprietor of the website 'www.ocbc.com.my', which it uses to promote its business and that of the first complainant in Malaysia. The respondent was KOMCC Networks, a sole proprietorship registered in Malaysia.

The panel decided in favour of the complainants on two grounds: namely, that the disputed domain name was confusingly similar to the OCBC mark and that it was registered in bad faith. The respondent was ordered to transfer the disputed domain name to the second complainant.

The panel found that the disputed domain name incorporated the complainants' OCBC marks, notwithstanding the addition of 'www', '.com' or '.my', which should be disregarded when considering confusing similarity.

However, the panel took the view that the respondent knew that he was appropriating a well-known name in view of the reputation and prominence of the OCBC mark in Malaysia and other countries, and that the adoption of such a well-known name would lead the public to assume that it was being used with the complainants' permission and/or that the respondent's website was associated with the complainants or established with the complainants' approval. The panel held that the respondent had registered the disputed domain name in bad faith.

The panel also took into account the respondent's subsequent conduct in revamping his website by giving it the name Ocean Beach City and changing the services offered to web hosting after receiving a cease and desist letter from the complainants. At the time that the cease and desist letter was sent, the website to which the disputed domain name resolved carried what appeared to be extensive promotions for real estate.

Trademark owners should be more vigilant since '.my' has become a generic top-level domain instead of a generic second-level domain convention. This is one of the few cases dealing with domain name disputes and it should encourage domain name holders to obtain '.my' registrations in Malaysia to protect their interests against potential cybersquatters.

Removal for non-use – NATURELL

In *Lam Soon Edible Oils Sdn Bhd v Hup Seng Perusahaan Makanan (M) Sdn Bhd* the applicant, Lam Soon Edible Oils Sdn Bhd, filed proceedings to revoke the mark NATURELL on the grounds that it had not been used for three years up to one month before the proceedings. This case dealt with several issues of non-use, which

were decided for the first time by the High Court.

The applicant alleged that it was aggrieved by NATURELL for blocking its trademark application 07009502 for NATUREL in Class 30. The respondent, Hup Seng Perusahaan Makanan (M) Sdn Bhd, relied on a recent decision by the Federal Court in *McLaren International Limited v Lim Yat Meen* ([2009] 4 CLJ 749), and argued that the applicant was not a "person aggrieved" as there was no likelihood of practical damage to it if NATURELL remained on the register, since it had not used NATUREL for goods in Class 30.

Although the court agreed with *McLaren* that it could not be right that the mere filing of an application can confer *locus standi* on the applicant in rectification proceedings, it held that *McLaren* was a special case. The court held here that the applicant was a "person aggrieved", having registered and used NATUREL in Class 29 and applied to register it in Class 30.

The respondent relied on *Industria de Diseno Textil, SA v Edition Concept Sdn Bhd* ([2005] 3 MLJ 347), which held that for purposes of rectification, the three-year period should run from the date of actual registration and not the date of application, which was September 4 1999. The court did not accept the respondent's argument.

The applicant submitted reports by independent market researchers to show non-use of NATURELL during the three-year period. The respondent objected to the reports on the grounds that they failed to comply with the minimum criteria established in *Imperial Group* governing admissibility of such evidence.

The court held that the applicant failed to establish a *prima facie* case of non-use and dismissed the application without requiring the respondent to adduce evidence of use.

The court nevertheless held that the respondent had adduced sufficient evidence of use in good faith during the relevant three-year period.

Concurrent findings overturned – GIORDANO

In *Walton International Limited v Yong Teng Hing (trading as Hong Kong Trading Co)* the Court of Appeal overturned the concurrent findings of the High Court and the registrar of trademarks with regard to an application to register GIORDANO in respect of optical wear and sunglasses in Class 9. Walton International Limited, the proprietor of GIORDANO, filed the opposition in 1995; it was dismissed by the registrar in 2003. Walton filed an appeal to the High Court which was dismissed on the following grounds in 2007, among others:

- the applicant for the Class 9 application was the first

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user of the GIORDANO mark in that class;

- Walton had no reputation or goodwill in the mark in connection with Class 9 goods; and
- goods bearing the GIORDANO mark, mainly articles of clothing, leather goods and fashion accessories, sold by Walton’s licensees did not fit the description of optical wear and sunglasses.

Walton then filed an appeal with the Court of Appeal which was allowed in May 2010. The applicant had applied for leave to appeal to the Federal Court. However, Walton argued that the application should be dismissed without considering the merits since a Court of Appeal decision on a High Court judgment exercising appellate jurisdiction is non-appealable to the Federal Court. This jurisdictional issue has yet to be decided. The Federal Court has so far reserved judgment, but is expected to deliver a decision in the near future.

On whether clothing and optical wear and sunglasses are goods of the same description, the court took account of the fact that both categories of goods are considered fashion items and share a common practical purpose. The court also considered that both are often manufactured, distributed and sold through the same channels, referring to examples such as Giorgio Armani, Dunhill, Cartier and Nike.

Although the court did not rule on whether GIORDANO was entitled to protection under the well-known mark provisions (Walton withdrew this ground since the provisions ratifying Article 6bis of the Paris Convention and Article 16 of the Agreement on Trade-Related Aspects of Intellectual Property were implemented after GIORDANO was applied for), it would appear that the court recognised that a well-known mark which is used for goods in a different class could form

the basis of opposition against an application to register an identical or a confusingly similar mark in a different class.

The Court of Appeal held for the first time that the registrar of trademarks and the court must take into consideration the issue of public interest in deciding whether to allow the registration of a mark in opposition proceedings. The court further held for the first time that the issue of estoppel or *res judicata* did not operate against a party that had failed in an earlier opposition filed against the same mark in a different class, applying the decision of the Court of Appeal of England and Wales in *Special Effects Limited v L’Oreal SA* ([2007] RPC 15). In *GIORDANO* the Court of Appeal reversed the judge’s finding that Walton had accepted the fact that it could not claim monopoly over the GIORDANO mark because it did not appeal against the registrar’s decision in dismissing the opposition filed against an application for the same mark in Class 14 for watches, a few years before filing an opposition to the Class 9 application.

Company name dispute – Digi

DG KOM Sdn Bhd v Registrar of Companies was an appeal to the High Court against the registrar of companies’ refusal to order the second defendant, Digi.com Berhad to change its company name.

The plaintiff contended that the second defendant’s name was confusingly similar to its own name – DG KOM Sdn Bhd – thereby rendering it “undesirable” under Section 22(1) of the Companies Act 1965.

The court held that an appeal of this nature should be heard *de novo*, taking into account evidence which was or could have been available to the registrar at the time of its decision. The court held for the first time in this case that evidence of alleged confusion which occurred

after the relevant date was irrelevant and should be disregarded.

The court took into account whether confusion was established, the degree of confusion, the segment of the public that was confused and the detriment or damage to the plaintiff.

It stated that company names that might mislead or cause confusion to the public are undesirable, irrespective of the company's intention. The court must be satisfied that members of the public would think that the plaintiff and the second defendant are connected or inter-related.

The court held that unavoidable confusion *per se* was insufficient. The plaintiff had to establish that it had suffered some degree of detriment that could be translated into financial loss by reason of the confusion.

To establish confusion, the plaintiff relied on evidence that its name had been misspelt by members of the trade and that correspondence meant for the

second defendant had been mistakenly sent to it.

The court agreed that there was some degree of similarity between the names and that some degree of confusion arose among a small number of the plaintiffs' customers. However, it was not satisfied that the plaintiff had suffered any detriment or financial loss from the alleged confusion as the plaintiff and the second defendant are involved in different fields of activity. The plaintiff had in fact admitted that it did not suffer any financial loss as a result of the alleged confusion – it supplies computer products, while the second defendant is a telecommunications services provider. Although the plaintiff had received some correspondence meant for the second defendant, this did not lead to any loss of business. Neither did the plaintiff suffer from administrative inconvenience as there was no evidence that it had redirected correspondence meant for the second defendant.

The court dismissed the plaintiff's appeal.



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