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Singapore

Singapore Court of Appeal Rules on Well Known Marks

1. Background

Aman Resorts, which owned the luxury Amanusa resort in Bali, amongst others, sued housing developer Novelty in 2007 under the tort of passing off in relation to the use of the "Amanusa" mark for a private housing project.

Additionally, Aman Resorts sought an injunction under section 55(3)(a) of the Trade Marks Act (Cap. 332) ("TMA") against Novelty regarding the use of "Amanusa" on the basis that "Amanusa" was a well known trade mark and Novelty's use would indicate a connection between its housing project and Aman Resorts and was likely to damage the interests of Aman Resorts.

At the High Court, it was held that Novelty had, through the use of "Amanusa", tried to pass the housing project off as part of a luxury resort group. Further, it was held that the mark "Amanusa" was well known and Novelty's use would indicate a connection between its project and Aman Resorts and was likely to damage Aman Resorts' interests. Consequently, an injunction against such further use of the mark "Amanusa" was granted.

2. Decision of the Court of Appeal

The Court of Appeal upheld the decision of the lower court. On the various issues raised, the Court of Appeal decided as follows:-

A. Passing Off

In relation to the passing off claim, the Court of Appeal held that despite the main part of Aman Resorts' business not being based in Singapore, the relevant sector of the public to be considered were people of high income levels who would have been exposed to Aman Resorts' advertising, as well as once-in-a-lifetime guests and aspirants. As such, the "Aman" name was found to have goodwill among those in the high-end travel and resort industry. Additionally, Novelty's use of "Amanusa" would misrepresent to members of the public

that the housing project was related to Aman Resorts by way of licence to use the name or that the project had received an endorsement from Aman Resorts and would be managed by Aman Resorts in future. It may even convey the wrong impression that Aman Resorts were involved as developers. Novelty's use of "Amanusa" would "evoke suppressed laughter because of the association with a project that does not quite exude the same luxury and class or quality of upkeep, especially when the project has begun to show its age". As for the heads of damages that could be claimed, the Court held that in addition to claiming for loss of sales, Aman Resorts could also notionally claim for loss of licensing revenue and goodwill as well as for restricting its expansion into the residential accommodation business in Singapore. However, on the evidence, no such actual loss was established.

B. Claim under Section 55(3)(a) of the Trade Marks Act

(i) Whether the mark was well known

In relation to the claim under section 55(3)(a) of the TMA, the Court of Appeal first had to decide whether the Respondent's various "Aman" marks were deemed to be "well known mark(s)" under the TMA. Under section 2(8) of the TMA, whether a mark can be deemed to be well known would depend in part on the degree to which the mark is known to or recognised by any relevant sector of the public in Singapore.

The Court of Appeal agreed with the High Court that the "relevant sector of the public in Singapore" would be the actual and/or potential consumers of Aman Resorts' goods and services. On the facts, the Court of Appeal found that there had been a great deal of promotion of the "Aman" names targeted at this group of consumers, and that the "Aman" names enjoyed an established reputation amongst this group and were consequently deemed to be well known in Singapore.

(ii) The meaning of "would indicate a connection between those goods or services and the proprietor"

In determining whether Novelty's use of the mark "Amanusa" as the name of its condominium development would indicate a connection between Novelty's goods or services and Aman Resorts, the Court of Appeal held that Aman Resorts would have to prove that Novelty's use of "Amanusa" would result in a likelihood of confusion in relation to the relevant sector of the public. In this regard, the Court of Appeal agreed with the High Court that the test to be adopted for the purposes of the requirements of "indicating a connection" and "likely to damage the interests" under section 55(3)(a) are the same as those enunciated in case law in relation to the finding of a likelihood of confusion for the purposes of establishing passing off. On the facts, the Court of Appeal held that such connection and likelihood of damaging Aman Resorts' interests were made out and Novelty was held to fall foul of section 55(3)(a) of the TMA.

3. Comments

Being the first case to reach the Singapore Court of Appeal to consider the protection offered by the TMA to well known marks in Singapore, this case certainly provides guidance as to the scope and limitation of such protection. Although the court has held that it would be sufficient for the owner of a well known mark to prove that his mark is well known to the relevant section of sector of the public in Singapore (i.e. his actual and potential customers), to gain the protection offered under section 55(3)(a), he would still have

to show that there was a likelihood of members of the public confusing the offending goods or services with those offered by the owner of the well known mark.

Although a broader scope of protection is available under section 55(3)(b) of the TMA, such protection is only available to marks that are “well known to the public at large in Singapore” and though the Court of Appeal did not have to decide on this point, comments in the Judgment suggest that such protection would be strictly limited to an extremely small group of particularly well known trade marks.

Singapore Court of Appeal Considers Various Grounds for Revocation and Invalidation Under the Trade Marks Act

In *Wing Joo Loong Ginseng Hong (Singapore) Company Pte Ltd v Qinghai Xinyuan Foreign Trade Co Ltd* [2009] SGCA 9, the Court of Appeal discussed, amongst others, the various grounds for revocation and invalidation under the TMA.

1. Background

The parties were involved in the business of selling cordyceps (amongst other Chinese herbs and traditional medicines), a traditional medicine with purported benefits to the heart, lungs, and immune system, and which was sought after for its energy-boosting effects and anti-aging purposes.

Qinghai Xinyuan Foreign Trade Co Ltd (“**Qinghai**”) registered the subject “Rooster” mark for use in relation to its business. Qinghai applied for and obtained a warrant to search Wing Joo Loong Ginseng Hong (Singapore) Company Pte Ltd’s (“**Wing Joo Loong**”) premises for evidence of infringement of their “Rooster” mark. As a result of the raid, approximately S\$4.8 million worth of cordyceps in Wing Joo Loong’s possession bearing marks identical and/or similar to the “Rooster” mark were seized. Charges under the TMA and the Copyright Act were then filed against Wing Joo Loong and some of its directors.

Wing Joo Loong subsequently sought two orders under the TMA in relation to the “Rooster” mark for its revocation and invalidation based on (amongst others) the argument that the “Rooster” mark has become customary in Singapore for denoting cordyceps from China. Wing Joo Loong argued that:

- (i) pursuant to section 22(1)(a), (b) and (c) of the TMA, there was a lack of genuine use of the “Rooster” mark as it was the common name in the trade for cordyceps from China; and
- (ii) pursuant to section 23(1) of the TMA, the “Rooster” mark was non-registrable by reason of it being customary to cordyceps from China and/or by reason that it could not distinguish Wing Joo Loong’s products from those of other traders.

The High Court decided as follows:

- (i) there were no grounds for revoking the “Rooster” mark. In this regard, the court also noted that for revocation of the mark for reason of it being a common name in the trade, the mark must have become so after it has been registered and the cause of this must be a result of the proprietor’s action; and
- (ii) there were grounds for invalidation of the “Rooster” mark as the evidence indicated that at the time of the application for the registration of the “Rooster” mark, other suppliers (besides Qinghai) had been using the “Rooster” brand in Singapore for cordyceps. Therefore, the “Rooster” mark did not distinguish Qinghai’s products from those of other traders. However, the Judge held that there was discretion to not invalidate the mark even if grounds for invalidation had been established, and exercised his discretion to not invalidate the “Rooster” mark.

The parties appealed.

2. Decision of the Court of Appeal

On the various grounds raised for the revocation and invalidation of the “Rooster” mark, the Court of Appeal decided as follows:-

A. Revocation

(i) Section 22(1)(a) and (b) of the TMA – Lack of genuine use and non-use

The Court of Appeal held that for the purpose of determining whether the use of a trade mark is genuine, while there is no rule barring *de minimis* use from being regarded as genuine use, no one single objective formula which applies to all situations can be laid down and much would depend on the fact situation in each individual case. On the evidence of Qinghai’s use of the mark (there was clear evidence of Qinghai’s sale of goods bearing the mark through its Singapore licensees), there were no grounds for revocation of the “Rooster” mark on the grounds of lack of genuine use or non-use.

(ii) Section 22(1)(c) of the TMA – Common name in the trade

The Court of Appeal considered whether the “Rooster” mark had become a common name in the trade to denote cordyceps imported from China, such that it no longer performs the essential function of a trade mark. In this regard, it was held that the mere fact that a mark is popular, or even the only one in the market, does not *ipso facto* render the mark generic and undeserving of protection. On the evidence, the word “Rooster” alone had not become commonly used for denoting cordyceps from China. Accordingly, revocation of the “Rooster” mark on this ground was not allowed.

B. Invalidation

(i) Section 23(1) read with section 7(1)(d) of the TMA – customary in the current language or in the bona fide and established practices of the trade

The Court of Appeal held that the “Rooster” mark would have become customary if it had become incapable of distinguishing the cordyceps of one undertaking from those of other undertakings. This allows the use made of the subject mark to be taken into account and is separate from the concept of

whether the mark has the capacity to distinguish pursuant to section 7(1)(a) of the TMA (which is discussed below).

On the evidence, the Court of Appeal concluded that the “Rooster” mark had in fact been used in respect of cordyceps supplied by Qinghai specifically. Thus, this ground for invalidation failed.

(ii) Section 23(1) read with section 7(1)(a) of the TMA – does not satisfy the definition of a trade mark (i.e. capable of distinguishing goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person)

In contrast with the above, the Court of Appeal held that the concept of “capacity to distinguish” does not take into consideration the use made of the mark in question when determining whether the mark possesses the requisite capacity to distinguish. Instead, one should look only at the inherent features of the mark, not the use of it.

3. Comments

As the first decision by the Singapore Court of Appeal on the question of whether a mark is customary to denote a category of goods and whether it has become customary as a result of the proprietor’s use of the mark, this case highlights the tests to be applied by the courts in evaluating such arguments against the respective grounds raised for the revocation and invalidation of a mark.

Additionally, the Court of Appeal also provided its opinion on whether a court has a residual discretion to elect not to revoke or invalidate a mark once the grounds to do so have been made out. To this end, the Court of Appeal’s preliminary opinion, which differed from that of the High Court, was that no such discretion is available. While this opinion was not strictly necessary (given the Court of Appeal’s finding that no grounds for revocation or invalidation were made out) for the Court of Appeal to arrive at its decision to uphold the registration of the “Rooster” mark, it does represent a persuasive precedent for future decisions on this issue.

The Singapore High Court considers issues relating to trade mark infringement, well known marks and passing off

1. Background

The Plaintiff, Louis Vuitton Malletier, is a leading global brand of luxury goods. It sued the Defendant, City Chain Stores Pte Ltd, for trade mark infringement as well as passing off of its registered trade marks, namely the “Flower Quatrefoil” and the “Flower Quatrefoil Diamond” (the “**Flower Marks**”). The Defendant had been selling watches bearing a flower device on its Solvil watches, and the Plaintiff claimed that the flower device was identical or similar to the Flower Marks.

2. Judgment

Trade Mark Infringement

(a) Was the flower device identical to the Flower Marks?

The High Court decided that the Defendant's flower device was identical to the Flower Marks under section 27(1) of the TMA. The Plaintiff's flower quatrefoil consisted of a flower design with four pointed petals of equal length. There was a circle at the centre of the motif. The defendant's flower device had the same attributes, although it appeared in a randomly repeated pattern with the individual device incomplete in some way. The device was filled with small diamantes but there was a single large diamante in the centre of the device, resembling the centre circle in the Plaintiff's design.

The High Court conceded that there may be some marginal differences in the 2 designs but that such differences were insignificant, being too minute to be appreciated when comparing the 2 designs holistically.

(b) Was there a likelihood of confusion?

The High Court considered in the alternative, that even if the flower device was not identical but similar to the Flower Marks, the public was likely to be confused under section 27(2) of the TMA. This was because while a customer who purchased a Solvil watch may have little doubt that he was buying a Solvil watch, he may nonetheless think that the Defendant had been licensed by the Plaintiff to use the Trade Marks or that there was some collaborative marketing, with Solvil being a more affordable class of Louis Vuitton watches.

The High Court added that it was no defence to say that the word "Solvil" had been added to the watch face. To hold otherwise would be tantamount to saying that one can display Nike's famous swoosh sign so long as one adds another brand name near the swoosh.

(c) Was there a defence of "mere decoration not amounting to trade mark use"?

The High Court held that there was no such defence found in section 28 of the TMA on "Acts not amounting to infringement". Thus it was irrelevant whether the use of the Defendant's flower device was a mere decoration or embellishment of the watches.

Well Known Trade Mark Protection

(a) Were the Flower Marks well known?

The High Court decided that the Flower Marks, which formed two of four constituent elements of the famous Monogram Canvas design, were well known under section 55 of the TMA as they were distinctive in their own right and conspicuous in design. It was thus likely that the Flower Marks would be as easily recognisable as the Monogram Canvas design by the public at large here.

(b) Was there dilution of the Plaintiff's Trade Marks?

The Plaintiff relied on section 55(3)(b)(i) of the TMA, which related to the Defendant's use of a trade mark, and section 55(4)(b)(i), which related to the Defendant's use of a business identifier. These provisions protected against the use of any trade mark or any business identifier where such use would

cause dilution in an unfair manner of the distinctive character of the proprietor's trade mark.

The High Court agreed with the Plaintiff that there were 2 separate concepts involved in dilution – tarnishing and blurring. The availability of the Solvil watches would lessen the capacity of the Flower Marks to identify and distinguish the Plaintiff's watches. Also, such availability would tarnish the Plaintiff's image and give rise to a likelihood of confusion. The High Court added that cheapening the image of a luxury brand was as detrimental as associating that brand with unwholesome connotations.

Passing off

(a) Did the Plaintiff possess goodwill in Singapore?

The High Court held that it did, as it had 3 outlets in Singapore and achieved annual sales of \$1.7 to \$1.9 million between 2005 and 2007 for its watches. Although there was no evidence of advertisement or sale of specific models of Louis Vuitton watches, the Plaintiff had product catalogues available in its stores.

(b) Had there been misrepresentation by the Defendant?

The High Court decided that there were facts pointing to the likelihood of the Defendant copying the Plaintiff's Flower Marks. For instance, the Defendant's outlets in China had been making losses, and its target market was generally the young and trendy who have the desire but not the means to own luxury items. Further, there was no evidence as to the identity of the designer of the Solvil watches.

(c) Is there likelihood of damage?

The High Court pointed out that the Plaintiff's watches were meant for an exclusive market. This was evident from the difference in price range (the Louis Vuitton watches cost \$4,000 to \$60,000 while Solvil watches were priced below \$200). People wearing Louis Vuitton watches with the Flower Marks would thus not be happy that copycat watches which retailed for a miniscule fraction of the price of Louis Vuitton watches existed in the market. The likelihood of damage was very real as people would be put off certain luxury brands simply because of the prevalence of fakes and cheap look-alikes in the market.

3. Comments

This case highlights the robust attitude the Singapore Courts are taking against infringers of well known trade marks. This can be most clearly appreciated in the Court's holding that the mere use of another trade mark on the infringing item itself is not a sufficient defence as customers may be led to believe that there was some collaboration between the Plaintiff and the Defendant when in fact there was none. This appears to be a slight extension of the concept of "likelihood of confusion" which has traditionally been analysed as relating to confusion as to the source of the goods in question. This case however shows the courts' willingness to recognise the commercial realities of the modern market where cross-selling and licensing are becoming increasingly common phenomena.

The willingness of the court to consider the impact of “fakes and cheap look-alikes” on a brand owner’s products is also a welcome relief as it has traditionally been difficult to show the direct economic impact of an infringer’s infringement of a brand owner’s marks.

Intellectual Property Office of Singapore Implements Trade Mark/Registered Design Renewal/Extension Notification

With effect from 1st January 2009, the Registrar will not be issuing renewal certificates confirming that a mark has been renewed or certificates confirming that the period of registration of a design has been extended. Instead, for online applications, the renewal/extension will be processed immediately and an acknowledgement of renewal showing the extended expiry date will be displayed for printing.

This implementation is applicable to all applications for renewal of registration (for registered trade marks) or for extension of period of registration (for registered designs) lodged on or after 1st January 2009.

Coming Into Force of the Singapore Treaty on the Law of Trademarks

The Singapore Treaty on the Law of Trademarks (“**Singapore Treaty**”), which was adopted by Singapore on 27 March 2006, entered into force on 16 March 2009. The Singapore Treaty establishes common standards for procedural aspects of trade mark registration and licensing, and is intended to introduce several technical and substantive changes to the Trademark Law Treaty whilst retaining key provisions such as the use of the Nice System for International Classification.

The Singapore Treaty is also intended to encourage national trade mark officers to take advantage of modern communication technologies. Most significantly, for the first time in any international instrument dealing with trade mark law, non-traditional marks are explicitly recognised. These include holograms, three-dimensional marks, colour, position and movement marks, and also non-visible marks, such as sound, olfactory or taste and feel marks. The Regulations provide for the mode of representation of these marks in applications, which may include non-graphic or photograph reproductions.

A summary of the Singapore Treaty as provided by the World Intellectual Property Organization can be found at the following website:
http://www.wipo.int/treaties/en/ip/singapore/summary_singapore.html

Malaysia

Protection of Well Known Trade Marks

Whilst the Malaysian Trade Marks Act 1976 provides for the special status of well known marks, the concept of dilution that is the fundamental basis for

the protection of well known marks is not recognised under legislation or by the courts.

Dilution applies specifically to well known marks and does not always require a likelihood of confusion. Rather, dilution is caused where the distinctive character of a well known mark is diminished, thereby weakening the strength and exclusivity of mental association created by consumers between the brand of the well-known proprietor and its products.

Two recent decisions of the High Court and the Court of Appeal illustrate the difficulties of enforcing rights in well known trade marks in Malaysia in the absence of the recognition of dilution.

1. Consitex SA v. TCL Marketing Sdn Bhd [2008] 8 CLJ 444

Brief Facts

A claim for trade mark infringement and passing off was brought by the reputed Italian fashion enterprise, Ermenegildo Zegna. Consitex is a member of the Ermenegildo Zegna group, an international enterprise specialising in the design, manufacture and marketing of menswear. Consitex's goods have been sold in Malaysia since 1989. TCL Marketing is a Malaysian private limited company incorporated in 1996 and is in the business of manufacturing and marketing garments.

The issue was the alleged infringing use of the trade mark "Emmer Zecna" by TCL Marketing for menswear. Consitex had registered its trade marks "Ermenegildo Zegna" and "Zegna" in Malaysia for clothing, shoes, boots and slippers. Consitex contended that use of the "Emmer Zecna" mark by TCL Marketing amounted to trade mark infringement as the said mark was confusingly similar to Consitex's "Ermenegildo Zegna" trade mark, resulting in confusion and deception to the public. Consitex also claimed passing off of its goods and business through the use of a confusingly similar trade mark and trade name by TCL Marketing.

High Court's Decision

Consitex's claim was dismissed as there was no finding of confusion or deception to the public caused by the use of TCL Marketing's "Emmer Zecna" mark in Malaysia. Whilst the Court agreed that the statutory requirements for trade mark infringement had been established, the marks were held to be distinguishable.

Some of the factors considered by the Court are as follows:

- (a) Aurally and visually, the two marks differed greatly with Consitex's mark being longer and having an emphasis on the suffix "gildo" in the first word.
- (b) Consitex and TCL Marketing operated in different markets. Consitex catered to the more affluent consumers who purchased designer brands, whilst TCL Marketing catered to middle-class consumers who shopped at departmental stores and supermarkets.

- (c) The disparity in price between the goods was also a “strong determining factor”. The marked price difference would deter consumers from mistaking the brand for another.
- (d) There were no known instances of confusion in the market arising from the coexistence of both marks to-date.

Consitex did not succeed on the claim of passing off either as the Court held that the “Ermenegildo Zegna” trade mark was only well known amongst “upper bracket income” consumers and not the general public. Moreover, Consitex failed to show that it had suffered damage to its reputation following the coexistence of both marks in Malaysia since 1997.

Commentary

“Emmer Zecna” appears to be an abbreviation of “Ermenegildo Zegna” at first glance and thus consumers are likely to assume the goods of TCL Marketing to be a “second tier brand” of Consitex retailing at a lower price to suit the needs of middle-class consumers. This argument was rejected by the Court as baseless and mere speculation. Nonetheless, this is recognised as a growing trend amongst designers worldwide as they seek to market their goods across all sectors of society and not just the affluent.

In any case, even though Consitex’s goods are primarily targeted for high-end consumers, the general public would be aware of the “Ermenegildo Zegna” mark through extensive media exposure, ease of access to the Internet, overseas travel and spillover advertising of the brand worldwide.

In view of dilution not being recognised in Malaysia, the High Court’s decision is correct in principle under a sole assessment of the likelihood of confusion without regard to the fame or well known status of the mark. Nonetheless, it is arguable that the close visual and phonetic resemblance of the marks and use over identical goods should have weighed more heavily in favour of the plaintiff.

2. McCurry Restaurant (KL) Sdn Bhd v. McDonald’s Corporation (Court of Appeal - April 2009)

Brief Facts

The plaintiff, McDonald’s, brought a suit in the High Court against McCurry Restaurant for passing off of its well-known prefix “Mc” in connection with food products and services.

McDonald’s, the well-known fast food giant with over 30,000 outlets around the world and having opened its first restaurant in Malaysia in 1982, claimed that it had created the prefix “Mc” as a source/trade identifier for its goods and services through consistent and extensive use of the same at all levels of the business.

Based on the foregoing, McDonald’s asserted that the use of the same prefix by McCurry Restaurant, as well as the combination of red and white on its signage, would inevitably misrepresent, deceive and confuse the public into the false belief that McCurry Restaurant was somehow associated with McDonald’s. Following the extensive publicity undertaken worldwide by

McDonald's for the "Mc" prefix, it claimed that McCurry Restaurant had knowingly intended to appropriate its goodwill, reputation and commercial advantage through a false trade association.

In its defence, McCurry Restaurant denied McDonald's monopoly over the prefix "Mc" and asserted that the similarities between the marks were to be considered as a whole (i.e. "McCurry" and "McDonald's"), which did not create confusion. Moreover, McCurry Restaurant was engaged in a completely different range of food and drinks distinct from fast food, serving mainly typical Malaysian or Indian cuisine. In any case, the "McCurry" trade mark was created based on the abbreviation of "Malaysian Chicken Curry" and thus it was never the intention of McCurry Restaurant to misrepresent or ride on McDonald's goodwill and reputation.

High Court's Decision (September 2006)

The High Court agreed that McDonald's had acquired immense goodwill and reputation from its extensive and consistent use of the prefix "Mc" and the colours red and white, which had become well known worldwide. Accordingly, when "Mc" is used in conjunction with a food item, the first impression is an association with McDonald's. On this basis, the High Court held that McCurry Restaurant's use of the same prefix amounted to a misrepresentation and if allowed to continue, would result in the loss of exclusivity of McDonald's prefix "Mc".

In addition, the High Court also held that there was an extended form of passing off, which results from the erosion to the distinctiveness of a brand name which occurs by reason of its degeneration into common use as a generic term that is not dependent on the likelihood of confusion. As such, the use of the prefix "Mc" by McCurry Restaurant would certainly erode the exclusivity of McDonald's over the same.

Court of Appeal's Decision (April 2009)

In reversing the High Court's decision, the Court of Appeal held that there was no evidence to show that McCurry Restaurant was passing off McDonald's business as its own. The judge had erred in holding that McDonald's had a monopoly in the use of the prefix "Mc" and based on the totality of the evidence, reasonable persons would not associate the business of McCurry Restaurant with McDonald's.

The following factors were considered in favor of McCurry Restaurant:

- McDonald's trade mark as a whole consisted not only of the prefix "Mc" but also the distinctive golden arched 'M'. In contrast, McCurry Restaurant's signboard carried the words 'Restoran McCurry' in white and grey lettering against a red background with a picture of a chicken giving a thumbs up and the words 'Malaysian Chicken Curry'.
- McCurry Restaurant's representation of its business was of a style, getup and cuisine distinctly different from McDonald's as none of its food items carried the prefix "Mc", unlike the items sold by McDonald's.
- The type of customers who patronised each restaurant was different: adults and senior citizens for McCurry Restaurant and children for McDonald's.

Following the Court of Appeal's assessment of the above, it held that there was no passing off by McCurry Restaurant in its use of the prefix "Mc".

Commentary

The Court of Appeal's decision is in tandem with that of the High Court in the case of the "Emmer Zecna" trade mark above, wherein a proprietor cannot claim passing off by reason of its monopoly, fame and well known status of a particular mark. Rather, based on the traditional assessment of passing off, one must look at all of the surrounding circumstances and consider if there is a likelihood of confusion.

In view that McCurry Restaurant had used the prefix "Mc" on its signage together with the words 'Malaysian Chicken Curry' and engaged in a different food business, a reasonable person would be unlikely to assume a commercial association with McDonald's, although use thereof may somehow remind consumers of McDonald's. Essentially, there is no confusion as to source but it may result in negative association and/or an erosion of the exclusivity of the distinctiveness of the prefix "Mc" in connection with McDonald's.

It is to be noted that the High Court had applied the concept of dilution in favour of McDonald's under the heading of an extended passing off, which was rightly put forward by McCurry Restaurant as non-existent in Malaysia.

The Malaysian Trade Marks Act 1976 is currently being reviewed for amendments and it thus remains to be seen if the cases above would spur a consideration for the inclusion of an anti-dilution right to extend the scope of protection for well known trade marks in Malaysia.

Foreign Manufacturer's Trade Mark Right

A decision of the High Court in October 2007 saw the Italian manufacturer of "ELBA" home appliances lose its trade mark rights against a local company who had purchased its products for sale in Malaysia over the past 27 years.

"ELBA" SpA v. Fiamma Sdn Bhd [2008] 8 CLJ 202

Brief Facts

The defendant, Fiamma Sdn Bhd, had several registrations in Malaysia for the "ELBA" mark in connection with a wide range of home appliances. Since 1980, the defendant had marketed, sold and promoted goods bearing the "ELBA" mark in Malaysia.

Almost all of the defendant's products were purchased from the plaintiff Italian manufacturer, "ELBA" SpA, since 1979 but these were Complete Knocked Down ("CKD") products which were assembled by the defendant or its contract manufacturers independently of the plaintiff. The defendant had also been marketing, selling and promoting a wide range of products bearing the "ELBA" mark which were not manufactured by the plaintiff.

Evidence tendered showed that the defendant had expended in excess of RM27 million (approx. USD9 million) in advertising and promotional

expenses and a large amount of money on warranty, back-up, after-sale and maintenance services of “ELBA” products in Malaysia throughout the years.

The plaintiff, on the other hand, had not since 1979 marketed, sold, advertised or promoted any products bearing the “ELBA” mark in Malaysia. However, it claimed that the defendant was acting as its exclusive distributor, agent or licensee in Malaysia (although there was no evidence substantiating the same) and therefore the goodwill and reputation acquired by the defendant was to accrue to the plaintiff. On this basis, the plaintiff sought a declaration that the “ELBA” mark belongs to it and that the defendant’s registrations for the same be expunged.

Decision

The High Court decided in favor of the defendant as the “ELBA” mark had through long and consistent use in Malaysia become distinctive of the defendant and not the plaintiff.

In view that the plaintiff had not on its own marketed, sold or promoted goods bearing the “ELBA” mark in Malaysia, it had failed to adduce evidence that consumers in Malaysia associate the “ELBA” mark with the plaintiff as the manufacturer. Rather, as all promotion, marketing, sales and after-sales services were exclusively provided by the defendant in Malaysia with no identification of the plaintiff as the manufacturer, the “ELBA” mark had become distinctive of the defendant.

The fact that almost all the products purchased by the defendant from the plaintiff were CKD products clearly indicated that the relationship between the parties was one of buyer and seller, and not as a distributor, agent or licensee. In any case, the defendant had assembled the CKD products without any transfer of know-how or quality control by the plaintiff, neither was there any training, technical assistance or collaboration between the parties.

There was also evidence to show that the plaintiff had not vigorously enforced its claim of proprietorship over the “ELBA” mark in Malaysia. In this regard, the fact that the plaintiff had withdrawn its trade mark application for the said mark in 1999 after the defendant asserted proprietorship and thereafter continued selling products to the defendant weighed heavily against the plaintiff and indicated acquiescence on its part.

Commentary

The High Court’s decision highlights the importance of foreign manufacturers preserving their trade mark rights in countries where their products are being imported, sold and/or offered through local entities.

In the present case, the plaintiff had failed to execute a distributorship/agency/licence agreement with the defendant for the provision of goods bearing the “ELBA” mark in Malaysia, neither had it applied to register the said mark before the defendant and did not maintain control of the assembly, sale, promotion and marketing of its goods in Malaysia. Its failure to assert proprietorship upon becoming aware of the defendant’s trade mark applications in Malaysia is also relevant.

The case serves as a precaution to foreign manufacturers and emphasises the necessity of taking appropriate measures to ensure that goods bearing the

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manufacturer's mark are always associated and connected back to the foreign manufacturer and not the local distributor. Such measures would include the maintenance of distributorship agreements, the filing of trade mark applications before entry of goods into the local market and advertising and promotional efforts linking the goods directly with the foreign manufacturer with clear indications that the local company is merely a distributor and/or authorised reseller.

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