

## Actions and Remedies for Dealing With Infringement Of Intellectual Property Rights

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### Introduction

The intellectual property system in Malaysia covers the following areas:-

- (a) Industrial Property consisting of:
  - (i) trade marks as governed by Trade Marks Act 1976 and the regulations made thereunder;
  - (ii) patents as governed by Patents Act 1983, Patents (Amendment) Act 1986 and the regulations made thereunder; and
  - (iii) industrial designs as governed by the United Kingdom Designs (Protection) Act 1949 United Kingdom Designs (Protection) Chapter 152 and Designs (United Kingdom) chapter 59 for Peninsular Malaysia, Sabah and Sarawak respectively.
  
- (b) Copyright as governed by the Copyright Act 1987, Copyright (Amendment) Act 1990 and the regulations made thereunder.

Enforcement of the above intellectual property rights is greatly assisted by the enforcement provisions of the Malaysian Trade Description Act 1972, apart from the enforcement provisions of the various intellectual property legislations.

### CRIMINAL SANCTIONS

In respect of trade marks and copyright infringements and also in respect passing off, criminal sanctions are provided by legislation. (There is no such provision in respect of patents).

#### (a) Trade Mark

The Trade Marks Act 1976 provides for registration of trade marks. When registered a proprietor of a trade mark has the

exclusive right to the use of the trade mark in relation to the goods or service- section 35(2).

What constitute infringement of a trade mark or not are provided in section 38, 39 and 40. These are lengthy provisions and I do not intend to reproduce or even attempt to summarise them.

Section 3 of the Trade Description Act 1972 makes it an offence for any person who in the course of trade or business –

- (a) applies a false trade description to any goods; or
- (b) supplies or offers to supply any goods to which a false trade description is applied.

The terms used are interpreted in sections 4 to 8:

- Section 4 - trade description
- Section 5 - false trade description
- Section 6 - applying a trade description to goods
- Section 7 - trade descriptions used in advertisements
- Section 8 - offer to supply

Section 16 talks about trade mark infringement and passing off action, I think I have to reproduce this section:

“16. Trade mark infringement and passing off action.

(1) Where any person being a proprietor of registered user of a registered trade mark within the meaning of any written law relating to trade marks or being otherwise entitled at law to the protection of a trade or other mark or a get-up for any goods or services established –

- (a) in the case of a registered trade mark, that his rights in respect of such trade mark are being infringed in the course of trade within the meaning of the written law; or
- (b) in the case of a trade or other mark or get-up for any goods or services, that his rights in respect of such trade or other mark or

get-up are being infringed in the course of trade as a result of which he has a right of action for passing off.

The High Court may on the application of such person make an order declaring that the infringing trade or other mark or get-up as the case may be is for purposes of this Act a false trade description in its application to such goods as may be specified in the order.

(2) An order of the High Court made under this section may be referred to as a trade description order.

(3) A subsisting trade description order made by any High Court in Malaysia shall be admissible in evidence in any proceedings under this Act in which it is relevant as conclusive proof of a false trade description.

(4) A trade description order shall expire at the end of five years from the date on which it is made unless it is renewed by the High Court upon such terms and for such further period of time as the High Court may decide on the application of the person referred to in subsection (1) or his successor in title.

(5) The Minister shall cause public register of trade description orders to be established and maintained.”

The trade description order (TDO) is obtained on ex parte basis on a prima facie proof of the trade mark, get-up or logo and the infringement thereof. The order lasts for five years unless otherwise set aside earlier or further extended. It is a declaration by the Court that a particular trade description is a “false trade description”. Armed with that Order the proprietor/user may lodge a complaint with the Intellectual Property Division of the Ministry of Domestic Trade and Consumer Affairs. For the purpose of enforcement, the Act provides for appointments Controller, Deputy – Controllers and Assistant Controllers of Trade Descriptions. They are given powers to investigate and prosecute.

To assist them in their investigation and prosecution, they are given powers:

(a) to make test purchases – section 27

- (b) to enter premises and inspect and seize goods and documents – section 28.
- (c) To arrest with or without warrant.

They may arrest any person without warrant of whom they have reason to believe to have committed an offence under the Act if:

- (i) the person refuses to furnish his name and address; or
- (ii) the person furnishes an address out of Malaysia; or
- (iii) There are reasonable grounds for believing that he has furnished a false name or address; or
- (iv) He is likely to abscond.

### Penalties

This is provided for by section 18. It provides different penalties for an offence committed by an individual and that committed by a body corporate.

An individual (including a director, manager, secretary or other similar officer of a body corporate) committed an offence under the Act/Regulations, where no other penalty is specified, will be liable to a fine not exceeding RM100,000 or to an imprisonment for a term not exceeding three years or to both. For a second or subsequent offence the maximum amount of fine and term of imprisonment is doubled.

A body corporate, upon conviction, is liable to a fine not exceeding RM250,000. For a second or subsequent offence the maximum amount is doubled.

There is a time limit to commence prosecution i.e.:

- (a) three years from the commission of the offence; or

- (b) one year from its discovery by the prosecutor, whichever is the earlier. However if the accused by his own conduct contributes to the delay, the time limit does not apply – section 19.

Section 20 provides that where an offence which has been committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributed to any neglect on the part of any director, manager, secretary or other similar officer of the body corporate, or any person who was purporting to act in any such capacity, he and the body corporate shall both be guilty of that offence.

A principal may be liable for acts of servant or agent – section 20A. Section 21 contains very detailed provision about abetting of offences committed abroad.

(b) Copyright

The governing law is the Copyright Act 1987.

During the subsistence of copyright in a work, it is a criminal offence if any person:

- (i) makes for sale or hire any infringing copy;
- (ii) sells, lets for hire or by way of trade, exposes or offers for sale or hire any infringing copy;
- (iii) distributes infringing copies;
- (iv) possesses, otherwise than for his private and domestic use, any infringing copy;
- (v) by way of trade, exhibits in public any infringing copy;
- (vi) imports into Malaysia, otherwise than for his private and domestic use, any infringing copy; or
- (vii) makes or has in his possession any contrivance used or intended to be used for the purpose of making infringing copies.

### Punishment

The punishment is a fine not exceeding MR10,000 for each infringing copy and/or an imprisonment for a term not exceeding five years for any offence under (i) to (vi) above.

For a subsequent offence and in the case of an offence under (vii) above, the penalty is double.

### Forfeiture

Any article, vehicle, book, document, copy or contrivance seized is liable to forfeiture either upon the conclusion of the trial whether the person tried is convicted or not, and, where there is no prosecution, one month after the seizure and if no claim is made during that period for the return of the articles seized.

## CIVIL REMEDIES

### (a) Trade mark

The procedure, I believe is similar to that of United Kingdom and other common law jurisdictions. Cause of action: trade mark infringement and/or passing off.

The remedies available are also similar to those in United Kingdom. The more common remedies sought and given are:

- (a) declaration;
- (b) injunctions against infringement;
- (c) orders for seizure and destruction of the offending products;
- (d) damages;
- (e) accounts of profit;
- (f) costs.

Usually, upon filing of the Writ and Statement of Claim, a Plaintiff would simultaneously file an application by way of a Summons-in Chambers, ex-parte, seeking an interim/interlocutory restraining injunction under Order 29 r 1, Rules of the High Court 1980. an injunction given ex-

parte, is valid for 14 days. During the 14 days an inter-parte application is made and, may be heard. If it could not be heard an interim order is given pending the hearing of the inter-parte application. After it is heard, an order may be made until the disposal of the suit. In deciding whether or not to grant such an order, Malaysian Courts follows the principles laid down in the English case of American Cynamid Co v. Ethicon Ltd (1975) AC 396, that is whether there is a serious issue to be tried, whether damages could be an adequate remedy and the balance of convenience.

#### Order under Rules of the High Court 19780, (Order 29 rule 2)

This rule confers on the High Court power to make order for detention, custody, preservation or inspection of property which is the subject matter of the action or to which any question may arise in it.

#### Anton Piller Order

The High Courts in Malaysia also has jurisdiction to make an Anton Pillar order on the principles of the English case of Anton Pillar KG v. Manufacturing Process Ltd (1976) Ch 55: I am sure all of you are very familiar with that case and I do not think I have to say more about it.

#### Mareva Injunction

Malaysian Courts also issue Mareva Injunction based on the English case of Mareva Compania Naviera S.A v. International Bulkcarries S.A. (1980) All ER 213. Again I do not think I have to say more about it.

#### (b) Copyright

Section 36 of the Copyright Act 1987 provides how a copyright is infringed:

“36. Infringments.

(1) Copyright is infringed by any person who does,or causes any other person to do,without the licence of the owner of the copyright, an act the doing of which is controlled by copyright under this Act.

(2) Copyright is infringed by any person who, without the consent or licence of the owner of the copyright, imports an article into Malaysia for the purpose of –

- (a) selling, letting for hire, or by way of trade, offering or exposing for sale or hire, the article;
- (b) distributing the article –
  - (i) for the purpose of trade; or
  - (ii) for any other purpose to an extent that it will affect prejudicially the owner of the copyright; or
- (c) by way of trade, exhibiting the article in public,

where he knows or ought reasonably to know that the making of the article was carried out without the consent or licence of the owner of the copyright.”

Section 37 talks about actions by owners of copyright and relief. Infringement of copyright is actionable. Reliefs available are damages, injunction and accounts counts. Subsection (3) provides that an injunction shall not be issued which requires a completed or partly built building to be demolished or which prevents the completion of a partly built building.

An exclusive licensee has the same rights of action and are entitled to the same remedies – section 38.

### (c) Patents

The governing laws are the Patents Act 1983 (amended by the Patents (Amendment) Act 1986) and the Patents Regulations 1986.

The owner of a patent has the right to institute Court proceedings against any person who has infringed or is infringing the patent – section 59(1). Section 60 provides the remedies i.e. damages, injunction and other legal remedy.

A licensee or a beneficiary may request the owner of the patent to institute Court proceedings for any infringement indicated by the



beneficiary. If the owner refuses to do so within three months the beneficiary may institute proceedings in his own name – section 61.

Any interested person may also institute proceedings against the owner of a patent for a declaration that the performance of a specific act does not constitute an infringement of the patents – section 62.

(d) Industrial designs

The governing laws in Malaysia are:

- (a) for Peninsular Malaysia, the United Kingdom Design (Protection) Act 1949;
- (b) for Sabah, the United Kingdom Design (Protection) Act, Chapter 152;
- (c) for Sarawak, the designs (United Kingdom) Act, Chapter 59.

Protection for an industrial design is obtained by way of registration of the design under the UK law which then confers protection of the designs in Malaysia. Protection is conferred on the proprietor in Malaysia in the same way as it is conferred upon a proprietor under the UK law. Upon proof of an infringement, a proprietor may obtain remedies for damages and injunction.

Conclusions

I am sorry I cannot enlighten you more on the effectiveness of the remedies in Malaysia. In my six and a half years in Penang where I am based I have come across not more than three intellectual property cases. All of them were for trade description orders. Having obtained the orders, they did not come back. I do not know what happened thereafter. Hopefully, they got what they wanted.

However, I believe that the laws in Malaysia are quite adequate. The relevant Ministry, I am sure, are always on the look-out to make new laws or amend existing laws whenever necessary. The enforcement officers too, I

believe are doing a good job. Of course interested parties will also have to rely on their market intelligence, private investigation and trap purchasers.

As far as the Courts are concerned, I think we are quite prompt now in disposing cases. Applications for ex-parte injunctions, Anton Pillar Orders and Mareva Injunctions, accompanied by a Certificate of Urgency are heard either on the same day it is filed or within a few days. Inter-parte applications may take a few weeks to be heard as they have to be served and the Defendants have two weeks under the rule to file an affidavit in reply. Regarding full trials, provided the Plaintiffs actively pursue their cases and have them set down for trial, they can be heard within one or two years. What is delaying the full trial of a particular action is the numerous interlocutory applications and appeals from decisions made there on. The other reason is where the solicitors sit on the case and do not follow-up with the necessary actions to have the case set down for trial. The reason is no longer because the Court is so bogged down that it cannot give a date for trial. It is because the case is not ready for trial.

Judges in Malaysia, are very eager to follow the development of law in England, to apply and adopt them. In their eagerness to follow English authorities they sometimes forget the provision of the Malaysian Civil Law Act 1956 which says, inter alia, the the English common law and the rules of equity and statutes of general application shall be applied so far only as the circumstances of the States of Malaysia and their respective inhabitants permit and subject to such qualifications as local circumstances render necessary.

But, I suppose it is for the better as it means we are very open to new ideas. Hence Anton Pillar, Mareva Injunction, equitable estoppel, among others, were adopted in Malaysia, through case law.

Dato' Abdul Hamid bin Haji Mohamed

Judge

High Court

Penang, Malaysia.

(31 December 1996 – given date)

(This paper was prepared for Intellectual Property Seminar in New Delhi)

