

CLIENT UPDATE 2016 OCTOBER

INTELLECTUAL PROPERTY

Intellectual Property Case Updates - Malaysia

You either use it or risk losing it!

In this Intellectual Property Case Updates we wish to highlight 2 recent decisions of the Court of Appeal which serve to illustrate the importance for trade mark owners to use their registered trade marks, failing which they run the risk of not only losing their registrations but also allowing their competitors to enter the market using substantially similar trade marks.

Al Baik Fast Food Distribution Co S.A.E. v El Baik Food Systems Co, S.A.

Facts

El Baik Food Systems Co., S.A (“the Saudi Company”) filed an action in the High Court against Al Baik Fast Food Distribution Co. S.A.E. (“the Egyptian Company”) to expunge trade mark registrations in the name of the Egyptian Company. The Saudi Company relied on Section 45, Trade Marks Act 1976 and contended that these registrations were wrongly registered and / or were wrongly remaining on the Register of Trade Marks because, among others, the subject mark of these registrations was confusingly similar to the trade marks of the Saudi Company which had been registered earlier in time.

In addition to defending the action filed by the Saudi Company the Egyptian Company retaliated by filing an action in the High Court against the Saudi Company to expunge the trade mark registrations of the Saudi Company under Section 46, Trade Marks Act 1976 on, among others, the ground that the Saudi Company had failed to use the subject marks of these registrations for the duration of the relevant statutory period.

Decision – High Court

The High Court allowed the action filed by the Saudi Company and ordered that the trade mark registrations in the name of the Egyptian Company be expunged. In essence, the High Court found that the subject mark of these registrations was confusingly similar to the trade marks of the Saudi Company which had been registered earlier in time.

The High Court also allowed the action filed by the Egyptian Company and ordered that the trade mark registrations of the Saudi Company be expunged. In essence, the High Court agreed with the Egyptian Company that the Saudi Company had failed to use the subject marks of these registrations for the relevant statutory period.

The decisions of the High Court resulted in a rather odd and perhaps undesirable situation where both parties lost all their respective registrations for the subject marks with neither being able to claim proprietorship of the subject marks in Malaysia. Thus, it was not a surprise that both parties appealed to the Court of Appeal against the respective decisions against them.

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Decision – Court of Appeal

The appeals were heard together by the Court of Appeal. The Court of Appeal allowed the appeal by the Egyptian Company and dismissed the appeal by the Saudi Company.

In allowing the appeal by the Egyptian Company, the Court of Appeal held that the Saudi Company was not a “*person aggrieved*” within Section 45, Trade Marks Act 1976 and, thus, did not have the legal standing to institute its action under the said provision. In essence, the Court of Appeal agreed with the contention of the Egyptian Company that the Saudi Company could not be a “*person aggrieved*” because at the time of commencement of the action the latter had not used its trade marks in Malaysia and neither did it have a genuine and present intention to do so.

The Court of Appeal dismissed the appeal by the Saudi Company essentially based on the same finding of fact, namely the Saudi Company had not used its trade marks in Malaysia for the duration of the relevant statutory period.

The Court of Appeal further remarked that when faced with a situation where there is an application for expungement a trade mark registration under Section 45, Trade Marks Act 1976 and another application based on non-use under Section 46, Trade Marks Act 1976 (involving the same parties, as in the instant actions), the Court should use its discretion to hear the latter first. This is to avoid the outcome that resulted from the High Court decisions where the parties lost all their respective registrations for the subject marks with neither being able to claim proprietorship of the subject marks in Malaysia.

Conclusion

This case serves as a good illustration of the peril owners of trade mark registrations face if they fail to use their registered trade marks in Malaysia for the duration of the relevant statutory period. The Saudi Company has applied to the Federal Court (the apex Court in Malaysia) for leave to appeal against the decisions of the Court of Appeal (“**the Leave Applications**”).


Note : The authors acted for the Egyptian Company; and are representing the Egyptian Company in opposing the Leave Applications filed by the Saudi Company.

Liwayway Marketing Corporation v Oishi Group Public Company Limited

Facts

The respondent, Oishi Group Public Company Limited (“**Oishi**”), had been exporting its products such as aerated water, fruit juices, ready to-drink green tea and carbonated drinks to Malaysia under the trade



Oishi filed an application to register its trade mark under Class 32 but the application was objected to by the Registrar of Trade Marks on the ground that the trade mark was similar to the trade mark  of the appellant, Liwayway Marketing Corporation (“**Liwayway**”), which was registered in a number of Classes.

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Oishi applied to the High Court to expunge the trade mark registrations of Liwayway under :-

- (a) Section 45, Trade Marks Act 1976 by contending that the registrations were wrongly registered and / or were wrongly remaining on the Register of Trade Marks because the word “OISHI” (i) is a Japanese surname; (ii) has a direct reference to the character or quality of the goods and services in question; and (iii) has a well known dictionary meaning; and
- (b) under Section 46, Trade Marks Act 1976 by contending that Liwayway had failed to use its trade mark in respect of the goods and services in question for the duration of the relevant statutory period.

Decision – High Court

The High Court agreed with the contentions of Oishi and ordered Liwayway’s trade mark registrations to be expunged. It was held that, among others, the fact Liwayway temporarily suspended the sale of goods bearing its trade mark sometime in 2009 to enable it (Liwayway) to obtain *halal* certification was not due to an “*abnormal external event*” but a commercial choice and, thus, the non-use was not due to special circumstances.

Liwayway appealed to the Court of Appeal against the decision.

Decision – Court of Appeal

The Court of Appeal dismissed the appeal and affirmed the decision of the High Court.

It was further held that for an application under Section 46, Trade Marks Act 1976 what is in issue is whether there is non-use of the registered trade mark and not the validity of the registration. Thus, the presumption of validity under Section 37, Trade Marks Act 1976 does not apply in such application.

Conclusion

This case is another illustration of the peril owners of trade mark registrations face if they fail to use their registered trade marks in Malaysia for the duration of the relevant statutory period.

The authors understood that Liwayway had obtained leave of the Federal Court to appeal against the decision.

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ASEAN Economic Community Portal

With the launch of the ASEAN Economic Community (“AEC”) in December 2015, businesses looking to tap the opportunities presented by the integrated markets of the AEC can now get help a click away. Rajah & Tann Asia, United Overseas Bank and RSM Chio Lim Stone Forest, have teamed up to launch “Business in ASEAN”, a portal that provides companies with a single platform that helps businesses navigate the complexities of setting up operations in ASEAN.

By tapping into the professional knowledge and resources of the three organisations through this portal, small- and medium-sized enterprises across the 10-member economic grouping can equip themselves with the tools and know-how to navigate ASEAN’s business landscape. Of particular interest to businesses is the “Ask a Question” feature of the portal which enables companies to pose questions to the three organisations which have an extensive network in the region. The portal can be accessed at <http://www.businessinasean.com/>.

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