

USE IT OR LOSE IT: NON-USE OF A REGISTERED TRADEMARK IN MALAYSIA

Rights Conferred to a Registered Trademark:

In Malaysia, trademark matters are governed by the Trademarks Act 2019 (“**TA 2019**”), the Trademarks Regulations 2019 as well as the relevant case law (related to trademark) decided by the courts.

Once a trademark is registered with the Intellectual Property Corporation of Malaysia (“**MyIPO**”) (“**Registered Trademark**”), the TA 2019 grants to the proprietor of such Registered Trademark:

- (a) the exclusive right to use such Registered Trademark in relation to the goods or services for which the Registered Trademark is registered in Malaysia; and
- (b) the exclusive right to authorize other persons to use such Registered Trademark in relation to the goods or services for which the Registered Trademark is registered in Malaysia.

Maintenance of the Validity of a Registered Trademark:

To maintain the rights obtained through registration of a Registered Trademark, the Registered Trademark must be renewed every ten (10) years within the prescribed time. In other words, as long as the proprietor of the Registered Trademark continues to renew the same every ten (10) years, the registration of such Registered Trademark will continue to remain valid.

Aside from the above, the proprietor of the Registered Trademark must ensure that he uses the Registered Trademark.

Revocation by Court Due to Non-Use:

It is trite law that in all legal proceedings relating to a Registered Trademark, the registration of a person as the registered proprietor of such Registered Trademark shall be prima facie evidence of the validity of the original registration of such Registered Trademark and any subsequent assignments and transmissions thereof[1].

Notwithstanding the same, under the TA 2019, an aggrieved person may apply to revoke the registration of a Registered Trademark on any of the following grounds for non-use:

1. within a period of three (3) years following the date of issuance of notification of registration, the Registered Trademark has not been put to use in good faith in Malaysia and there are no proper reasons for the non-use (**Section 46(1)(a) of the TA 2019**); OR
2. the use of the Registered Trademark has been suspended for an uninterrupted period of three (3) years and there are no proper reasons for such non-use (**Section 46(1)(b) of the TA 2019**).

Who is "Aggrieved Person"?

An aggrieved person concerns the party who has either used before a mark that is identical with or similar to the Registered Trademark sought to be expunged or at the very least had a genuine intention to use the mark in the near future[2].

What is "Use In Good Faith"?

The case of *Electrolux Ltd v Electrix Ltd*[3] has laid down the proposition that, to be bona fide use (i.e. use in good faith), any use must be a real commercial use on a substantial scale[4].

Potency of Market Survey to Prove Non-Use of a Registered Trademark

The burden of proving non-use of a Registered Trademark on a prima facie basis rests on the person aggrieved, as was previously held in the High Court case of *Godrej Sara Lee Ltd v Siah Teong Teck & Anor (No. 2)*[5&6].

More often than not, an aggrieved person who made an application to the Court for the revocation of a Registered Trademark due to non-use, would resort to market survey to prove such non-use[7].

Whitford J in the case of *Imperial Group Plc v Philips Morris Ltd & Anor*[8] sets out the

guidelines (which are also known as the “**Whitford Guidelines**”) for the admission of market survey evidence in proving non-use of a trademark. The market survey evidence must meet certain minimum criteria as sets out in the Whitford Guidelines, namely:

- (i) the interviewees must be selected so as to represent a relevant cross-section of the public;
- (ii) the size must be statistically significant;
- (iii) the surveys must be conducted fairly;
- (iv) all surveys carried out must be disclosed, including the number carried out, how they were conducted, and the total number of persons involved;
- (v) all answers given must be disclosed and made available to the defendant;
- (vi) the questions must not be leading or lead the person answering into speculation he/she would not have embarked on had the question not been put;
- (vii) the exact answers and not an abbreviated form must be recorded;
- (viii) the instructions to the interviewers as to how to carry out the survey must be disclosed; and
- (ix) where the answers are coded for computer input, the coding instructions must be disclosed.

The Whitford Guidelines was adopted with approval by the courts in Malaysia as the minimum criteria for a market survey to meet, for it to be of use as evidence, for example by the Federal Court in the case of *Liwayway Marketing Corporation v Oishi Group Public Co Ltd*[9].

In the above case, the Federal Court looked into the substance or content of the survey report and on this premise, the Federal Court held that the survey was inconclusive and did not meet the threshold requirements as laid down in the Whitford Guidelines.

As evidence from the above case, it is effortful and challenging for an applicant to the action of revocation of registration of a Registered Trademark due to non-use, to solely rely on market survey to prove non-use of trademark. Any other relevant evidences are worth to be considered to be adduced before the court.

Exception to Section 46(1)(a) and 46(1)(b) of the TA 2019

It should be noted that a Registered Trademark shall not be revoked due to non-use under Section 46(1)(a) and Section 46(1)(b) of the TA 2019 if the registered proprietor is able to show evidence of use of the Registered Trademark after the period of three (3) years, but before the date of application for revocation is made[10].

However, any such use of the Registered Trademark after the period of three (3) years, but within three (3) months before the date of application for revocation is made, shall be disregarded unless the registered proprietor can show that preparations of such use began before the registered proprietor of the Registered Trademark became aware that the application for the revocation might be made[11].

When Action of Revocation of Registration of Trademark Due to Non-Use Can Be Brought?

Oftentimes, an action of revocation of a Registered Trademark by Court on the ground of non-use is brought in the following scenarios:

(a) When a bona fide proprietor of a non-registered trademark finds out that his/her trademark has been registered by another third party who has no intention to carry out any genuine business activities using the said trademark. This is also known as trademark squatting phenomenon; and

(b) When a trademark infringement proceeding is being made against an alleged infringer and the alleged infringer relies on 'non-use' to counter-claim such allegation.

Effects of Revocation of a Registered Trademark due to Non-Use:

Where the registration of a Registered Trademark is revoked by the Court to any extent, the rights of the registered proprietor shall be deemed to have ceased to that extent as from the date of the application for revocation unless the Court is satisfied that the grounds of revocation exists on an earlier date[12]. Further, the Court may revoke a Registered Trademark partially in relation to certain goods or services for which the Registered Trademark is registered[13].

[1] Section 52(c) of the TA 2019.

[2] *Liwayway Marketing Corporation v. Oishi Group Public Co Ltd* [2017] 5 CLJ 133.

[3] [1953] 71 RPC 23.

[4] Examples of real commercial use are depicting the trademark to the goods or in an advertisement to promote the services (in relation to the goods and/or services for which the trademark is registered).

[5] [2008] 7 CLJ 24.

[6] <https://conventuslaw.com/report/malaysia-market-surveys-after-liwayway/>.

[7] There is a common misconception that investigation report is equivalent to market survey report. However, in fact, other evidence obtained through the investigation conducted on the defendant directly is not a 'market survey report' which is subject to the Whitford's Guidelines. This distinction is clear, as held in the case of *Hyundai Motor Company v Sun Yuen Rubber Manufacturing Co. Sdn Bhd* [2017] 1 LNS.

[8] [1984] RPC 293.

[9] [2017] 5 CLJ 133.

[10] Section 46(2) of the TA 2019.

[11] Section 46(3) of the TA 2019.

[12] Section 46(5) of TA 2019.

[13] Section 46(4) of the TA 2019.

Our Multimedia, Technology & Intellectual Property Practice Group of Azmi & Associates ("**MTIP Practice Group**") has an extensive experience in assisting local and international clients to obtain trademark protection in Malaysia. We advise, in the context of Malaysian law, in relation to all areas of intellectual property covering intellectual property protection/registration (except patent), intellectual property enforcement, intellectual property development and intellectual property commercialization. Throughout the years, MTIP Practice Group has attended to numerous intellectual property matters (locally and internationally) on behalf of our local and foreign clients.

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3 February 2023

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