

## Law of Passing Off in Malaysia

### Introduction

Trade mark laws in Malaysia are currently governed by the Malaysia Trademarks Act 2019 and the Trademarks Regulations 2019 which recently came into force on 27 December 2019. Under the Act, registered owners of the trademark are accorded the right to prevent others from using a similar or identical mark without permission through legal action. However, where unregistered marks are concerned, legal recourse is still available through the common law of passing off. The applicable law of passing off in Malaysia is set out below.

### Law of passing off in Malaysia

The law of passing off seeks to protect the goodwill and reputation of the business from infringement by dishonest competitors. Following *Reckitt & Colman Products Ltd v Borden Inc* [1990] 1 ALL ER 873 affirmed and applied by the Court of Appeal in *Yong Sze Fun & Anor v t/a Perindustrian Makanan & Minuman Layang-Layang* v *Syarikat Zamani Hj Tamin Sdn Bhd & Anor* [2012] 1 MLJ 585, to succeed in an action for passing off, the plaintiff must establish, on a balance of probabilities, the following three elements:

#### 1. *Goodwill*

The meaning of goodwill was explained in *The Commissioners of Inland Revenue v Muller & Co's Margarine, Limited* [1901] AC 217 as the power of attraction which is sufficient to bring customers home to the origin of the business or trade. Reputation alone is insufficient to establish goodwill. However, the law will not intervene to protect the goodwill which any reasonable person would consider trivial.

Essentially, this is a question of fact that depends on both the quality and quantity of evidence that can be tendered by the plaintiff.

#### 2. *Misrepresentation*

The burden of proof is on the plaintiff to show that the defendant had:

- a) made a misrepresentation to the relevant sector of the public; and
- b) such misrepresentation has resulted in or is likely to result in damage to the plaintiff's goodwill.

In determining the likelihood of deception or confusion to the public is likely to occur, the court will consider the following factors:

- a) whether the goods or services of the defendant are those of the plaintiff;

- b) where there is a business connection between the plaintiff and the defendant in relation to the goods or services provided by them; and
- c) the resemblance between the marks.

### 3. Damages

It is not necessary that the plaintiff has suffered actual losses. It is only necessary to show a probability of damage to the goodwill attached to the plaintiff's business or trade. If the goods in question are in direct competition with one another, damages can usually be proven through loss of sales and loss of exclusive use of the plaintiff's trade name.

### Similarities and Differences between Singapore and Malaysia

The law of passing off in Singapore bears many similarities to Malaysia where both jurisdictions adopt the common law tort of passing off. Yet, certain significant differences remain. Malaysia adopts the "first-to-use" principle where the Courts will strive to protect the first user of the trade mark. However, in Singapore, a first-registration approach is taken.

### Conclusion

Owners of trade marks should actively take steps to register their marks at the first available instance. This is because a registered trademark enjoys some presumption of rights in the first instance which imposes a less onerous burden of proof on the plaintiff to establish passing off.

*Should you have any queries as to how this update may affect you or your organisation or require further information, please do not hesitate to email us.*



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*This article is intended to discuss the Law of Passing Off in Malaysia, and it is not intended to be comprehensive nor should it be construed as legal advice. This article is updated as of 29 July 2020.*

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