

2 SEPTEMBER 2021

Advancing Trademark Infringement Claims

Contact Persons:

Datuk D P Naban
Senior Partner

+603 6209 5405
naban@rdslawpartners.com

Nagarajah Muttiah
Partner

+603 6209 5400
naga@rdslawpartners.com

Nur Syafinaz Vani
Partner

+603 6209 5422
syafinaz@rdslawpartners.com

Rosli Dahlan
Partner

+603 6209 5420
rosli@rdslawpartners.com

R Rishi
Partner

+603 6209 5400
rishi@rdslawpartners.com

Kenny Lam Kian Yip
Senior Associate

+603 6209 5400
kenny@rdslawpartners.com

Shaun Tan Cheng Hong
Senior Associate

+603 6209 5400
shaun@rdslawpartners.com

In this digital age, trademarks, logos, and brands became some of the most important intangible asset for all businesses.

Protection of this asset is crucial.

This alert discusses the basics of advancing trademark infringement claims either through litigation in court, arbitration and/or other means provided under the law.

Understanding Trademark Infringement

Under Section 54 of the Trademarks Act 2019 (TMA), a person infringes a registered trademark if:

- (a) without the consent of the proprietor of the trademark.
- (b) he uses in the course of trade, a sign:
 - (i) that is identical with the trademark and is used in relation to goods or services similar to those for which the trademark is registered; or
 - (ii) that is similar to the trademark and is used in relation to goods or services identical with or similar to those for which the trademark is registered.
- (c) resulting in the likelihood of confusion on the part of the public.

If the infringed trademark is unregistered, then no person shall be entitled to initiate any action to prevent or recover damages for the infringement of the unregistered trademark under Section 159(1) of the TMA. However, Section 159(2) of the TMA provides that nothing in the act will be deemed to affect the right of action against any person for passing off goods or services as those of another person or the remedies in respect of the goods or services.

**REIMAGINING
LEGAL
SOLUTIONS**

Therefore, the first question to be asked is whether the trademark in question is registered or not. Once that is done, one may proceed to institute the claim accordingly either as a statutory action under the TMA, or a common law claim based on the tort of passing off. The nature of reliefs for both types of claims that are similar.

Gathering Evidence

Once an infringement is detected, it is important to gather evidence.

In the pre-Covid-19 pandemic days, the common tactic would be to perform a 'trap purchase' where investigators or other personnel may be appointed by the trademark owners to visit the premises of the infringer, purchase the infringing goods / services, and the said purchase becomes key evidence for infringement in Court.

In the post Covid-19 era, the 'trap purchase' is mostly done through online market platforms.

However, one key challenge may arise.

Tracing Infringers

In most cases involving trademark infringement through online means, it may be difficult or impossible to identify the infringer who had masked their identities online with pseudonyms.

In such cases, it is prudent to engage investigators or digital forensic experts to assist in tracing and identifying the infringers. Alternatively, trademark owners may attempt to communicate with the infringers and gain more information as to their identity but this method is often discouraged for fear of "letting the cat out of the bag".

Interim Measures

Once the infringer(s) are identified, the options available to aggrieved trademark owners includes:

- (a) to send letter(s) of cease & desist;

OUR EXPERTISE:

Administrative Law
Appellate Advocacy
Competition Law
Civil & Commercial Disputes
Contractual Disputes
Construction & Arbitration
Debt Recovery
Defamation
Employment & Industrial Relations
Intellectual Property
Probate
Judicial Review & Administration Law
Shipping & Maritime
Tax & Customs Disputes
Trusts

- (b) to lodge a police report;
- (c) to lodge a complaint with the Ministry of Domestic Trade and Consumer Affairs; or
- (d) to commence a suit in Court and apply for interim injunction.

Each option carries its own pros and cons. For example, issuing a letter of cease and desist to a repeated infringer would not serve any purpose other than prompting the infringer to take steps to avoid detection and/or enforcement of the law. In such cases, owners may want to take a more pre-emptive approach by launching a suit immediately and apply for an *ex-parte* injunction.

Exercising the above options often involves judgment calls, and it is best to consult a lawyer before any option is exercised any it may have far reaching repercussions.

Commencing An Action In Court

If it is more desirable to commence an action in court, it is common for the plaintiff to apply for an interim injunction to restrain the defendant from taking any step that may infringe the plaintiff's trademark pending the conclusion of the action. This includes restraining the defendant from offering the infringing goods/services for sale, distribution, import and export.

In considering an application for interim injunction, the court would take into account of the following factors:

- (a) whether there is a serious issue to be tried;
- (b) whether damages are an adequate remedy;
- (c) the balance of convenience or justice;
- (d) when the factors are evenly balanced, whether status quo ought to be maintained; and
- (e) whether the plaintiff has given a meaningful undertaking as to damages.

OUR EXPERTISE:

Administrative Law
Appellate Advocacy
Competition Law
Civil & Commercial Disputes
Contractual Disputes
Construction & Arbitration
Debt Recovery
Defamation
Employment & Industrial Relations
Intellectual Property
Probate
Judicial Review & Administration Law
Shipping & Maritime
Tax & Customs Disputes
Trusts

Contact Persons:

Datuk D P Naban

Senior Partner

+603 6209 5405

naban@rdslawpartners.com

Nagarajah Muttiah

Partner

+603 6209 5400

naga@rdslawpartners.com

Nur Syafinaz Vani

Partner

+603 6209 5422

syafinaz@rdslawpartners.com

Rosli Dahlan

Partner

+603 6209 5420

rosli@rdslawpartners.com

R Rishi

Partner

+603 6209 5400

rishi@rdslawpartners.com

Kenny Lam Kian Yip

Senior Associate

+603 6209 5400

kenny@rdslawpartners.com

Shaun Tan Cheng Hong

Senior Associate

+603 6209 5400

shaun@rdslawpartners.com



About Us

We are a full-service commercial law firm with a head office in Kuala Lumpur and a branch office in Penang. Our key areas of practice are as follows:-

- Appellate Advocacy
- Banking & Finance (Conventional and Islamic)
- Capital Markets (Debt and Equity)
- Civil & Commercial Disputes
- Competition Law
- Construction & Arbitration
- Corporate Fraud
- Corporate & Commercial
- Personal Data Protection
- Employment & Industrial Relations
- Energy, Infrastructure & Projects
- Construction & Arbitration
- Fintech
- Government & Regulatory Compliance
- Intellectual Property
- Medical Negligence
- Mergers & Acquisitions
- Real Estate Transactions
- Shipping & Maritime
- Tax, SST & Customs
- Tax Incentives
- Trade Facilitation

The above principles are upheld by the High Court in the recent case of *A&M Beauty Wellness Sdn Bhd v Shopee Mobile Malaysia Sdn Bhd (berniaga sebagai Shopee Malaysia)* [2021] 1 LNS 84.

An interim injunction, if successful, procures a tactical advantage to the plaintiff as it puts a halt to infringing activities, if any, on the part of the defendant and it may bring parties to the table quicker for a swift settlement.

However, one must be aware that an interim injunction of this nature is often onerous on the defendant as the defendant may be forced to halt trade by an order of the court. Thus, the plaintiff must be prepared to compensate the defendant in the event the Court decides against the plaintiff at the end of the action.

Conclusion

Like many other cases, trademark infringement involves a myriad of factors to be considered before the most effective strategy can be formulated.

Trademark owners are encouraged to consult qualified professionals to understand their case and take steps to protect their trademarks effectively.

Authored by Kenny Lam Kian Yip, senior associate with the firm's Intellectual Property & TMT practice.

**REIMAGINING
LEGAL
SOLUTIONS**