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법학석사 학위논문

Protection of Well-Known Marks:
A Comparative Study In Malaysia, the United
States and the United Kingdom

2015년 8월

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**Protection of Well-Known Marks: A Comparative Study
In Malaysia, the United States and the United Kingdom**

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APRIL 2015

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이 논문을 법학석사 학위논문으로 제출함
2015년 4월

서울대학교 대학원
법학과 지식재산권법
김 유 엷

김유엷의 석사 학위논문을 인준함
2015년 6월

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ABSTRACT

Trademarks are internationally recognized and protected intellectual property rights. Consumers are able to distinguish the source of goods by recognizing their trademarks. Therefore trademarks can protect them from being confused by similar but inferior products. Also, trademarks can help manufacturers promote and merchandize their products more effectively. Corporations are no longer satisfied with traditional trademarks like words and two-dimensional designs.

The United States, the United Kingdom and European Union, to say the least, are good examples of countries that all have their own regulatory regimes. They have been consistently developing to incorporate the rapid social and economic changes in the world. The regulatory regimes on trademarks have many differences, although they share a lot of common characteristics of trademarkable subject matter, distinctiveness, and functionality. The world is seeking a better regulatory framework in respect of protection of well-known trademarks because it arguably has more intrinsic value in its advertising function than normal trademarks.

The concept of trademarks has evolved as a result of this era of globalization and technological advancement and trademarks have become symbols that can fetch huge commercial value. As laws in each different jurisdiction and countries develop incrementally, so has the number of well known marks increased exponentially. Naturally, the increasingly competitive markets would bring on spiralling effect on creative trading methods by market players, sometimes to circumvent the breaching of any laws, and hence this would lead to the question of whether local trade mark laws is adequate in protecting well known marks.

Therefore, this paper aims to study by way of comparison, from a Malaysian perspective, the policies of the United States, the United Kingdom, and Malaysia on issues of protection of well known marks. Based on this study and comparison, it was found that judging the level of well-known of a mark is not clear cut, but rather entails a multi-factor balancing process. This paper further discusses on the recent landmark case of McDonald's

Corp v McCurry and finally ends with recommending that Malaysia needs to enact or further trademark laws to address the growing concern of dilution in order to afford a balanced protection between local marks and well known marks through the aforementioned balancing process.

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A. INTRODUCTION

Emblems of authenticity or origin have a very ancient lineage. If one were to trace back to even before the first ever documented trademark case, the concept of branding may be found from the Bible. From the Chapter of Genesis 4:22, Tubal-Cain who we are told was the forger of every cutting instrument of brass and iron, undoubtedly impressed upon his utensils and weapons a unique sign or seal of authenticity¹. Since then, the gradual evolution on the importance of trade mark has grown tremendously from being used traditionally as a source identifier and were meant to have a single, unambiguous meaning. The concept of trademarks has weathered through the different eras from the 19th to this very 21st century – one which we also call the era of globalization and unstoppable technological advancement.

In today's world, trademarks have become signs marks symbols that can fetch enormous commercial value. Each country on the world map almost has their own set of intellectual property laws, although some may mirror each other. As the laws in each of these different jurisdictions and countries develop incrementally, so has the number of well known marks increased exponentially. Why and how did any particular one trade mark become more well known, or more famous, or gained a reputation in the first place? Further, why does it deserve an extra form of protection under any statutory framework? This paper will study the reasons and causes behind how evolution of trade mark law has reached the stage where it is today.

In 1927, Frank Schecter, a very famous lawyer from the United States promulgated that in modern trade mark law has two historical roots: first, the proprietary mark, which was optionally but usually affixed to goods by the owner, either for the benefit of illiterate clerks or in order that in case of shipwreck or piracy the goods might be identified and reclaimed by the owner. This mark was essentially a merchant's rather than a craftman's mark and had

¹ Greenberg, Abraham S., "The Ancient Lineage of Trade-Marks" 33 J. Pat. Off. Soc'y 876 (1951) at pg. 876

nothing to do with the source of production of goods in question². Secondly, the regulatory production mark, which was compulsorily affixed to goods by statute, administrative order or municipal or guild regulation, so that defective work might be traced to the guilty craftsman and heavily punished, or that “foreign” goods smuggled into an area over which a guild had a monopoly might be discovered and confiscated. This mark was a true mark of origin, designating as it did the actual producer of the goods.³

Schechter claims that four hundred years ago (year 1927 in his time of writing) a trade mark indicated the origin of ownership of the goods to which it was affixed but today, “it was not in the least!”⁴ Almost a century down the road (at the time of writing of this paper it is year 2015), could it be said of the same? I would think that after decades of fine tuning the law of trade marks, it is increasingly returning to its very basic function, that is to indicate the origins of the product or services.

Obviously the age back then and the age that the world is in today are different at a magnificent level. Needless to mention that the touch screen technology on iPads and smart phones in today’s world, back at Schechter’s time, a mobile or cell phone at that time was unheard of or nonexistent.

Due to economic and social advancement, the world today inevitably got richer. Markets, especially in the United States and Europe became increasingly competitive markets would bring on spiraling effect on different trading methods by market players, sometimes to circumvent the breaching of any laws or regulations, and hence this would lead to the question of whether any of the current legal framework is adequate in protecting business owners and trade mark owners.

² Schechter, Frank I., “The Rational Basis of Trademark Protection” *Harvard Law Review*, Vol. 40, No. 6 (Apr., 1927), pp. 813-833 at pg. 814

³ Ibid.

⁴ Ibid.

Zooming down to analyze the situation from a Malaysian economic and legal perspective, and considering that Malaysia was listed as an emerging economy focusing on innovation, Malaysia was placed at No. 30 out of 142 countries in the Global Innovation Index 2013⁵. In a paper presented by the Honourable Dato' Seri Dr. Mahathir Bin Mohammad (as he was then known), Malaysia's fourth and longest serving Prime Minister⁶, Dr. Mahathir envisioned for Malaysia to be a fully developed country by the year 2020. He further postulated in his paper nine central strategic challenges to be achieved in order to achieve developed nation status.

From the economic sense, Malaysia's Vision 2020 goal is to achieve a high income nation status by year 2020. In connection with that, so must the role of intellectual property law play an ever more important role in rewarding innovation or at least, preserving the value of creativity through the constant creation of intangible property. Needless to say, as Law is an ever evolving subject matter, it needs to keep up with the speed of innovation that the world is moving toward. There is increasing need to change the intellectual property laws to address any loopholes or lacunae that deserves to be covered.

Given all of the above, competition has driven a global movement opportunity for multinational commerce. Organizations need to innovate as a form of survival instinct in order to stay relevant. Osman Sultan said "Organizations today can no longer take a myopic stance, as their very existence is largely interdependent in which they exist and to which they cater. Organizations have a moral obligation to ensure that innovation is given a larger mandate to be the engine that enables economic growth, thereby driving societal changes and laying the foundations of an empowered and competitive nation."⁷

⁵ Cornell University, INSEAD, and WIPO (2013): *The Global Innovation Index 2013: The Local Dynamics of Innovation*, Geneva, Ithaca, and Fontainebleau, at page xi

⁶ Mahathir B. Mohamad, "Malaysian: The Way Forward (Vision 2020)" (1991), accessible at: <http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan003223.pdf>

⁷ Supra note 5.

That said, as aggressive businesses nationwide require more intensified safeguards in the defense of their most valued asset, is the reputation and distinction of goodwill in their trademarks. Certain scholars have begun introducing new theory of trademarks: “the brand theory”⁸ A brand theory of trademark law is said to offer true information-based view of trademarks and a system in which both mark holders and consumers are free to share information about brands without hindrances the current system imposes.⁹

A comparative study on issues of protection of well known marks in the United States, the United Kingdom, and Malaysia will be done and based on this study and comparison, it will be measured whether level of protection of well-known trademark in each country is fair. It is anticipated that the processes may not be clear cut but will entail a multi-factor balancing process. This paper will finally recommend where the weaknesses in its trademark law lies, and to suggest that Malaysia enacts further trademark laws to address the growing concern of dilution in order to afford a more balanced protection between normal trademarks and well-known marks through a balancing process.

In Part A of this paper, there will be a discussion on rigid reasons and explanations on why there is much increase in the number of well known trade marks in Malaysia and in general, globally. In this Age of Information, access to information is so easy and simple. Thus society becomes increasingly knowledge-based with regards to many things. No doubt then that well-known trademark owners demand for greater protection for their trademarks. In Part B, there will be an introductory discussion on why Malaysia has an obligation to protect well-known trademarks since acceding to the relevant international treaties. Then in Part C, the relevant provisions under the Malaysian trademark legislation that relates to protection of trademarks will be examined. Part D will look into the developments and experience in the United States as a major trading nation. Part E in turn, will look into the

⁸ Devin R. Resai, *From Trademarks to Brands*, 64 Fla. L. Rev. 981 (2012). Available at:

<http://scholarship.law.ufl.edu/flr/vol64/iss4/5>

⁹ *Ibid*, at pg. 986

developments and experience in United Kingdom and finally in Part H, this paper advances recommendations for the amendment in Malaysian laws in the area of trade mark dilution.

(I) Rise of middle-income economies

Trademarks are the most widely used form of registered intellectual property (IP) throughout the world. Over the course of the last four decades, the demand for trademarks has intensified to unprecedented levels. Trademark activity accelerated significantly in the mid-1970's at the United States Patent and Trademark Office (USPTO) and even earlier at the Japanese Patent Office (JPO), according to 2013 WIPO Report¹⁰

The Report identified a multitude of factors that account for the growth in trademark filings, briefly those being¹¹:

- i. economic growth that has come along with the creation of new companies and the introduction of new goods and services, thus intensifying demand for trademarks;
- ii. shift towards services – that are increasingly provided competitively, prompting rapidly growing use of trademarks in the service sector.
- iii. globalization of economic activity has prompted trademark holders to take their brands to more places. This includes trademark holders from low and middle-income countries, who account for an increasing proportion of non-resident filings throughout the world.
- iv. the emergence of the Internet has spurred trademark filings with the growth of digital markets and increase of borderless transactions. The increase in counterfeit goods and other forms of misused also increased the trademark

¹⁰ WIPO Economics & Statistics Series, "2013 World Intellectual Property Report: Brands – Reputation and Image in the Global Marketplace", at pg. 9

¹¹ Ibid at pg 10

owner's need for legal protection.

From another article, Drescher argues that there is an intimate connection between the rise of advertising and the evolution of trademark¹². The rise of brand advertising paved the way for the trademark to become an integral part of the advertising function because its inherent power and range of meaning as a symbol, has essentially created a drawing power of the trademark symbol that can "impregnate the atmosphere of the market".

While a corporate strategy for trademark creation and protection must be concerned with the asset value and legal status of a mark, it is the power of the mark as a cultural icon that ultimately determines both its commercial value and its need for protection. Thus advertising activities will raise awareness of a company's products among interested consumers, which will differentiate one producer's goods from another. Especially in the luxury goods, through image-focused branding, companies can carve out a niche and can generate a higher willingness to pay among consumers whose preferences align with the product's image. Research has shown that advertising leads to repeat purchases, hence, companies have a stronger motive to invest in advertising. Indeed, some studies have argued that, for this reason, the highest quality products should attract the most advertising¹³.

Technological innovations, particularly the evolution in communication technologies, such the Internet, have enabled the easy access to and to international flow of information. With the advent of the internet, marketing is no longer confined to national boundaries but transcends the borders of every nation in the world that it linked to the internet. Therefore, greater transactional distance created an increased incentive for producer identification.

Since channels of communication are constantly changing and have evolved, consumers have also become more interactive. This creates a form of new digital advertising

¹² Drescher, Thomas D, "The Transformation and Evolution of Trademarks – From Signals to Symbols to Myth"(1992) 82 Trademark Rep 301, at pg. 322

¹³ Supra note 10, at pg. 16

opportunity is much more effective than its traditional form of advertising. Due to this, reputation of a trademark is much harder to control today than in the past as it can be earned very fast or destroyed very fast. This new online and instantaneous communications environment may just be adding another layer of complexity. The pressure by producers to manufacture goods in even shorter production cycles indirectly leads to rebranding through new strategies, or encourage mega mergers, whose wealth and cultural influence place them in a much easier position to make their goods and services widely known to consumers.¹⁴

(II) Increased market for brands

(a) The drawing power

Given the investments that companies make in relation to advertising and maintenance of trademark portfolios, it is not possible to quantify a value on a trademark or the on its brand in general. The intangible value lies in the powerful commercial magnetism or the “drawing power” of the former which draws consumers to the particular products or services. Needless to say, to build a reputable brand, involves a laborious task that demands massive investments in the form of inordinate amount of time and effort, expenditure of money, maintenance of a consistent level of quality, and continuous promotion of the products or services concerned.

Libling pointed out “the commercial value of an entity, whether tangible or intangible, has been brought about by the expenditure of time, effort, labour or money, the person who created that commercial value has a proprietary right to its commercial exploitation.”¹⁵ The gained reputation can deteriorate unless continuous and consistent efforts are made to manage, maintain or augment their reputation. It is this drawing power or commercial exploitation function of the trademark that creates opportunities for it to be

¹⁴ Ibid at pg. 25

¹⁵ Libling, DF, “The Concept of Property: Property in Intangibles” (1978) 94 LQR 103 at 119

licensed, franchised and even sold as an IP right for large amounts of money.

(b) Source of revenue

The creation of commercial value in well-known trademarks may be justified on the basis that this is necessary to achieve optimal utilization of such trademarks as a resource. In other words, the property right in well-known trademarks is not necessarily permanent. Companies should employ good branding strategies to preserve the commercial value of the IP. Otherwise, once a well-known trademark deteriorates to the stage where it is no longer well-known because it has lost its drawing power, hence its commercially exploitable opportunities. It would then be treated as an ordinary. Lord Parker in *Spalding (AG) & Bros v AW Gamage Ltd*¹⁶ rightly puts it: “*the property...of the so-called owner is in its nature transitory, and only exists so long as the mark is distinctive of his goods in the eyes of the public*”.

The rise in the market for brands has increased the strategic use of IP rights through licensing, franchising and even the sale and purchase of IP rights. Trademarks correspond to the legal rights associated with brand assets that may be transferred or purchased as target of acquisition. Companies often pursue licensing strategy that allows them to diversify their business and expand into additional product categories¹⁷. By doing so, they are able to enter new markets, access competences outside the boundary of the company, and generate new revenues without making substantial investments in building or acquiring additional know-how and manufacturing capacities.

Licensing and franchising may be the entrepreneurs’ answer to as it helps them to avoid the costs associated with building a new brand and a new business model. Licensing and franchising are also commonly employed as early stage international moves for

¹⁶Spalding (AG) & Bros v AW Gamage Ltd (1915) 32 RPC 273

¹⁷ Supra note 10, at pg. 62

companies seeking to go global, since they offer an opportunity to operate in new countries, and in doing so, to incur lower costs and lower risk¹⁸. Therefore it may be a suitable growth model for businesses in low-income countries.

Acquisition of brands and the transfer of associated rights regularly takes place as part of company's mergers and acquisitions (M&As). A relevant example is the Lenovo purchase of the personal computer division IBM, including "Think" trademark, which took place in 2004¹⁹. Markets for brands may provide a way of mitigating some of the costs and risks associated with building a brand, allowing the companies involved to alleviate costs when entering new markets by using established brands.²⁰ Provided that companies that who acquired them do not reduce or weaken the product or service quality, new market opportunities will always be created by leveraging on the brand, paving the way to create a well-known trademark.

(c) Moral rights

Since the ability of a well-known trademark to draw consumers and the ability of the trademark to draw in a stream of revenues, this is only usually attained after a period of careful nurturing and promotion the trademark by its owner, it is only ethical and moral that third parties do not take unfair advantage of the achievement of another's hard work.

Rierson states that a moral right is one that does not (unlike most intellectual property law in the United States) depend upon an economic or utilitarian framework to justify its existence.²¹ Moral rights are based on the personal rights of the creator, with the idea being

¹⁸ Ibid at pg. 63

¹⁹ Ibid

²⁰ Ibid.

²¹ Rierson, Sandra L. "The Myth and Reality of Dilution" 11 *Duke Law & Technology Review*, at pg. 269

that the creator of an artistic work should retain some amount of control over it, even if he does not "own" the work.²² When testifying before Congress on the subject of the Federal Trademark Dilution Act, counsel for Warner Brothers Studios said, "The trademark owner, who has spent the time and investment needed to create and maintain the property, should be the sole determinant of how that property is to be used in a commercial manner."²³

Moral rights primarily encompass (1) the right of attribution (the right to be named as the author of the work) and (2) the right of integrity (the right to prevent others from mutilating the work or to present it in a manner not approved by the author).²⁴ The right of attribution broadly "gives the author the right to control the association of his name with the work," including the right "not to associate his name with the work," and the right to be anonymous.²⁵ The right of integrity, sometimes referred to as the "right of respect," enables the author to prevent any modification or distortion of his work that misrepresents his "vision or concept."²⁶ In sum, these rights "function to safeguard the author's meaning and message, and thus are designed to increase an author's ability to safeguard the integrity of her texts."²⁷

In the United States, moral rights have gained traction albeit limited. Although other U.S. laws may be interpreted as indirectly supporting the moral rights of the author, the statute that most explicitly protects the rights of attribution and integrity is the Visual Artists

²² Ibid.

²³ Ibid citing note 239: Federal Trademark Dilution Act of 1995: Hearing Before the Subcomm. on Courts and Intellectual Property of the H. Comm. on the Judiciary, 104th Cong. 111 (1995) (statement of Nils Victor Montan, Vice President and Senior Intellectual Property Counsel, Warner Brothers).

²⁴ Ibid citing note 240

²⁵ Ibid.

²⁶ Ibid at pg. 270

²⁷ Ibid at pg. 271

Rights Act, or VARA, which was appended to the Copyright Act in 1990.²⁸ VARA was enacted in an effort to comply with the Berne Convention, which the United States had signed two years earlier.

The Berne Convention requires its signatories to provide authors with the moral rights of attribution and integrity:

Independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation.

²⁸ Visual Artists Rights Act of 1990, Pub. L. No. 101-650 (tit. VI), 104 Stat. 5128 (codified in various sections of 17 U.S.C.

B. RELEVANT INTERNATIONAL TREATIES

(I) Paris Convention for the Protection of Industrial Property

(a) Purpose of the Convention

In June 23, 1988, Malaysia has acceded to the Paris Convention and was due to be effective from January 1, 1989 onwards²⁹. The Paris Convention is a WIPO administered treaty and is the oldest international treaty that seeks to apply the industrial property in the widest sense, including patents, trademarks, industrial designs, utility models, service marks, trade names, geographical indications and the repression of unfair competition.³⁰ The Paris Convention provides a list of trademark rights through its articles, however it can only be effected where Member States enact legislation to give full effect to its principles.

Article 2 enshrines the basic principle of “national treatment”. The provision requires each State Members to grant to nationals of other Member States the same level of protection of industrial property which the laws of that Member States grant, to its own nationals. As a consequence, the article must therefore be considered in accordance with the principle of territoriality, the basic notion that trademark rights and protections do not extend across international borders.

To avoid imbalances that can be caused by unequal level of protection of industrial property in different Member States, the Convention supplements the principle of national treatment with a number of provisions dealing with substantive law to ensure that nationals of Member States enjoy certain minimum level of protection in all countries of the Union³¹.

²⁹ Paris Notification No. 120, June 24, 1988 accesible at

http://www.wipo.int/treaties/en/notifications/paris/treaty_paris_120.html

³⁰ For more info on the Paris Convention, available at

http://www.wipo.int/treaties/en/ip/paris/summary_paris.html

³¹ Ibid.

(b) Article 6bis

Article 6bis represents the first provision in the Paris Convention on the protection of well-known trademarks. It provides as follows:

- (1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.*
- (2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.*
- (3) No time limit shall be fixed for requesting the cancellation or the prohibition of the use of marks registered or used in bad faith.*

The potential basis for such protection is begun pursuant to the Paris Convention. As signatory of this framework, Article 6bis only specifically provides protection for well-known marks across international borders when such marks are “liable to create confusion” and are “used for identical or similar goods”³². The provision is important in cases where a well-known trademark is not registered in the country in which protection is sought, particularly where protection of trademarks in that country is conferred based on registration

³² Ibid.

and not on prior use.³³ At that time of writing, Ladas listed down two weaknesses that Article 6bis does not address.³⁴ This, I believe, have been solved on incremental basis over the last few decades with respect to definition of well-known trademarks and where its use in dissimilar goods or services are covered.

(c) Article 10bis

Another aspect of the articles that strengthens the protection of well-known marks is Article 10bis which requires the contracting states to provide effective protection against acts of unfair competition, prohibiting acts that could cause “confusion by any means whatever the establishment, the goods, or the industrial or commercial activities of a competitor.”³⁵

Article 10bis provides as follows:

- (1) The countries of the Union are bound to assure to nationals of such countries effective protection against unfair competition.*
- (2) Any act of competition contrary to honest practices in industrial or commercial matters constitutes an act of unfair competition.*
- (3) The following in particular shall be prohibited:*
 - (i) all acts of such a nature as to create confusion by any means whatever with the establishment, the goods, or the industrial or commercial activities, of a competitor;*
 - (ii) false allegations in the course of trade of such a nature as to discredit the establishment, the goods, or the industrial or commercial activities, of a*

³³ Barker, B. “ The Power of the Well Known Trademark: Courts Should Consider Article 6bis of the Paris Convention An Integrated Part of Section 44 of the Lanham Act” 81 Wash. L. Rev. 363 (2006)

³⁴ For overview, see Ladas, Stephen P., “International Protection of Well Known Trademarks” (1951) 41 TMR 661 at 662.

³⁵Article 10bis of Paris Convention, available at

http://www.wipo.int/treaties/en/text.jsp?file_id=288514#P213_35515

competitor;

(iii) indications or allegations the use of which in the course of trade is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose, or the quantity, of the goods.

This Article will supplement Article 6bis in protection of well-known marks as the registration or use of a confusingly similar trademark as that of a well-known trademark, which is already registered or use in a country, is seen as an act of unfair competition. Article 10bis(2) defines unfair competition as “any act of competition is contrary to honest practices in the particular industry or commercial matters.” Unfair competition, as defined in the Paris Convention, expresses the idea that a “particular act of competition is to be condemned as unfair because it is inconsistent with currently accepted standards of honest practice”³⁶

Since Article 6bis and Article 10bis do not provide any definition or guideline for determining whether a mark qualifies to as well-known, the determination of whether a mark is well-known or not is left to the competent authority of that Member State. Due to this, the World Intellectual Property Organisation (WIPO) has enacted a Joint Recommendation that was subsequently adopted by the Union.

(II) WIPO Joint Recommendation

Many countries protect unregistered well-known marks in accordance with their international obligations under the Paris Convention and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement). Consequently, not only big companies but also small and medium enterprises (SMEs) may have a good chance of establishing enough goodwill with customers so that their marks may be recognized as well-

³⁶ Norton, Patricia V., “The Effect of Article 10bis of the Paris Convention on American Unfair Competition Law” 68 Fordham L. Rev. 225 (1999-2000) at pg. 239 quoting Rudolph Callmann, “Callman on Unfair Competition, Trademarks and Monopolies (4th ed. 1997)

known marks and acquire protection without registration. It is, nevertheless, best to seek registration of the trademark, taking into account that many countries provide for an extended protection of registered well-known marks against dilution (Article 16(3) TRIPS Agreement). Dilution happens when the reputation of the mark is being weakened by the unauthorized use of that mark by others. The WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks³⁷, adopted by the Assembly of the Paris Union in September 1999 provides a set of guidelines for the protection of well-known marks.

Article 4(1)(b) of the Joint Recommendation, dealing with conflicting marks, provides³⁸:

(b) Irrespective of the goods and/or services for which a mark is used, is the subject of an application for registration, or is registered, that mark shall be deemed to be in conflict with a well-known mark where the mark, or an essential part thereof, constitutes a reproduction, an imitation, a translation, or a transliteration of the well-known mark, and where at least one of the following conditions is fulfilled:

- (i) the use of that mark would indicate a connection between the goods and/or services for which the mark is used, is the subject of an application for registration, or is registered, and the owner of the well-known mark, and would be likely to damage his interests;*
- (ii) the use of that mark is likely to impair or dilute in an unfair manner the distinctive character of the well-known mark;*
- (iii) the use of that mark would take unfair advantage of the distinctive character of the well-known mark.*

It is interesting to note that the WIPO Joint Recommendation suggests that the economic damage to the owner of a well-known mark by a junior user is not a prerequisite to finding the junior user's mark in conflict with the well-known mark. It is sufficient that the

³⁷ WIPO Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks , available at <http://www.wipo.int/edocs/pubdocs/en/marks/833/pub833.pdf>

³⁸ Ibid, at pg. 9

junior user's mark "would take unfair advantage of the distinctive character of the well-known mark". As can be seen from here, the doctrine of dilution now appears to be playing an important role on the enforcement of trademark rights by Member States.

The WIPO Joint Recommendation further determines whether a mark is a well-known mark in a Member State. It provides as follows:

Article 2: Determination of Whether a Mark is Well-Known Mark in a Member State

(1) [Factors for Consideration]

(a) In determining whether a mark is a well-known mark, the competent authority shall take into account any circumstances from which it may be inferred that the mark is well known.

(b) In particular, the competent authority shall consider information submitted to it with respect to factors from which it may be inferred that the mark is, or is not, well known, including, but not limited to, information concerning the following:

- 1. the degree of knowledge or recognition of the mark in the relevant sector of the public;*
- 2. the duration, extent and geographical area of any use of the mark;*
- 3. the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;*
- 4. the duration and geographical area of any registrations, and/or any applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;*
- 5. the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities;*
- 6. the value associated with the mark.*

(c) The above factors, which are guidelines to assist the competent authority to determine

whether the mark is a well-known mark, are not pre-conditions for reaching that determination. Rather, the determination in each case will depend upon the particular circumstances of that case. In some cases all of the factors may be relevant. In other cases some of the factors may be relevant. In still other cases none of the factors may be relevant, and the decision may be based on additional factors that are not listed in subparagraph (b), above. Such additional factors may be relevant, alone, or in combination with one or more of the factors listed in subparagraph (b), above.

The WIPO Joint Recommendation specifically stresses that the factors are merely guidelines for the trademark authorities and “not pre-conditions for reaching that determination”. Each national authority is free to decide whether the mark is well-known in that country based on other relevant factors on a case-specific basis.

Article 2(2)(a) clarifies that a well-known trademark does not have to be known to the public at large, but merely to the relevant sectors of the public, which include:

- (i) actual and/or potential consumers of the type of goods and/or services to which the mark applies;*
- (ii) persons involved in channels of distribution of the type of goods and/or services to which the mark applies;*
- (iii) business circles dealing with the type of goods and/or services to which the mark applies.*

Under the factors of the WIPO Joint Recommendation, the owner of a well-known mark may therefore introduce evidence of not only the mark's registrations in a particular country but also any record of its enforcement and recognition as well-known by courts and Trademark Offices in other nations. It appears that this factor does not limit the owner of the well-known mark to the evidence of prior lawsuits or arbitration awards in the country where the junior user tries to exploit the goodwill generated by the well-known mark but additionally, presents a unique opportunity to rely on the victories in other jurisdictions where the issue of fame of the mark was resolved in the owner's favor.

(III) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement)

The TRIPS Agreement was adopted at Marrakesh, Morocco on April 15, 1994 and came into effect on January 1, 2000 in Malaysia that resulted in a spate of new legislations and amendments being made to the existing intellectual property statutes in Malaysia.

What was initially not covered under the Paris Convention, The protection of well-known trademarks was significantly expanded by Article 16(2) and (3) of the TRIPS Agreement. The provisions state as follows:

Article 16 Rights Conferred

2. Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.

3. Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.

The TRIPS Agreement gave definitions as to what types of sign must be eligible for protection as trademarks, and what the minimum rights conferred on their owners must be. It has extended the protection of well-known marks under Article 6bis to include service

marks³⁹, to be protected in the same way as trademarks used for goods and provides for special protection of marks that have become well-known in a particular country.

As can be seen, the TRIPS Agreement goes a step further than the Paris Convention, extending equal protection to service marks and trademarks. TRIPS Agreement also recognizes that it is not necessary for the products of the junior user to be similar to the goods covered by a well-known mark in order to find that the interests of the registered trademark owner were damaged.

Part III of the TRIPS Agreement relates to enforcement of IP Rights by providing basic enforcement principles. It obligates the governments of member countries to ensure the enforcement to permit effective action against any act of infringement of intellectual property rights, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements⁴⁰. The procedures must be fair and equitable, and not unnecessarily complicated or costly. They should not entail unreasonable time limits or unwarranted delays⁴¹. The parties involved in the dispute should be able to ask a court to review an administrative decision and to appeal a lower court's ruling, if necessary⁴².

The TRIPS Agreement also addresses basic obligations relating to civil and administrative procedures, injunctions, damages and other remedies, including destruction of the infringing goods or parts of the goods used in the manufacture of the infringing products. When the counterfeit trademark goods are seized, the Agreement states that "the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional

³⁹ Article 16(2) of TRIPS Agreement, available at

https://www.wto.org/english/tratop_e/trips_e/t_agm4_e.htm.

⁴⁰ Ibid at Article 41

⁴¹ Ibid at Article 42

⁴² Ibid at Article 43

cases, to permit release of the goods into the channels of commerce.”⁴³ The trademark owner may also apply for seizure of counterfeit trademark products by the customs in a member country. Pursuant to Article 59, the courts may order the destruction of the infringing goods and prevent the re-exportation of the infringing goods in an unaltered state or subject them to a different customs procedure⁴⁴. Willful trademark counterfeiting or copyright piracy on a commercial scale is to be considered a criminal offense⁴⁵.

(IV) Conclusion

The international law has developed the doctrine of well-known marks recognizing the need for protection of a trademark with a reputation and also promote a free and fairer competition in the economy. The owners of well-known trademarks can now enjoy more specialised treatment, in which they arguably deserve due to amount of effort, money and time spent to promote their brands. Thus, it is justifiable for them to rightfully reap what they sow from their investments in developing and nurturing customer recognition of their marks or brands.

Be that as it may, the constant need for cautious protection of the acquired reputation has not diminished. The international treaties and national laws of many countries give the IP rights holders the tools for enforcement of their exclusive rights. Even though many of the procedures are still being improved and new policies being developed, there is a clear trend to make the enforcement procedures easier, in order to harmonize the laws across the globe and provide the trademark owners with effective tools for protecting their marks in a variety of old and new markets.

It will be seen from further discussions below, on how the laws in the United States and the United Kingdom has incrementally developed following and adapting to societal

⁴³ Ibid at Article 46

⁴⁴ Ibid at Article 59

⁴⁵ Ibid at Article 62

changes, whereas for the United Kingdom, membership of the European Union has driven the country to implement policies and directives as part of harmonization with the Union. Both countries which are developed nations have been a good example for Malaysia in its bid to build the ASEAN as a nation and points out the stark weaknesses in Malaysian laws.

C. MALAYSIAN TRADE MARKS ACT 1976

(I) Historical origins of the Malaysian Constitution

In Malaysia, prior to the colonization by western powers, laws were unwritten but early case laws and statutes were introduced around 1807 when the British arrived in the state of Penang by importing the whole corpus of English law by *vide* the First Charter of Justice.

The formation of modern Malaysia and its laws began during the Japanese occupation period during World War II (1941-1945), wherein the Malayan Region together with Singapore formed three distinct groups:

- i. the Crown Colony called the Straits Settlements, which included Singapore, Malacca and Penang directly under the British Rule;
- ii. the Federated Malay States, formed in 1896, comprising four states, namely Negeri Sembilan, Pahang, Perak and Selangor; and
- iii. the Unfederated Malay States comprising Johore, Kedah, Kelantan, Perlis and Trengganu, each with its own Legislature, Executive and Judiciary.

The Malay Union was subsequently set up in 1946 by an Order-in-Council, but did not last as all the provisions of the Malay Union were not fully implemented and the powers of the Sultans were completely negative and effective administration was taken over by the British⁴⁶. Then in 1948, the Malay Union was replaced by the Federation of Malaya, which was created on the basis of an Agreement of 1948 between the United Kingdom and the Rulers of each state⁴⁷. Under this agreement, the constituent units retained their individuality but united for a limited purpose. The Federation then was comprised of nine states and the

⁴⁶ Mohd Arif Yusof, 'Post-War Constitutional Changes, Constitutional Developments Towards Independence and Changing Conceptions of Judicial Review in Malaysia' (1982) 9 JMCL 19

⁴⁷ Federation of Malaya Agreement 1948 (GN 6/5-2-1948)

Settlements of Malacca and Penang, as compared to modern Malaysia which comprise of 14 states.

The milestone year for modern Malaysia was in 1957, then the Constitution of Malaya came into force as a result of the Malaya Independence Act⁴⁸, the Federal Malaya Agreement 1957, between the British government and the Rulers back then, and the Federal Constitution Ordinance 1957, passed by the Federal Legislative Council. Each State Legislature of the Malay States also passed state enactments approving and giving the force of law to the Federal Constitution⁴⁹. Thereafter, the Federation of Malaya Independence Order in Council came into operation on 31 August 1957, which is also the Merdeka Day (Independence Day) of Malaya⁵⁰.

On 16 September 1963, Sabah, Sarawak and Singapore joined the Malaya Federation and the Federation of Malaysia was born following the passing of the Malaysia Act 1963⁵¹ by the Parliament of Malaya. Unfortunately, on 9 August 1965, by mutual agreement between Singapore and Malaysian Government, Singapore left the Federation of Malaysia and became an independent sovereign state⁵².

⁴⁸ Ie the Federation of Malaya Independence Act 1957 (UK), an act to make provision for and in connection with the establishment of the Federation of Malaya as an independent sovereign country within the Commonwealth, accessible at <http://www.legislation.gov.uk/ukpga/Eliz2/5-6/60>.

⁴⁹ Ie the Federal Constitution (FGN (NS) 885/1957)

⁵⁰ Halsbury's Laws of Malaysia, Constitution Law

⁵¹ Malaysia Act 1963 (Act No. 26 of 1963)

⁵² Following Singapore's departure, the Malaysian Parliament passed the Constitution and Malaysia (Singapore Amendment) Act 1965 and the Constitution (Amendment) Act 1966 to make the necessary changes to the Constitution as a consequence of the departure of Singapore.

(II) Salient Characteristics of the Malaysian Federal Constitution

The Malaysian Federal Constitution is thus the supreme law of the land⁵³, which means that any law that is inconsistent with it is therewith void. Essentially, modern Malaysia functions with a federal government and 13 state governments. The federal government functions under the Federal Constitution of 1957 and each state has its own state constitution. The provisions set out in Part I of the Eighth Schedule to the Federal Constitution (known as the ‘essential provisions’) are to form part of every state constitution⁵⁴. If a state constitution does not contain the ‘essential provisions’, or contains provisions inconsistent with these essential provisions, Parliament has the power to enact a law to give effect in that state to the ‘essential provisions’, or for removing inconsistent provisions from the state constitution⁵⁵. This way, it would transform the Rulers or Sultans into constitutional heads. The Federal Constitution will also prevail over any state constitution in the event of any inconsistency.

The Malaysian Constitution thus introduces a parliamentary form of government based on the British model. Parliament may by law, admit other states into the Federation and alter the boundaries of any state⁵⁶.

The Malaysian Constitution seeks to establish a hierarchical judicial system with the Federal Constitution. The most important task assigned to the judiciary is to protect the supremacy of the Constitution. It is therefore of utmost importance that the courts interpret and uphold the supremacy of the Constitution, and that therefore it is essential for the independence of the judiciary to be preserved.

⁵³ Art 4(1) Federal Constitution

⁵⁴ Art 71(4) Federal Constitution

⁵⁵ Ibid.

⁵⁶ Subject to the proviso that a law altering the boundaries of a state must not be passed without the consent of the concerned state and the Conference of Rulers: Art 2 Federal Constitution

(III) Supremacy of the Malaysian Federal Constitution

The Federal Constitution is declared to be the supreme law of Malaysia. This concept of constitutional supremacy is further supported in the Federal Constitution by the declaration in the same provision that any law passed after Merdeka Day which is inconsistent with the Constitution will, to the extent of the inconsistency be void. In *Gobind Singh Deo v Yang Dipertua, Dewan Rakyat*,⁵⁷ the Federal Court noted that in Malaysia the fundamental constitutional principle is Constitution supremacy and not Parliament supremacy. It must be noted that the Malaysian Parliament, unlike the Parliament in the United Kingdom, has no power to enact a law that is *ultra vires* the Federal Constitution.

(IV) Intellectual Property Framework

As a result of the development of the legal framework as depicted above, the existing intellectual property framework in Malaysia also adopts very similar legal principles with the United Kingdom. Apart from the statutory regime of law, Malaysia also subscribes to the “common law”, that is the non-statutory body of law developed through the courts and cases in the British Commonwealth. Hence, cases decided in other Commonwealth jurisdictions, particularly the United Kingdom and Australia, are of significant persuasive value in Malaysia.

The Trade Marks Act in Malaysia was enacted in 1976, and was followed by a amendment in 1994 to provide for service marks and other miscellaneous matters. In line with the amendments, which came into force in 1997, the Trade Marks Regulations 1997 have also been introduced. Even more recently, amendments have been made to the Malaysian Trade marks Regulations, cited as the Trade Marks (Amendment) Regulations 2011 to keep up with increasing number of trademark cases mainly for provision of expedited

⁵⁷ [2010] 2 MLJ 674 (on appeal Yang Dipertua, Dewan Rakyat v Gobind Singh Deo [2014] 6 MLJ 812, FC

examinations in Malaysia⁵⁸. There is however, no additional provisions in relation to the protection of well-known trademarks.

Malaysia is quite a late bloomer in the protection of well-known trademarks. In this part, I will examine the evolution of Malaysia's Trade Marks Act 1976 and then proceed with its amendments. Specific provisions relating to the protection of well-known trademarks under the Trade Marks Act 1976 will be pointed out, and then I will discuss the general provisions of the Act that are significant in the protection of well-known trademarks.

(V) Relevant provisions on well-known trademarks under the Trade Marks Act 1976

(a) Section 14 of the Trade Marks Act 1976 : Prohibition on registration

Section 14(2) of the Trade Marks Act 1976⁵⁹ provides that :

...

(2) Article 6bis of the Paris Convention and Article 16 of the TRIPS Agreement shall apply for the purpose of determining whether a trade mark is a well known trade mark.

The wordings of this section cannot be any more direct and obvious. It has effectively imported Article 6bis of the Paris Convention and Article 16 of TRIPS Agreement into

⁵⁸ Trade Marks (Amendment) Regulations 2011, accessible at

<http://www.myipo.gov.my/documents/10192/2322945/TRADE%20MARKS-AMENDMENT-REGULATIONS-2011.pdf>

⁵⁹ Trade Marks Act 1976, available at

<http://www.myipo.gov.my/documents/10192/2322945/Trade%20Marks%20Act%201976%20Act%20175.pdf>

Malaysia's trademark law thereby complying with Malaysia's obligation under the Paris Convention and in a broad sense, harmonizing its obligations with other countries. Therefore, it would appear that a trademark which has become well-known in this country as a result of spillover international reputation can qualify for well-known trademark protection under the Trade Marks Act 1976 even though the well-known trademark has not been used locally.

In neighboring Singapore, the case of *Tiffany & Co v Fabriques de Tabac Reunies*⁶⁰, the Court of Appeal was posed with the issue as to whether the proprietor of a registered well-known trademark who did not carry on trade in Singapore could succeed in an opposition proceeding. The Court of Appeal held that there was no reason to require "use" of the opponent's trademark within the jurisdiction for the purpose of an opposition proceeding, because the object of the provision prohibiting registration was to protect the public from confusion or deception arising from the use of similar marks. The court further stated that as a result of the rapid advancement of modern technology and communication links, Singaporeans could be as familiar with famous international trade marks as people in the country where the trademark was actually in use. That being the case, there was no need to prove that there was an existing user of the well-known trademark within the jurisdiction in order to establish the likelihood of confusion or deception. Singapore cases are sometimes used as reference points for Malaysian cases.

What is considered well-known in Malaysia remains quite vague still, and the geographical extent within this country in which trademark should be well-known is not too clear. This is partly due to the uniqueness of Malaysia's demographics, the country is separated by South China Sea into the East and the West Malaysia, with the east coast comprising of Sabah, Sarawak and Labuan on the island of Borneo. The west coast, also known as Peninsular Malaysia is where the majority of the affluent and better educated part of the population resides, whereas the east coast is less populated and less developed⁶¹.

⁶⁰ *Tiffany & Co v Fabriques de Tabac Reunies* [1999] 3 SLR 147

⁶¹ Though less developed, its land mass is larger and it has notably more beautiful sea sides, natural resources, especially oil and gas reserves.

As a result of the geographic differences, there will be occurrences where a same trademark may be completely unknown in East Malaysia where it is comparatively far less developed. This presents an issue of how a trademark would qualify as well-known in Malaysia. The new provisions on the protection of well-known trademarks were designed to provide a wider scope of protection for such trademarks, but it would appear to be placing a rather high bar to require the trademarks to be well-known throughout the country before the provisions can be invoked.

Perhaps of assistance would be to refer to Regulation 13B of the Trade Marks Regulations 1997 which was introduced via the Trade Marks (Amendment) Regulations 2001. This regulation adopts wholly the guidelines of Article 2(1)(b) of WIPO's Joint Recommendation in determining whether a mark is well-known. However, the guidelines laid down in this regulation are not conclusive, but are merely criteria which may be taken into account in determining whether a mark is well-known.

The list of criteria as guideline for a well-known mark are:

Regulation 13B: Criteria of well-known mark

In determining whether a mark is well-known or not, the following criteria may be taken into account:

- (a) the degree of knowledge or recognition of the mark in the relevant sector of the public;*
- (b) the duration, extent and geographical area of any use of the mark;*
- (c) the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods or services to which the mark applies;*
- (d) the duration and geographical area of any registrations, or any applications for registration, of the mark to the extent that they reflect use or recognition of the mark;*
- (e) the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well-known by competent authorities;*

(f) the value associated with the mark.

If the above remains unclear and broad, the legislature allows the use of market survey evidence to determine its reputation among the relevant public in Malaysia and may be used in court, but it must be conducted properly.⁶² In *Lim Yew Sing v Hummel International Sports & Leisure A/S*⁶³, the market survey evidence was rejected by the court. The court noted that the solicitors had failed to give precise instructions to the surveyors as to whether the trademark to be surveyed was the foreign mark or the conflicting locally registered trademark bearing the same name. In addition, the survey report was not signed, persons who conducted the survey were not identified, the sector of the public surveyed did not represent the trade and public at large, and the geographical area over which the survey was conducted was limited. In rejecting the survey report, the Court of Appeal explicitly state that the minimum criteria for conducting a market survey laid down in the English case of *Imperial Group plc & Anor v Philip Morris Ltd & Anor*⁶⁴ must be observed. The criteria are:

- a) the interviewees must be selected so as to represent a relevant cross section of the public;
- b) the size must be statistically significant;
- c) it must be conducted fairly;
- d) all the surveys carried out must be disclosed, including the number of surveys carried out, how they were conducted, and the totality of persons involved;
- e) the totality of the answers given must be disclosed and made available to the defendant;
- f) the questions must not be leading nor should they lead the person answering into a field of speculation he would never have embarked upon had the

⁶² Section 64(3) of Trade Marks Act 1976

⁶³ *Lim Yew Sing v Hummel International Sports & Leisure A/S* [1997] 1 AMR 48; [1996] 3 MLJ 7, CA

⁶⁴ *Imperial Group plc & Anor v Philip Morris Ltd & Anor* [1984] RPC 293 at 294

- question not been put;
- g) the exact answers, and not some abbreviated form, must be recorded;
 - h) the instructions to the interviewers as to how to carry out the survey must be disclosed; and
 - i) where the answers are coded for computer input, the coding instructions must be disclosed.

A year after *Lim Yew Sing's* case, the same errors with regard to the market survey, as made by the solicitors in that case were committed by the plaintiff's solicitors in *Service Master (M) Sdn Bhd v MHL Servicemaster Sdn Bhd & Anor*⁶⁵. The High Court rejected the plaintiff's market survey evidence because the plaintiffs only restricted themselves to cleaning companies market whereas the defendants did not supply their products to cleaning companies but to healthcare market⁶⁶. Also, from the survey report it was not clear what the purpose of the survey for which the trademark was investigated.

From the above criteria to give some consideration for, it perhaps satisfactory and fair to contend that the words "in Malaysia" would be satisfied if the trademark is well-known in at least a significant part of the country. To adopt a narrow construction would severely limit the purpose of the new provisions on the protection of well-known trademarks.

(b) Refusing registration of a conflicting trade mark used on the same goods or services: Section 14 (1) (d)

Section 14(1)(d) of the Trade Marks Act 1976 prohibits registration of a trademark "if it is identical with or so nearly resembles a mark which is well-known in Malaysia for the same goods and services of another proprietor". Section 3(1) further defines "mark" as to include "a device, brand, heading, label, ticket, name, signature, word, letter, numeral or any

⁶⁵ *Service Master (M) Sdn Bhd v MHL Servicemaster Sdn Bhd & Anor* [1998] 1 AMR 379; [1998] 5 MLJ 378, HC.

⁶⁶ *Ibid*, at 395.

combination thereof.”

The definition provided above perhaps is increasingly out of date, as worldwide trend in recent years are seeking protection for their creative works that are not in the traditional forms. As a result of international treaties dealing with intellectual property and social and economic changes, the definition of “trademark” or “mark” has gradually broadened to include nontraditional marks, such as marks including but not limited to motion marks, color marks, sound marks, scent marks, hologram marks, and three-dimensional (shape) marks. Malaysia has yet to set any cases or legislation that deal with non-traditional trademarks.

Asian countries are trying to a balanced solution to nontraditional trademarks. The conservative Japanese courts opened the door to nontraditional trademark registration when they granted trademark registration for Coca-Cola’s glass bottle. In February 2007, the Japan Patent Office (JPO) announced its final rejection of Coca-Cola's request to register its bottle as a three-dimensional trademark. Coca-Cola later appealed the JPO's decision. The Japan Intellectual Property High Court in May 2008 approved the trademark application, based on the finding that the mark acquired distinctiveness through extensive use in the market.⁶⁷

Even in neighboring China has been taking steps to deal with newly emerging intellectual property laws. The 2001 Amendment of the Trademark Law added three-dimensional objects as trademarkable matter⁶⁸. Meanwhile in Malaysia, the Trade Marks Act 1976 does not recognize or address the non-traditional trademarks issue, although these can still be protected under the common law of passing off.

Section 14(1)(d) is silent on whether a likelihood of confusion must be established before the section can be invoked. It may be inferred from the absence of those words that the

⁶⁷ Kexin Li, “Where is the Right Balance? – Exploring the Current Regulations on Nontraditional Three-Dimensional Trademark Registration in the United States, the European Union, Japan and China”, 30 *Wis. Int’l J.* 428 (2012-2013), at pg. 437

⁶⁸ *Ibid.*

legislature had intended to dispose with the need to prove a likelihood of confusion. Further support for this view may be found in Article 16(1) of the TRIPS Agreement which presumes a likelihood of confusion in the Trade Marks Act 1976 is an obvious advantage for well-known trademark owners.

Section 14(1)(d) is also silent on the issue of whether well-known trademark must be used in Malaysia before the provision may be invoked. It is submitted that the protection of well-known trademarks conferred by section 14(1)(d) is not dependent on the use of well-known trademark locally for two reasons. First, section 14(2) incorporates Article 16 of TRIPS Agreement in the determination of whether a trademark is well-known. As discussed above in Part B, Article 16 of TRIPS Agreement does not require the well-known trademark to be used in the country in which protection is sought. Secondly, if section 14(1)(d) were to be circumscribed by the requirement that the well-known trademark is used in this country, it would lead to a conflict with section 70B(1). It will be discussed later on how section 70B(1) allows the proprietor to of a well-known trademark, whether used in this country or otherwise, to seek an injunction to restrain the use of an identical or similar trademark in respect of the same goods or services.

Subsequent to the enactment of Trade Marks (Amendment) Regulations 200,1 a new regulation 13A to the Trade Marks Regulations 1997 was inserted. Regulation 13A(a) provides that :

Regulation 13A : Where registration of mark is not allowed

The Registrar shall not register a mark or part of a mark where-

(a) the mark or part of the mark is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of Malaysia to be well-known in Malaysia, whether or not it is registered here, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services;

On reading of this regulation, it is found that there is an inconsistency between this regulation and section 14(1)(d). This section 14(1)(d) only confined the prohibition to marks used on “same goods or services” whereas the regulation purports to extend the scope of prohibition to include “similar goods or services”. Under the Malaysian Interpretation Acts, any subsidiary legislation which is inconsistent with an Act of Parliament shall be void to the extent of the inconsistency. Therefore, it would appear that regulation 13A(a) of the Trade Marks Regulations 1997 is *ultra vires* of the Trade Marks Act 1976.

One other aspect section 14(1)(d) is silent on, relates to a situation where a trademark was registered in good faith but, subsequently, an identical foreign trademark for the same goods or services becomes well-known in the country. In *Fazaruddin bin Ibrahim v Parkson Corp Sdn Bhd*⁶⁹ the court decided that there can be concurrent use provided that the concurrent use must be honest. In any event, WIPO’s Joint Recommendation did provide for the protection of well-known trademarks only from the point in time that the trademark is determined to be well-known in the country in which protection is sought. Thus, the effect of those articles is that a locally registered trademark shall not be deemed to be in conflict with a well-known trademark if the latter became well-known only after the registration of the local mark.

(c) Refusing registration of a conflicting trade mark used on the different goods or services: Section 14 (1) (e)

Fortunately this section expands prohibition of registration of a well-known mark to goods or services “not the same as to those in respect of which registration is applied for”. However, it is only to the extent where the use of the mark would “indicate a connection” between those goods or services and the proprietor of the well-known mark, and that the interests of the well-known mark are likely to be damaged by such use. The section provides as follows:

⁶⁹ *Fazaruddin bin Ibrahim v Parkson Corp Sdn Bhd* [2001] 1 AMR; [1997] 4 MLJ 360, HC.

Section 14: Prohibition on registration

(1) A mark or part of a mark shall not be registered as a trademark:-

...

(e) if it is well known and registered in Malaysia for goods or services not the same as to those in respect of which registration is applied for:

Provided that the use of the mark in relation to those goods or services would indicate a connection between those goods or services and the proprietor of the well known mark, and the interests of the proprietor of the well known mark are likely to be damaged by such use⁷⁰;

This section effectively complies with Article 16(3) of the TRIPS Agreement that aims to broaden the scope of protection of registered well-known trademarks to encompass the prohibition of registration of identical or similar trademarks on goods and services different from those in which the well-known trademark is already registered. It is however limited by the following provision that “would indicate a connection between these goods or services and the proprietor of the well-known mark”, and that the interests of the proprietor of the well-known mark are likely to be damaged by such use.

⁷⁰ Trade Marks Regulations 1997, Regulation 13A(b) supports the view that section 14(1)(e) applies where there is conflict between a trademark and another well-known trademark. Regulation 13A(b) provides as follows:

(b) the mark or part of the mark is identical with, or confusingly similar to, or constitutes a translation of a mark considered well-known under regulation 13B, which is registered in Malaysia with respect to goods or services whether or not similar to those with respect to which registration is applied for, provided that use of the mark in relation to those goods or services would indicate a connection between those goods or services, and the proprietor of the registered mark, provided further, that the interests of the proprietor of the registered mark are likely to be damaged by such use;

As a consequence of the provision above, an inevitable question to ask is how to determine whether a mark is “well-known” if the goods or services are not the same? The question to ask is what would be the relevant sector of the public which must be taken into consideration in determining whether a trademark is well-known. Since this section deals with goods and services which are not the same as those in respect of which registration is applied for, it is unclear whether the relevant sector of the public to be taken into consideration should comprise the customers of products bearing the well-known trademark or the customers of products bearing the conflicting trademark, or perhaps both categories of customers. To be consistent with sections 14(1)(d), 70B and 57, it would be prudent that the relevant sector of the public for purposes of this section is the customers of the well-known trademark rather than customers of the conflicting trademark.

(d) Restraining the use of a trade mark which is identical with or nearly resembles a well-known mark: Section 70B

Section 70B of the Act is another section that deals with protection of well-known trademark in Malaysia. Section 70B(1) to (3) of the Act provides as follows:

Section 70B: Protection of well-known trade marks

- (1) The proprietor of a trade mark which is entitled to protection under the Paris Convention or the TRIPS Agreement as a well known trade mark is entitled to restrain by injunction the use in Malaysia in the course of trade and without the proprietor’s consent of the trade mark which, or the essential part of which, is identical with or nearly resembles the proprietor’s mark, in respect of the same goods or services, where the use is likely to deceive or cause confusion.*
- (2) Nothing in subsection (1) shall affect the continuation of any bona fide use of a trade mark begun before the commencement of this Act.*
- (3) In this section, references to a trade mark which is entitled to protection under*

Article 6bis of the Paris Convention or Article 16 of the TRIPS Agreement as a well known trade mark are to a mark which is well known in Malaysia as being the mark of a person whether or not that person carries on business, or has any goodwill, in Malaysia, and references to the proprietor of such a mark shall be construed accordingly.

On reading of this section, it is clearly that it covers a proprietor of well-known trademark irrespective the proprietor carries on business, or has goodwill in Malaysia. This provision seems to suggest that protection of a well-known trademark is available as long as the trademark is well-known in Malaysia, regardless of whether it is registered or not. The significance of this provision then is that it will apply to unregistered well-known trademarks in Malaysia and well-known trademarks which have not been used in this country.

Complementing this section is regulation 13B, as discussed above, that provides a list of guidelines as criteria for a well-known mark. It is a requirement under the section that the mark be well-known in Malaysia. Therefore, the fact that it is well-known internationally, and not in Malaysia, will be insufficient for section 70B(1) to apply.

However, this section is not without its conflict. On the one hand, section 70B(1) applies regardless of whether or not the well-known trademark carried on business in Malaysia. On the other hand, on the bottom part of section 70B(1) stated that it requires the unauthorized use of a well-known trademark be a use which is likely to deceive or cause confusion. Under the Act, the notion of deception and confusion generally denotes consumer confusion as to the origin of the goods or services bearing the well-known trademark.

(VI) Defensive registration

Another related provision with regards to protection of well-known trademarks is

incorporated in section 57 of the Trade Marks Act 1976⁷¹. The provisions provides as follows:

Section 57: *Defensive registration of well known trade marks*

- (1) Where a trade mark consisting of an invented word or words has become so well known as regards any goods or services in respect of which it is registered and, in relation to which it has been used, that the use thereof in relation to other goods or services would likely to be taken as indicating a connection in the course of trade between the other goods or services and a person entitled to use the trade mark in relation to the first mentioned goods or services, then, notwithstanding that the proprietor registered in respect of the first mentioned goods or services does not use or propose to use the trade mark in relation to the other goods or services and notwithstanding anything in section 46 the trade mark may, on the application in a prescribed manner of the proprietor registered in respect of the first mentioned goods or services, be registered in his name in respect of the other goods or services as a defensive trade mark and while so registered, shall not be liable to be taken off the Register in respect of other goods or services under section 46.*
- (2) The registered proprietor of a trade mark may apply for the registration thereof in respect of any goods or services as a defensive trade mark notwithstanding that it is already registered in his name in respect of the goods or services otherwise than as a defensive trade mark, or may apply for the registration thereof in respect of any goods or service otherwise than as a defensive trade mark notwithstanding that it is already registered in his name in respect of the goods as a defensive trade mark, in lieu in each case of the existing registration.*

Essentially the principle behind defensive registration is that nobody should deceive the public if, by using a registered trademark on goods or services of which no one has

⁷¹ Supra note 18 at pg 45.

previously used that trademark, the public would be deceived. The purpose of the defensive registration is to confer protection on well-known trademarks consisting of invented words beyond limited scope of the exclusive rights granted to ordinary trademarks. A defensive registration is granted where the applicant already enjoys an ordinary registration for the same trademark in respect of other goods or services. The Registrar may cancel the registration as a defensive trademark when the trademark ceases to be registered in the owner's name.⁷²

A trademark registered as defensive trademark and the well-known trademark registered in the name of the same proprietor are deemed as associated marks under section 58 of the Trade Marks Act 1976⁷³, although the registrations are in respect of different goods or service.

(VII) Conclusion

Suffice to say that prior to the Trade Marks (Amendment) Act 2000, the only provision that caters to protection of well-known marks was under section 57 on defensive registration only. The current framework that implements the obligations under TRIPS Agreement is huge improvement over the old framework. Even though there were other provisions such as section 14(1)(a) on prohibition of trademarks and section 45 on rectification of the Register, they are hardly adequate in providing a comprehensive scheme of protection for well-known trademarks.

⁷² Ibid, at Section 59, pg. 46.

⁷³ Section 58 of the Trade Marks Act 1976 provides as follows:

A trade mark registered as a defensive trade mark and that trade mark as otherwise registered in the name of the same proprietor shall notwithstanding that the respective registrations are in respect of different goods or services be deemed to be, and shall be registered as, associated trade marks.

The enactment of the current relevant provisions that deal with the protection of well-known marks has an effect of creating a hierarchy of protection for well-known trademarks, in the sense that broader scope of protection is granted where the goods or services of the conflicting trademark are the same, while a narrower scope of protection is granted where the goods or services are different. Nevertheless, it can be hardly seen as providing a remedy against dilution of well-known trademarks. Without a more affirmative protection, there is underlying serious consequence in that the drawing powers of the well-known trademark will ‘whittle away’ and ultimately lead to the erosion of their businesses

Hence the obvious weakness in the Malaysian trademark law is that there is no express provisions that provide for the dilution of a trademark. However, as discussed in the next Chapter, the courts have begun to recognize dilution as a form of damage to well-known trademarks under common law. The victory of the *McCurry*⁷⁴ case may well be the starting point for the business society to recognize the importance of protecting their brands.

Countries like the United States and the United Kingdom are good examples for Malaysia to adopt the same approaches. Although in early years the legislative framework in Malaysia was substantially the same as the United Kingdom, nevertheless the United Kingdom has turned to implement European directives as a member of the European Union. Despite that the body of case laws remains relevant and can be borrowed as case laws for purposes of local litigation matters.

Other weaknesses in the current framework include the non-recognition of evolving trademarks in the non traditional sense. Nevertheless, the Malaysian Intellectual Property Corporation has expressed plans to expand the scope of the Trade Marks Act 1976 by including within the ambit of the Act, protection of “non-traditional trademarks” – that includes visible and non-visible signs such as colour marks, sound, smell, movements, three dimensional marks, moving images and holograms.

⁷⁴ See discussion pg 49

It is learnt that a committee has been set up to review the existing Malaysian Trade Marks Act, to bring it in line with recent international trends in trade mark law. Further, the proposed changes will be in keeping with changes in the marketing and communication strategies employed by brand owners in the last few years. Branding has clearly extended beyond use of the traditional 2-dimensional logo and now emphasizes on the emotional appeal of a brand. Undoubtedly a brand which elicits strong emotional attachment to the product or service it is associated with will significantly influence purchasing decisions.

One of the challenges that the MyIPO face with regards to the protection of non-traditional marks, especially on non-visible signs is the visibility requirement. Under section 3(2) of our Trade Marks Act 1976, references to the use of a mark are construed as reference to the use of a printed or other visual representation of the mark. Hence, there is difficulty to graphically represent sound, smell, taste and texture marks.

In this regard, the MyIPO may wish to consider referring to the neighbouring Singapore Treaty which sets out a multilateral framework for the definition of criteria concerning the reproduction of non-traditional marks, both visible and non-visible marks, for trademark applications and in trademark registers. The Singapore Treaty came into force on 16 March 2009, and there are currently 13 contracting parties which have ratified the Treaty.

Amendments to our Trade Marks Act 1976 to incorporate non-traditional marks are only still at the discussion stage and the draft of the consultation is not expected to be ready too soon. Once it is ready however, it is anticipated that there will be significant changes to the procedural stages of the trademark registration process. It will be interesting to see the nature and type of procedural changes that will be implemented as this will undoubtedly transform the trademark landscape in Malaysia.

As mentioned in Part C above, apart from the statutory regime of law, Malaysia also subscribes to the “common law”, that is the non-statutory body of law developed through the courts and cases in the British Commonwealth. Its principles appear for the most part in

reported judgments, usually of the higher courts, in relation to specific situations arising in disputes which courts have adjudicated.

Under the tortious law of passing off, a foreign trader with well-known trademark who does not have any business activity in Malaysia will encounter difficulties in establishing that he has goodwill in his business in this country because goodwill is territorial in nature and is situated where the business is located.⁷⁵ Goodwill is normally created by conducting business in this country and very slight business activity has been held to be sufficient.⁷⁶ The law of passing off makes a distinction between the goodwill of a business which uses the well-known trademark and the reputation of the well-known trademark itself. This is because the fact that a trademark is well-known does not necessarily mean that they enjoy a widespread reputation here.

In view of the continued relevance in this country of the law of passing off to the well-known trademark owners, the following discussion will touch on the general principles for a successful passing off action in the context of well-known trademarks.

(I) Requirements to be established in an action for passing off

In the English case of *Erven Warnink BV v J Townend & Sons (Hull) Ltd*⁷⁷, Lord Diplock in the House of Lords laid down five minimum requirements which must be established for an action of passing off. They are:

⁷⁵ *Star Industrial Co Ltd v Yap Kwee Kor* [1976] 1 MLJ 149 at 155.

⁷⁶ *Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd* [1992] 1 AMR 26, HC and [1993] 1 MLJ 55 (interlocutory proceedings).

⁷⁷ *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1980] RPC 31

- i. misrepresentation
- ii. made by trader in the course of trade
- iii. to prospective customers of his or ultimate consumers of goods or services supplied by him
- iv. which is calculated to injure the business or goodwill of another trader
- v. which causes actual damage to a business or goodwill of the trader by whom the action is brought or will probably do so.

The applicability of these requirements to passing off actions in this country is confirmed by Malaysian Supreme Court in *Seet Chuan Seng & Anor v Teh Yih Jia Foods Manufacturing Pte Ltd*⁷⁸. However, more recently, local courts have started to rely more on *Reckitt & Colman Products Ltd v Borden Inc*⁷⁹ in which Lord Oliver emphasized the need to establish three elements to make a case of passing off:

- i. goodwill;
- ii. misrepresentation; and
- iii. damage.

(a) Goodwill

This is an ill-defined term and perhaps may be said to refer to the consumer's desire to purchase goods because of their association with a mark.⁸⁰ The willingness of local courts to find the existence of goodwill despite minimal market activity can be seen in *Dun &*

⁷⁸ *Seet Chuan Seng & Anor v Teh Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 AMR 1353; [1994] 2 MLJ 770, SC at 781, per Gunn Chit Tuan CJ (Malaya).

⁷⁹ *Reckitt & Colman Products Ltd v Borden Inc* [1990] RPC 341

⁸⁰ LaFrance, M. "Passing Off and Unfair Competition: Conflict and Convergence in Competition Law" 2011 Mich. St. L. Rev. 1413 at pg. 1416

*Bradstreet (Singapore) Pte Ltd & Anor v Dun & Bradstreet (Malaysia) Sdn Bhd*⁸¹. In this case, it was held by the courts that by merely entering into a contractual transaction was sufficient to establish goodwill.

Separately on the same wave, courts have adopted a more liberal and different approach and were more willing to accept mere reputation, as opposed to goodwill, as sufficient ingredient for an action in passing off. Courts stated in *Thrifty Rent-A-Car System Inc v Thrifty Rent-A-Car Sdn Bhd & Anor*⁸² that the reason for taking a more liberal approach was primarily because of the advancement of technology and communications to such an extent that the public in Malaysia would be aware of foreign trademarks even though such trademarks have not been previously used in Malaysia. Meanwhile in *Electro Cad Australia Pty Ltd & Ors v Mejati RCS Sdn Bhd & Ors*⁸³, the courts held that any extensive pre-launch activities was sufficient to generate goodwill in the business.

(b) Misrepresentation

Misrepresentation occurs when the goods or services of the defendant are those of the plaintiff or are associated with the plaintiff. This was illustrated in *Petroliam Nasional Bhd (Petronas) & Ors v Khoo Nee Kiong*⁸⁴. The defendant had registered a number of domain names comprising the well-known trademark “Petronas” with the intention of selling them for a profit. The plaintiffs were well-known national petroleum corporations in Malaysia, and used the trademark “Petronas” which had become a household name. Su Geok Yiam JC found the defendant liable for passing off because the defendant’s domain name

⁸¹ *Dun & Bradstreet (Singapore) Pte Ltd & Anor v Dun & Bradstreet (Malaysia) Sdn Bhd* [1993] 2 AMR 3304, HC.

⁸² *Thrifty Rent-A-Car System Inc v Thrifty Rent-A-Car Sdn Bhd & Anor* [2004] 7 MLJ 567.

⁸³ *Electro Cad Australia Pty Ltd & Ors v Mejati RCS Sdn Bhd & Ors* [1998] 3 AMR 2555; [1998] 3 MLJ 422, HC.

⁸⁴ *Petroliam Nasional Bhd (Petronas) & Ors v Khoo Nee Kiong* [2003] 4 CLJ 303

registrations were instruments of deception that could misrepresent to the public that the defendant was connected with those well-known companies.

It is held that before a passing off action can succeed, parties must engage in a common field of activity. In *Mun Loong Co Sdn Bhd v Choi Tuck Kin*⁸⁵, the courts took the view that the plaintiff must show that the defendant had something to deceive the public that his business was that of the plaintiff. On the facts, the courts found that the parties were in totally different fields of business activity because the defendant dealt entirely with optical goods while the plaintiff dealt with textile, garments and cosmetics. Therefore, plaintiff's claim was dismissed.

(c) Damage

Since the law of passing off is concerned with misrepresentations made by one trader which damage the goodwill of another, it is essential that the defendant's misrepresentation should be likely to cause damage to the goodwill. Although actual damage need not have occurred, it must at least be proved that there is a likelihood of damage⁸⁶. The most common head of damage is the loss of sales⁸⁷. In *Seet Chuan Seng & Anor v Teh Yih Jia Foods Manufacturing Pte Ltd*, the Supreme Court held that where goods of both parties were in direct competition with one another, the court would "readily infer the likelihood damage to the plaintiff's goodwill through loss of sales." It was further stated by the courts that it is sufficient for the court to find that there could be confusion among the public that there was some connection with the plaintiffs as it could lead to confusion among the public.

More recently, dilution of trademarks seems to have been accepted by the local

⁸⁵ *Mun Loong Co Sdn Bhd v Choi Tuck Kin* [1982] 1 MLJ 356

⁸⁶ *The Scotch Whisky Association & Anor v Ewein Winery (M) Sdn Bhd* [1999] 6 MLJ 280

⁸⁷ *Ibid.*

courts as a form of actionable damage in passing off. In *The Scotch Whisky Association & Anor v Eweine Winery (M) Sdn Bhd*, the plaintiffs claimed that the defendants, a locally incorporated company which carried on business of manufacturing of liquor, had passed off their spirits which were not distilled in Scotland as “Scotch Whisky”. Adopting the test formulated in *Erven Warnink BV v J Townend & Sons (Hull) Ltd*, the court found that the defendants were liable for passing off. It was held that defendant’s act of misrepresenting their products as “Scotch Whisky” was likely to confuse the public into thinking that the defendant’s products were indeed “Scotch Whisky”. Apart from granting the plaintiffs the remedies which they had sought, the judge stated if locally produced whiskies were widely sold as “Scotch Whisky”. The meaning of “Scotch Whisky” would be diluted and might eventually become generic to the detriment of real “Scotch Whisky” producers.

Genericization occurs where the trademarks becomes descriptive of the product itself, thereby losing its distinctiveness and ability to denote the business of the trademark owner. The finding of dilution as a form of damage in this case is tantamount to the court protecting the prestige and market value of the name “Scotch Whisky”, as well as preventing the possibility of dilution to that prestige.

Apart from genericization, dilution of a trademark may also take the form of erosion of the uniqueness of a tradename or mark. In *Service Master (M) Sdn Bhd V MHL Servicemaster Sdn Bhd & Anor*, the court found that the plaintiffs had not suffered loss of sales even though the defendants adopted a similar name for their business as the plaintiffs were in a different business activity than the defendant, hence the plaintiffs failed to establish goodwill.

(d) McDonald’s v McCurry

Most recently, one small Malaysian family owned restaurant won an eight-year-long legal battle over McDonald’s American-based powerhouse. This is famous case of

*McDonald's Corp. v. McCurry Restaurant (KL) Sdn Bhd*⁸⁸. In 2001, McDonald's commenced an action at the High Court against the owners of McCurry Restaurant, P. Suppiah and his wife, Kanagewary⁸⁹. McCurry restaurant offers Indian and Malaysian cuisine and is promoted based on the concept of a fast food restaurant. At the time of this decision McDonald's had over 30,000 outlets worldwide, with 185 in Malaysia⁹⁰. McDonald's had been present in Malaysia since 1982, while McCurry was established in 1999⁹¹. In fact, through an annual report for 2008, McDonald's franchises and operates 31,967 restaurants on a worldwide basis⁹². Clearly this enormous and well-known company is taking advantage of the global marketplace, and its goal is to expand its presence further in the 118 countries it occupied at the end of fiscal year 2008⁹³.

In their report, according to their Asia Pacific, Middle East and Africa team, their goal is to be consumer's first choice when eating out. To achieve this goal, locally relevant strategies surrounding convenience, breakfast and branded affordability are essential in this diverse and dynamic part of the world⁹⁴. Needless to say, a large corporation of this size must strongly protect their reputation and goodwill anywhere and anytime.

⁸⁸ *McDonald's Corp. v. McCurry Restaurant (KL) Sdn Bhd*, No. D6-22-989-2001 (Kuala Lumpur Com. Div. July 22, 2008).

⁸⁹ Hookway, James, *McCurry Wins Big McAttack in Malaysia*, *The Wall St. J.*, Sept. 9, 2009, accessible at: <http://www.wsj.com/articles/SB125240245264591953>

⁹⁰ *Ibid.*

⁹¹ *Ibid.*

⁹² McDonald's Corp, "McDonald's Corporation Annual Report 2008", available at http://aboutmcdonalds.com/etc/medialib/aboutMcFonalds/investor_relations.Par94405.File.dat/Full2008AnnualReport-FINAL.pdf.

⁹³ *Ibid* at pg. 21.

⁹⁴ *Ibid* at pg. 23.

The “Mc” Family of Marks in the United States Relating to Generic Food-Related Items

McDonald’s has a very strong presence in its country of birth even back in the 1980s. This is evident in the following two cases. In *McDonald's Corp. v. J&J Snack Foods Corp.*⁹⁵, a snack foods company failed at attempting to register "McPRETZEL" and "McDUGAL McPRETZEL" for frozen soft pretzels. The court found that there was a likelihood of confusion with the family of marks owned by McDonald's⁹⁶. The court further defined family of marks as "a group of marks having a recognizable common characteristic, wherein the marks are composed and used in such a way that the public associates not only the individual marks, but the common characteristic of the family, with the trademark owner."⁹⁷ At the time of this case, McDonald's and its franchisees operated over 8,000 restaurants in the United States, with over 400 in New York State⁹⁸.

The court states that "recognition of family marks is achieved when a pattern of usage of the common element is sufficient to be indicative of the origin of the family"⁹⁹. The court considered several factors, in its analysis including use, advertisement and distinctiveness of marks, along with the recognition and fame of this family of marks when associated with McDonald's. The court stated that the combination of the "Mc" prefix food name created a fanciful word¹⁰⁰. It was evident that McDonalds has spent a huge amount of money on advertising and its franchises and will continue to do so. In two of its restaurants it had actually sold pretzels, and McDonald’s was able to present customer survey evidence in which 30% of the respondent stated they thought a product marked McPRETZEL originated

⁹⁵ *McDonald's Corp. v. J & J Snack Foods Corp.*, 932 F.2d 1460 (Fed. Cir. 1991)

⁹⁶ *Ibid* at pg. 1464

⁹⁷ *Ibid* at pg. 1462

⁹⁸ *Ibid* at pg. 1130.

⁹⁹ *Ibid* at pg. 1463.

¹⁰⁰ *Ibid*.

with McDonalds¹⁰¹. The court this stated that the “newcomer has the clear opportunity, if not the obligation to avoid confusion with well-known marks of others.”¹⁰²,

In another related case of *McDonald’s Corp v McBagel’s Inc*¹⁰³, the case was brought due to the defendant’s use of the phrase “McBagel” as the name of its bagel bakery and restaurant located in New York. When the distinctiveness of the common formative component was analyzed, the “Mc” family of marks was determined to be very strong¹⁰⁴. Print advertisement and a substantial amount of news media using the “Mc” language in independently created articles about McDonald’s persuaded the court¹⁰⁵. Nevertheless the most impressive factor for the court was that of advertising as the court was impressed by the “credible testimony as to the massive advertising expenditures” devoted by McDonald’s to create recognition for marks beginning with “Mc” or “Mac”¹⁰⁶. In fact, television commercials have created an entire “Mc” language such as “McFriendliest, McGreatest, McCleanest, McClown, McFavourite”¹⁰⁷. In contrast, McBagel’s advertising was only meager budget of about 10,000 – 15,000 dollars a year, involved only newspaper, telephone directory ads, and radio commercials¹⁰⁸. Needless to mention, the court was overwhelmed to rule that McDonald’s had established enough consumer recognition in its “Mc” and “Mac” family of marks that it could bar competing uses of these prefixes in connection with generic food items as long as consumer confusion was established¹⁰⁹.

¹⁰¹ Ibid at pg. 1463

¹⁰² Ibid at pg. 1464.

¹⁰³ *McDonald’s Corp v McBagel Inc.*, 649 F. Supp 1268 (S.D.N.Y 1986)

¹⁰⁴ Ibid at pg. 1272.

¹⁰⁵ Ibid.

¹⁰⁶ Ibid at pg. 1272

¹⁰⁷ Ibid.

¹⁰⁸ Ibid.

¹⁰⁹ Ibid.

Malaysia's McCurry

Coming back to this local landmark case, as compared to McDonald's themed and coloured restaurants, McCurry has a "Western-style ambience." At the time of this suit, McDonald's already had registered its trademark as having the said prefix "Mc" in countries around the world, including Malaysia. The lower court, had also acknowledged that McDonald's had created a family of marks in relation to its products and services.

The court stated that by "reason of its established goodwill and reputation created and generated by the extensive trade and publicity campaigns the prefix 'Mc' is distinctive of the plaintiff in Malaysia and around the world in connection with food, beverage and restaurant business¹¹⁰. The court analyzed the case under the tort of 'passing off, under both the traditional classic form and the extended form. For the traditional form, McDonald's had to prove that they had acquired the necessary goodwill by their endeavors or those of their predecessors. Next, proof of acts by McCurry which were and are calculated to damage the goodwill and reputation of McDonald's had to be proved, along with a corresponding unfair advantage¹¹¹.

For McDonald's to prevail under the extended form of passing off, all they had to show was that there was an "appropriation of their trademark resulting in loss and damage." Among other defenses, the defendant stated that the defendant's trademark "McCurry" was created based on the abbreviation of "Malaysia Chicken Curry" which is distinctly a Malaysian concept. The defendant further asserted that McDonald's had no exclusive right to the prefix "Mc." The court concluded after hearing much testimony that the plaintiff had proven all elements to show the existence of the act of passing off both under the traditional and extended form. The court stated that it was their "duty to protect the goodwill and reputation of the plaintiff which has been legally recognized worldwide."

¹¹⁰ Supra note 87 at pg. 3

¹¹¹ Ibid at pg. 8-9

On appeal to the Court of Appeals, the court disagreed and reversed the decision¹¹². The Court of Appeals determined the evidence did not support the conclusion that McCurry restaurant was passing off McDonald's business as their own¹¹³. The court concluded that the "irresistible inference to be drawn from the totality of the evidence was that the defendant's signboard could not result in reasonable persons associating McCurry with the plaintiff's mark." In its claim, McDonald's pled that McCurry had copied and adopted the distinctive "Mc" identifier for its own food and beverage outlet. McDonald's said that this was done with full knowledge of the plaintiffs proprietary rights in the goodwill and reputation of its trade and business in food and beverages conducted under the distinctive "Mc" identifier¹¹⁴.

In discussing the cause of action resting on the tort of passing off, the court analyzed the history of the tort and concluded that the defendant need not misrepresent his goods to be those of the plaintiff if he misrepresents his goods or his business as being in some way connected or associated with the plaintiff's goods or business.¹¹⁵ The elements of passing off include a misrepresentation by the defendant made in the course of the trade, calculated to injure the goodwill and reputation of the plaintiff from which the plaintiff must suffer resulting damages¹¹⁶. The court determined that the defendant did not represent his business to be that of the plaintiff. The court of appeals looked at the mark or get-up or logo as a whole and not merely an element in the whole.¹¹⁷

McDonald's get-up consisted of a distinctive golden arched 'M' with the word McDonald's against a red background. McCurry's signboard carried the words 'Restoran

¹¹² McCurry Restaurant (KL) Sdn Bhd v. McDonalds Corporation, [2009] 3MLJ 774, Civil App. No. W-02-1037-2006, (Ct. of App. (Putrajaya), Apr. 27, 2009

¹¹³ Ibid at pg. 14

¹¹⁴ Ibid, at pg. 2

¹¹⁵ Ibid at pg. 4

¹¹⁶ Ibid at pg. 4-5

¹¹⁷ Ibid at pg. 10

McCurry' with the lettering in white and grey on a red background with a picture of a chicken giving double thumbs up along with the words 'Malaysian Chicken Curry'¹¹⁸. Therefore, the defendant's presentation of its business is a style and getup which is distinctively different from that of the plaintiff.

The Court of Appeals was also persuaded by the fact that the items of food available at the McDonald's outlet all carry the prefix "Mc" but none of the food items served at McCurry's restaurant carry the prefix "Mc."¹¹⁹ The third factor the court discussed was that the type of food available in the plaintiff's outlet and the defendant's restaurant were very different in that the former served fast-food, where the later catered only typically Indian and local food.¹²⁰

Lastly, the court determined that the type of customers who patronize the plaintiffs outlets are very different from those who eat in defendant's outlet.¹²¹ The Court of Appeals believed that just because the defendant chose the name McCurry, this cannot by itself lead to the inference that it sought to obtain an unfair advantage from the usage of the prefix "Mc"¹²². It would have been different if the defendant had offered to its customers items that were labeled either the same as or similar to those sold by the plaintiff, for example McFish or McLamb.¹²³ McDonald's of course appealed this decision to the Malaysian Federal Court, the country's highest court, but leave for appeal was not allowed by the apex court.¹²⁴

As can be seen from the court decisions in the United States discussed above, the

¹¹⁸ Ibid.

¹¹⁹ Ibid.

¹²⁰ Ibid.

¹²¹ Ibid at pg. 11

¹²² Ibid at pg. 13

¹²³ Ibid at of. 14

¹²⁴ Supra note 67

Court of Appeals was silent on the issue as to how the “Mc” family of marks is treated in Malaysia. This is an important question and should be given a good elaboration to justify the decision in the eyes of the global economic players.

Position in China

During the course of the proceedings, McCurry’s lawyer also referred to *Yuen Yuk Wan Frank v McDonald’s Corp*¹²⁵, in which the Chinese court ultimately disregarded McDonald’s objection to the use of the phrase “McChina” in a nine year legal battle against Frank Yuen and allowed the registration of the mark. Frank Yuen is the owner of McChina Wok Away, a small chain of Chinese take-away outlets in London¹²⁶. The court ruled that the McChina name would not cause any confusion among customers, and McDonald’s had no right to the prefix “Mc.”

The defendant argued that in Scotland, surnames beginning with Mc or Mac are very common. To this, the judge replied that any tribunal must obviously be careful before reaching a conclusion that involves giving an effective monopoly to a common prefix of a surname, in the context of a common type of business¹²⁷. The judge stated that in the case, McDonald’s, was virtually seeking to monopolize all names and words with prefix “Mc” or “Mac” at least in relation to food or restaurant services. The court also took into account other circumstances including the lack of similarity in the marks and the fact that McDonald’s was not associated with oriental food, and the lack of evidence of confusion¹²⁸.

¹²⁵ Yuen Yuk Wan Frank v McDonald’s Corp, 2001 WL 1422899 (Yuen)

¹²⁶ Ibid at pg. 73

¹²⁷ Ibid.

¹²⁸ Ibid at pg. 71

(II) Conclusion

The McCurry case is very interesting case relating to the law of passing off in Malaysia. Criticizing the lower court's decision, the Court of Appeals stated that it was an error to assume that the respondent had a monopoly in the use of the prefix "Mc" on a signage or in the conduct of business. The Court of Appeal did cite two cases involving McDonald's supporting its opinion that McDonald's does not have monopoly on the prefix "Mc" on signage or in conduct of business¹²⁹ .

From the above case law developments, it can be seen that the courts in this country are keen on balancing Malaysia's cultural and social values whilst developing the law of passing off to meet the needs and demands of international trade. While the cases above suggest that local judges are amenable to the concept of dilution of well-known trademarks, fundamental aspects of the law of dilution, such as what constitutes dilution of trademarks and how the concept would fit into the landscape of the law of passing off in this country, is still being explored by the local judges.

Until today, it remains to be seen what impact this decision has made in the monopoly of the "Mc" suffixes by McDonald's, especially in other regions as well. The ruling essentially means that McDonald's does not have monopoly on the prefix "Mc" and that other restaurants could also use it as long as they distinguish their food from McDonald's. This presents a very vague territory for owners of well-known marks such as McDonald's as it seemingly erodes their rights to the marks. The reasons will be discussed below.

Firstly, the purpose of having a registered trademark is to provide for the monopolization of the use of a particular trademark, provided it is used in the category of goods or services as specified. An owner of a well-known mark is most likely to be a company that is globally recognized for their goods or services and one of the economic

¹²⁹ For more information on the cases, please see *McDonald's Corp. v. Future Enterprise* [2005] 1 SLR 177, [2004] SGCA 50 and *McDonald's Corp. v. Coffee Hut Stores Ltd.* 55 CPR (3d) 463 (1994).

incentives for diversifying their investments into different territories is that they are able to ensure that their rights in the particular territory can be adequately protected. Should this not be the case, one would question why would they decide to enter a territory where their rights cannot be secured? Hence, it becomes a setback for Malaysia, in that it may affect the decision by foreign investors to diversify their business investments in Malaysia.

Foreign direct investments (FDI) remain a key area for in generating growth and revenues in the Malaysian economy. According to recent Organization for Economic Cooperation and Development (OECD) Investment Policy Review of Malaysia¹³⁰, as a destination for FDI, Malaysia's attractiveness for lower-wage manufacturing has diminished and the government now hopes to move the economy further up the value chain by promoting investment in higher value added manufacturing and service sectors, Whilst it may be farfetched at this stage to claim that this court decision will have any impact on the current FDI and economy, it could be well the starting point of uncertainty for foreign investors and it would be better if the judiciary could decide matters that promotes good policy for enforcing stronger IP rights and laws for foreign business owners.

Therefore, the decision of this case could a discouraging factor, or it could be seen as a weakness for owners of well-known marks to enter the Malaysian market. Over the long run this could be unbeneficial to the Malaysian public because it could be that they would have benefitted more from economic progress and job creation that FDI brings.

Secondly, having said the above, whilst the courts are applauded for protecting local and small business operators from the larger players, it is questionable whether this decision will benefit the local and small business operators. A large percentage of McDonald's restaurants operate as independent franchises and are staffed by local operators¹³¹. If this is so, as much as the court intended to protect the little family owned companies, may not reach the

¹³⁰ Report by U.S. Department of State: 2014 Investment Climate Statement, June 2014, accessible at <http://www.state.gov/documents/organization/228922.pdf>.

¹³¹ Supra note 88.

intended effect.

One may argue that it could lead to the opening up of the floodgates of litigation. If no affirmative protection is given to the owner of the well-known mark, this may also mean a lesser protection will also be given to the local and small business operators. For example, now that McCurry has won the case, the question that arises is will they be able to protect their own trademark from other restaurant owners who tries to use the suffix “Mc” as well? The answer will highly likely be negative, since the courts have not yet set a reasonable standard for affirming the exclusive rights of a well-known mark.

A further argument that may be brought forward can be derived from the Yuen Yuk Wan case, wherein the subject infringement was a chain of Chinese food take-away in London. It is unclear why this case was brought in China. However, the locality of the infringement in question was in London, and a good argument put forward by the defendant was that in Scotland (being part of the United Kingdom), the surname “Mc” and “Mac” was very commonplace. This becomes a very compelling factual argument, driving the courts to disallow the monopoly of the prefix “Mc” and “Mac” in that area. In comparison, this is not the case in Malaysia. The prefix “Mc” and “Mac” is almost non-existent in the local surnames and is only commonly heard of and used in all of McDonald’s advertising.

From the above discussion, it is felt that the Court of Appeal’s decision and reasoning is not persuasive and weak. It is therefore hoped that this decision is only a one-off decision that is unfavourable for well-known mark owners, and should the next landmark case comes along, it is hoped that the courts will weigh the benefits on a bigger picture level.

D. WELL-KNOWN TRADE MARKS AND COMPETITION

As discussed in the preceding parts and chapters, it is clear that the function of well-known trademarks serve public interest, apart from furthering the interests of the owners. An objection commonly raised against enhancing the legal protection would result in the creation of monopolies and stifle free competition. Accordingly then, this would threaten public interest because free and fair competition best advances the interest of the public.

In trademark and unfair competition law, certain presumptions are made concerning consumer motivation and competition which ideally should be consistent with free competition and fair competition theories, as well as with consumer behavior in the market place.¹³² It is argued that consumer motivation and competition are intimately interrelated. In terms of consumer motivation, it is presumed (indeed conclusively) that consumers are motivated to purchase products having “utilitarian functionality” because they wish to satisfy a need for the product's utility, efficiency of use, or efficiency of manufacture (as reflected in its lower cost), and moreover, that consumers would exercise a rational, cognitive process in selecting the product which is perceived as having the greatest probability of satisfying such a need. This conclusive presumption seems justified in terms of free competition principles, provided a reasonable, objective-product-centered-standard is adhered to for determining utilitarian functionality¹³³.

(I) The Competition Act 2010

However, the existence of free and fair competition in reality is practically impossible because all conditions of their existence are rarely found in the marketplace. In 2010, the Competition Act in Malaysia was gazetted, and came into force in 2012 after a

¹³² Oddi, S. A, “Consumer Motivation in Trademark and Unfair Competition Law: On the Importance of Source” 31 Vill. L. Rev. 1 (1986) at pg. 10

¹³³ Ibid, at pg. 23

transitional period in which companies had the time to accustom themselves with this new law. The Malaysian Competition Act sets out its aim clearly. It aims ‘to promote economic development by promoting and protecting the process of competition, thereby protecting the interests of consumers and to provide for matters connected therewith.’ However, every jurisdiction which pursues more than one aim might face difficulties in cases of conflicts between the different aims.

The coming into force of the Competition Act has profound implications for all businesses in Malaysia, as Act applies generally across the board to all industries and sectors. Other countries in South East Asia with a competition law have mostly enacted a competition law due to obligations under the AEC (defined below). The role of competition law is to bring about the benefits of free and fair competition by tackling barriers to entry in the form of cartels, the abuse of a dominant position and anti-competitive mergers. Competition policy, defined as the application to of competition law, can have different aims, that is to give protection to consumer welfare through competitive prices and wider choice.

The application of competition law in Malaysia should ultimately lead to lower prices, better quality, new products and a wider spectrum of choices for consumers¹³⁴. For businesses, it might at first sight seem like an additional burden, but the prohibition of cartels and the abuse of dominance should not affect the normal businesses and will bring several benefits for them. First, they also enjoy the advantages that the consumers gain, like lower prices and new and improved products. Second, competition law might protect their economic freedom not only against dominant enterprises but also against the State¹³⁵.

¹³⁴ For more insight into substantive provisions under the Malaysian Competition Act 2010, please refer to Nowag, Julian, “An Introduction into Competition Law: The Substantive Provisions of the Malaysian Competition Act in Light of its European Origins”, (June 1, 2012). *Malayan Law Journal*, Vol. 4, 2012, available at SSRN: <http://ssrn.com/abstract=2237671>

¹³⁵ *Ibid.*

The Malaysian Competition Act and in particular the far reaching definition of enterprise will ensure a level playing field between private companies vis-a-vis state owned companies. A third advantage is perhaps, competition law is able to tackle artificially erected entry barriers by market participants and thereby opens up new business opportunities and markets for businesses¹³⁶. Finally, the adoption of the Competition Act increases legal certainty and awareness of competition law among Malaysian business, since the extraterritorial application of competition law means that the Malaysian business might already be subject to the competition rules elsewhere¹³⁷.

Due to the similarities among the worldwide competition law frameworks, businesses complying with the Competition Act are likely to make reference with the competition provisions abroad, especially in the United Kingdom. A new regime and a new competition authority may potentially bring about the danger of ‘over-enforcement’ as well as ‘under-enforcement’¹³⁸. It remains to be seen if the right balance will be struck by the Competition Commission. One tool to help in this regard might be the adoption of guidelines. The Competition Commission can issue guidelines under s 66, which if drafted in a sensible way, will be a welcomed tool to help businesses with their compliance efforts, increase legal certainty and might help to prevent over as well as under enforcement by ensuring consistent and predictable enforcement.

The Malaysian Competition Act sets out its aim clearly. It aims ‘to promote economic development by promoting and protecting the process of competition, thereby protecting the interests of consumers and to provide for matters connected therewith.’ However, every jurisdiction which pursues more than one aim might face difficulties in cases of conflicts between the different aims. Hence, although the Malaysian Competition Act seems to have a clear aim, issues arise if the different elements of this aim collide. How can a

¹³⁶ Ibid.

¹³⁷ Ibid.

¹³⁸ Ibid.

balance be struck if, for example there is a conflict between the interests of consumers and the idea of economic development? Moreover, is economic development the same concept as economic efficiency? Therefore, evaluating this from the perspective of balancing between IP rights and competition law, it will be interesting to see how the courts will balance the right factors to strike a fair note. As of now, there has not been any reported cases of Trade Marks Act 1976 in conflict with the Competition Act 2010.

(II) The ASEAN Economic Community (AEC)

The ASEAN Economic Community (AEC) is the realization of the end goal of regional economic integration by 2015 of the ten (10) economies of the ASEAN Member States, namely Brunei Darussalam, Cambodia, Lao PDR, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam¹³⁹. ASEAN aims to achieve the AEC by facilitating free flow of goods, services, investments and skilled labour, and free flow of capital; increasing physical, institutional and people-to-people connectivity to bring down the cost of doing business; narrowing the development gap both within and between ASEAN Member States by instituting targeted programmes; and finding synergy through engaging in bilateral FTAs and consolidating the Plus One FTAs into a Regional Comprehensive Economic Partnership (RCEP)¹⁴⁰. The concept was predominantly based on the European Community framework, in order to achieve a “single market”.

Despite the still uncertain global environment, ASEAN maintained its economic resilience with the economic growth of 5.6 percent in 2012 from 4.7 percent in 2011, underpinned by strong domestic demand. The need to stay resilient against global uncertainties has also pushed the region to pursue its integration agenda further. As a result,

¹³⁹ AEC Factsheet at pg. 2

¹⁴⁰ Ibid.

the AEC continued to make good progress. By end-March 2013, around 78 percent of measures due under the AEC Blueprint have been implemented.¹⁴¹

The AEC Blueprint recognizes that both the notion of fair competition and sound intellectual property policy provide static and dynamic efficiency gains. Ultimately, they ensure that firms succeed not due to monopolization and collusion but because of efficiency and innovation.¹⁴² The AEC has opted to move mainly toward coordination of competition and intellectual property laws. The AEC Blueprint states that “The main objective of the competition policy is to foster culture of fair competition”¹⁴³ but does not say what is ‘fair competition’.

In the area of intellectual property, the AEC Blueprint at Part B3 provides as follows:

43. In principle, intellectual property (IP) policy can serve as a powerful stimulus to (a) cultural, intellectual and artistic creativity and their commercialisation; (b) efficient adoption and adaptation of more advanced technologies; and (c) continuous learning to meet the ever-rising threshold of performance expectations.

44. IP policy can also help to incubate a vibrant culture of creativity and invention, and to ensure more equitable access and benefits to all stakeholders in both traditional and newer IPRs. Furthermore, IP policy can influence both the volume and quality of external trade and investment and the transfers of advanced, proprietary technologies. IP creativity is a major determinant of local value added and external competitiveness.

Nevertheless, public opinion needs to be gauged and attended to for the success of the integration and for making effective decisions that can satisfy the needs and wants of the

¹⁴¹ Ibid.

¹⁴² Lall, Ashish and McEwin, R. I., “Competition and Intellectual Property Laws in the ASEAN ‘Single Market’ (Chapter 5), The ASEAN Economic Community, A Work in Progress at pg. 207

¹⁴³ ASEAN Economic Community Blueprint (8th Reprint), Part B1 at pg. 22

public. Several scholars have argued that positive public attitudes, opinions and aspiration are important for regional integration.¹⁴⁴ It has been found by a survey conducted in 3 countries, that of Indonesia, Malaysia and Singapore, this study has found that the public showed positive support and perceived the regional economic integration as positive for them and their country.

The finding implies that the ASEAN Secretariat—together with national governments—needs to formulate effective strategies to maintain positive attitudes and support for the integration initiatives. As the deadline of the AEC draws nearer, there are already suggestions for further deepening the integration process beyond the AEC Blueprint as in the proposed Jakarta Framework on "Moving ASEAN Community Forward into 2015 and Beyond" (ERIA 2011) and the ASEAN 2030 study by the Asian Development Bank Institute (ADBI 2012).¹⁴⁵

(III) Conclusion

The above two subjects are just two major examples on how incremental development of laws and treaties would directly and indirectly affect intellectual property laws. Specifically, the law and regulations relating to trademarks has particularly more dynamic characteristic than its other counterparts, for example, patent law. In light of its inclination to be affected by factors such as “use”, trademarks, especially when they are more well-known, will almost always be constantly be abused or overused in the marketplace.

¹⁴⁴ Guido, B., Tham, S.Y., and Rashila, R., “Public Opinion on the Formation of the ASEAN Economic Community: An Explanatory Study in Three ASEAN Countries” *International Journal of Asia Pacific Studies*, Vol. 11, 85-114 (2015) at pg. 87

¹⁴⁵ *Ibid*, at pg. 106

E. PROTECTION OF WELL KNOWN MARKS IN THE UNITED STATES

In the United States, the concept of dilution has been more developed and has been codified in the law. ‘Trademark dilution’ is defined as the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of competition between the owner of the famous mark and other parties or of likelihood of confusion. This occurs as the result of blurring or tarnishment of the famous mark. Dilution developed from the concept that some marks are so well known and “famous” that they deserve an extra level of protection beyond the likelihood of confusion analysis. Dilution theory seeks to prevent the coexistence of marks that are sufficiently similar to a famous mark regardless of the goods/services associated with the allegedly diluting mark.¹⁴⁶

Although trademark rights have been identified much earlier on, it was only in 1946 that the Lanham Act was enacted, that provides for federal registration of marks used in commerce, and liberalizing the rules regarding registrable marks.¹⁴⁷ The most comprehensive reform of the Lanham Act occurred in 1988, with the Trademark Law Revision Act of 1988 (effective November 16, 1989), which substantially revised trademark registration procedures¹⁴⁸. At that time, legislation for trademark dilution was not yet born, until in 1995 the Congress finally approved the Federal Trademark Dilution Protection Act that gives a federal cause of action for dilution of trademarks.

On a historical overview, the concept of trademark dilution was first popularized in the United States by Schechter at a period when likelihood-of-confusion allowed relief only in very limited circumstances¹⁴⁹. The concept of dilution is significantly different cause of action from the traditional ‘likelihood-of-confusion’ cause of action provided under the Lanham Act. Dilution is the “whittling away or dispersion of the identity and hold upon the

¹⁴⁶ Fact Sheet: Protecting a Trademark, accessed February 12, 2015.

Available at : <http://www.inta.org/TrademarkBasics/FactSheets/Pages/TrademarkDilution.aspx>

¹⁴⁷ Dinwoodie, Graeme B. and Janis, Mark D. “Trademarks and Unfair Competition: Law and Policy” (3rd edition, 2010), pg. 4

¹⁴⁸ Ibid at pg. 39

¹⁴⁹ Frank Schechter, *The Rational Basis of Trademark Protection*, 40 Harv. L. Rev. 812 (1927)

public mind of the mark or name by its use upon non-competing goods”.¹⁵⁰ Schechter further stated that ‘the more distinctive or unique the mark, the deeper is its impress upon the public consciousness, and the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used.’¹⁵¹

Since the enactment of the Federal Trademark Dilution Protection Act (FTDA) was said to have created a wide rift between supporters of dilution and infringement.¹⁵² For proponents of infringement, dilution is “a radical and imprudent alternative to the consumer protection model of trademark rights” that threatens to create property rights in gross for marks.¹⁵³ Advocates of dilution on the other hand, insist that marks should be treated like property and protected from uses that are not covered by the likelihood of confusion test.¹⁵⁴

So how different is dilution action from the traditional infringement action? One difference between dilution and infringement is that dilution covers only a limited class of marks that possess significant inherent distinctiveness or secondary meaning, while infringement is a remedy available for all valid marks.¹⁵⁵ This means that the stronger the mark is, more persuasive power they should have because they are recognized by many people. Therefore it has been contended that strong and well known marks should be afforded dilution protection because they are worth copying.

The evolution of doctrine of dilution in the U.S. is discussed because the U.S doctrine of dilution have become so developed that it has been codified. A study of how the U.S. attempts to balance the need to provide greater protection to owners of well-known trademarks whilst at the same time preserve free and fair competition in the marketplace will

¹⁵⁰ *Ibid* at pg. 825

¹⁵¹ *Ibid*.

¹⁵² Magliocca, Gerard N. “One and Inseparable: Dilution and Infringement in Trademark Law” 85 *Minn. L. Rev.* 949 (2001) at pg. 951

¹⁵³ *Ibid*.

¹⁵⁴ *Ibid*.

¹⁵⁵ *Ibid* at pg. 962

help to shed some light on whether the dilution theory fits into the landscape of Malaysian trademark laws.

(I) Dilution Theories

Anti-dilution doctrine addresses two types of harms. Blurring, the first type of dilution, occurs when consumers associate a famous trademark with a newer trademark in such a way that the famous mark becomes less distinct¹⁵⁶. The second type of dilution, tarnishment, protects famous marks from uses that harm the reputation of the trademark or the company behind the mark. An example of a tarnishing use might be a tee-shirt printed with "Buttweiser," which casts the famous brand in a bad light. Under the FTDA, the Act defined dilution as "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of:

- (1) competition between the owner of the famous mark and other parties, or
- (2) likelihood of confusion, mistake, or deception."

(II) The FTDA

Under the FTDA, U.S. courts were divided concerning the standard of harm required for relief under the FTDA. Some, including the Second Circuit, used a "likelihood of dilution" standard; plaintiffs in those jurisdictions needed only prove that dilution was likely to occur.¹⁵⁷ By contrast, the Fourth Circuit operated under an "actual dilution" standard; plaintiffs could not get an injunction or recover monetary damages unless they could prove that their trademarks had been diluted.

The standard of harm was important for two reasons: first, particularly with dilution by blurring, proving actual dilution is far more difficult than establishing that it is likely.

¹⁵⁶ Beerline, J. F., "Anti-Dilution Law, New and Improved: The Trademark Dilution Revision Act of 2006" 23 Berkeley Tech. L.J. 511 (2008) at pg. 514

¹⁵⁷ Ibid, at pg. 521

When required to show actual dilution, plaintiffs must often use survey evidence and expert testimony, but there is no clear test for quantifying a mark's loss of distinctiveness.¹⁵⁸ Second, the main remedy for dilution is an injunction against a defendant's use of the trademark. Amid so many ambiguities, the percentage of plaintiffs who won cases under the FTDA declined during the decade after the act was passed.¹⁵⁹

The landmark case that settled the split about the standard of harm required for a trademark dilution claim is *Moseley v. V. Secret Catalogue, Inc.*¹⁶⁰ The district court ruled for Victoria's Secret on all counts. In upholding an injunction against the Moseleys, the Sixth Circuit held that the FTDA required no proof of actual economic harm but was overturned in the Court of Appeal. Shortly after *Moseley*, the International Trademark Association drafted the initial version of the Trademark Dilution Revision Act 2006 (TDRA) with the aim of overturning *Moseley* and resolving judicial conflicts about anti-dilution law.

(III) The TDRA

The TDRA has defined a clearer preliminary requirement for fame than the FTDA. In order to be considered "famous" under the TDRA, a trademark must be "widely recognized by the general consuming public of the United States"¹⁶¹ In determining whether a mark possesses the requisite degree of recognition, the identified four non-exclusive relevant factors, including the following:

- i. The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties;
- ii. The amount, volume, and geographic extent of sales of goods or services offered under the mark;

¹⁵⁸ Ibid

¹⁵⁹ Ibid

¹⁶⁰ *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418, 433 (2003)

¹⁶¹ 15 U.S.C. § 1125(c)(2)(A)

- iii. The extent of actual recognition of the mark.
- iv. Whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.¹⁶²

Essentially, the TDRA resolves the test for fame, making protection available to a narrower group of trademark holders.

(a) Dilution by Blurring under the TDRA

The TDRA offers courts six optional factors for assessing the likelihood of blurring¹⁶³:

- i. The degree of similarity between the mark or trade name and the famous mark.
- ii. The degree of inherent or acquired distinctiveness of the famous mark.
- iii. The extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark.
- iv. The degree of recognition of the famous mark.
- v. Whether the user of the mark or trade name intended to create an association with the famous mark.
- vi. Any actual association between the mark or trade name and the famous mark.

Despite a clearer guideline for establishing dilution by blurring, the six factors taken together may not give courts sufficient guidance regarding whether an association between marks is likely to impair the famous mark's distinctiveness, the second element of a blurring claim.¹⁶⁴ Some commentators have suggested that courts should require evidence or expert testimony in order to establish the impairment element. At the very least," according to McCarthy, the "plaintiff should be required to articulate for the court the argument that this

¹⁶² Section 43(c)(2)(A) of the Lanham Act 1946

¹⁶³ Trademark Dilution Revision Act s.2

¹⁶⁴ Supra note 59, at pg. 529

kind of famous mark in this market will be likely to attract multiple uses which take a free ride on the fame of the mark. The issue should be addressed, not ignored or assumed away."

(b) Dilution by tarnishment under the TDRA

The TDRA defines tarnishment as "an association arising from the similarity between a mark or trade name and a famous mark". Such an association becomes tarnishing when it "harms the reputation of the famous mark" and would diminish the mark's capacity as a source identifier. Tarnishment is more commonly associated with the alternative policy justification for trademark law, the preservation of the mark owner's goodwill.¹⁶⁵

The theory is that even though the consumer is unlikely to think that the trademark holder is the source of the junior user's unsavory or inferior product or service, she will nonetheless no longer have uniformly positive associations with the original trademark as a result of her exposure to the tarnishing use.¹⁶⁶

Like dilution by blurring, the theory behind the cause of action for dilution by tarnishment is that tarnishing uses of a trademark cause the trademark holder an economic harm, albeit such a minor one that it may not be measurable in an individual case. Proving that consumers' exposure to an allegedly tarnishing use of a famous trademark has negatively impacted their opinion of the mark, or the lack of tarnishing effect, can be difficult if not impossible, at least not without spending large sums of money for experts and survey

¹⁶⁵ Supra note 21, at pg. 246

¹⁶⁶ Ibid, at note 122, citing Judge Posner: explaining the tarnishment phenomenon with the following example: Suppose a "striptease joint" adopts the name "Tiffany." "*Consumers will not think the striptease joint is under common ownership with the jewelry store. But because of the inveterate tendency of the human mind to proceed by association, every time they think of the word 'Tiffany' their image of the fancy jewelry store will be tarnished by the association of the word with the strip joint.*" Ty Inc., 306 F.3d at 511.

consultants.¹⁶⁷ This is unlike the cause of action for dilution by blurring which does not have specified factors for courts to consider when determining whether dilution by tarnishment has occurred.

The TDRA also identifies certain types of trademark use that are not actionable¹⁶⁸:

- i. fair use (which includes parodies of criticisms);
- ii. news reporting; and
- iii. noncommercial use.

Going back to the landmark case of *Moseley*¹⁶⁹, the plaintiff was owner of the famous Victoria's Secret trademark, sued Victor and Cathy Moseley, proprietors of a business named "Victor's Little Secret," for trademark infringement and dilution. The trial court granted summary judgment on plaintiffs trademark infringement and unfair competition claims, finding that the Moseleys' use of the mark "Victor's Little Secret" created no likelihood of consumer confusion. However, the trial court granted summary judgment in favor of Victoria's Secret on the dilution claim, and the Sixth Circuit affirmed.¹⁷⁰ The Supreme Court reversed and remanded, holding that evidence of "association" between the two marks was insufficient to prove dilution.

Plaintiff introduced only one piece of evidence that its famous trademark had been diluted and tarnished by the Moseleys' use of the name "Victor's Little Secret." An army colonel, who happened upon an advertisement for the grand opening of the Moseleys' store, "was offended by what he perceived to be an attempt to use a reputable company's trademark to promote the sale of 'unwholesome, tawdry merchandise,'" and therefore sent a copy of the

¹⁶⁷ Supra note 115, at pg. 248

¹⁶⁸ 15 U.S.C. § 1125(c)(3)

¹⁶⁹ Supra note 111, at pg. 422

¹⁷⁰ Ibid at pg. 425

ad to Victoria's Secret.¹⁷¹ The Supreme Court observed that the colonel's "mental association" between Victor's Little Secret and Victoria's Secret did not impair the distinctiveness of or tarnish the Victoria's Secret trademark:

*There is a complete absence of evidence of any lessening of the capacity of the VICTORIA'S SECRET mark to identify and distinguish goods or services sold in Victoria's Secret stores or advertised in its catalogs. The officer was offended by the ad, but it did not change his conception of Victoria's Secret. His offense was directed entirely at petitioners, not at respondents.*¹⁷²

The Court in *Moseley* specifically rejected the notion that mere association between non-identical marks was sufficient to prove dilution. The FTDA, as interpreted by the Supreme Court, therefore made it difficult for a plaintiff to prove dilution of a famous trademark in cases where the marks in question were not identical, even if plaintiff could show that consumers "associated" the defendant's mark with that of the plaintiff.¹⁷³ In the wake of *Moseley*, many courts held that "a plaintiff cannot prevail on a state or federal dilution claim unless the marks at issue are 'very' or 'substantially similar.'" Although *Moseley* may have temporarily sounded the death knell for dilution cases involving non-identical marks, the impact of the decision was decidedly short lived, and became driver to inspire Congress for an amended federal trademark dilution statute. The standard of proof was then redefined.

Post *Moseley*, another interesting case is *Starbucks Corp. v. Wolfe's Borough Coffee, Inc.*¹⁷⁴ In this case, the owner of another undeniably famous trademark, Starbucks, sued a small business, Black Bear Microroastery (Black Bear), for federal trademark infringement, and dilution. Black Bear was sued because it sold a dark roasted coffee under the name

¹⁷¹ Ibid.

¹⁷² Ibid, at pg. 434

¹⁷³ Ibid, at pg. 434

¹⁷⁴ Starbucks Corp. v. Wolfe's Borough Coffee, Inc., 588 F.3d 97 (2d Cir. 2009).

"Charbucks Blend" and "Mr. Charbucks" (the "Charbucks marks").¹⁷⁵ The trial court, after a bench trial, ruled in favor of Black Bear, finding no likelihood of confusion and no likelihood of dilution under federal or state law and was affirmed by the Second Circuit, but reversed and remanded on the claim asserted under the TDRA.

The Second Circuit in Starbucks emphasized the need to give more weight to the evidence presented regarding "association" between the plaintiffs and defendant's marks. Although the court found that Black Bear did have an "intent to associate" its coffee with Starbucks, it did not weigh that factor in favor of a likelihood of dilution finding because it determined that Black Bear did not act "in bad faith." But this was not a requirement under TDRA. Similarly, it held that "actual association" between the two marks can be established via a survey finding that 30.5% of 600 consumers surveyed thought of "Starbucks" when they heard the name "Charbucks."¹⁷⁶ The court stated that this evidence of actual association, under the TDRA, was significant.

(III) Conclusion

It can be seen that the development of doctrine of dilution in the U.S. for the protection of well-known marks as codified under the TDRA is a clearer and more balanced anti-dilution law because it establishes a higher standard for trademark fame, provides broader exclusions than were found in the FTDA, and sets a lower requirement for proof of harm.'

The new law tries to achieve balances between trademark holders and free speech advocates by juxtaposing the eased "likelihood of dilution" standard against a more restrictive nationwide-fame standard.¹⁷⁷ It clarifies several significant questions from the FTDA,

¹⁷⁵ Ibid at 103

¹⁷⁶ Ibid at 109

¹⁷⁷ Ibid, at pg. 535

including the protectability of trade dress and marks of acquired distinctiveness, and it protects the tarnishment cause of action in the face of skepticism from the Supreme Court.

One other effect of the TDRA has been to decrease the relevance of mark similarity in trademark dilution cases and to increase the significance of proof of mark association.¹⁷⁸ Although dilution laws may have been conceived as necessary to prevent a defendant from using a mark identical to plaintiff's famous one, they are uncommon. Even though it does occur, it is rarely the case that dilution constitutes plaintiffs only viable claim. Rather, at least in recent cases decided under the TDRA, dilution seems to have relevance as a cause of action primarily when defendant's mark is not particularly similar to the plaintiffs, such that the dissimilarity between them precludes, at least in part, a finding of trademark infringement. In this type of case, proof of mental association between the two marks goes a long way towards proving a likelihood of dilution, and it may be dispositive in cases involving claims of tarnishment¹⁷⁹.

¹⁷⁸ *Supra* note 116, at pg. 258

¹⁷⁹ *Ibid* at pg. 259

G. PROTECTION OF WELL KNOWN MARKS IN THE UNITED KINGDOM

The principal basis for protection of trademarks in the United Kingdom is the Trade Marks Act 1994¹⁸⁰. The regime laid down in the Trade Marks Act 1994 is greatly influenced by the First Council Directive to Approximate the Laws of Member States Relating to Trade Marks¹⁸¹ (the Directive). The Directive has a direct bearing on the United Kingdom's regulatory framework because the United Kingdom became a Member State of the European Communities on January 1, 1973 by acceding to the Treaty of Rome. One of the goals of the Treaty of Rome, which created the European Union, was to establish within European countries that belong to the Union, a single market without internal barriers that might restrict the free movement of goods and services.¹⁸²

(I) First Council Directive to Approximate the Laws of Member States Relating to Trade Marks

The Directive sought to resolve the problem of diversity of national laws by establishing basic criteria for registrability, infringement, invalidity and revocation, thus partially aligning the Member State's policies on the protection that should be granted to trademarks¹⁸³. Historically, the creation of a uniform trademark law in the three Benelux countries, Belgium, Luxembourg and Netherlands, was the result of the establishment of the Benelux Economic Union in 1958, which is comparable, albeit on a much smaller scale, to the European Union¹⁸⁴. Work on the text of a Benelux Act commenced in the early fifties and

¹⁸⁰ Trade Marks Act 1994, accessible at <http://www.legislation.gov.uk/ukpga/1994/26/contents>

¹⁸¹ No. 89/104/EEC, 21 December 1988, accessible at http://www.wipo.int/wipolex/en/text.jsp?file_id=126843

¹⁸² Duran, Luis-Alfonso, "The New European Trademark Law" 23 Denv. J. Int'l L. & Pol'y at pg. 489

¹⁸³ Gielen, C. and Strowel, B., "The Benelux Trademark Act: A Guide to Trademark Law in Europe"

86 Trademark Rep. 543 (1996) at pg. 543

¹⁸⁴ Ibid.

resulted in a Treaty that the three Benelux States of the Benelux Economic Union signed on March 19, 1962. The Benelux Trademark Act entered into force on January 1, 1971, repealing the trademark laws (all of which dated back to the end of the nineteenth century) of the Benelux States. The Benelux has had the most advanced trademark system in Europe ever since¹⁸⁵. Hence, Benelux law had influenced the provisions in the Directive and CTM Regulation in respect of certain specific aspects such as the definition of mark, three-dimensional marks, scope of protection and normal use but the Directive did not adopt the Benelux formulation in its entirety or exactly.

The relevant provisions under the Directive that deals with trademark dilution are Articles 4(3), 4(4)(a) and 5(2). These articles are concerned with protection against dilution of “trademarks with a reputation”. The relevant articles are as follows:

Article 4(3): A trade mark shall furthermore not be registered or, if registered, shall be liable to be declared invalid if it is identical with, or similar to, an earlier Community trade mark within the meaning of paragraph 2 and is to be, or has been, registered for goods or services which are not similar to those for which the earlier Community trade mark is registered, where the earlier Community trade mark has a reputation in the Community and where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier Community trade mark.

Article 4(4): Any Member State may furthermore provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:

(a) the trade mark is identical with, or similar to, an earlier national trade mark within the meaning of paragraph 2 and is to be, or has been, registered for goods or services which are not similar to those for which the earlier trade mark is registered, where the earlier trade mark has a reputation in the Member State concerned and

¹⁸⁵ Ibid.

where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark;

Article 5(2): Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

In *Davidoff & Cie and Zino Davidoff SA v Gofkid Ltd*¹⁸⁶, the ECJ used the term “well-known marks” although Articles 4(4)(a) and 5(2) dealt with trademarks having a “reputation”. Presumably, the ECJ had used the term “well-known marks” in this instance as a reference to trademarks having a “reputation” rather than “well-known marks” as understood under Article 6bis of Paris Convention. However, it will be explained below that the United Kingdom Trade Marks Act 1994 actually makes a distinction between “reputation” and “well-known” marks.

(II) Trade Mark Directive (2008/95/EC)

However, in 2008, the original Directive is now updated and replaced by the Trade Mark Directive 2008/95 of October 22, 2008. For purposes of this paper, I will refer to the latest TM Directive. In this new TM Directive, a definition of “signs” was finally given:

Article 2 Signs of which a trade mark may consist

¹⁸⁶ *Davidoff & Cie and Zino Davidoff SA v Gofkid Ltd* Case C-292/00, January 9, 2003, 2003 ECJ Celex Lexis 2.

A trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.

(III) Dilution in the United Kingdom

A. Dilution under the Trade Marks Act 1994

The United Kingdom Trade Marks Act 1994 has directly imported Articles 5(2) of the Directive into section 10(3) of the Trade Marks Act 1994. Further, Articles 4(3) and 4(4)(a) of the Directive was implemented in section 5(3) of the Act.

Section 5(3): A trade mark which—

- (a) is identical with or similar to an earlier trade mark, and*
- (b) is to be registered for goods or services which are not similar to those for which the earlier trade mark is protected,*

shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark, in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

Section 10(3): A person infringes a registered trade mark if he uses in the course of trade a sign which—

- (a) is identical with or similar to the trade mark, and*
- (b) is used in relation to goods or services which are not similar to those for which the trade mark is registered,*

where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

a) Reputation

As can be seen from the wordings of the above two sections, a trademark with a “reputation” in the United Kingdom is offered a wider protection than an ordinary trademark. The protection afforded is against the registration or use of an identical or similar sign in relation to any goods or services, as long as the use of the sign is without due cause, and is found to take advantage of, or is detrimental to, the distinctive character or repute of the mark.

However, one must be careful when reading the wordings of this Act. The United Kingdom Trade Marks Act 1994 makes a distinction between concepts of “reputation” in the Directive and “well-known” in Article 6bis of Paris Convention¹⁸⁷. Well-known trademarks under the Paris Convention are specifically referred to under section 6(1)(c) of the Trade Marks Act 1994, which is reproduced below:

Section 6 : Meaning of “earlier trade mark”.

(1) In this Act an “earlier trade mark” means—

.....

- (c) a trade mark which, at the date of application for registration of the trade mark in question or (where appropriate) of the priority claimed in respect of the application, was entitled to protection under the Paris Convention [or the WTO agreement] as a well known trade mark.

Therefore, it can be inferred that the well-known trademarks include both registered and unregistered or not even used in the United Kingdom well-known trademarks. This is as opposed to the use of the words “reputation” in section 5(3) and 10(3) above, which would suggest that protection is afforded as long as the trademark had a reputation, and it is not a requirement that the proprietor has any goodwill or business in the United Kingdom. To

¹⁸⁷ Section 56 of the Trade Marks Act 1994 directly imports the exact wordings from Article 6bis of the Paris Convention.

satisfy the criteria, the reputation need not be all over the country, but merely a substantial part of the country will suffice¹⁸⁸.

In *Hotel Cipriani v Cipriani (Grosvenor Street)*¹⁸⁹, Arnold J, identified the following six criteria as a basic framework to be taken into account in assessing whether a mark is well-known but the list is not mandatory or exhaustive:

- i. The degree of knowledge or recognition of the mark in the relevant sector of the public; the relevant sector of the public for this purposes includes but is not limited to consumers of the goods and services in to which the mark applies, people involved in the distribution of the type of goods in question and business circles dealing with goods or services in question;
- ii. The duration, extent and geographical area of any use of the mark;
- iii. The duration, extent and geographical area of any use of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
- iv. The duration and geographical area of any registration, and/or any applications for registration, of the mark, to the extent that they reflect the use or recognition of the mark;
- v. The record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities;
- vi. The value associated with the mark.

The interpretation of the term “reputation” in Article 5(2) of the Directive, and as such section 10(3) of the Trade Marks Act 1994 was dealt by the ECJ in the case of *General*

¹⁸⁸ J. Mellor, D. Llewelyn, T. Moody-Stuart, D. Keeling and I. Berkeley, “Kerly’s Law of Trade Marks and Trade Names” (15th Edition) *London, Sweet & Maxwell*, 2011.

¹⁸⁹ *Hotel Cipriani v Cipriani (Grosvenor Street)* [2009] RPC 9 at paras 235-237

*Motors Corp v Yplon SA*¹⁹⁰. In this case, General Motors is the maker of CHEVROLET auto, known familiarly by the nickname CHEVY which was also registered in the Benelux territory. The defendant was a Belgian company for using the trademark “Chevy” for cleaning products as it causes dilution of the plaintiff’s trademark. The defendant argued that the mark CHEVY did not have the required “reputation” in the Benelux nations.

The Court in its judgment adopted the test that to have a “reputation”, the senior mark must be known by a “significant part” of the concerned public:

*‘The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trademark.’*¹⁹¹

The ECJ specifically refused to define what is a “significant part” and refused to adopt a rule that there must be knowledge by majority or, indeed, any given percentage of the public as being required.¹⁹² However, the Court did list five examples factors, which are not meant to be fixed but are merely circumstantial evidence of the scope of usage of the mark. The five factors are¹⁹³:

- i. the market share occupied by goods or services sold under the mark;
- ii. the “intensity” of use of that mark;
- iii. the geographic extent of use of the mark;
- iv. the duration of use of the mark; and
- v. the amount of investment in promoting and advertising the mark.

¹⁹⁰ General Motors Corp v Yplon SA [2000] RPC 572

¹⁹¹ McCarthy, J. Thomas, “Dilution of a Trademark: European and United States Law Compared”, 94 TMR 1163 (2004) at pg. 1173

¹⁹² Ibid.

¹⁹³ Ibid.

The ECJ's explanation that a "reputation" could be achieved among a "specialized public" consisting only of those who purchase a particular type of product, suggest a possibility of what McCarthy termed "niche fame".¹⁹⁴ The ECJ held that having a reputation in a "Member State" cannot mean a reputation "throughout the territory of the nation but a "substantial part" of the nation would suffice, again supporting the notion of "niche fame".¹⁹⁵

Mr Advocate General Jacobs, said in CHEVY case that therefore, "it is possible to conclude" that there is a difference between the "reputation" needed to invoke the European Union anti-dilution Directive as compared with the degree of recognition of a mark needed to invoke the Paris Convention Article 6bis. He further opined that *less* knowledge and fame should be required to establish "reputation" for anti-dilution law than to establish that the mark is well-known under the Paris Convention¹⁹⁶.

b) Identical or similar trademarks

Article 4(1)(a) of the TM Directive reads:

1. A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:

(a) if it is identical with an earlier trade mark, and the goods or services for which the trade mark is applied for or is registered are identical with the goods or services for which the earlier trade mark is protected;

The English Court of Appeal in the case of *Reed Executive plc and anor v Reed Business Information Ltd and ors*¹⁹⁷, the Court of Appeal considered the test of identity of

¹⁹⁴ Ibid at pg. 1173 to 1174

¹⁹⁵ Ibid.

¹⁹⁶ Ibid, at pg. 1175

¹⁹⁷ *Reed Executive plc and anor v Reed Business Information Ltd and ors* [2004] RPC 40 CA at 767

a trademark and sign as laid down by the ECJ in *SA Societe LTJ Diffusion v SA Sadas*¹⁹⁸. In this case, it was alleged that the trademark “Reed” was infringed by the use of the words “Reed Business Information”. However, Jacob L.J. held that “Reed” was not identical to “Reed Business Information”. Accordingly, in the case of any accused sign which may be aurally identical but has some visual difference, one must take into account in considering the question of identity.¹⁹⁹

The importance of the average consumer’s perception of a trademark was discussed in ECJ’s decision in *Lloyd Schuhfabrik Meyer & Co v Klijsen Handel BV*²⁰⁰ whereby the court stated that the average consumer normally perceived a trademark as a whole and would not proceed to analyse its various details.²⁰¹ The average consumer of the products concerned was deemed to be reasonably well-informed, reasonably observant and circumspect. The court also added that account should be taken of the fact that the average consumer only rarely had the chance to make a direct comparison between different trademarks, but must place his trust in the imperfect picture of them that he had kept in his mind.

The inherent or acquired distinctiveness of a trademark is an important factor to be

¹⁹⁸ C SA Societe LTJ Diffusion v SA Sadas -291/00, 20 March 2003, 2003 ECJ Celex Lexis 111. In this case the ECJ held that a later sign was “identical” to an earlier trademark if it reproduced, without any modification or addition, all of the elements which made up the trademark. The ECJ further held that the perception of identity must be assessed globally assuming the position of an average consumer who was deemed to be reasonably well-informed, reasonably observant and circumspect. Since the average consumer would not notice insignificant differences, the ECJ held that wholly immaterial differences between a later sign and an earlier trademark would generally be ignored in determining whether they were identical.

¹⁹⁹ Supra note 145 at para. 14-067

²⁰⁰ *Lloyd Schuhfabrik Meyer & Co v Klijsen Handel BV* [2000] FSR 77

²⁰¹ *Ibid*, at para 26.

taken into account in determining the similarity of trademarks. In *The European Ltd v The Economist Newspaper Ltd*²⁰², the plaintiff's registered trademark "The European" were in upper case but the word "the" was in less prominent print than the word "European". There was also a dove holding a copy of newspaper in its beak appearing at the top of the letter "O" and at the bottom of the letter was an image of the world. The defendant started publishing its newsletter using the words "The European voice". Hence, in this case the main issue was whether the defendant's use of "The European Voice" was confusingly similar to the plaintiff's trademark. The English Court of Appeal held that the trademarks were not similar because the term "European" was descriptive and commonly used in the English language.

c) Use in the course of trade

Pursuant to section 10(3), to constitute infringement, the sign in question must be used in the course of trade. For purposes of this section, subsection 4 and section 103(2) provides ways in which a sign may be used:

Section 10 : Infringement of a registered trademark

...

- (4) *For the purposes of this section a person uses a sign if, in particular, he—*
- (a) *affixes it to goods or the packaging thereof;*
 - (b) *offers or exposes goods for sale, puts them on the market or stocks them for those purposes under the sign, or offers or supplies services under the sign;*
 - (c) *imports or exports goods under the sign; or*
 - (d) *uses the sign on business papers or in advertising.*

Section 103 Minor definitions

.....

- (2) *References in this Act to use (or any particular description of use) of a trade mark, or of a sign identical with, similar to, or likely to be mistaken for a*

²⁰² *The European Ltd v The Economist Newspaper Ltd* [1998] FSR 283

trade mark, include use (or that description of use) otherwise than by means of a graphic representation.

In *1-800 Flowers Inc v Phonenames Ltd*²⁰³, Jacob J held dismissed the contention on the ground that the “use” of a trademark on a website did not amount to “use” of a trademark for purposes anywhere in the world where the website could be accessed. A further opinion by Buxton LJ regarded as inherently unrealistic to say that there had been use of a trademark in the United Kingdom when all that had been done was to place the trademark on the Internet from a location outside of the United Kingdom. In his Lordship’s view, the very idea of use within a certain area would seem to require some active step such as advertisements in that area on the part of the user, which went beyond providing facilities enabling others to bring the trademark into the area.

In *Arsenal Football Club plc v Matthew Reed*²⁰⁴, the ECJ confirmed that Article 5 of the Directive did not require the use of a sign to be used as a “trademark” in order for there to be infringement. Briefly the facts of this case, Reed had so sold football souvenirs and memorabilia bearing the Arsenal trademarks and the word “Arsenal” from several stalls located outside the grounds of Arsenal’s stadium. But Reed had showed evidence that he had always advertised his products as unofficial Arsenal merchandise. The judge in this case, Laddie J., dismissed Arsenal’s passing off action based on that because Reed had clearly distinguished his products as unofficial.

After referring to the ECJ, the ECJ found that Reed’s use of cannon and shield signs fall within Article 5(1)(a) of the Directive and was a “use in the course of trade” because it took place in the context of commercial activity with a view to gain economic advantage. The ECJ further found that that the use of the word “Arsenal” on the goods at issue was such as to create the impression that there was a material link in the course of trade between goods concerned and the trademark proprietor. Even though Reed had displayed the notice that the products were unofficial products but there was no guarantee that confusion will not be

²⁰³ *1-800 Flowers Inc v Phonenames Ltd* [2001] EWCA Civ 721

²⁰⁴ *Arsenal Football Club plc v Matthew Reed* [2003] RPC 9

caused once the products left Reed's stall. This was held to be highly likely to jeopardize the origin of function of the trademark. This ruling was supported by the Court of Appeal.

d) Without due cause

There is no guidance in the TM Directive as to the limitation introduced by the words "without due cause". However, in the United Kingdom, the meaning of the words "without due cause" was considered in *Premier Brands UK Ltd v Typhoon Europe Ltd & Anor*²⁰⁵, in this case the defendants argue that the phrase meant "in good faith" or "for good honest commercial reasons" but was rejected by the courts. Three reasons were given, the first being that the general purpose and effect of section 10(3) of the Trade Marks Act 1994 was to protect the value and the goodwill of trademarks, particularly in cases where they were well-known, from being unfairly taken advantage of or unfairly harmed²⁰⁶. Secondly, the words "being without due cause" have to read as not merely qualifying the words "the use of the sign" but also qualifying the words "takes unfair advantage of, or is detrimental to".²⁰⁷ Thirdly, the judge drew assistance from the view of the Benelux court in *Lucas Bols*²⁰⁸ where, when discussing the meaning of "without justifiable reason" which appears as similar context. The court said:

"What this requires, as a rule, is that the user (of a mark) is under such a compulsion to use this very mark that he cannot honestly be asked to refrain from doing so regardless of the damages the owner of the mark would suffer from such use, or that the user is entitled to the use of the mark in his own right and does not have to yield this right to that of the owner of the mark. ..."

²⁰⁵ *Premier Brands UK Ltd v Typhoon Europe Ltd & Anor* [2000] FSR 767; [2000] E.T.M.R. 1071

²⁰⁶ *Ibid* at pg. 790

²⁰⁷ *Ibid*.

²⁰⁸ *Lucas Bols* (1976) 7 IIC 420 at 425

The importance of the limitation that use must be “without due cause” has increased with the broad interpretation given to the phrase “unfair advantage” which I will discuss below.

e) Unfair advantage

This specifically contemplates a benefit accruing to the applicant through the use of the mark applied for, where the public are confused into thinking that there is a commercial connection between the suppliers of the goods or services supplied under the earlier trademark and the mark as subject of the application.²⁰⁹ In this instance the prohibition will apply.

An advantage may be unfair even if it causes no harm to the distinctive character or repute of the mark or more generally to the interest of the trademark proprietor. The ECJ in *Interflora v Marks & Spencer*.²¹⁰ stated that an advantage is unfair for the purposes of the provision in cases:

“Where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation”.

The stronger the earlier mark’s distinctive reputation and character the easier it will be to accept that unfair advantage has been taken or detrimental has been caused. Further, the closer the similarity between the marks the greater the risk that unfair advantage will be taken. An identity or a very high degree of similarity is a factor of particular importance in establishing that an unfair advantage is taken²¹¹.

²⁰⁹ Supra note 145, at para. 9-135

²¹⁰ *Interflora v Marks & Spencer* (C-323/09) at para. 75

²¹¹ Supra note 145 at para. 9-139

B. Dilution under the law of passing off

Common law in the United Kingdom remains a very important aspect of the English legal system as it continually evolved in accordance to the needs of the society. The Court of Appeal accepted dilution as a legitimate head of damage in *Taittinger SA and ors v Allbev Ltd and anor*²¹². In this case, the defendants manufactured and marketed a non-alcoholic sparkling drink made from elderflowers which they sold as “Elderflower Champagne”. The plaintiffs sued the defendants in a representative capacity for passing off to ensure that the name “champagne” was used only for sparkling wines produced in specific way in the Champagne district of France.

The more interesting part of this case is the Court of Appeal’s discussion on the issue of damage. The lower court trial judge found that all the elements to qualify for a passing off action has been satisfied except that there was no actual damage. On appeal, Court of Appeal held that there was likely to be damage to the plaintiff’s goodwill by reason of the public either being confused or that the defendant’s product was associated with champagne. The Court of Appeal concluded that erosion of the distinctiveness of the word “Champagne” in the United Kingdom was a form of damage to the goodwill of the business of the champagne houses. Mann LJ held that the consequences of the dilution were not demonstrable in figures of lost sales but they would be incrementally damaging to goodwill.

Despite the above cases supporting the passing off actions, the reluctance of English courts to expand the tort of passing off to embrace protection against dilution of trademarks is evident from the case of *Harrods Ltd v Harrodian School Ltd*²¹³. In this case, the plaintiffs were owners of the well-known department store, had sold the site of their staff club to the defendants. The defendants then operated a preparatory school on that site and called it “The Harrodian School”. The plaintiffs claimed that the term “Harrodian” was the adjectival form

²¹² *Taittinger SA and ors v Allbev Ltd and anor*

²¹³ *Harrods Ltd v Harrodian School Ltd* [1996] RPC 697

of “Harrods” and brought an action of passing off to restrain the defendants from using the trade name “Harroddian”. The Court of Appeal agreed that there was an absence of actual confusion regarding the use of the name “Harroddian” as one of the ingredients for the tort of passing off is to prove confusion.

(IV) Conclusion

It is not until the 1990s that protection against dilution did play an integral role in the trademark law of the United Kingdom. Although there were some cases on passing off that arguably were protection of dilution, the numbers were too few to demonstrate that dilution protection was an accepted facet of British trademark law. The first statutory endorsement of dilution protection was brought about by the enactment of the United Kingdom Trade Marks Act 1994. The provisions on dilution under the Trade Marks Act 1994 are sections 5(3) and section 10(3). Both sections mirror each other, with section 5(3) being concerned with dilution in the context of refusal of registration, and section 10(3) being concerned with dilution in the context of infringement.

More recently, dilution protection had also surfaced in cases involving the tort of passing off. Those cases suggest that some judges are amenable to extending the head of damage under the tort of passing off to include dilution of trademarks. It remains to be seen on how the Court of Appeal will decide on future cases after the Harrods case.

On the whole, it can be seen that the courts in the United Kingdom are cautious about protecting trademarks against dilution. This is understandable because the traditional basis of trademark protection is the prevention of the likelihood of consumer confusion as to the origin of goods or services. With the Trade Marks Act 1994 being the first explicit attempt to bring dilution into British trademark law, courts in the United Kingdom are treading on unfamiliar grounds, which explains their cautious approach in interpreting specific terms in sections 5(3) and 10(3) of the Act. It seems clear that dilution as a form of trademark protection in the United Kingdom will develop in such a way as to promote, and not undermine, the competitive free trade policies in the European Union. Both countries have developed different terminologies in relation to what is “famous” or what is “reputation” or

“well known”. The proper definition of these words would likely reduce the abuse of this doctrine.

H. CONCLUSION : THE NEED FOR NEW REMEDIES

I. Dilution law matters

The practical effect of a dilution cause of action is not easy to identify as the body of case laws suggest, each case is highly circumstantial. Scholars have argued that famous trademarks are entitled to such a broad degree of protection in trademark infringement actions that the dilution claim is typically superfluous.²¹⁴ In the United States, empirical data from a ten-year period preceding enactment of the TDRA indicated declining rates of enforcement of dilution claims in federal courts.²¹⁵ Professor Barton Beebe opined that the dilution claim remained superfluous and that anti-dilution law had "no appreciable effect on the outcomes of federal trademark cases or the remedies issuing from those outcomes."²¹⁶ As Professor Beebe and others have argued, famous trademark holders may not "need" dilution protection in the vast majority of cases, given the scope of modern trademark infringement law. If dilution claims imposed no costs, their superfluous nature would at least potentially render them harmless if not helpful²¹⁷.

Be that as it may, in the beginning part of this paper, there has been discussion on reasons why there has been steep increase in the number of well-known trademarks worldwide, particularly in the twentieth century. The rise in the middle income economies

²¹⁴ Klieger, Robert N., "Trademark Dilution: The Whittling Away of the Rational Basis for Trademark Protection, 58 U. Pitt L. Rev. 789, 846-47 (1997) : noting that trademark dilution law "simply relieves the senior users of such marks from having to make a confusion showing".

²¹⁵ Long, Clarissa, "Dilution", 106 Columbia L. Rev. 1029, 1031 (2006)

²¹⁶ Beebe, Barton, "The Continuing Debacle of U.S. Antidilution Law: Evidence from the First Year of Trademark Dilution Revision Act Case Law," 24 Santa Clara Comp. & High Tech. L.J. 449, 450 (2007-2008).

²¹⁷ Ibid.

have prompted economic growth and many market entry participants who either knowingly or unknowingly, free ride on the goodwill of others. Hence, the issue is whether the traditional basis of trademark protection, namely, the prevention of likelihood of consumer confusion as to the origin of the goods or services, is adequate to provide an appropriate level of protection of well-known trademarks.

The changing landscape on worldwide trademark law only serves to tell one thing, that trademarks have assumed a wider cultural significance and meaning beyond the indication of origin function which it originally performed. Major threats facing well-known trademark owners is undoubtedly its wrongful use to generate profit on the expense of the well-known trademark owner. The intention to ride on the value in which the well-known trademarks represent, is morally wrong. Such threats inadvertently have an adverse effect on consumers. Where consumer confusion arises, consumers are deceived as to the origin of the goods or services. This may ultimately lead to the erosion of the advertising function or drawing powers of well-known trademarks. In light of all the above threats and the growing importance of global trading in Malaysia, the adequacy of current legal protection afforded to well-known trademark is very much lacking in the current legislation and in enforcement.

II. Weaknesses in current legislature

Part C above discussed on the current Malaysia statutory framework of protection of well-known trademarks under the Trade Marks Act 1976 and supplemented by the common law in Part D. Mainly, the relevant provisions rests on the prevention of a likelihood of confusion as to the origin of the goods or services. This is evident from the defensive registration provision in section 57 of Trade Marks Act 1976, which provides for the prohibition against the registration of trademarks which conflict with well-known trademarks in section 14(1)(e), and the prohibition against the use of trademarks which conflict with well-known trademarks in section 70B(1) of the Act.

Section 14(1)(d) prohibits the registration of an identical or similar trademark as that of a well-known trademark in respect of identical goods or services of another proprietor, can be inferred as equivalent to protecting the valuable interest embodied in the advertising function or drawing power of the well-known trademarks.

Unlike the United Kingdom Trade Marks Act 1994, the Malaysian Trade Marks Act 1976 has not given much recognition to the guarantee of quality function and advertising function of well-known trademarks. Legal protection for advertising function should have been given more recognition and affirmation. This is because, if left unprotected, whether its use is on competing or non-competing goods or services, may eventually blur or tarnish the affirmative mental marks. On the whole, it is obvious that protection against the dilution of well-known trademarks have not acquired much weight as part of trademark protection in this country.

From the a common law tort of passing off perspective, another form protection that can be inferred the law of passing off may be invoked as an additional cause of action to prevent the unauthorized use of registered well-known trademarks, should a cause of action under the Trade Marks Act 1976 is unavailable. The essence of passing off is the protection of a trader's goodwill from any form of inequitable interference through another trader's misrepresentation. Recent cases quoted are interesting to see and perhaps are optimistically indicative potential future developments in the law of passing off, however Malaysia must not only leave it to the development of common law to guarantee stronger monopolistic rights for well-known trademarks. Malaysia has to continuously step up its effort in legislating new provisions to adapt and cater to greater business society needs, in its bid to achieve greater economic progress on the whole.

Both the United Kingdom and United States have shown that introduction of codified law of dilution is no easy feat. In the absence of likelihood of consumer confusion, defendant's unauthorized use of the trademark, provided it is well-known or famous, is possible if it diminishes or dilutes the advertising value of the well-known trademark. Early cases showed much reluctance to abandon the requirement of likelihood of consumer

confusion as to the source of goods or services. However, as the law progressively develops, both countries begun to recognize dilution as an important facet of trademark law.

Nevertheless, both countries have displayed different criteria for invoking dilution laws protection. This may be due to different cultural and public policy considerations by the judges. First, the judges have a need to balance the rights of trademark owners and the interest of consumers as well as the interest of good faith users for free and fair competition in the marketplace. Secondly, is the need for balancing act, so to ensure that the law of dilution does not create undue or over-protection in favour of well-known trademark owners because this is detrimental to the public's interest, the social and economy in the long run. Moreover, United Kingdom, as a Member State of the European Union, has to ensure that the law of dilution of trademarks must be consistent with the Directive and subsequently the more recent amended Trademark Directive.

Further, United States has codified two main types of dilution, namely, blurring and tarnishment. In so far as Malaysia is concerned, in moving towards the direction for introducing a law of dilution of well-known trademarks, similar issues of balancing the public interest and the interest of trademark owners will undoubtedly be considerations which the legislature and judiciary have to address, as the case of *McCurry* clearly shows. However, factors that needs to be taken into account to for the balancing act remains a huge task for judges in Malaysia.

Therefore, the experiences in the United States and the United Kingdom may clearly be relevant and provides a useful guidance. This is because they are illustrative of the sorts of considerations which would apply in introducing a law of dilution of well-known trademarks. Although the Malaysian Trade Marks (Amendment) Regulations 2001 do provide guidelines which, whilst very useful, are capable of subjective interpretation and application by the courts.

III. Proposals for Reforming Trademark Law in Malaysia

For the reasons stated above and others, the Malaysian Trade Marks Act 1976 is, at the very least, in need of reform. At the international level, the need for the protection of well-known and famous trademarks was originally recognized by the Paris Convention as early as 1925. Subsequently, the minimum standards addressing the current market needs were set by TRIPS in 1994. Both U.S. and E.U. trademark law comply with these minimal requirements, although TDRA seems to deviate from the subjective scope of reputation requirements, because it requires fame to be established in the general public rather than only in the interested circle of the targeted public, as implied by TRIPS and acknowledged by the ECJ.

The Malaysian Trade Marks Act 1976 is a piece of legislation which, in substance is almost forty years old. The most recent amendment that came into effect in 2011 merely dealt with procedural improvements, such as including expedited examination provisions. The time has come again and there is an increasing need effect a general modernization of the law of trademarks in this country, in line with Malaysia's wishes to achieve the goals set by the ASEAN Economic Community that was premised upon the European Community concept.. It is a good starting point that Malaysia starts to recognize the doctrine of dilution to be codified within the existing statutory framework of trademark law.

In furtherance to the argument that a law of dilution of trademarks in this country should be created and confined only to well-known trademarks, is to protect the trademarks advertising function. Without dilution laws, it seems purposeless for businesses to advertise and promote their businesses to a greater degree, as other people are not deterred to ride on the reputation gained. Therefore, there must be economic advantage of trademark present before there can be any "whittling away". As discussed in Part E of this paper above, the commercial magnetism or the drawing power of the trademark is the intrinsic feature that separates them from ordinary trademarks. It follows from this that only well-known trademarks are appropriate subject matter of protection against dilution.

Other reforms that may follow from this proposal in the future would be the development and the acceptance of trademarks in the non-traditional sense. This concept is no longer new and unheard of, and in some countries, laws have changed to adapt to the societal demands. In this paper and at the current stage, the discussion revolves mainly on dilution in the traditional sense of trademarks. Insofar as the Malaysian trademark law is concerned, Malaysia does not recognize the functional aspects of a product yet, such as smell, sound, colour, shape, even taste and gestures. This may well be the traditional trademarks of tomorrow.

Hence, the Trade Marks Act 1976 should also further consider enacting additional protection for trademarks in their non-traditional sense. Corporations in developed countries have indicated that they are no longer satisfied with traditional trademarks like words and two-dimensional designs. Even well-known marks may exist in the non-traditional form. For example, Kenzo, a multinational fashion designer, has sought trademark registrations for its fragrance bottles.

The United States, European Union, Japan, and China, all have their own regulatory regimes for nontraditional, especially three-dimensional trademarks. These regulatory frameworks are dynamic having developed to incorporate the rapid social and economic changes in the world. The United States arguably has the broadest scope of trademarkable subject matter. Two conditions are very important for three-dimensional trademark registrations. The first one is the distinctiveness requirement and the second is the nonfunctionality. Similar to protection of well-known marks factors, different jurisdictions may weigh relevant factors differently due to the cultural, social, and economic differences.

Multinational companies like Kenzo, is seeking three-dimensional mark registrations. This in part goes to show that the world is seeking a better regulatory framework regarding registration of non-traditional trademarks. The world rapidly changes, and every jurisdiction is making efforts to incorporate these changes into its regulatory regimes on intellectual property. Regulations on nontraditional trademarks in Malaysia may still seem too far-fetch at this point of time, however it is about time to raise awareness about the uniqueness and

knowledge of trademarks in their non-traditional sense, and given the pace the world is rapidly changing, it is important for regulators and scholars to continue devoting their efforts to the issues of how to (1) reward manufacturers' innovation and marketing efforts, (2) protect consumers from being confused by inferior products, and (3) ensure a competitive and effective market at the same time.

It is therefore hoped Malaysia will speed up her steps to catch up with contemporary trends. In the spirit of promoting business and competition, much has to be reviewed in the current legislation framework to allow registrability for non-traditional marks. This should be done within the boundaries of the current framework with standards set internationally.

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국문초록

주지상표의 보호 : 말레이시아, 미국, 영국의 사례들에 대한 비교법적 연구

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상표권은 국제적으로 인정되고 보호받는 지식재산권이다. 소비자들은 상표를 인식함으로써 상품의 출처를 구별할 수 있다. 따라서 상표는 소비자들이 특정 상품을 다른 열등한 상품과 혼동을 일으키지 않도록 도와준다. 그리고 상표는 생산자들이 그들의 제품을 더욱 효과적으로 홍보하고 판매하도록 도와준다. 기업들은 더 이상 문자상표나 평면상표와 같은 전통적인 개념의 상표에 만족하지 못하고 있다.

미국, 영국, 그리고 유럽연합은 모두 자신들만의 규제 체제를 지니고 있는 국가의 좋은 예라고 할 수 있다. 이들 국가들의 규제 체제는 세계 속의 급속한 사회적, 경제적 변화를 지속적으로 반영해 왔다. 이들 국가들이 상표등록의 대상, 식별력, 그리고 비기능성 등 상표와 관련된 여러 가지 공통의 특성을 공유하고 있지만, 상표에 대한 규제 체제에 있어서는 많은 차이점들이 있다. 세계는 주지상표의 보호에 대한 좀 더 나은 규제 프레임워크를 모색하고 있는데, 왜냐하면 주지상표는 보통의 상표보다 광고기능의 측면에 있어 확실히 좀 더 높은 가치를 지니고 있기 때

문이다.

상표의 개념은 세계화와 기술진보 시대의 결과에 따라 진화해왔고, 상표는 막대한 상업적 가치로 거래될 수 있는 상징이 되어 왔다. 각기 서로 다른 국가들의 법들이 점진적으로 발달할수록, 주지상표의 숫자는 기하급수적으로 증가해왔다. 그에 따라 당연히, 증가하고 있는 경쟁시장들은 시장참여자에 의한 창의적인 거래 방법에 대한 나선효과를 야기할 것인데, 때로는 시장참여자들이 범위반을 회피하는 방법을 사용하게 될 수도 있다. 따라서 이러한 점은 지역적인 상표법이 주지상표를 보호하는데 적절한가라는 질문을 제기한다.

따라서 이 논문은 말레이시아의 관점에서 주지상표의 보호라는 쟁점에 대한 미국, 영국, 말레이시아의 정책을 비교 연구하는데 초점을 맞춘다. 이 연구에 따르면, 주지상표의 단계를 명확하게 구분하는 것이 쉽지 않고, 다중의 요소들을 비교형량하는 과정을 수반하게 된다는 점을 확인할 수 있다. 이 논문은 최근의 중요 사건인 McDonald's Corp v McCurry 판결에 관하여 논의해보고, 말레이시아는 앞서 언급한 비교형량과정을 통해 지역적인 상표와 주지상표 간의 균형잡힌 보호를 달성하기 위해, 희석화에 관하여 증대되는 우려를 해결할만한 상표법을 입법하고 발전시켜나가야 한다는 점을 제언하면서 글을 마무리한다.

keywords : Trademarks, Well-Known Marks, Comparative Studies, Balancing Process

Student Number : 2012-24019