Malaysia

IP owners reap benefits of innovative protection measures

This chapter looks at recent developments regarding IP rights and protection, and analyses the ongoing battle against piracy and some recent IP cases heard by the Malaysian courts.

General developments

IP Court
In early 2007 Prime Minister Datuk Seri Abdullah Ahmad Badawi pledged to establish a RM5 billion (approximately $1.47 billion) fund to protect Malaysian intellectual property. The proposed action includes helping inventors to develop products and register their creations. Part of the fund has been used to set up the IP Court, which was officially opened on July 17 2007 and will allow IP disputes and infringements to be heard quickly.

Trademarks Law
The Trademarks (Amendment) Regulations 2007 (PU (A) 460/1997) amended the Third Schedule on the Classification of Goods and Services. The regulations replaced the existing classification of goods and services with the International Classification of Goods and Services for the Purposes of the Registration of Marks under the ninth edition of the Nice Classification, which entered into force on January 1 2007.

The regulations also adopted the International Classification of the Figurative Elements of Marks established by the Vienna Agreement to facilitate trademark anticipation searches. This is a step towards uniformity in trademark registrations in Malaysia. The regulations came into force on July 13 2007.

International applications under Patent Cooperation Treaty
Citizens or residents of Malaysia are entitled to file international patent applications. The applicant must file with the Patent Registration Office:

- three copies of the completed Patent Cooperation Treaty Request Form (PCT/RO/101) in English;
- the patent specifications; and
- the prescribed fees.

The international filing fee for the first 30 sheets is RM4,330 (approximately $1,275). A reduction applies if an international application is filed in electronic form.

Promoting intellectual property in Malaysia

MIMOS IP reward scheme
The Malaysian Institute of Microelectronic Systems (MIMOS) is a government-owned research and development organisation specialising in information and communications technology and microelectronics. By implementing an internal IP reward scheme, MIMOS aims to encourage IP generation. The underlying objective of the reward scheme is to establish a culture that fosters innovation, creativity and productivity. MIMOS’s collective target is for every MIMOS employee to have at least one patent disclosure accepted by the Patents Committee each year. For every patent commercialised, the recipient receives a cash reward of up to RM500,000 (approximately $147,000). Once a researcher has filed five patents, he or she is eligible for a gold badge award.

Battle against piracy

Dogs tackle IP crimes
In March 2007 the Motion Picture Association of America lent sniffer dogs Lucky and Flo to the Malaysian Ministry of Domestic Trade and Consumer Affairs to examine packages and sniff out chemicals used in the manufacturing of optical discs. In their five months working in Malaysia, the labradors uncovered more than 1.3 million counterfeit DVDs and CDs worth around US$4.43 million. Lucky and Flo are the first dogs to be used to detect contraband discs anywhere in the world.
and Malaysian officials are considering training their own canines to perform similar tasks.

Rewarding whistleblowers
A software company in Malaysia is rewarding informants with payments of up to RM300,000 for information on the use of unlicensed software. In the event of a successful criminal prosecution for copyright infringement, the offending company and/or its senior management will face a fine of between RM2,000 and RM20,000 (approximately $588 to $5,880) for each pirated copy, a prison term of up to five years or both. The offenders may also face civil action by copyright owners.

Recent cases
Passing off
In Syarikat Zamani Hj Tamin Sdn Bhd v Yong Sze Fun ([2006] 5 MLJ 262) Syarikat manufactures and distributes foodstuffs bearing the TAMIN trademark, including syrups and sauces. Syarikat brought a passing-off action against Yong Sze Fun for the use of an identical and/or confusingly similar mark in relation to syrups and cordials. Syarikat also filed complaints with the Enforcement Division of the Ministry of Domestic Trade and Consumer Affairs, resulting in the seizure of the defendant’s products.

Yong claimed that it had used the trademark TAMIN since 1991 and was the first to use it in relation to syrups and cordials. It counterclaimed for passing off by the plaintiffs and slander to title and goods.

The High Court held that Yong had passed off its goods as those of Syarikat by using the TAMIN trademark for syrups and cordials. The court held that misrepresentation depends not on whether the products traded under the marks are identical, but rather on whether confusion and/or deception might arise from the defendant’s subsequent use of the mark.

Yong also argued that Syarikat did not own the goodwill in the TAMIN trademark, claiming that the goodwill belonged to the registered proprietor of the TAMIN trademark, Sharifah Hj Tamin, the executive chairman of Syarikat. The court held that there was clear evidence that Syarikat had taken over the business of its predecessors, including all associated goodwill.

Yong adduced market survey evidence to show that it was the first to use the TAMIN trademark and that the mark was distinctive of Yong through use. However, the court was critical of the market survey as the evidence was limited to a particular geographical area and the target respondents were Yong’s customers; therefore, they did not represent a cross-section of the public. The court ultimately placed little, if any, weight on the market survey evidence.

In dismissing Yong’s counterclaim for slander to title and goods, the court held that Syarikat’s statement to the ministry was true since it had shown that it was the rightful owner of the TAMIN trademark. Further, Yong failed to show any malice on Syarikat’s part in making the complaints.

Trademarks
An Indian curry house located in Kuala Lumpur, trading under the mark MCCURRY, has lost a five-year legal tussle with US fast-food restaurant chain McDonald’s Corporation.

In McDonald’s Corporation v McCurry Restaurant (KL) Sdn Bhd (Kuala Lumpur High Court Civil Suit D6-22-989-2001) the Kuala Lumpur High Court ordered McCurry Restaurant to stop using the prefix ‘Mc’, which it held to be distinctive of McDonald’s Corporation, both on its own and in conjunction with food items. Therefore, McDonald’s could claim the goodwill and reputation in its business with reference to the prefix ‘Mc’. The court further ruled that the curry house, in using the signature colours distinctive of McDonald’s, could have confused the public into thinking that its restaurant was associated with McDonald’s.

The court stated that McCurry’s actions were a deliberate attempt to take unfair advantage of McDonald’s reputation, causing damage to the goodwill and reputation of McDonald’s and eroding the singularity which it enjoys in relation to the MC trademark.

In its claim McDonald’s stated that it had created the prefix ‘Mc’ as a source or badge of origin to enhance its business. It had applied for and secured numerous registrations for the mark MC and for MC with a suffix or suffixes in many countries around the world. The curry house denied it had used the prefix ‘Mc’ to enhance its business and insisted that the MCCURRY trademark, with its red and gold logo which features a chicken giving a thumbs-up sign, was an abbreviation for a popular local dish, Malaysian chicken curry.

The court has yet to rule on the damages to be awarded. McCurry is to appeal the ruling.

In Acushnet Company v Metro Golf Manufacturing Sdn Bhd ([2006] 7 CLJ 557) the plaintiff sought summary judgment against the defendant for trademark infringement, seeking:

- an order to stop the defendant from infringing the plaintiff’s registered trademark permanently;
- delivery up of the infringing goods;
- disclosure of the parties involved; and
- monetary compensation.
The plaintiff manufactured clothing and golfing equipment and was both the common law and registered proprietor in Malaysia of the TITLEIST trademark. The defendant was a company incorporated in Malaysia. Following a raid on the defendant’s premises by the Enforcement Division, counterfeit goods bearing the TITLEIST trademark were seized. The defendant contended that summary judgment was not an appropriate order as there were several triable issues. Its main contention was that it had purchased the counterfeit goods from a third-party company, which it claimed was an authorised manufacturer of the plaintiff’s original products bearing the TITLEIST trademark. In granting the plaintiff’s application for summary judgment, the High Court held that the plaintiff’s trademark was valid and that the third-party company had no authority to sell the goods to the defendant. Therefore, in purchasing and reselling the goods for a profit the defendant infringed the plaintiff’s trademark. The court further held that in order to avoid infringing the plaintiff’s trademark, the defendant should have carried out its own due diligence to ensure that the third-party company was authorised by the plaintiff. Innocence is not a defence to trademark infringement.

In Kenwood Electronics (M) Sdn Bhd v Profile Spec (M) Sdn Bhd ([2007] 2 CLJ 732) the first named plaintiff was a Malaysian company and the exclusive distributor of Kenwood car and home audiovisual equipment in Malaysia for the second named plaintiff, Kenwood Corporation. The second plaintiff was the registered proprietor of the KENWOOD trademark. The plaintiffs alleged that the defendants had deceived the public by passing off their products as the same Kenwood products as were sold by the plaintiffs in Malaysia. The first plaintiff contended that it had widely advertised and promoted its Kenwood audiovisual products and had therefore acquired valuable goodwill in Malaysia in the name ‘Kenwood’ in connection with audiovisual equipment. It also contended that by sourcing, selling and importing audiovisual equipment from Kenwood’s distributors elsewhere, the defendants had damaged the first plaintiff’s goodwill. The second plaintiff contended that the defendants had infringed its rights as the registered proprietor of the KENWOOD trademark by selling equipment bearing the trade name ‘Kenwood’ contrary to the wishes of the second plaintiff. Therefore, the plaintiffs sought an order to stop the defendants from importing and selling audiovisual equipment bearing the Kenwood brand name in Malaysia without the plaintiffs’ consent.

In dismissing the plaintiffs’ claims, the High Court held that the Kenwood audiovisual equipment sold by the defendants comprised genuine Kenwood products, and the complaint of trademark infringement was therefore unfounded. The court further held that the mere fact that the defendants’ activities caused the plaintiffs to lose potential profits did not constitute a cause of action.

In Walton International Ltd v Yong Teng Hing t/a Hong Kong Trading Co ([2007] 4 MLJ 133) Walton International Limited was an associated company of Giordano Limited. The appellant was the registered proprietor of the GIORDANO trademark for various goods in Malaysia. The first respondent was the sole proprietor of Hong Kong Trading Co and had also applied to register the GIORDANO mark in Class 9 (glasses and sunglasses). The registrar accepted the application. Following the Official Gazette notification, the appellant filed a notice of opposition. The registrar rejected the opposition and accepted the first named respondent’s application to register the GIORDANO mark in Class 9. The appellant appealed to the High Court, arguing that it was the originator of the GIORDANO trademark and that the first respondent had copied that mark, thereby misappropriating the reputation, goodwill and commercial advantage inherent in the appellant’s mark. The first named respondent argued that it was the first user of the mark in respect of Class 9 goods in Malaysia as it had been selling glasses and sunglasses under the GIORDANO mark since 1992. In dismissing the appellant’s appeal, the High Court held that the first named respondent was the first person to use the GIORDANO mark in Class 9 in Malaysia and that there was no evidence of use by the appellant of the mark on Class 9 goods, either prior to or after the first named respondent’s trademark application. Therefore, the appellant had no reputation or goodwill in the GIORDANO mark in connection with goods in Class 9. Consequently, the court held that there was no risk of confusion as alleged by the appellant.

Copyright

In August 2006 the Court of Appeal issued its decision in Columbia Pictures Industries Inc v ODVD Manufacturer Sdn Bhd (D8-22-319-2003). Columbia Pictures Industries Inc owns the copyright in the film Stuart Little 2 in Malaysia and Media Max Com Sdn Bhd is its exclusive licensee for reproducing and distributing the film in VCD format in Malaysia. Columbia alleged that ODVD Manufacturer Sdn Bhd had infringed its copyright by reproducing the film and distributing copies in Malaysia without its authority.

On September 4 2002 enforcement officers from the...
Ministry of Domestic Trade and Consumer Affairs raided ODVD’s premises and seized 550 discs containing the film. The premises were raided again on September 13 2002 and two exemplar discs were seized from ODVD’s replication lines. The two exemplar discs were examined and found to have the same characteristics and defects as the 550 discs previously seized by the ministry.

Columbia subsequently commenced civil proceedings against ODVD, claiming for loss and damage to its goodwill, reputation, trade and business, and diminution in the value of its licensing activities. It also sought an injunction against ODVD to prevent further copyright infringement.

In its defence ODVD disputed Columbia’s copyright in the film and alleged that it had the necessary licence to carry out its business, without stating that it had the right to reproduce and distribute the film. ODVD also counterclaimed for defamation and applied to strike out the suit on the grounds that the action “disclosed no reasonable cause of action, is scandalous, frivolous and vexatious, may prejudice, embarrass or delay the fair trial of the action or is otherwise an abuse of process of the court”. It contended that Columbia’s claim was unsustainable since information gathered during criminal anti-piracy operations conducted by the ministry could not be disclosed to Columbia, as to do so would breach the Copyright Act 1987. Therefore, Columbia had no evidence to support its claim.

In dismissing the application the High Court held that there was reasonable cause of action as the statement of claim disclosed sufficient facts to show that the case merited a trial. The High Court also held that the mere fact that Columbia’s evidence may be weak and the claim might be unlikely to succeed at trial was not grounds to strike out the action.

The Court of Appeal dismissed ODVD’s appeal and upheld the High Court decision, thus allowing copyright owners to file civil actions based on information gathered during criminal anti-piracy operations conducted by law enforcement agencies.