

## TRADEMARK WARS: PROTECTING YOUR BRAND IN THE BATTLE AGAINST INFRINGEMENT – MALAYSIAN CONTEXT

### **Introduction**

There are various forms of Intellectual Property (“IP”) that grant recognition or benefits to their creators, such as trademarks, patents, copyrights, etc. This article focuses on trademark protection and infringement issues, highlighting the significance of trademark registration and the actions available in case of infringement.[1]

A trademark serves as a distinguishing sign for goods and services, encompassing various elements such as brand, label, name, word, numeral or combinations thereof. Formal registration of trademark grants the proprietor an exclusive right to use and control the usage of such registered trademark in commerce, thus facilitating enforcement against unauthorised use. Meanwhile, brands signify a broader identity and reputation associated with a product, service, or organisation. Brands may exist and be closely used in relation to the marks that are yet registered in the country, and its protection strength derived from the branding efforts of the owner.

In Malaysia, trademark law is primarily governed by the Trademarks Act 2019 (“**TMA 2019**”) and Trademark Regulations 2019 (“**TMR 2019**”) – (collectively referred to as “**Trademarks’ Laws**”), which outline the registration rights of the proprietors of the registered marks, administrative procedures, as well as the civil and criminal sanctions for registered trademark violations in Malaysia.

### **Importance of Trademark Registration**[2]

Registering a trademark provides the owner with extensive intellectual property rights provided under the Trademarks’ Laws and safeguards the brand’s identity in the marketplace. The proprietor of any registered trademark has the exclusive right to use their mark in Malaysia and is permitted to take legal recourse(s) in any event of unauthorized use

of the same. This includes the right of submission of formal complaints on the potential or alleged trademark infringement to the Enforcement Division of the Ministry of Domestic Trade, or if the proprietor is so keen, to pursue a private legal action through civil litigation to defend its trademark's integrity.

Additionally, trademark registration serves as evidence of ownership, with the obtainment of certificate of registration ("**Certificate**") for such mark from the Intellectual Property Corporation of Malaysia ("**MyIPO**"). The issuance of the Certificate will serve as prima facie evidence, establishing the legal ownership of the proprietor of the trademark and thus, shifting the burden of proof to the alleged infringer. This Certificate not only represents the credibility of ownership of the proprietor but also safeguards their marketing effort and business integrity from third party infringement, thereby strengthening the proprietor's position in the Malaysian marketplace.

### **Risk of Not Registering a Trademark**

It is worth noting that by not registering a brand with MyIPO, the owner of such brand may face significant issues as follows:

- (i) lack of proprietary rights towards the brand;
- (ii) loss of business opportunity to the other party; and
- (iii) legal risks of being associated with misrepresentation, bad quality of products or services and other branding's face value issues.

Under the Trademarks' Laws, no individual or party is permitted to initiate any action to prevent and/or to recover damages for the infringement of an unregistered trademark. Instead, the Trademarks' Laws stated that the right of action for infringement of unregistered mark would be made through the action of passing off.[3]

The concept of passing off originates from a common law tort which allows the owner of an unregistered mark to take legal action against the alleged infringer for the unauthorised use of their unregistered mark. It serves as a legal recourse against the misappropriation of a mark, primarily used for unregistered marks by another party.

For the owners who have yet to register their mark with MyIPO, the path to establishing passing off requires the following three (3) complex elements:

- (i) the existence of goodwill or reputation attached to their goods or services;
- (ii) evidence of misrepresentation by the infringing party; and
- (iii) the damages incurred.

As compared to the concept of '*prima facie* evidence' for the registered mark, passing off

action involves more active and complex evidential stages for the owner to prove their assertion towards their mark's ownership before (s)he can establish the elements of the infringement itself and the loss suffered from such infringement by the alleged infringer. The complex court processes will consequently demand a higher legal fee for the owner to bear, and unfortunately, recovery of these costs and time consumed is uncertain, as the decision varies from case-to-case.

Further to the above, it is worth to highlight that Malaysia practises the 'First-to-Use' principle, i.e., the ownership of any mark will be granted to those who can prove prior use of the mark than any other party<sup>[4]</sup> in Malaysia, provided that the mark in question has attained sufficient goodwill and reputation within the Malaysian market. This principle acknowledges the rights of the first user to claim over a mark in association with the sale of goods and/or services.

In most cases, it would be easier to establish a trademark infringement claim (as provided under the Trademarks' Laws for the registered trademark) compared to passing off claim from an evidentiary point of view (for the unregistered mark).

Further, non-registration of a mark poses other business risks, particularly regarding its treatment as an asset of the business entity. Unregistered mark which does not possess the Certificate from MyIPO may be challenged and/or face difficulties to be transferred to any individuals or entities. In other words, unlike registered mark, which can be clearly assigned as an asset, used as collateral for loans, and/or included as part of a franchise and/or business licensing agreement, an unregistered mark faces hurdles in terms of assertion of its origin, documentation to prove ownership and the potential liability risks in the future.

It is worth to note that without registration, there is no official recognition of ownership to substantiate the exclusive rights under the Trademarks' Laws. The recognition relies solely on goodwill associated with the owner of the mark, making them vulnerable of being challenged by a concerned third party. Therefore, it can be concluded that unregistered marks lack the credibility and legal standing required for full functionality within commercial transactions or agreements in Malaysia.

Moreover, the owner of unregistered marks in Malaysia consistently face unwelcomed legal risks, including misrepresentation of business entities, product or service quality issues and other branding challenges. While these can be mitigated with legal cease-and-desist letters and asserting control rights over the unregistered marks, disputes over ownership of such marks may ultimately require resolution in court. This contrasts with registered marks, which offer the proprietor immediate assertion of ownership rights and enforceable rights under Trademarks' Laws, supported by the Certificate. In this scenario, court intervention becomes necessary only if infringement persists, perhaps due to ignorance of the alleged infringer or others.

## **Infringement over the Registered Mark**

According to **Section 56(1) of TMA 2019**, the registered proprietor shall have the right to institute court proceedings against any person who has infringed or is infringing the registered trademark. In fact, the law extends the same right to act against individuals who have performed actions that could potentially lead to trademark infringement.[5] In essence, the registration of a trademark will give the proprietor the statutory exclusive right to use those marks to the exclusion of the other person.[6] Thus, no one else is permitted to use the registered trademark without explicit permission from the proprietor.

If the registered trademark is being copied or there is an attempt to copy or misrepresent the proprietor's brand for the purpose of selling closely similar products or services, the proprietor can take legal actions to protect their trademark. As the registered proprietor of the trademark, they can immediately issue a cease-and-desist letter and letter of undertaking to the infringing party demanding a stop to the unauthorised use of their mark and refrain from repeating such actions in the future. This action can be done independently or with the assistance of legal professionals. Ideally, resolving such disputes through communication and compromise without resorting to litigation can be both cost-effective and timesaving.

However, in cases where an amicable resolution cannot be reached, pursuing legal action becomes necessary for the proprietor to protect the exclusivity and reputation of the registered trademark in Malaysia. When bringing forth an infringement claim, the aggrieved registered proprietor must prove the following elements:[7]

- (i) the infringing party is not the registered proprietor of the trademark;
- (ii) there is no consent obtained from the registered proprietor;
- (iii) the infringing party used the trademark in the course of trade;
- (iv) the infringement leads to confusion or deception among the public;
- (v) the infringing party used an identical trademark in relation to similar goods or services to those for which the proprietor's trademark is registered; and
- (vi) the infringing party used a similar trademark in relation to goods or services that are either identical or similar to those for which the trademark is registered.

In simpler terms, the law says that if someone other than the proprietor uses a registered trademark exactly as it is registered, for the same goods or services, without permission, it is regarded as an act of 'trademark infringement'. Similarly, if they use a closely similar sign for similar goods or services, also without permission, and it causes confusion among the public, it is also regarded as an act of 'trademark infringement'. In such an infringement claim, **Section 56(3) of TMA 2019** provides that the Court may grant relief to the registered proprietor, which includes an injunction to prevent the infringing use of the trademark,

damages, or an account of profits. In the Federal Court case of ***Mohammad Hafiz bin Hamidun v Kamdar Sdn Bhd [2021] 4 MLJ 878***, it was held that if a registered proprietor of a trademark successfully proves a claim for trademark infringement and/or tort of passing-off, the court will then proceed to assess the damages to be paid to the proprietor by the perpetrator as compensation.

## **Conclusion**

In conclusion, trademark registration is crucial in protecting brand identity and commercial interests of any business entities in Malaysia. Failure to register a trademark can lead to risks such as lacking proprietary rights and missing out on opportunities. If someone copies a registered trademark without permission, the registered proprietor can take legal action to uphold the exclusivity and reputation of the trademark. Therefore, registering a trademark not only shields the brand from potential infringements but also establishes a strong foundation for future growth and success.

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1. "What is Intellectual Property?" (WIPO) <<https://www.wipo.int/about-ip/en/>>.
  2. "Trademark Basics" (Intellectual Property Corporation of Malaysia (MyIPO)) <<https://www.myipo.gov.my/en/trademark-basic/>>.
  3. Trademarks Act 2019, s 159(1) and s 159(2).
  4. Note: The other concept available is 'First-To-File' (practiced in other countries such as Indonesia), which grants ownership rights to those who register the mark first with the government agency. However, Malaysia does not adopt this system.
  5. Trademarks Act 2019, s 56(2).
  6. Trademarks Act 2019, s 48.
  7. Trademarks Act 2019, s 54.

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