

**TRADEMARK COUNTERFEITING: COMPARATIVE
LEGAL ANALYSIS ON ENFORCEMENT
WITHIN MALAYSIA AND THE UNITED KINGDOM
AND AT THEIR BORDERS**

KHADIJAH MOHAMED

**THESIS SUBMITTED IN FULFILMENT OF THE REQUIREMENT
FOR THE DEGREE OF DOCTOR OF PHILOSOPHY IN LAW
AT NEWCASTLE LAW SCHOOL,
NEWCASTLE UNIVERSITY**

JUNE 2012

ABSTRACT

TRADEMARK COUNTERFEITING: COMPARATIVE LEGAL ANALYSIS ON ENFORCEMENT WITHIN MALAYSIA AND THE UNITED KINGDOM AND AT THEIR BORDERS

Trademarks play an important role in conveying reliable information to consumers about the quality of goods and the manufacturer's reputation. Counterfeiting can destroy these important benefits. Despite difficulty in quantifying its scope and effects, many studies recognise the global prevalence of counterfeiting. Its invasion across product categories harms legitimate producers, economies and society. While there are many contributing factors to its proliferation, the only real area where a government can make a difference is in setting up a responsive legal system that includes good enforcement against counterfeiting. This study aims to address that need by examining comparatively how the relevant intellectual property laws can be used as effective enforcement mechanisms in Malaysia and the UK. The importance and, effectiveness of and key obstacles in judicial proceedings and border measures in both countries are examined and analyzed, using a combination of comparative, doctrinal and socio-legal research. The data used derives from relevant legislation, case law, legal literature and public domain statistics. These sources are supplemented and corroborated by interviews with key figures (official, judicial, practitioner) in Malaysia and Europe. This study draws the following conclusions: (1) Civil proceedings in both countries are comprehensive but the responsible authorities need to review litigation costs to ensure the effectiveness of civil remedies. Malaysia should explicitly provide for remedies in its Trade Marks Act 1976. (2) In criminal actions, forfeiture of assets obtained through counterfeiting activities could be the most effective form of punishment and deterrence, coupled with the use of officers experienced in handling prosecutions. (3) Compared to judicial proceedings, border measures could be the most effective mechanisms in preventing the proliferation of counterfeit goods, but close co-operation and effective communication between rights-holders and customs authorities are crucial in this regard.

ACKNOWLEDGEMENTS

In the name of God, Most Gracious, Most Merciful. All praises to the Almighty, for giving me the strength and determination to complete this study.

It is a great pleasure for me to express my utmost gratitude for the contributions and help of many people, whose assistance made this thesis possible.

First and foremost, I would like to express my sincere gratitude and deepest appreciation to my supervisor, Professor Alison Firth, for her tireless help, advice, guidance, patience and wisdom, invaluable comments and criticisms, encouragement and her personal support throughout the course of my Phd. Her positive attitude and constant supports for guiding, reviewing and commenting my work have made this thesis possible. It has been a real privilege and honour for me to have her as my supervisor. Thank you also for giving me the opportunity to get involved in academic and professional discussions, in particular the AIPPI and Jus Commune, which have provided a good understanding and basis for this study.

I am deeply grateful to my second supervisor, Dr. Sylvia de Mars, although she joined at a later stage of my study, for her detailed and constructive comments of this work. I would also like to extend my gratitude and thanks towards my examiners: Mr. Ashley Wilton of Newcastle University and Dr. Jennifer Davis of Cambridge University, for their insightful comments in making this a better thesis.

My appreciation also goes to all the interviewees who have added their insights on the subject of this study: Mr. Marius Schneider, Attorneys-at-Law, EEMAN & Partners, Brussels, Belgium; Senior Assistance Director of Royal Malaysian Custom (Intelligent Unit); Kuala Lumpur IP Sessions Court Judge; the officers of the Ministry of Domestic Trade, Co-operative and Consumerism (MDTCC), in particular, the Director of Trade Description (Development) Unit; the Director of Direct Selling (Development) Unit; Senior Principal Assistant Director, Special Task Force 1 (Copyright) and Assistant Director, Copyright (Development) Unit and also the Deputy Director General (Industrial Property), Intellectual Property Corporation of Malaysia (MyIPO). I wish to express my utmost gratitude to all of them for sparing their precious time and for their willingness in providing me with the relevant materials for my study.

My special thanks and appreciation are also extended to my sponsors – Universiti Utara Malaysia and Malaysian Ministry of Higher Education for providing financial support throughout the duration of my study.

I wish to extend my warmest thanks to the Newcastle Law School and Law Library staff especially Gemma, Suzanne, Jenny Johnstone, Cath, Jacqui, Joanne, Alison Judd and Linda Bell for assisting me in many different ways during my academic study.

Thanks also to all my friends, in particular, Ain, Linda, Fashie, Bronwen and Raghda, who in their different ways have all encouraged me to complete my study.

Most importantly, my special gratitude to my entire family for supporting me with their endless love, courage and prayers during my ups and downs in completing this study: my husband, Akmal; my children, Alia, Ariff and Afif; and my mother Hajjah Halimah. Special thanks to my brother, Najib and his family for the constant support throughout these years. To all my dearest family, to whom I am forever grateful, I dedicate this thesis.

TABLE OF CONTENTS

Abstract.....	I
Acknowledgement.....	ii
Table of contents.....	iii
Abbreviation.....	vii

CHAPTER 1: OVERVIEW OF STUDY

1.1 Introduction.....	1
1.2 Problem Statement and Research Questions.....	3
1.3 Research Objectives.....	6
1.4 Significance and Beneficiaries of the Study	7
1.5 Limitation of the Study.....	13
1.6 Structure of the Thesis	14

CHAPTER 2: RESEARCH METHODOLOGY

2.1 Introduction.....	15
2.2 Research Design.....	15
2.2.1 <i>Epistemological Position</i>	15
2.2.2 <i>Research Methodologies</i>	18
(i) Doctrinal Legal Research.....	20
(ii) Socio-Legal Research.....	22
2.2.3 <i>Research Methods</i>	24
(I) Data Sources.....	24
(ii) Methods of Data Collection.....	26
(A) Documentary Data.....	26
(B) In-depth Interview with Experts.....	27
<i>The Purpose of the Interview</i>	27
<i>The Participants</i>	28
<i>Elite Interview: the Theory</i>	31
<i>The Interview Procedure</i>	33
(iii) Methods of Data Analysis.....	33
2.3 Conclusion.....	35

CHAPTER 3: TRADEMARK COUNTERFEITING: AN OVERVIEW ON THE PROBLEM, CAUSES AND EFFECTS

3.1 Introduction.....	36
3.2 Definition.....	38
3.2.1 <i>The Trademark and its Function</i>	38
3.2.2 <i>Counterfeiting and its Scope</i>	41
(i) Definition under the TRIPS Agreement.....	45
(ii) Definition under the EC Regulation 1383/2003.....	46
(iii) Definition under the UK TMA 1994.....	48
(iv) Definition under the Malaysian TMA 1976.....	49
3.3 The Scale of Trademark Counterfeiting.....	50
3.3.1 <i>Scale Based on International Data</i>	51
3.3.2 <i>Scale Based on National Data</i>	54
3.4 The Causes and Motivation behind Counterfeiting Activity.....	60

3.4.1	<i>High Profit with Low Risk of Criminal Sanction</i>	61
3.4.2	<i>The Weaknesses in the Current Legal System</i>	62
3.4.3	<i>Technological Advances</i>	64
3.4.4	<i>Globalization of Business</i>	65
3.4.5	<i>Remarks</i>	65
3.5	The Impacts of Counterfeiting.....	66
3.5.1	<i>Economic</i>	66
3.5.2	<i>Social</i>	68
3.5.3	<i>Health and Safety Issues</i>	69
3.6	Conclusion.....	70

CHAPTER 4: THE EXISTING LEGISLATIVE FRAMEWORK FOR THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS (IPRs): GENERAL OVERVIEW

4.1	Introduction.....	72
4.2	What is Enforcement?.....	72
4.3	Why is Enforcement of IPRs Important?.....	74
4.3.1	<i>Reinforce the Meaning of Law</i>	74
4.3.2	<i>Damage Caused by Counterfeiting</i>	76
4.3.3	<i>Are there Deficiencies in the Current Law Relating to Counterfeiting?..</i>	76
4.4	International Enforcement Measures.....	77
4.4.1	<i>Selected International Treaties on Trademark Rights</i>	78
	(a) Paris Convention for the Protection of Industrial Property 1883.....	78
	(b) Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks 1973.....	81
	(c) Agreement of Trade Related Aspects of Intellectual Property Rights 1994.....	81
4.5	The IP Enforcement System in Malaysia and the UK.....	86
4.5.1	<i>Malaysia</i>	86
	(a) Historical Background of the Malaysian Legal System.....	87
	(b) Trademark Law in Malaysia: Legislative Background.....	89
	(c) Administration of IP Matters and Enforcement Authorities.....	91
	(d) The Malaysian Court System and the IP Court.....	94
	(e) Enforcement of IPRs.....	99
	(i) Civil Proceedings.....	100
	(ii) Criminal Proceedings.....	100
	(iii) Administrative Action.....	101
	(iv) Border Measures.....	102
	(f) Litigation: Who Has Standing and Who Can Be Sued?.....	102
4.5.2	<i>United Kingdom</i>	103
	(a) Brief History and Development of Trademark Law in the UK.....	103
	(b) English Court System and Patents County Court.....	105
	(c) Administration of IP Matters and Enforcement Authorities.....	110
	(d) Enforcement of IPRs.....	112
	(i) Civil Proceedings.....	112
	(ii) Criminal Proceedings and Private Prosecution.....	113
	(iii) Administrative Action.....	114
	(v) Border Measures.....	115

(f) Litigation: Who Has Standing and Who Can Be Sued?.....	115
4.6 Conclusion.....	116
CHAPTER 5: KEY ISSUES FOR THE ENFORCEMENT OF IPRs: CIVIL PROCEEDINGS	
5.1 Introduction.....	118
5.2 Civil Remedies: General Matters.....	119
5.3 Obligations under the TRIPS Agreement.....	119
5.4 Civil Remedies at Pre-trial.....	124
5.4.1 <i>Interim Injunctions</i>	125
(a) Application of the Interim Injunction and Problems of Delay.....	126
(b) Principles for Granting Interim Injunctions.....	127
(c) Other Types of Interim Orders.....	130
(i) Search Orders (Anton Piller Orders).....	130
(ii) Freezing Injunctions (Mareva Injunctions).....	135
(iii) Disclosure Orders (Norwich Pharmacal Order).....	137
5.5 Civil Remedies at Full Trial.....	139
5.5.1 <i>Final Injunction</i>	139
5.5.2 <i>Delivery Up or Destruction</i>	140
5.5.3 <i>Damages</i>	141
(a) Assessment of Damages.....	142
5.5.4 <i>Account of Profits</i>	145
5.6 Obstacles in Civil Proceedings.....	145
5.6.1 <i>Lack of Specialist Jurisdiction</i>	146
5.6.2 <i>Outdated Provisions</i>	146
5.6.3 <i>Expensive Procedures</i>	146
5.7 Conclusion.....	147
CHAPTER 6: KEY ISSUES FOR THE ENFORCEMENT OF IPRs: CRIMINAL PROCEEDINGS	
6.1 Introduction.....	150
6.2 Reasons for Criminalizing Trademark Counterfeiting.....	151
6.3 International and Regional Frameworks.....	157
6.3.1 <i>TRIPS Agreement</i>	158
(a) Wilful.....	159
(b) Commercial Scale.....	161
6.3.2 <i>Proposed European Commission Directive on Criminal Sanctions</i>	162
6.3.3 <i>Anti-Counterfeiting Trade Agreement (ACTA)</i>	163
6.4 National Frameworks.....	163
6.4.1 <i>Malaysia</i>	164
(a) Trade Marks Act 1976.....	164
(b) Trade Description Act 2011.....	164
(c) Anti-Money Laundering and Anti-Terrorism Financing Act 2001...	169
(d) Remarks.....	170
6.4.2 <i>United Kingdom</i>	172
(a) Trade Marks Act 1994.....	172
(b) Trade Description Act 1968; The Consumer Protection from Unfair Trading Regulations 2008.....	179

(c) Proceeds of Crime Act 2002.....	181
6.5 Conclusion.....	186

**CHAPTER 7: KEY ISSUES FOR THE ENFORCEMENT OF IPRs:
BORDER MEASURES**

7.1 Introduction.....	188
7.2 How is the Distribution of Counterfeit Goods Conducted?.....	188
7.2.1 <i>Economic Globalization and International Trade</i>	189
7.2.2 <i>New Technologies</i>	194
7.2.3 <i>Logistics and Transportations</i>	196
7.2.4 <i>Parallel Markets</i>	197
7.2.5 <i>International Organized Crimes</i>	197
7.3 The Role of Border Measures in Combating Counterfeiting Activities.....	199
7.4 Border Measures: International and Regional Frameworks.....	199
7.4.1 <i>Paris Convention</i>	200
7.4.2 <i>TRIPS Agreement</i>	201
7.4.3 <i>EU Regulation 1383/2003</i>	204
(a) Subject Matter and Scope of Regulation 1383/2003.....	206
(i) Goods in Transit.....	211
(b) Customs Procedures under Regulation 1383/2003.....	216
(i) Application Procedure.....	216
(ii) Post-grant Procedure.....	218
7.5 Border Measures: National Frameworks.....	221
7.5.1 <i>United Kingdom</i>	221
7.5.2 <i>Malaysia</i>	228
7.6 Conclusion.....	231

CHAPTER 8: CONCLUDING REMARKS..... 234

BIBLIOGRAPHY 246

APPENDICES

Appendix 1	:	Interview Guideline with a Summary of Responses
Appendix 2	:	Malaysian Trade Marks Act 1976
Appendix 3	:	S.92 of the UK Trade Marks Act 1994
Appendix 4	:	Definition of Counterfeiting
Appendix 5	:	Definition of Infringement

LIST OF ABBREVIATIONS

AACP	:	Alliance Against Counterfeiting and Piracy
ACG	:	Anti-counterfeiting Group
ACTA	:	Anti-Counterfeiting Trade Agreement
AG	:	Advocate General
AGC	:	Attorney-General's Chambers
AIPPI	:	International Association for the Protection of Intellectual Property
ASEAN	:	The Association of Southeast Asian Nations
AWGIPC	:	ASEAN Working Group on Intellectual Property Cooperation ()
BASCAP	:	Business Action to Stop Counterfeiting and Piracy
BM	:	Border measures
CEBR	:	Centre for Economics and Business Research
CPL	:	Cavendish Publishing Limited
CTM	:	Community Trade Mark
CUP	:	Cambridge University Press
DG	:	Director General
ECDG	:	European Commission Directorate-General for Trade
ECJ	:	European Court of Justice
ECTA	:	European Communities Trade Mark Association
EEA	:	European Economic Area
EEC	:	European Economic Community
EEF	:	Electronic Frontier Foundation
EEPL	:	Edward Elgar Publishing Ltd
EPO	:	European Patent Office
EU	:	European Union
EUMCCI	:	EU-Malaysia Chamber of Commerce & Industry
FATF	:	Financial Action Task Force
FP	:	Foundation Press
FTD	:	False Trade Description
GBLAAC	:	Global Business Leaders Alliance Against Counterfeiting
GIPAMR	:	Global Intellectual Property Asset Management Report
HM Treasury	:	Her Majesty's Treasury (UK)
HMRC	:	Her Majesty's Commissioners of Revenue & Customs (UK)
HPL	:	Hart Publishing Ltd
IACC	:	International Anti Counterfeiting Coalition
ICC	:	International Chamber of Commerce
ICTSD	:	International Centre for Trade and Sustainable Development
IIPA	:	International Intellectual Property Alliance
IIPi	:	International Intellectual Property Institute
IMF	:	International Monetary Fund
INTA	:	International Trademark Association
IP	:	Intellectual Property
IPRs	:	Intellectual Property Rights
JWSI	:	John Wiley & Sons Inc
MDTCA	:	Ministry of Domestic Trade and Consumers Affairs
MDTCC	:	Ministry of Domestic Trade, Co-operatives and Consumerism
MyIPO	:	Intellectual Property Corporation of Malaysia
OECD	:	Organization for Economic Cooperation and Development
OHIM	:	Office for Harmonization in the Internal Market
OUP	:	Oxford University Press

PEL	:	Pearson Education Limited
REACT	:	European Anti Counterfeiting Network
RHC	:	Rules of the High Court
RMC	:	Royal Malaysian Customs
S&M	:	Sweet & Maxwell
SLSA	:	Socio-Legal Studies Association
USTR	:	Office of the United States Trade Representative
TAXUD	:	European Commission Taxation and Customs Union
TDA	:	Trade Description Act
TDO	:	Trade Description Order
TMA	:	Trade Marks Act
TMR	:	Trade Marks Regulation
TNF	:	The Nuffield Foundation
TWB	:	The World Bank
UK	:	United Kingdom
UKIPO	:	United Kingdom Intellectual property Office
UN	:	United Nations
UNCED	:	United Nations Conference on Environment and Development
UNICRI	:	United Nations Interregional Crime and Justice Research Institute
UNODC	:	United Nations Office on Drugs and Crime
US CBP	:	US Customs and Border Protection
US	:	United States of America
WBP	:	World Bank Publications
WCO	:	World Customs Organization
WHO	:	World Health Organization
WIPO	:	World Intellectual Property Organization
WTO	:	World Trade Organization

** For legal journal abbreviations, refer to Cardiff Index to Legal Abbreviations:
<http://www.legalabbrevs.cardiff.ac.uk/>

** For non-legal journal abbreviations, refer to Journal of Economic Literature Abbreviation List:
<http://www.aeaweb.org/jel/abbrev.html>

CHAPTER 1:

OVERVIEW OF STUDY

1.1 Introduction

Southwark Coroner's Court was told that Connor O'Keefe, a 7-year-old boy of Walworth, South East London was electrocuted by a counterfeit Gameboy charger while on a family holiday in Thailand. He was found dead on the floor of his hotel room in Phuket on 30 December 2006, clutching the wires of the fake £9 charger. Further tests revealed that wires within the fake charger were dangerously close together, which meant it could easily become live and electrocute a user. Two wires in the circuit were just 1mm apart instead of the regulation requirement of 4.6mm. Recording a ruling of accidental death, John Sampson, the coroner, condemned the sale of counterfeit goods that "look as if they might be official, and there is no way of knowing by looking at them that they are anything but official"¹.

Meanwhile in Malaysia, various efforts had been made by counterfeit operators to obstruct the enforcement officers in carrying out their duties. According to the Director General of the Enforcement Division, Ministry of Domestic Trade, Co-operative and Consumerism, their officers not only received threats and intimidations, some of them were even seriously injured when had been attacked by 'tonto' (thugs hired to monitor and threaten enforcement officers) in various ways including attacks with bricks and explosive materials or their vehicles being splashed with paint or had been hit on roads².

In the intellectual property (IP) arena, the problem of counterfeiting has been common for quite some time. In recent years, however, this issue has been topical not only among IP owners and IP-related businesses, but has also attracted serious attention by governments, enforcement agencies and the public throughout the world. This is due to the widespread presence of counterfeit goods that have penetrated almost all economies, causing significant financial losses for the rights holders and legitimate businesses, an alarming rise in job losses, and the involvement of organized criminal gangs. What is even more worrying is that, in some cases, the enforcement authorities are intimidated, for example, when they are attacked or threatened during or after raids, while the public are exposed to risks as indicated in the above scenarios³.

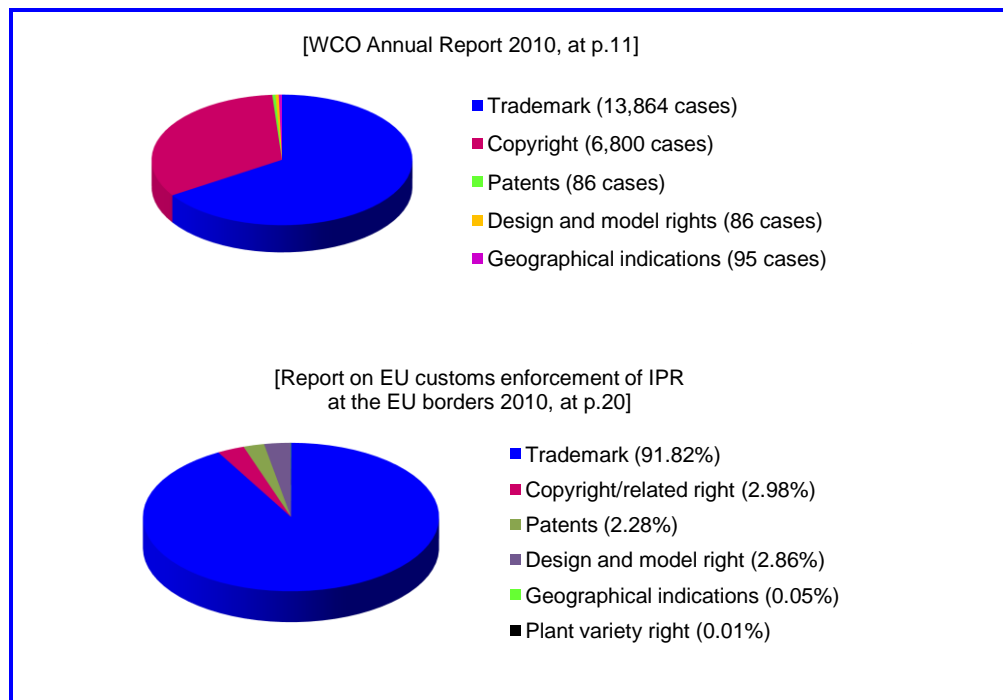
¹ Yeoman F, 'Boy, 7, killed by fake Gameboy charger bought on holiday', The Times, 12/10/2007, available at <<http://www.timesonline.co.uk/tol/news/uk/article2641861.ece>>. See BASCAP case study database on counterfeiting and piracy at <http://www.icc-ccs.org/index.php?option=com_fabrik&view=form&fabrik=42&random=0&Itemid=249>.

² See Ahmad M, 'Penguatkuasa tak gentar cabaran', Berita Minggu, 20/07/2008, p.19; Mustafa M, 'Tontos outnumber raiding party', Malay Mail, 09/03/2007, p.12; Zulkifli S, 'Kenderaan dirempuh tonto', Harian Metro, 05/02/2009, p.21; Elias S, 'Shafie: Penguatkuasa KPDNHEP jangan cuba jadi hero', MStar Online, 05/09/2007, <http://mstar.com.my/berita/cerita.asp?file=/2007/9/5/TERKINI/Mutakhir/Shafie_Penguatkuasa_KPDNHEP_jangan_cuba_jadi_hero&sec=mstar_berita> accessed 28/03/2011.

³ See for example BASCAP, '1.2m jobs to be lost to piracy', News, 17/03/2010, available at <<http://www.iccwbo.org/bascap/index.html?id=35393>>; Union des Fabricants (UNIFAB), 'Counterfeiting and organized crime report', 2nd edn, (Paris, 2004), p.10-11.

Counterfeiting is not a new issue, since fraudulent and dishonest actions in commerce and trade are probably as ancient as commerce itself⁴. More than two decades ago, counterfeiting was already being described as ‘perhaps the world’s fastest growing and most profitable business’⁵. There have been no signs since then showing that this activity will diminish; indeed, the explosion of technological advances and the globalization of businesses have accelerated further the growth of this industry⁶. As a result, the counterfeiting phenomenon becomes more prevalent, infecting nearly all product categories in recent years. The existing data also identified trademarks as now the most frequently violated rights among other types of intellectual property rights (IPRs)⁷, involving more than three-quarters of total cases/percentage each year as shown in Table 1.1 below.

Table 1.1: Type of infringed IPRs (table compiled from a variety of sources)



The range of product categories that have been counterfeited has also shifted, from luxury goods as practiced a few decades ago to all kinds of consumer goods including

⁴ Hopperger M, ‘International protection of IPRs’, (1999) 476-477 *ICPR* 78-80,p.79; The Patent Office, ‘National IP enforcement report 2005’, p.5, available at <<http://www.patent.gov.uk>>.
⁵ *Business Week* 16 December 1985 as cited in Grossman GM and Shapiro C(a), ‘Counterfeit-product trade’, [1988] 78(1) *AER* 59-75, p.59.
⁶ See Paradise PR, *Trademark counterfeiting, product piracy, and the billion dollar threat to the US economy*, (Westport: GPGI, 1999), p.23.
⁷ Interview with Schneider M, Partner at EEMAN & Partners, Attorneys-at-Law, (Brussels, Belgium, 27 April 2009); Avery P and others, *The economic impact of counterfeiting and piracy*, (Paris: OECD Publishing, 2008), p.68 and 92; European Commission Taxation and Customs Union (TAXUD) Report on EU customs enforcement of IPRs for years 2008-2010 available at <http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/statistics/index_en.htm> and WCO Customs and IPRs Report years 2008 and 2010 available at <<http://www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/Enforcement/IPR%202008%20EN%20web.pdf>> and <http://www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/Enforcement/WCO_Customs_IPR_2010_public_en.pdf> respectively. See 3.3 on the scale of counterfeiting.

not only software, music, spare parts for vehicles and aircraft⁸, cosmetics, razor blades, washing powder or clothes, but also food and pharmaceuticals. Ultimately, this kind of practice has significant adverse effects and is no longer simply a problem for trademark owners, but also for consumers and national economies as well as for public safety and health⁹.

1.2 Problem Statement and Research Questions

Broadly speaking, the term counterfeiting in the context of IP is generally used where illicitly produced goods infringe existing protected trademark rights. These goods are intended to appear to be so similar to the original so as to be passed off as genuine items¹⁰. In this regard, counterfeiting may exist either in the physical product itself or the trademark attached to the product or both.

Counterfeited items are not manufactured by or on behalf of the owner of the trademark, but are traded to ordinary consumers in a form intended to be indistinguishable from the genuine products¹¹ so that in some cases, even experts find it difficult to differentiate between genuine and counterfeit ones. In a recent example, three fake Apple stores in Kunming, China; which so convincingly appeared as genuine Apple stores that even the staff honestly believed that they work for Apple, were investigated by the Chinese authorities in terms of their business licenses, authorized permits of brand use, and the purchase channels of each store¹².

It is clear that, in most situations, counterfeiters are the ones who reap the profits while the public, particularly in deceptive counterfeiting, become the victims¹³. In non-deceptive

⁸ See for example US Immigration and Customs Enforcement, '2 Miami-based aircraft parts suppliers plead guilty in procurement fraud scheme, 4 others previously convicted for their roles in counterfeit airplane parts scheme', News Releases, 12/04/2010, <http://www.ice.gov/news/releases/1004/1004_12miami.htm> accessed 28/03/2011.

⁹ Kovacs L, 'The fight against counterfeit and piracy – A customs response', Warsaw Mentor Group Conference, 26/07/2006; Benczek A, 'EU: IP - Recent initiatives at EU level against counterfeiting and piracy', [2003] 25(8) *EIPR* 126-128, p.126; Vagg J and Harris J, 'False profits: why product counterfeiting is increasing', (2000) 8(1) *EJCPR* 107-115; National White Collar Crime Center (NWCCC), 'IP and white-collar crime: Report of issues, trends, and problems for future research', Research funded by the National Institute of Justice, U.S. Department of Justice, December 2004, <http://www.ncjrs.gov/pdf/files1_nij_grants_208135_pdf_ipandwcc> accessed 12/07/2007.

¹⁰ Blakeney M, 'Guide on enforcement of IPRs, 2005', p.5-6, <http://tradeinfo.cec.eu.int/doclib/docs/2005/april/tradoc_122641.pdf> accessed 15/07/2007.

¹¹ Ibid.

¹² See ___, 'iPhoney: Fake apple store exposed in China', <<http://news.sky.com/skynews/Home/Strange-News/Fake-Apple-Store-In-China-Found-By-Blogger-Living-In-Kunming---And-Even-Staff-Are-Taken-In/Article/201107316034452?f=rss>> accessed 22/07/2011; ___, 'Kunming launches inspection on fake 'Apple Stores'', Xinhua, 23/07/2011, <http://www.china.org.cn/china/2011-07/23/content_23052668.htm> accessed 24/07/2011.

¹³ See discussion on deceptive and non-deceptive counterfeiting in Grossman GM and Shapiro C(b), 'Foreign counterfeiting of status goods', (1988) *QJE* 79-100, p.80; Amine LS and Magnusson P, 'Targeting buyers of counterfeit goods', WIPO Magazine, September 2008, <http://www.wipo.int/wipo_magazine/en/2008/05/article_0008.html> accessed 28/03/2011.

counterfeiting, the consumers are actually aware of the counterfeit nature of products and, it is argued that, they should therefore be responsible for any risks associated with such goods. It must at this time be emphasized that this study is concerned with investigating *deceptive counterfeiting*, for the obvious reason that many consumers are actually unaware of the dangerous nature of deceptive counterfeit products. It is argued that the need for some form of legal protection and enforcement in this situation is more crucial than in cases of non-deceptive counterfeiting, so as to alert consumers in general as well as to prevent high profit potential for counterfeiters.

Despite the absence of a single global study on this issue, the available evidence from various sources confirms the widely held view that counterfeiting is a major global problem that can no longer be viewed as victimless crime¹⁴. Previous studies also showed that penalties for counterfeiting have been relatively insignificant and only a few countries have recognized it as an economic and social crime that should be subject to serious criminal penalties¹⁵. Insufficient customs resources to control the trade in counterfeit goods across international borders has also hindered enforcement, while the monetary benefits associated with counterfeiting activities have often far outweighed the penalties¹⁶. Consequently, counterfeiters have been encouraged to exploit the weaknesses and loopholes in the current legal system to avoid prosecution, and do not respect the law and its enforcement.

Against this background, the principal question this study is concerned with is whether or not existing laws on the protection and enforcement of trademark rights are comprehensively adequate and, if not, whether protection and enforcement should be extended, and if so, how.

Basically, it is understood that most countries, particularly the World Trade Organization (WTO) members, have adopted necessary legislation implementing the minimum standards as required, including the Agreement on Trade-Related Aspects of Intellectual

¹⁴ See 3.3 on the scale of counterfeiting. See Brilliant M, 'U.S. Chamber of Commerce views on China's enforcement of IPRs and the dangers of the movement of counterfeited and pirated goods into the US', Testimony before the US-China Economic and Security Review Commission, 07/06/2006, <http://www.uscc.gov/hearings/2006hearings/written_testimonies/06_06_07wrts/06_06_7_8_bright_myron.pdf> accessed 19/06/2007; Stewart C, 'Brand piracy: A victimless crime?' 01/03/2005, <<http://www.gallup.com/poll/15088/brand-piracy-victimlesscrime.aspx>> accessed 28/03/2011; Harm I, 'IP crime—A victimless crime?' 27/02/2010, <<http://www.iainvestigations.co.uk/intellectual-property-crime-%e2%80%93-victimless-crime/>> accessed 28/03/2011.

¹⁵ See 3.4 on motivations behind counterfeiting activity.

¹⁶ Ibid.

Property Rights (TRIPS Agreement) into their domestic laws¹⁷. However, it seems that the levels of counterfeiting continue to increase every year¹⁸.

What is the main reason for this problem? The literature suggests that the main difficulty in the fight against counterfeiting is not found in substantive law, but rather in the means available to enforcement agents and in their willingness to apply the law strictly and efficiently¹⁹. This includes the ineffective implementation of laws, lack of training or expertise among enforcement officers and also inadequate resources²⁰. Effective enforcement has been rated as having the highest likelihood of yielding the best results in curbing counterfeiting problems²¹. Thus, it is clear that one way of reducing the problem of counterfeiting is to focus on enforcement, as it is believed that effective enforcement will increase the cost of counterfeiting business, thus reducing the motivation for producing the products and making it harder for a consumer to find and purchase them²².

In analyzing the appropriate enforcement action, one must also consider the transnational nature of counterfeiting activities, which are becoming more highly organized and more professional. Given these characteristics, the issue of counterfeiting cannot be dealt with effectively at the level of a single country only. For this reason, the effectiveness of existing international and national measures and procedures should be assessed and thought should be devoted to improving them wherever necessary. In this context, certain specific international or national provisions which have proved their worth should be taken into account.

Against this background, there is therefore a need to study the underlying and apparent problems of counterfeiting; its emerging trends and profiles; and, importantly, where gaps in enforcement might exist. This could lead to policies for better surveillance, prevention and control. Thus, the premise of this study concerns the following questions:

- (1) What global data sources exist on the issue of counterfeiting to bring them to the attention of the national enforcement authorities? How may they usefully be assessed, and what do they tell us about the characteristics of the problem?

¹⁷ See EU's Strategy for the enforcement of IPRs in third countries, (OJ C129 of 26.5.2005); NWCCC, (n.9); UNIFAB, (n.3); Wadlow C, "Including trade in counterfeit goods": the origin of TRIPS as a GATT anti-counterfeiting code', [2007] 3 *IPQ* 350-402, p.353.

¹⁸ See 3.3.

¹⁹ Indeed, many law enforcement authorities and governments still seem to consider that IPRs offences are minor offences and more related to private than to public interests.

²⁰ See 3.4 on motivations behind counterfeiting activity; IBA, (n.21, chap.4), p.3 and 21.

²¹ ICC-BASCAP, 'Global survey on counterfeiting & piracy', (Survey findings report, 29/01/2007), <www.iccwbo.org/bascap> accessed 16/01/2008.

²² See 4.2 and 4.3 on the meaning and importance of enforcement.

- (2) What are the main problems encountered with the existing legal measures and procedures for fighting counterfeiting in general? Are they efficient and effective enough to address the problem and, if so, which are the most effective?
- (3) Are the national and international provisions concerning measures and procedures for enforcing IPRs up to the task of preventing and punishing infringements? If not, what improvements should be made? How can the punishment for IP offences be made more severe to provide a stronger deterrent?
- (4) How effective are the international, regional and inter-governmental legal rules concerning the enforcement mechanisms implemented in Malaysia and the United Kingdom (UK)? What options should be explored to improve the legal enforcement framework systems?
- (5) What does a comparative study suggest for national legislative reform?

1.3 Research Objectives

In general, this study will undertake to examine, using a comparative method, the systems of enforcement of IPRs in Malaysia and the UK, including civil proceedings, criminal sanctions, administrative procedures and border measures, with particular attention paid to their compliance to the TRIPS standards in addressing counterfeiting problems. Other relevant international provisions will also be considered.

The reason for choosing to compare Malaysia and the UK has two practical justifications. Firstly, both countries are facing significant problems of counterfeiting but have different images and reputations as portrayed by international watchdogs, particularly the Office of the United States Trade Representative (USTR), where Malaysia was listed among the countries which have significant problems in terms of IP protection and enforcement²³. In this regard, Malaysia has been listed either among 'priority watch list' or 'watch list' countries for several years, which has created a negative image of the country as a whole. By contrast, BASCAP's 'Global Survey on Counterfeiting and Piracy' revealed that of the 29 countries listed as having the most favourable IP environments, the UK is listed as the second best country after the US, thus being perceived as a good example for combating counterfeiting²⁴.

Secondly, considering the fact that the Malaysian legal system is historically influenced by and follows English common law, the UK is chosen as an appropriate comparative jurisdiction in this study. It is understood that the acceptance of a common law system as

²³ USTR issued its 'Special 301 Report on IPRs concerning its trading partner countries annually. The report could be found on its official website at <http://www.ustr.gov/trade-topics/intellectual-property>. See 4.5.1 on Malaysia.

²⁴ ICC-BASCAP, (n.21).

the basis of the Malaysian legal system is embodied in the Civil Law Act (CLA) 1956 which allows Malaysian judges, discretion to accept or reject any English common law or equity principle. This is also means that, although precedents from the UK and other Commonwealth courts are not binding, they are still highly persuasive and relied upon by the local courts particularly in commercial matters but with certain modifications suitable to Malaysian circumstances.

Reference to UK laws is also made in drafting new laws. In fact, Malaysian IP laws are to a large extent inspired by the UK set of regulations. For example, the basic structure of the Malaysian Trade Marks Act (TMA) 1976 is modelled after and broadly similar to the UK Trade Marks Act 1938²⁵. Thus, through comparison, the purpose of this study is generally to find proposals and possible recommendations to adopt the most suitable model of enforcement mechanisms for Malaysia.

The specific objectives of the study are as follows:

- (1) to examine the global data on the prevalence of counterfeiting and how does it work to attract the attention of national enforcement authorities?
- (2) to examine existing IP laws and other relevant laws at the international and national levels regarding the provisions on enforcement strategies and procedures for handling the counterfeiting problem;
- (3) to identify any lacuna in the enforcement provisions and procedures so that the efficiency of legal enforcement in addressing counterfeiting can be improved;
- (4) to compare, identify and analyse national provisions and international requirements as set out in the TRIPS Agreement and other relevant provisions on counterfeiting, focusing on civil and criminal enforcement as well as border measures, which underlie the basis upon which trademark counterfeiting must be dealt with effectively using legal mechanisms;
- (5) to suggest amendments or improvements to the existing legal mechanisms in the national IP enforcement regime, based on the findings and/or comparison with other provisions.

1.4 Significance and Beneficiaries of the Study

This study is especially important since most studies of counterfeiting seem to suggest that the proliferation of counterfeiting activities is rampant in most countries across the

²⁵ See 4.5.1(a) and (b) on Malaysian legal system and its history of trademark law.

world²⁶. Although Asia is identified as the main source of counterfeit goods, other regions also play a role either as destination markets or as transit hubs in distributing such goods (Figure 1.1).

Figure 1.1: Region of top 20 sources of counterfeit goods²⁷

Region of top 20 source economies	Number of source economies in region	Seizures (% of total)
Asia (excl. Middle East)	12	69.7
Middle East	2	4.1
Africa	2	1.8
Europe	2	1.7
North America	1	1.1
South America	1	0.8
Top sources	20	79.2

Note: The seizure percentages are based on trade-weighted data from 19 reporting economies including: Andorra; Angola; Australia; Cyprus Denmark; Estonia; France; Germany; Japan; Latvia; Mauritius; Netherlands, N/Zeland; Portugal; Korea, Romania; Spain; UK; US.

The figure also suggests that counterfeit goods are being produced and consumed in virtually all economies. This means that the problem affects all countries, including Malaysia and the UK. However, Malaysia is more vulnerable in this regard due to its location in the main producing region of such goods²⁸.

Situated in the central part of south-east Asia, Malaysia is divided into two geographical sections; Peninsular Malaysia and the states of Sabah and Sarawak in North Borneo. Malaysia borders Thailand to the north of Peninsular Malaysia with which it shares a land boundary while its southern neighbour is Singapore, which is connected by a causeway and bridge. To the southwest, across the Strait of Malacca, is the island of Sumatra in Indonesia. Sabah and Sarawak are bounded by Indonesia and also border with the Philippines and Brunei²⁹.

Entrance to the country can be made either through its international airports and seaports, or by road or rail. Since 2005, two Malaysian ports, Port Kelang and Tanjung Pelepas, were listed in the world's top 20 busiest container ports (Table 1.2). Tanjung

²⁶ See 3.3 on the scale of counterfeiting and 7.2.1 on globalization and international trade.

²⁷ Source: Avery and others, (n.7), p.101, 161-162; OECD, 'The economic impact of counterfeiting and piracy', (Executive Summary Report, 04/06/2007), <http://www.oecd.org/dataoecd/13/12/38707_619.pdf> accessed 15/12/2007. This figure however could be criticized as there is no detail information specifying countries represented the alleged region as sources of counterfeit goods. It is argued that although this figure is useful in identifying counterfeiting problems, the data must be interpreted with caution. (The limitation of data is highlighted at 3.3 on the scale of counterfeiting).

²⁸ Ibid. See 7.2.1 on economic globalization and international trade.

²⁹ Ahmad Z and others, 'Malaysia', in Britannica Concise Encyclopedia, <<http://www.britannica.com/EBchecked/topic/359754/Malaysia>> accessed 28/05/2008. See also further information at: <www.malaysia.gov.my> and <<http://www.asioplanet.net/malaysia/information.htm#geography>>.

Pelepas alone was ranked sixth in 2004, among the largest transshipment ports, which as a whole were dominated by Asia with Singapore as the largest hub³⁰.

Table 1.2: Container Traffic (in thousands TEU)³¹

Rank	Port	Country	2009	2008	2007	2006	2005	2004
1	Singapore	Singapore	25,866	29,918	27,932	24,792	23,192	21,329
2	Shanghai	China	25,002	27,980	26,150	21,710	18,084	14,557
3	Hong Kong	China	20,983	24,248	23,881	23,539	22,427	21,984
4	Shenzhen	China	18,250	21,414	21,099	18,469	16,197	13,615
5	Busan	South Korea	11,954	13,425	13,270	12,039	11,843	11,430
6	Guangzhou	China	11,190	11,001	9,200	6,600	4,685	3,308
7	Dubai	United Arab Emirates	11,124	11,827	10,653	8,923	7,619	6,429
8	Ningbo	China	10,502	11,226	9,349	7,068	5,208	4,006
9	Qingdao	China	10,260	10,320	9,462	7,702	6,307	5,140
10	Rotterdam	Netherlands	9,743	10,784	10,791	9,655	9,287	8,281
11	Tianjin	China	8,700	8,500	7,103	5,950	4,801	3,814
12	Kaohsiung	China	8,581	9,677	10,257	9,775	9,471	9,714
13	Port Klang*	Malaysia	7,309	7,970	7,120	6,326	5,544	5,244
14	Antwerp	Belgium	7,309	8,663	8,176	7,019	6,482	6,064
15	Hamburg	Germany	7,007	9,737	9,890	8,862	8,088	7,003
16	Los Angeles	US	6,748	7,850	8,355	8,470	7,485	7,321
17	Tanjung Pelepas*	Malaysia	6,000	5,600	5,500	4,770	4,177	4,020
18	Long Beach	US	5,067	6,350	7,316	7,289	6,710	5,780
19	Xiamen	China	4,680	5,035	4,627	4,019	3,342	2,872
20	Laem Chabang	Thailand	4,621	5,134	4,642	4,123	3,834	3,529

Source: Port of Hamburg: Container port throughput in a global comparison³²

The development of commercial activities in these ports is certainly important in facilitating legitimate businesses which generally contribute to the economic growth of the country. However, given the fact that Malaysian customs authorities only practise the random inspection of cargos entering the country³³, this may allow counterfeit goods to penetrate the national market too, thus continuing to pose significant challenge to the customs agency³⁴. Apart from this, good facilities and infrastructure for transshipment at ports³⁵ and the growth of industrialization in other low cost manufacturing countries such as China and Vietnam also contribute to the increase in counterfeit goods entering the country³⁶. Other than those locally produced³⁷, it is also believed that counterfeit goods

³⁰ Heymann E, 'Container shipping: Overcapacity inevitable despite increasing demand', Deutsche Bank Research, Current Issues, 25/04/2006, p.9-19, <http://www.dbresearch.com/PROD/DBR_INTERNET_DE-PROD/PROD000000000198081.PDF> accessed 20/02/2011.

³¹ "TEU" means "Twenty-foot Equivalent Unit," i.e. a 20-foot (6.1 m) long shipping container. Thus a 40-foot (12.2 m) container is 2 TEU.

³² Port of Hamburg: Container port throughput in a global comparison, <<http://www.hafen-hamburg.de/en/content/container-port-throughput-global-comparison>> accessed 20/02/2011. See the list of 'Top 20 world ports by 2008 throughput' in World Shipping Council, 'Liner shipping in the European Union', 14/12/2009, p.24, <http://www.worldshipping.org/Liner_Shipping_and_the_European_Union_Final.pdf> accessed 20/02/2011.

³³ Interview with Senior Assistance Director of Royal Malaysian Custom(RMC) (Intelligent Unit), (Putrajaya, 9 July 2009).

³⁴ See 7.2.1 on economic globalization and international trade.

³⁵ See information on Tanjung Pelepas Port at <http://www.worldportsource.com/ports/MYS_Tanjung_Pelepas_Port_1442.php>.

³⁶ EU-Malaysia Chamber of Commerce & Industry, 'EUMCCI trade issues and recommendations 2010', (Report), p.30-31, <<http://www.eumcci.com/pdf-files/TIR2010/EUMTIR2010-ipr.pdf>> accessed 22/01/2011; Kandiah P, 'IP enforcement in Malaysia', <<http://www.21coe-win-cls.org/activity/pdf/2/90-94.pdf>> accessed 28/06/2009.

are sometimes brought into the country to be assembled locally, or packaging or labeling may be done in the country, making the tracking of such goods difficult³⁸.

In this regard, taking into account the importance of Rotterdam as a leading port of entry to Europe (based on Table 1.2 above), perhaps Malaysia's customs and even the WCO may learn from the Netherlands system to overcome this problem. It is understood that, being one of the most significant trading nations, the Netherlands is also probably in the top three for volume of IP litigation in Europe together with the UK and Germany³⁹. While its litigation system is effective and competent, its courts have also practiced the expedient *kort geding* procedure, an *inter partes* preliminary injunction, which is important for use in urgent IP disputes such as counterfeiting, as the court make speedy decisions based on an evaluation of the merits of both parties⁴⁰. The procedure takes only a few days, and for urgent cases, the hearings are sometimes even held over the weekend⁴¹. Despite having been held contra Article 50(6) of the TRIPS Agreement⁴², this practice illustrates the importance of speedy and efficient IP to a hub trading nation.

Meanwhile, the UK is located off the north-western coast of continental Europe and consists of four countries: England, Northern Ireland, Scotland, and Wales. Northern Ireland shares a land boundary with the Republic of Ireland. Apart from this land border, the UK is surrounded by the Atlantic Ocean, the North Sea, the English Channel, and the Irish Sea. It is connected to continental Europe by the Channel Tunnel⁴³.

In terms of counterfeit goods entering the single market, the WCO Annual Report 2008 indicates that the UK was included among the most popular intended destination

³⁷ See USTR, '2007 national trade estimate report on foreign trade barriers: Malaysia', p.386, <http://www.ustr.gov/sites/default/files/uploads/reports/2007/NTE/asset_upload_file760_10963.pdf> accessed 28/01/2008; '2006 customs seizures of counterfeit goods—FAQs', MEMO/07/214, Brussels, 31/05/2007, <http://www.europa.eu/rapid/pressReleasesAction.do?referen_ce=MEMO/...> accessed 28/01/2008: "In other cases, other countries predominate; in the food sector Turkey remains the main source and in the electrical equipment sector Malaysia has become the main source".

³⁸ Ibid.

³⁹ Bird & Bird, 'The Netherlands – trade mark litigation and enforcement', 03/06/2005, <http://www.twobirds.com/Swedish/News/Articles/Sidor/trade_mark_litigation_and_enforcement.aspx> accessed 30/09/2011.

⁴⁰ The procedure of *kort geding* (procedures practised under article 289(1) of the Dutch Code of Civil Procedure) is discussed in Brinkhof JJ, 'The enforcement of patent rights in the Netherlands', [2000] 31(6) *IIC* 706-722.

⁴¹ Kingston W, 'Improving patents for smaller firms: insurance, incontestability, arbitration', [2007] 1 *IPQ* 1-18, p.12.

⁴² In *Hermes International v FHT Marketing Choice BV* (C53/96) [1998] E.C.R. I-3603 (ECJ). (Provisional measures under TRIPS can be revoked or otherwise cease to have effect if proceedings on the merits are not initiated within a reasonable period. *Kort geding* however lost this temporary character as the interim proceedings may lead to a summary judgment). See discussion in Gielen C, 'Netherlands: procedure', [1999] 21(1) *EIPR* N9-10; Wooldridge F, 'Provisional measures and Article 50 of TRIPs: the ECJ's decision in *Hermes International*', [1999] 1 *IPQ* 124-131.

⁴³ See Central Intelligence Agency, 'The world fact book: United Kingdom', <<https://www.cia.gov/library/publications/the-world-factbook/geos/uk.html>> accessed 23/03/2011.

countries for counterfeit goods entering the EU as a whole⁴⁴. The routes of entry for these goods include post, road and sea transport, but more articles are actually found in sea and air or courier transport⁴⁵.

Thus, it is clear that both countries face a significant problem of counterfeiting activities. In this regard, while Malaysia has been identified as a source for the production of counterfeit electrical equipment, the UK on the other hand is among the most popular destinations for counterfeit goods entering the European Union (EU). This also suggests that the source of counterfeit goods in Malaysia could either be local or imported from other countries, while the majority of such goods in the UK have been imported for local consumption or redistribution. Thus, as both Malaysia and the UK experience the same problem, it is of great importance to examine and evaluate how and to what extent the two countries can overcome counterfeiting problems and possibly learn from each other.

Due to the dramatic increase in counterfeiting activity and its serious impact⁴⁶, governments around the world are becoming increasingly aware of the damage caused by global counterfeiting. As such, various international and regional agreements have been enacted to assist in protecting IPRs and preventing the cross-border movement of counterfeit goods. Treaties and political developments have also increased standardization and improved international protection and enforcement mechanisms. At the European level, for example, EC Regulation No.1383/2003 requires that EU members improve on existing regulations dealing with customs operations and border controls. The North American Free Trade Agreement provides guidance for the protection of IPRs in Canada, the US and Mexico. The Association of Southeast Asian Nations (ASEAN) also has a general framework in place to improve IP enforcement, administration, legislation and public awareness⁴⁷.

The Asia Pacific Secretariat was set up in 2004 for dealing with border measures (BM), under the World Customs Organization (WCO) IPRs Strategic Group. This is to combat IPRs crime more effectively at the borders in the region. The Cooperation Council for the Arab States of the Gulf has also introduced changes in the region affecting the six

⁴⁴ WCO, 'Global review of counterfeiting and piracy in 2008: Customs and IPRs report', <<http://www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/Enforcement/IPR%202008%20EN%20web.pdf>> accessed 27/01/2010, p.9.

⁴⁵ See TAXUD, 'Results at the European border–2009', (Report on EU customs enforcement of IPRs, 22/07/2010), <http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/statistics/statistics_2009.pdf> accessed 15/08/2010, p.17.

⁴⁶ The details on the scale of counterfeiting are examined at 3.3.

⁴⁷ ASEAN Framework Agreement on IP Cooperation, Bangkok, Thailand, 15/12/1995, the details available at <<http://www.aseansec.org/6414.htm>>.

member states by enacting the Common Customs Law that will likely have some impact on counterfeit goods entering the Customs Zone⁴⁸.

Furthermore, during the APEC Ministerial Meeting in November 2004, leaders and ministers agreed to recognize the importance of improved protection and enforcement of IPRs in contributing “to the promotion of investment, innovation and economic growth”. Subsequently in 2005, the APEC Trade Ministers endorsed a series of Anti-Counterfeiting and Piracy measures including guidelines for authorities to seize and destroy pirated goods and support to increase the capacity of economies to deal with counterfeiting⁴⁹. The World Bank’s Global Economic Prospects Report for 2002 also concluded that there are “reasons to believe that enforcement of IPRs has a positive net impact on the economic growth prospects”⁵⁰.

It is submitted that the appropriate enforcement of IPRs is a matter of crucial importance and relevance to any given country irrespective of its level of economic development. Enforcement efforts, therefore, not only enhance the protection of existing IPRs, but also send a positive signal to those concerned such as creators and investors about an environment conducive to creative activity and investment⁵¹.

It is believed that this study is therefore timely and proper. From a Malaysian domestic perspective, the thesis offers policy makers suggestions on how appropriate enforcement mechanisms could be implemented into national legislation. Where appropriate, Malaysia must also consider adopting relevant international models and treaties to improve its law, but tailored to the local needs and circumstances of its people.

The findings of this study can be used as guidance and reference not only by the players in the industry (such as the Ministry of Domestic Trade, Co-operative and Consumerism (MDTCC), Intellectual Property Corporation of Malaysia (MyIPO), Royal Malaysian Customs, IP businesses and their employees), but also the global community. The public at large will be protected from the risk caused by counterfeit goods as a long term benefit

⁴⁸ Keri SJ, ‘Regional anti-counterfeiting agreements’, International Trademark Association (INTA) Counterfeiting Special Report, N.York, September 2004.

⁴⁹ APEC, ‘APEC anti-counterfeiting and piracy initiative’, Meeting of APEC Ministers Responsible for Trade, Jeju, Korea, 2-3/06/2005, (2005/MRT/006anx5).

⁵⁰ Michelsen L, ‘The economic impact of counterfeiting’, INTA Counterfeiting Report, (n.48), p.12.

⁵¹ Karunaratna DM, ‘Issues related to the enforcement of IPRs: National efforts to improve awareness of decision makers and education of consumers’, WIPO Advisory Committee on Enforcement, 26/04/2006, (WIPO/ACE/3/5) p.2; interview with Schneider, (n.7).

of effective enforcement⁵². Proper implementation and effective enforcement against counterfeiting will also ultimately assist in achieving the objectives of the TRIPS Agreement and other international requirements on this matter.

1.5 Limitation of the Study

Given the illegal nature of counterfeiting activity, several limitations of this study need to be acknowledged. Since there is no single global study to date on this issue, the main difficulty encountered in this study is to provide precise data and information on the scope of the problem. Most studies conducted by the industry are often accused of being biased, while data from enforcement authorities might be under-representative, particularly where items that escape seizure are not reported. In order to overcome this weakness and reduce bias, this study used a combination of reports from IP related businesses and seizure statistics from enforcement authorities to examine the scope and extent of the counterfeiting problem. Interviews with selected participants among experts in the IP enforcement-related field were also used to corroborate the information obtained from that combination of sources. This is intended to provide a more comprehensive understanding on this issue compared with the validity of only a single source of data⁵³.

This study also is faced with a scarcity of materials in terms of academic discussions of this issue, particularly those relevant to the Malaysia context. Information is scattered and incomplete; data on seizure is obtained from reports issued by the MDTCC alone as no such information is compiled by the Malaysian customs authorities. Legislation and court decisions are found in the Malaysian legal reports; the *Malayan Law Journal* and *Current Law Journal*. To the best of the researcher's knowledge, there is no study on the enforcement of IPRs against trademark counterfeiting in Malaysia nor has any comparative study on this subject been conducted before. While this fact plays a role in accounting for the lack of materials on this subject in Malaysia, it is also one of the reasons that inspired the researcher to undertake this study (to contribute to literature and knowledge in this area).

Since counterfeiting has become a dynamic issue, especially at the international level, a few changes to the legislation studied have also been made or proposed at various forums, including the proposed Anti Counterfeiting Trade Agreement (ACTA) at the international level and the EU review on correctional measures and BM. Changes have

⁵² See for example discussion in Lee YS, 'Damages in patent infringement cases: a consideration of the balance between the reward to the patentee and the benefits of society', (PhD thesis, Newcastle University, 2008) and 5.5.3 of this thesis on damages.

⁵³ See 3.1.

also occurred within Malaysia and the UK, with some amendments made to relevant legal provisions since late 2010 and in 2011. For this reason, while every attempt has been made to include current and accurate information, this study generally reflects the law as standing at 30 September 2011, although every possible effort has been made to include especially interesting developments since then.

1.6 Structure of the Thesis

This thesis consists of eight chapters. **Chapter two** aims to clarify the research methodology employed in this study. **Chapter three** examines the concept and scale of counterfeiting. **Chapter four** analyses the reasons why effective protection and enforcement are necessary in the fight against counterfeiting and what provisions are found in Malaysia, the UK and internationally. **Chapter five** examines and analyses the relevant civil remedies available in Malaysia and the UK using the TRIPS Agreement as a framework. **Chapter six** examines and analyses the importance of criminal sanctions in addressing counterfeiting problems. **Chapter seven** examines and analyses the role of border measures in dealing with the proliferation of counterfeit goods across borders. **Chapter eight** contains concluding remarks in which the findings of the research are highlighted and the extent to which the thesis has met its objectives is explained. It also contains proposals for improving the existing law and enforcement practice to address counterfeiting problems in Malaysia.

CHAPTER 2: RESEARCH METHODOLOGY

2.1 Introduction

Trademark counterfeiting has traditionally been litigated through civil proceedings. Until now, criminal litigation has not usually been a popular choice among complainants, whilst the border measures (BM) system is still in its infancy in many countries. This study therefore attempts to examine and compare how both criminal and BM along with civil proceedings in Malaysia and the UK could prevent or at least improve the situation of counterfeiting activities in both countries. For this purpose, the approaches of doctrinal and socio-legal research are combined. Reasons for selecting the combination method and approach, the participants and sampling method, the procedure for gaining informed consent and the methods of data collection and data analysis are also explained in this chapter.

2.2 Research Design

Research involves a systematic and rigorous process of enquiry. The fundamental requirement in this process is to gather relevant and valid data. Various methods could be used in the data gathering process depending on the type of study, as different methods would be appropriate for addressing different research questions¹. In deciding the most suitable methods, the coordination of three basic concepts in the research design, namely; epistemology, research methodologies (also known as strategies of inquiry) and research methods, will ensure that the whole research process and findings will be satisfactorily justified².

2.2.1 Epistemological Position

The most common competing inquiry paradigms³ in the social sciences are positivism and interpretivism⁴. These stances rely on quite different assumptions about the nature

¹ Krauss SE, 'Research paradigms and meaning making: a primer', (2005) 10(4) *TQR* 758-770, p.761; Bryman A, *Social research methods*, 3rd edn, (Oxford: OUP, 2008), p.26: "Choices of research strategy, design, or method have to be dove-tailed with the specific research question being investigated".

² Carter SM and Little M, 'Justifying knowledge, justifying method, taking action: epistemologies, methodologies, and methods in qualitative research', (2007) 17(10) *QHR* 1316-1328, p.1317: "...methodology provides justification for the methods of a research project. Methods are "techniques for gathering evidence"...methodology justifies method, which produces data and analyses. Knowledge is created from data and analyses. Epistemology modifies methodology and justifies the knowledge produced."; Henn M, Weinstein M, and Foard N, *A short introduction to social research*, (London: Sage, 2006), p.160.

³ Neuman WL, *Basics of social research: qualitative and quantitative approaches*, 2nd edn, (USA: Pearson, 2007), p. 41: "A paradigm is an integrated set of assumptions, beliefs, models of doing good research and techniques for gathering and analysing data. It organises core ideas, theoretical frameworks and research methods"; Bryman A, *Quantity and quality in social research*, (London: Routledge, 1988) p.4: "a

of knowledge⁵, and therefore major intellectual disagreements arise about the kind of information that researchers should be looking for and how they should obtain it⁶.

Positivism sees social science research as fundamentally the same as that in natural science⁷. The underlying assumption is that social reality can be observed and described from an objective viewpoint without interfering with the phenomena being studied. As objectivity will produce more reliable findings, including the greater consistency, stability and repeatability of results⁸, a true explanation or cause of an event or social pattern can be found and tested by scientific standards of verification⁹. Thus, positivists “strive to use valid and reliable methods to describe, predict, and control human behavior” and seek to “discover precise causal relationship through statistical analysis¹⁰”. They contend that, through the use of the statistical analysis of quantified observations, theories are tested and truths are discovered¹¹.

Conversely, the underlying assumption of interpretivism is that social reality is not objectively determined but very fluid, socially constructed¹², and fundamentally different from that described in the natural sciences¹³. Validity or truth cannot be grounded in an objective reality as the knowledge generated in a research process is always negotiated within cultures, social settings and relationships with other people and ethical considerations are involved¹⁴. Interpretive inquiry promotes the value of qualitative data and relies on naturalistic methods to understand human experience in its context-natural setting¹⁵. This entails interaction between researchers and participants in the study to find out their views and collaboratively construct a meaningful social reality. This

paradigm is a cluster of beliefs and dictates which for scientists in a particular discipline influence what should be studied, how research should be done, how results should be interpreted”, cited in Bryman, (n.1), p.605.

⁴ Roth WD and Mehta JD, ‘The Rashomon effect: combining positivist and interpretivist approaches in the analysis of contested events’, (2002) 31(2) *SMR* 131-173, p.133.

⁵ Eldabi T and others, ‘Quantitative and qualitative decision-making methods in simulation modelling’, (2002) 40(1) *MD* 64-73, p.65:

⁶ Rubin HJ and Rubin IS, *Qualitative interviewing: the art of hearing data*, 2nd edn, (California: Sage, 2005), p.19.

⁷ Neuman, (n.3), p.42; Babbie E, *The practice of social research*, 10th edn, (USA: Thomson, 2004), p.35.

⁸ Neuman, (n.3), p.42.

⁹ Roth (n.4), p.132-133.

¹⁰ Plack MM, ‘Human nature and research paradigms: theory meets physical therapy practice’, (2005) 10(2), *TQR* 223-245, p. 226.

¹¹ *Ibid*, p.227.

¹² Kelliher F, ‘Interpretivism and the pursuit of research legitimisation: an integrated approach to single case design’, (2005) 3(2) *EJBRM* 123-132, p.123.

¹³ Neuman, (n.3), p.43.

¹⁴ Collis J and Hussey R, *Business research: a practical guide for undergraduate and post-graduate students*, 3rd edn, (Basingstoke: Palgrave, 2009), p.59-60; Angen MJ, ‘Evaluating interpretive inquiry: reviewing the validity debate and opening the dialogue’ (2000) 10(3) *QHR* 378-395, p.384.

¹⁵ Neuman, (n.3), p.43; Amaratunga D and others, ‘Quantitative and qualitative research in the built environment: application of “mixed” research approach’, (2002) 51(1) *WS* 17-31, p.18.

provides rich descriptive data, which is one of the greatest strengths of the interpretive paradigm¹⁶.

In any legal system, jurisprudence, and any form of legal scholarship, three elements of epistemology: revelation, observation and reason, must be present for the basis of legal knowledge¹⁷. Among these, it must be admitted that law relies heavily on the element of revelation, in that one may obtain knowledge by receiving it from authority¹⁸. This means that since doctrinal legal scholars generally rely on revelation as their basic epistemology, they refer to constitutions, statutes and court decisions to determine what the law is¹⁹. In this respect, knowledge of law thus becomes knowledge of the 'source of law'²⁰.

Legal knowledge may also be created by reasoning. To extend the understanding of what the law is and to forecast what the law ought to be in different situations, legal scholars usually use deductive reasoning. In fact, reason may have been the first epistemology formally applied to law²¹.

New knowledge might also be obtained through observation. However, this form of epistemology has only been used by legal scholars very occasionally²². Within legal theory, observational epistemology is displayed by American realists who attempted to look beyond positivist rules and employ correspondence theory, which proposes that truth is what corresponds to reality. In this respect, they offered a radical departure from the positivism, emphasizing that knowledge of law is what officials do about disputes 'in specific court decisions (i.e judgments, orders and decrees) in specific lawsuits'²³. However, it can be argued that, if this view is accepted, it might cause injustice in the system because, being human, officials themselves are imperfect and therefore might be influenced by other factors in reaching their decisions²⁴.

Against this background, the underlying philosophical assumptions in this study are therefore derived from both the positivist legal approach and interpretive traditions. The positivist legal approach is employed to understand the substantive and procedural law on the issue under study, whilst the interpretive approach will assist in gaining a fuller

¹⁶ Kelliher, (n.12), p.123: "Qualitative research is commonly associated with social research schools which fall broadly within the interpretivist sociological tradition".

¹⁷ See Beck-Dudley CL and Conry EJ, 'Meta-jurisprudence: the epistemology of law', (1996) 33(3) *ABLJ* 373-450, p.376-378.

¹⁸ *Ibid*, p.377.

¹⁹ *Ibid*.

²⁰ Samuel G, *Epistemology and method in law*, (Hampshire: Ashgate, 2003), p.30.

²¹ Beck-Dudley and Conry (n.17), p.377-378.

²² *Ibid*, p.377.

²³ Samuel, (n.20), p.31.

²⁴ *Ibid*: "The way in which judge and (or) jury interpret fact is as much a matter of prejudice and uncertainty as is the interpretation of vague paper rules, for humans are fallible and so witnesses are not reliable and jurors and judges are unconsciously prejudiced".

picture of the problems faced by enforcement authorities in implementing IP law against counterfeiting activities. It is argued that each approach is important in its own right, as discussed below, and, therefore, combining the two will produce greater analytic value for this research.

2.2.2 Research Methodologies

This study aims to examine the problems of counterfeiting and its contemporary characteristics and, importantly, the gaps in enforcement that might require policies for better supervision, prevention and control. The premise of this study is based on the research questions discussed at 1.2 which can be summarized as follows:

- What global data systems exist concerning the issue of counterfeiting and how do they work to the benefit of national enforcement authorities?
- How can the prevention and detection of IP offences be made more effective to provide a stronger deterrent?
- What options should be explored to improve the legal enforcement framework systems?

In an attempt to answer these questions and based on the philosophical assumptions adopted, this study is carried out using a combination of doctrinal and socio-legal research methods, with the comparative legal approach in analysing the data. Such a combined approach is also known as mixed methods research²⁵. Denzin argued that the use of multiple and independent methods should, if the same conclusions are reached, result in greater reliability than a single methodological approach to a problem²⁶, and thus rigor, breadth, complexity, richness, and depth are added to the inquiry²⁷.

Combinations of approaches have also been accepted in legal research where scholars employ the most relevant methods suitable for the study. For this reason, Siems, for example, stressed that legal academics should not rank the different methodologies as they can either choose to be “foxes”; that is, to know many things, or “hedgehogs”; that is to know one big thing²⁸ in conducting research. He identified four ways of ‘being original’ in legal research by employing different approaches including ‘micro-legal questions’,

²⁵ Creswell JW, *Research design: qualitative, quantitative and mixed methods approaches*, 3rd edn, (California: Sage, 2009), p.205: “many different terms are used for this approach, such as *integrating, synthesis, quantitative and qualitative methods, multimethod, and mixed methodology*, but that recent writings use the term *mixed methods*”; Bryman, (n.1), p.603. Denzin for example, refers the combination of methodologies in the study of the same phenomenon as **triangulation**.

²⁶ Denzin N, *The research art in sociology*, (London: Butterworth, 1970) cited in Kelliher, (n.12), p.123; Creswell (n.25) p.203; Johnson RB, Onwuegbuzie AJ and Turner LA, ‘Toward a definition of mixed methods research’, (2007) 1(2) *JMMR* 112-133, p.115.

²⁷ Denzin NK and Lincoln YS (eds), *The SAGE handbook of qualitative research*, 3rd edn, (London: Sage, 2005), p.5.

²⁸ See Siems MM, ‘Legal originality’, [2008] 28(1) *OJLS* 147–164, p.148.

'macro-legal questions', 'scientific legal research' and research in 'non-legal topics', which cover both traditional (doctrinal) and contextual (socio-legal) research. He thus emphasizes the equal value of either employing a variety of methods as emphasized by Denzin earlier, or to focus on one of them²⁹.

Considering the strength and limitations of each of the methods available, combination in this study is intended to achieve a complementary approach rather than being regarded as mutually exclusive. From this combination, a new understanding of counterfeiting problems in Malaysia and the UK, the legal provisions of enforcement systems, and (perhaps) the best approaches to counter them will emerge so that a new framework for an enforcement system could effectively be introduced and implemented by the national authorities.

As this study is conducted within the ambit of legal research, including the socio-legal field, it is necessary therefore to distinguish the research concepts used in the legal and non-legal fields, in particular in social science research. In general, research can be said to be a systematic, thorough and rigorous process of investigation that increases knowledge³⁰. Equally, legal research refers to "any systematic study of legal rules, principles, concepts, theories, doctrines, decided cases, legal institutions, legal problems, issues or questions or a combination of some or all of them³¹".

From this definition *per se*, whilst it is apparent that legal research shares some common features with non-legal research, it also differs in certain ways. Samuel, for example, highlighted the difference in the nature of the legal field that, "like traditionalist theology, is a discipline that is governed by the authority paradigm and it is this paradigm that restricts it in its capacity to make an epistemological contribution to social science thinking³²". The different character of legal research compared to social science is discussed further below in terms of the classification of legal research traditions.

Legal research can be basically classified into two broad traditions: doctrinal and socio-legal research. Doctrinal research is claimed to be qualitative as it does not involve statistical analysis of the data³³. On the other hand, socio-legal research employs

²⁹ Ibid. See Cownie F, *Legal academics: culture and identities*, (Oxford: Hart, 2004), p.55: "Scepticism about legal positivism does not mean that legal academics using a socio-legal paradigm regard knowledge of the content and techniques of doctrinal law as unimportant".

³⁰ Collis and Hussey, (n.14), p.3.

³¹ Yaqin A, *Legal research and writing*, (Malaysia: LexisNexis, 2007), p.3; Zahraa M, *Research methods for law postgraduate overseas students*, (K.Lumpur: UP, 1998), p.17.

³² Samuel G, 'Is law really a social science? A view from comparative law', [2008] 67(2) *CambLJ* 288-321, p.288.

³³ Dobinson I and Johns F, 'Qualitative legal research' in McConville M and Wing HC (eds), *Research methods for law*, (Edinburgh: EUP, 2007), p.19 and 22. See Peczenik A, *On law and reason*, 2nd edn,

methods taken from other disciplines to generate empirical data to answer research questions³⁴, and thus it can adopt either qualitative or quantitative research approaches³⁵.

(i) Doctrinal Legal Research

Doctrinal research is also referred to as theoretical, pure legal, academic, traditional, conventional and 'black-letter law', and is concerned with the formulation of legal doctrines through the analysis of legal rules³⁶. It emphasises the conception of law as autonomous with clear boundaries between law and other subjects³⁷ through "analysing court judgments and statutes with little or no reference to the world outside the law³⁸".

Many theories of law, particularly those rooted in legal positivism, are influenced by this rule-based approach which often holds that "legal rules are constitutive of law and that the force of rules derives in general from their having been enacted by institutions authorised to make rules³⁹". As this approach only concerns a body of rules in deriving a thorough understanding of the law -without dealing with human interaction- it is therefore claimed as normative in character⁴⁰. This means that the validity of doctrinal research must inevitably rest upon a consensus theory of truth, rather than on an appeal to an external reality⁴¹. In this respect, many other academics would regard this approach as rigid, old fashioned or legalistic⁴². For example, for those from non-legal backgrounds who regard themselves as working within the positivism paradigm inspired by Popper's theory of falsifiability would even view the doctrinal approach as 'unscientific' on the ground that "science is said to be about constructing models and testing falsifiable hypotheses⁴³".

(USA: Springer, 2008), p.2: "Legal dogmatic...uses facts provided by sociology of law, but the interpretation itself has a non-empirical nature".

³⁴ See Dobinson and Johns, (n.32), p.32-41.

³⁵ McConville and Wing, (n.33), p.6.

³⁶ Chynoweth P, 'Legal scholarship in the built environment: epistemological considerations and cultural challenges', Proceedings of the Annual Research Conference of the Royal Institution of Chartered Surveyors 7-8/09/2006, University College London; Yaqin, (n.31), p.10 and 12.

³⁷ Cownie, (n.29), p.50; Beck-Dudley and Conry, (n.17), p.377. See Bogdandy AV, 'The past and promise of doctrinal constructivism: a strategy for responding to the challenges facing constitutional scholarship in Europe', [2009] 7(3) *IJCL* 364-400, p.373-374: "The positivist legal method ...aims primarily at a structuring of the law using autonomous concepts, following the legal-conceptual path of the historical school of law. In order to accomplish such a structuring, law is detached from social reality and tied to legal instruments that flow from the sources of law".

³⁸ McConville and Wing, (n.33), p.1. See Fox M and Bell C, *Learning legal skills*, 3rd edn, (London: Blackstone, 1999), p.9: "The traditional view of law is to regard law as a set of legal rules derived from cases and statutes, which are applied by a judge who acts as a neutral and impartial referee seeking to resolve a dispute. Although such a definition of law is necessarily limited and does not seem to accord with the reality of law, it has nevertheless been remarkably persuasive".; Yaqin, (n.31), p.10.

³⁹ Banakar R and Travers M (eds), *Theory and method in socio-legal research*, (Oxford: Hart, 2005), p.7.

⁴⁰ See Samuel (n.32), p.289, 292-293.

⁴¹ Chynoweth, (n.36).

⁴² Zahraa, (n.31), p.57; Cownie (n.29), p.50: "But it is the narrowness of the doctrinal approach, with its belief in law as a self-contained body of rules, which has attracted most criticism"; Chynoweth, (n.36).

⁴³ Siems, (n.28), p.156.

Despite this perception, doctrinal research continues to be the most widely used method in legal research⁴⁴ and, indeed, this approach still informs the research of most legal academics in Europe and even in the UK⁴⁵. It is argued that one of the reasons behind this is that the theory of falsifiability can also be criticized for not necessarily serving as a useful criterion in all scientific fields⁴⁶. Furthermore, we must also bear in mind that one of the prominent features of doctrinal approach is that it is more concerned with an accurate and coherent description of the law rather than scientific theories about it⁴⁷.

Coherence in this sense can clearly be seen in the process of legal reasoning, as it requires certain standards of explanation and prediction. Legal reasoning is often a balance of facts and/or theories and the application of existing rules connected by reasoned comments to persuade others of the validity of adopting the outcome suggested⁴⁸. The validity of law, therefore, depends on the logical connections internal to the legal system, - the internal view of the law.

In many cases, the basis on which validity can be established follows a pattern of syllogism, or a deductive-nomological form whose premises are the norms of a legal order and relevant determinations of fact⁴⁹. However, as a court of law is not an institution engaged in establishing an absolute scientific truth, but engaged in determining 'what is the proper result to be arrived at, having regard to the evidence before it⁵⁰', it is important in legal argument to synthesise the competing claims of multiple propositions so that the final argument will consist of a range of propositions that will invariably be substantiated by evidence⁵¹. Accordingly, it is argued that, even though legal sources can be accessed to determine what the law is, the application of the law is contentious. This is particularly true in terms of the enforcement of law. For example, the standardized requirements of the TRIPS Agreement are implemented according to the interpretation of member states' national law.

⁴⁴ Cownie (n.29), p.50; Zahraa, (n.31), p.57; Chynoweth, (n.36).

⁴⁵ Bogdandy, (n.37), p.376.

⁴⁶ Siems, p.156-157.

⁴⁷ Ibid, p.158. See Samuel, (n.32), p.294: "the only alternative epistemological test as to whether law being regarded as a social science, is to associate law with the non-empirical science of mathematics where the test is one of **coherence** rather than correspondence"; Toma JD, 'Scholars and their inquiry paradigms: exploring a conceptual framework for classifying inquiry and inquirers based upon paradigmatic assumptions', Paper presented at the Annual Meeting of the American Educational Research Association (N.York, April, 1996), p.11: "doctrinal legal scholarship focuses upon organizing legal doctrine to serve the daily needs of practitioners, not upon proposing new theories or construction".

⁴⁸ Hanson S, *Legal method and reasoning*, 2nd edn, (London: CPL, 2003), p.213-214.

⁴⁹ Weinberger O, 'The norm as thought and as reality', in MacCormick N and Weinberger O, *An institutional theory of law: new approaches to legal positivism*, (Holland: Kluwer, 1986), p.42; Samuel, (n.20), p.29: "...and closely associated with this scientific assumption was the deductive method".

⁵⁰ Viscount Simon LC in *Hickman v Peacey* [1945] AC 304, p.318.

⁵¹ Hanson, (n.48), p.221.

However, despite the resemblance to the social sciences interpretive tradition, it is argued that they are in fact different, in the sense that the validity of doctrinal legal research builds on the concept of coherence as discussed earlier, whilst empirical investigation becomes an important requirement in the natural and social sciences research⁵².

On the basis of these arguments, the doctrinal approach in this study is very important in assisting an understanding of the substantive law in Malaysia and the UK through the analysis of legal rules, court judgments and statutes. Using interpretive methods, the existing legal measures and procedures for fighting counterfeiting in Malaysia and the UK are examined to evaluate their effectiveness in addressing the problem. This is further done to analyse possible improvements in the current systems. In addition, the interpretivist stance would also be an appropriate theoretical perspective to effectively investigate the complex nature and consequences of counterfeiting activities.

(ii) Socio-Legal Research

Even though there is no generally accepted definition of socio-legal studies⁵³, the term basically refers to studies of law that relate to social phenomena and adopt methods from the social sciences to obtain some kind of empirical data⁵⁴. The aim of collecting empirical data in this context is to provide vital insights from an external perspective into how the law works in society, thus enabling the researcher to examine the law in question in more appropriate and effective ways. It may also bring to light significant views that are not available in the context of a purely doctrinal approach. Genn and others, for example, claimed that “empirical legal research is valuable in revealing and explaining the practices and procedures of legal, regulatory, redress and dispute resolution systems and the impact of legal phenomena on a range of social institutions, business and citizens”⁵⁵. In a situation where law alone may not be an answer to a problem, issue or question, Yaqin, for example, claimed that “where the true factors for the emergence or existence of a problem or issue are identified by empirical inquiry, law,

⁵² Chynoweth, (n.36); Urbina S, *Legal method and the rule of law*, (Netherlands: Kluwer, 2002), p.1-2: “...empirical or formal axiomatic methods are of little or secondary importance for legal experts in general. Contrarily, methods based on understanding are much important for us”.

⁵³ See SLSA Response to: Joint Academic Stage Board Consultation on the Relationship of Foundation Degrees to the Law Qualifying Degree, <www.kent.ac.uk/nlsa/images/slsadownloads/slsaexec/responses/ncrm.doc> accessed 26/01/2010: “There is no generally accepted definition of socio-legal studies and the perception of what it might include has changed over time. ...What binds the socio-legal community is an approach to the study of legal phenomena which is multi or inter-disciplinary in its approach. Our theoretical perspectives and methodologies are informed by research undertaken in many other disciplines. Traditionally socio-legal scholars have bridged the divide between law and sociology, social policy, and economics. But there is increasing interest in law and disciplines within the field of humanities”.

⁵⁴ Yaqin (n.31), p.10; Zahraa (n.31), p.63-6; McConville and Wing, (n.33), p.5; Chynoweth P, ‘Legal scholarship: a discipline in transition’, [2009] 1(1) *IJLBE* 5-8, p.5

⁵⁵ Genn DH, Partington M and Wheeler S, ‘Law in the real world: improving our understanding of how law works’, (Final Report and Recommendations), (London: TNF, 2006), p.1.

where it is applied and enforced with the necessary will, commitment and appropriate strategies, can serve as an effective mechanism of control, regulation, change and reform”⁵⁶.

It is argued that the ‘socio’ in socio-legal studies does not refer to sociology or social sciences, but represents ‘an interface with a context within which law exists’⁵⁷. The use of social theory for the purpose of analysis in legal research most often tends to address the concerns of law and legal studies⁵⁸. Thus, social science methods have been employed in this context not so much for substantive analysis, but as a tool for data collection⁵⁹.

For example, in trademark infringement cases alone, the use of social science research methods in the process of proving evidence in court is becoming more common. Some cases in Malaysia and the UK have used market research surveys to assess confusion among consumers, though the probative value of such evidence remain contentious because of the strict requirements of the legal standards concerning the admissibility of such evidence⁶⁰. This means that, although survey evidence *per se* was not highly rated for its evidential value in most cases, and the weight to be attached to such evidence is a matter for the court to decide, the court however will admit survey evidence if it meets certain methodological conditions as demonstrated in *Reckitt & Coleman Products Limited v Borden Inc (Jif lemon case)*⁶¹ which followed guidelines a, c, e and f of the *Imperial Group case*⁶².

⁵⁶ Yaqin, (n.31), p.13.

⁵⁷ Wheeler S and Thomas PA, ‘Socio-legal studies’ in DJ Hayton (ed), *Law’s Future(s)*, (Oxford: Hart, 2002) 271, cited in Banakar and Travers, (n.39), p.xii.

⁵⁸ Ibid.

⁵⁹ See Banakar and Travers, (n.39), p.xi.

⁶⁰ In *Imperial Group v Philip Morris Limited & Another* [1984] RPC 293, guidelines for the use of survey evidence were laid down as follows:

- (a) interviewees must be selected to represent a relevant cross-section of the general public, with knowledge both of the party’s product and the relevant market and unaware of the litigation;
- (b) a sample of statistically significant size must be used;
- (c) the survey must be conducted fairly;
- (d) all the surveys carried out must be disclosed to the other side, including both the number surveyed, the instructions given to interviewees, any coding instructions and the method adopted;
- (e) all answers, in exact and verbatim form, must also be disclosed, with no confidentiality offered to interviewees;
- (f) no leading nor suggestive questions should be used;
- (g) a sample initial survey to iron out any problems may be advisable.

See also the decision of Malaysian court on this issue in *Lim Yew Sing v Hummel International Sports & Leisure A/S* ([1996] 3 MLJ 7; *Lim Yew Sing to Sanbos (M) Sdn Bhd v Tiong Mak Liquor Trading (M) Sdn Bhd* [2008] 3 MLJ 100; *Consitex SA v TCL Marketing Sdn Bhd* [2008] 8 CLJ 444 and discussion in Lea G, ‘Masters of all they survey? Some thoughts upon official attitudes to market survey evidence in U.K. trade mark practice’, [1999] 2 *IPQ* 191-227; Almut Pfluger ‘Legal research in practice - empirical legal research and research into legal facts’ [2008] *IIC* 198.

⁶¹ [1990] 1 W.L.R. 491, L.Oliver’s (HL) decision, p.500-501 confirmed the earlier decision of Walton J (Chan. Div. as reported in [1987] F.S.R. 505) and the judgment of Slade L.J. (CoA) [1988] F.S.R. 601, p.613–614. See also Mitchell VW and Kearney I, ‘A critique of legal measures of brand confusion’, (2002) 11(6) *JPBM* 357-379, p.371-374; Bergquist J and Curley D, ‘Shape trade marks and fast-moving consumer goods’, [2008] *EIPR* 17-24; Eko L, ‘Trademark parody and the mass media: Going beyond survey

Cownie has characterised “the dominant mode of academic law as ‘concerned both with doctrine and with placing those doctrinal materials in their social context’. The precise balance of these factors will lie with individuals; academic lawyers’ view of their approach to their discipline is likely to vary, depending upon where they stand on the ‘doctrinal-socio-legal-critical legal’ spectrum. However, the majority of them were clear that the socio-legal approach to law will certainly become more important in the future”⁶³.

With these views in mind, the socio-legal approach in this study allows a range of the social science methods to be used, including the qualitative strategy. In this regard, an interdisciplinary approach provides a ‘space of encounter’ at the cross-section of disciplines which offers temporary relief from methodological and theoretical restrictions of established disciplines (perceived as a hindrance to innovation)⁶⁴.

2.2.3 Research Methods

(i) Data Sources

Data can be obtained from primary and secondary sources. As this research uses the combined approaches of doctrinal and socio-legal research, any variation in these sources is significant not only because they involve different value and weight for the research, but also since they are treated differently in both the social science and legal fields.

In social science, “primary data” refers to information obtained first-hand by the researcher for the specific purpose of the study and where the researcher has a direct relationship with the subject-matter of the study⁶⁵. Sources of primary data may include individuals, focus groups, panels of respondents specifically set up by the researcher and from whom opinions may be sought on specific issues, or more unobtrusive sources such as dustbins, court records, letters and reports, which help in providing a first-hand

evidence in the determination of “a likelihood of confusion”, [1998] 3(4) *CLP* 589-608. Other cases discussing the market survey evidence, for example, *Diageo North America Inc v Intercontinental Brands (ICB) Ltd* [2010] EWHC 17 (Ch), para 162: “It does not mean that the survey has no weight, but it means that the survey must be treated with caution”; *Esure Insurance Limited v Direct Line Insurance plc* [2008] EWCA Civ 842.

⁶² See n.60.

⁶³ Cownie, (n.29), p.63. See Holmes OW, ‘The path of the law’, [1896-1897] 10 *HLR* 457-478, p.469: “For the rational study of the law, the black-letter man may be the man of the present, but the man of the future is the man of statistics and the master of economics”.

⁶⁴ Banakar and Travers, (n.39), p.5.

⁶⁵ Henn, Weinstein and Foard (n.2), p.101; Sekaran U, *Research methods for business: a skill building approach*, 4th edn, (USA: JWSI, 2003), p.219; Teddlie C and Tashakkori A, *Foundations of mixed methods research*, (London: Sage, 2009), p.121.

account of a situation⁶⁶. In this regard, primary sources may provide very useful information, especially if the researcher needs to obtain the perceptions, opinions or attitudes of people.

In social science parlance, “secondary sources” refer to the information produced after the event took place which the author had not personally witnessed. This may include materials such as statistical bulletins, government publications and data available from previous research, case studies, library records and online data⁶⁷. Secondary data in this context may provide “further analysis of an existing data set which presents interpretations of, conclusions or knowledge additional to, or different from, those presented in the first report on the inquiry as a whole and its main result”⁶⁸.

Meanwhile for legal research, primary sources refer to the texts of laws that are produced by the legal process itself and therefore become the authoritative statements of law⁶⁹. These may consist of:

- (a) case law, which constitutes the ‘common law’ in the two jurisdictions under study under doctrine of binding principle, or
- (b) legislation.

The use of primary sources is very important in situations where the researcher wants to put together an argument that carries legal value in terms of the admissibility of evidence or to know exactly what the law says on the issue being investigated. As authoritative statements of the law, the courts also give these sources more weight than they do secondary sources, and they therefore become obligatory sources for legal research. It is at this point that law is differentiated from other social practices which emphasise empirical data as primary sources whilst legal documents are treated otherwise.

With respect to common law, it is worth noting that the position in Malaysia may differ in certain aspects compared to the common law system as practiced in the UK. Since the Malaysian legal system is predominantly based on English common law, its application is apparently specified in Malaysian statutes. Section 5 of the Criminal Procedure Code states that English law shall be applied in cases where no specific legislation has been

⁶⁶ Sekaran, (n.65), p.219; Henn, Weinstein and Foard (n.2), p.101; May T, *Social research: issues, methods and process*, 3rd edn, (Buckingham: OUP, 2001), p.180; Schutt RK, *Investigating the social world: the process and practice of research*, 5th edn, (California: Sage, 2009), p.411-412.

⁶⁷ Ibid.

⁶⁸ Henn, Weinstein and Foard (n.2), p.101.

⁶⁹ Elias S, *Legal research: how to find & understand the law*, 15th edn, (USA: Nolo, 2009), p.23; Gillespie AA, *The English legal system*, 3rd edn, (Oxford: OUP, 2011), p.22; Chatterjee C, *Methods of research in law*, 2nd edn, (London: OBP, 2000), p.20: “primary sources of legal information refer to sources that are direct, authoritative and only contain the statement of facts or events which are free from views or opinion”.

enacted. In the context of civil law, sections 3 and 5 of the CLA 1956 allow for the application of English common law, equity rules, and statutes in Malaysian civil cases where no specific laws have been made⁷⁰.

Along with the application of common law principles, there are also other secondary legal systems concurrently affecting certain sections of the law, such as Islamic law and customary law. The debate up to now in Malaysia has been whether the judiciary to make changes to domestic law and not follow literally the application of English common law. It is argued that application must instead conform to local circumstances and needs by taking into consideration important factors such as the historical, religious and cultural background of the nation⁷¹.

Finally, secondary sources refer to the documents that interpret or discuss primary sources. These may include legal writing such as in books, journals, encyclopaedias, digests of cases, indexes, official statistics, local or international documents, reports of governments or international bodies and other library-based sources⁷². Secondary sources are useful if the researcher wants to learn how things are generally done, or how they are done in other states. This is very helpful in particular to learn the basic application of the law or if the researcher needs to compare how different jurisdictions handle the same issue⁷³. However, as secondary sources only tell courts what legal scholars say about a legal principle⁷⁴, they are therefore only considered as persuasive arguments.

(ii) Methods of Data Collection

The data used in this study were gathered from multiple sources and can be classified into two categories: documentary data and in-depth interviews.

(a) Documentary Data

Documentary data have been used to establish the foundation of the study. For the doctrinal approach, this study as a whole is carried out by examining and analysing the core information contained in the primary and secondary sources of law. For the purpose of this study, the following types of legal documents are examined:

⁷⁰ See 1.3 on research objectives, 4.5.1(a) on Malaysian legal system and 5.3 on obligations under TRIPS Agreement.

⁷¹ Wan Ahmad WA, 'Time to Malaysianise common law system', (K.Lumpur, 18/09/2007), <<http://thestar.com.my/news/story.asp?file=/2007/9/18/focus/18907359&sec=focus>> accessed 21/02/ 2008. See also Ibrahim A and Joned A, *The Malaysian legal system*, (K.Lumpur: DBP, 1987), p.85-93; Bari AA, 'The indigenous roots of the Malaysian constitution - the provisions and the implications', [2008] 6 *CLJ* xxxiii; Imam M, 'Malaysian common law: reality and feasibility', [1997] 1 *CLJ* cv; Imam M, 'Making laws Islamic in Malaysia: a constitutional perspective', [1994] 3 *CLJ* vii, viii.

⁷² Yaqin, (n.31), p.49; Jacobstein JM, Mersky RM and Dunn DJ, *Fundamentals of legal research*, 7th edn, (N.York: FP, 1998), p.19; Chatterjee, (n.69), p.20.

⁷³ Elias, (n.69), p.25.

⁷⁴ Ibid, p.24.

- Legislation in Malaysia, the UK and the European Union;
- International treaties and conventions;
- Reports of relevant decided cases in Malaysia and the UK⁷⁵.

Other relevant information on trademark counterfeiting was also collected to provide the context of the study. This includes the corporate reports of legitimate manufacturers or retailers, materials published by anti-counterfeiting agencies such as the Organization for Economic Co-operation and Development (OECD), Global Business Leaders Alliance against Counterfeiting (GBLAAC) and International Trademark Association (INTA), as well as speeches or statements from international governmental organizations. A thorough review of relevant public documentation relating to this issue was therefore conducted. On top of this, the official statistical data has also been analysed to gain a fuller picture of the situation of counterfeiting activities and how this data could be used to the benefit of the enforcement authorities. Other than providing the context of the study, the use of documentary data is also intended to create greater validity and reliability of the findings and the framework proposed⁷⁶.

(b) In-depth Interviews with Experts

The Purpose of the Interview

The interview is probably the most widely employed method within qualitative research⁷⁷. At the most basic level, the interview is generally a conversation with the purpose specifically to gather information⁷⁸ in which a researcher gently guides a conversational partner in an extended discussion⁷⁹. During the interview, the researcher is allowed to 'enter into the other person's perspective'⁸⁰ by asking questions, carefully listening to the interviewee's answers, and in some types of interviews probing with additional questions. The purpose is for the researcher to elicit a depth and detail of information from the interviewee's own behaviour or that of others, attitudes, norms, beliefs and values⁸¹

⁷⁵ See bibliography for full lists of these documents.

⁷⁶ Yin RK, *Case study research: design and methods*, 4th edn, (LA: Sage, 2009), p.101: the most important use of documentary evidence is to 'corroborate and augment evidence from other sources'; May, (n.66), p.176.

⁷⁷ Bryman, (n.1), p.436; Holloway I and Fullbrook P, 'Revisiting qualitative inquiry: interviewing in nursing and midwifery research', (2001) 6 *NTR* 539-550, p.541; Richards D, 'Elite interviewing: approaches and pitfalls', (1996) 16(3) *Politics* 199-204, p.199.

⁷⁸ Babbie, (n.7), p.291; Kvale S, *Interviews: An introduction to qualitative research interviewing*, (California: Sage, 1996), p.17.

⁷⁹ Rubin and Rubin, (n.6), p.4.

⁸⁰ Patton MQ, *Qualitative evaluation and research methods*, 3rd edn, (California: Sage, 2002), p.341: "Qualitative interviewing begins with the assumption that the perspective of others is meaningful, knowable, and able to be made explicit. We interview to find out what is in and on someone else's mind, to gather their stories".

⁸¹ Ibid. See Bryman, (n.1), p.192.

about a topic or issue from the subjects' point of view and to uncover the meaning of their experiences⁸².

It may be possible to obtain this information from other sources, such as through surveys or participant observation. However, considering the limitations of time and cost faced in this study, the interview format allows the present researcher to question the participants at length regarding their thoughts on key issues relevant to the study⁸³. As opposed to surveys, for example, interviewing allows researchers to ask open-ended questions and enables the respondent to talk freely without the constraint of having to answer according to fixed categories⁸⁴. Researchers can thus gather rich detail about the thoughts and attitudes of key informants concerning the issues central to the research project.

Thus, the interview serves to address certain types of research questions, particularly when the researcher is interested in understanding the perceptions of participants or how they come to attach certain meanings to phenomena or events in which the researcher did not participate. In view of this, in-depth interviews were conducted in this study with experts in IP-related enforcement authorities, in order to gain detailed information about their views, perceptions and experiences in answering research questions. Specifically, the objective of the interview is to understand the prevalence and impact of counterfeiting activities from the point of view of a range of people working in the enforcement field and how the current enforcement mechanisms have been practiced. It then attempts to understand the obstacles and challenges they faced and identify the gaps or weaknesses in the existing mechanisms and practices so as to suggest improvements that could effectively be implemented to overcome the problem.

The Participants

A purposive sampling method was used to select the participants for this study, to ensure that a varied range of experts who are relevant to the research questions was included in the sample. Bryman, Neuman and Sekaran⁸⁵ define purposive sampling as a method in which the researcher chooses participants because of their specific knowledge of the research topic. This type of sampling is considered as a useful and appropriate method for this study since "the aim is to identify key informants whose

⁸² Kvale, (n.78), p.17: "...qualitative research interviews attempts to understand the world from the subjects' point of view...the emphasis is on intellectual understanding rather than on producing personal change"; Henn, Weinstein and Foard (n.2), p.161; Arksey H and Knight P, *Interviewing for social scientists*, (London: Sage, 1999), p.32: "The purpose of the interviewing is...to access the perspective of the person being interviewed..., to find out from them things that we cannot directly observe".

⁸³ Bryman, (n.1), p.466.

⁸⁴ Henn, Weinstein and Foard (n.2), p.162.

⁸⁵ Bryman, (n.1), p.375, 415, 458; Neuman, (n.3), p.142-143; Sekaran, (n.65), p.27.

context-specific knowledge and expertise regarding the issues relevant to the research are significant and information-rich”⁸⁶.

For this purpose, the participants were chosen among experts in the IP enforcement field. As expert sampling involves the assembling of persons with known or demonstrable experience and expertise in the intended area, the selection criteria used were based on role or job title and the level of expertise (length of experience).

Competent authorities were first identified in the two jurisdictions, and from available information, it was decided who to ask for interview as far as this could be ascertained from material in the public domain. In Malaysia, the competent authority for the enforcement of IP matters is the Ministry of Domestic Trade, Co-operatives and Consumerism (MDTCC) but the implementation of enforcement also involves several government agencies and local authorities. These include the Enforcement Division of the Ministry itself, the Royal Malaysian Customs (RMC)⁸⁷, the Royal Malaysian Police (RMP) as well as the local authorities, according to the provisions of the Trade Marks Act (TMA) 1976, Copyrights Act (CA)1987 and Trade Descriptions Act (TDA) 1972.

Matters of IP administration are managed by the IP office, which has been incorporated as a corporate body and a statutory body according to the IPCMA 2002 on 3 March 2003, and is known as MyIPO⁸⁸. For the judicial process, the Intellectual Property Court of Malaysia was established in July 2007 to provide efficient case disposal involving IP matters.

In the UK, the enforcement agencies for IP matters comprise of the Intellectual Property Office (UKIPO), Trading Standards, Police and HM Revenue & Customs. Considering that recent and thorough relevant data on these agencies could be obtained through their publications, interviews with their officers were not conducted. Furthermore, an opportunity arose during the research to join the International Association for the Protection of Intellectual Property (AIPPI) United Kingdom working committee on Q208 concerning BM and other means of customs intervention against infringers, in order to speak with practitioners in the field and participate in critical discussions of UK provisions and practices⁸⁹.

⁸⁶ Ibid. See MacDougall C and Fudge E, 'Planning and recruiting the sample for focus group and in-depth interviews', (2001) 11(1) *QHR* 117-126, p.120.

⁸⁷ The RMC is enforcing IPRs under the ex-officio capacity as provided for under the TMA 1976 concerning the BM. They are authorised to detain suspicious goods of infringing IPRs or counterfeit goods, provided that a complaint is lodged to the Registrar of Trademarks under the Ministry.

⁸⁸ IPCMA 2002, ss.3 and 33. See discussion on MyIPO at 4.5.1(c) and on Malaysian IP Court at 4.5.1(d).

⁸⁹ See AIPPI UK Group Reports on Q208: Border measures and other Means of Customs Intervention against Infringers at <https://www.aippi.org/download/comitees/208/GR208united_kingdom.pdf>.

Interviewees in this study were chosen from among IP law enforcement officers, customs personnel, judge who handled IP related matters, representative from the IP office and legal practitioner engaged in private practice. They then were selected based on seniority and/or the experience they had in their positions so as to be categorized as 'experts' in the context of this study. The RMP were not included, as their duties only involve copyright matters⁹⁰. Moreover, the scope of these tasks also covers enforcement officers from the Ministry, whereby the Director of the Enforcement Division calls in senior figures from different "operational" divisions, therefore further enhancing the representative value of the sample.

Eight interviewees were chosen, one from each category (customs, judiciary, IP office and legal practice) and four senior officers from the Ministry concerned with trade descriptions, direct selling and optical discs, copyright, and operational units responsible for investigation, seizure and arrest. It should be noted that, since the BM mechanism has only recently been introduced in Malaysia, and there are no cases yet on this issue being litigated at the times the interviews were conducted, the participant from the legal practice category was chosen from Belgium; Mr. Marius Schneider, a co-editor of the principal treatise on BM throughout the EU (Enforcement of IPRs through BM: Law and Practice in the EU, OUP, 2006) with more than ten years experience in conducting IP matters including anti-counterfeiting work and BM.

Although small, the sample included senior representatives of all the main enforcement authorities in Malaysia. Since the purpose of the interviews was to test the researcher's understanding of the problems gained from other sources, and to allow the identification of any problems not yet evidenced in the interviews, this sample size can be deemed appropriate. In arguing for the use of small samples in research, Crouch and McKenzie, for example, claimed that "in principle, just one 'case' can lead to new insights if it is recognized that any such case is an instance of social reality"⁹¹. Indeed, small samples in certain situations which permit the greater involvement of the researcher would enhance validity and reliability⁹², although in isolation not being enough to support major generalizations. However, as the main purpose of the interviews with the experts is to acquire a profound understanding of counterfeiting problems, the use of a small expert sample meets the objective of the combined methodology in the present study⁹³.

⁹⁰ CA 1987, s.41 provides a list of actions that would amount to an offence. Enforcement for this purpose is carried out by the Assistant Controller of Copyright or police officers not below the rank of Inspector.

⁹¹ Crouch M and McKenzie H, 'The logic of small samples in interview-based qualitative research', (2006) 45(4) *SSI* 483-499, p.493.

⁹² *Ibid*, p.491.

⁹³ Denzin and Lincoln, (n.27), p.5. See 2.2.2 above.

Emails introducing the study were sent to the experts selected. In most cases, the expert agreed to an interview; in a couple of cases the correspondent referred the researcher to a better qualified interviewee. This is regarded as an element of ‘snowball sampling’ approach⁹⁴.

Elite Interview: the Theory

In this study, elite interviews were conducted with the participants. This approach provided the opportunity to engage in a complete and accurate communication of ideas with them. Kvale referred to elite interviews as those with persons who are leaders or experts in a community, usually those in powerful positions, to ask about their opinions and thoughts on certain issues or topics⁹⁵.

In social research methodology, elites are referred to as people who are either knowledgeable or have access to information which a researcher is interested in for the purpose of answering vital research questions. This definition is therefore limited to people in privileged positions as far as knowledge is concerned, or those in authority or who are particularly expert or authoritative⁹⁶. However, the interviews were not concerned with the special social roles occupied in society, but with access to the information required for the research and particular access to further documentary materials such as relevant reports. Against this background, the participants in the study fall within this definition of elite or expert groups.

Based on their expertise in and experience of the enforcement activities that are relevant to the research, the main purpose of the interviews was to elicit responses to questions directed about the nature and consequences of IP rights violations, emphasising in particular the issue of trademark counterfeiting. This corresponds to one of the purposes of the elite interview, which is often used to assess information that has already been collected from other sources. As well as serving a corroborative function, elite interviews

⁹⁴ Bryman, (n.1), p.184, 699: snowball sample is a non-probability sample in which the researcher makes initial contact with a small group of people who are relevant to the research topic and then uses these to establish contacts with others.

⁹⁵ Kvale S and Brinkman S, *Interviews: learning the craft of qualitative research interviewing*, 2nd edn, (California: Sage, 2009) p.147; Desmond M, ‘Methodological challenges posed in studying elite in the field’, (2004) 36(3) *Area* 262-269, p.264: “Elite status stems from the control of human, capital, decision making and knowledge resources”; Hartmann M, *The sociology of elites*, (Oxon: Routledge, 2007), p.3; MacDougall and Fudge, (n.86), p.119.

⁹⁶ McQuade W and others, ‘Will you miss me when I’m gone: a study of the potential loss of company knowledge and expertise as employees retire’, (2007) 31 (9) *JEIT* 758-768, p.759; Kezar A, ‘Transformational elite interviews: principles and problems’, (2003) 9 *QI* 395-415, p.395.

can also be used to establish what people think: what their 'attitudes, values, and beliefs' are⁹⁷.

In order to achieve this, the interviews were conducted on a 'semi-structured' basis; that is, a questionnaire was constructed of comparatively open questions which allowed for development and discussion of interviewees' response through informed dialogue. This approach is very useful for eliciting information at depth about the topic discussed⁹⁸ and allows the interviewer to probe further questions that are not included in the interview guidelines when the interviewer follows up on things said by interviewees⁹⁹.

The rich data in interview transcripts means that the relative importance of issues, as viewed by the interviewee, can become clear. In legal research *per se*, the interview technique is certainly necessary to discover information about practical application and to learn the views of experts in respect of certain legislation¹⁰⁰.

Indeed, the use of expert opinion is also admissible in terms of proving evidence in court. Section 45(1) of the Malaysian Evidence Act 1950 provides for the admissibility of an expert's opinion, in particular when the court, for example, has to form an opinion upon a point of science. The opinions upon that point of persons specially skilled in that science are thus relevant facts, and such a person who is specially skilled is an 'expert'. In *Sim Ah Song v Rex*¹⁰¹ and *PP v Lee Eee Teong*¹⁰², Brown AG CJ and Thomson J laid down the principles relating to the evidence of expert witness as follows:

"...The business of an expert witness is to draw upon the store of his knowledge and experience in order to explain some matter which his experience should qualify him to understand. He is quite entitled to express his opinion, which indeed is the natural corollary of his explanation. But a bare expression of his opinion has no evidential value at all. Unless he gives an explanation which supplies the understanding of the subject which the Court lacks, the Court is in no better position than it was before to determine the question which it is its duty to determine, and if the Court acts upon a bare expression of the expert's opinion, the determination of the question becomes that of the expert and not of the Court".

In this regard, relevant working experience and academic qualifications of the experts in their respective fields, for example, will provide guidance to the court to some extent, especially in matters which involve some technicalities as decided in the case of *IEV International Pty Limited v Sadacharamani Govindasamy; Pendaftar Paten*

⁹⁷ Aberbach JD and Rockman BA, 'Conducting and coding elite interviews', (2002) 35(4) *PSP* 673-676, p.675-676; Goldstein GK, 'Getting in the door: sampling and completing elite interviews', (2002) 35(4) *PSP* 669-672, p.669.

⁹⁸ May, (n.66), p.123.

⁹⁹ Kvale, (n.78), p.124; Berg BL, *Qualitative research methods for the social sciences*, 6th edn, (Boston: AaB, 2007), p.95; Stephens N, 'Collecting data from elites and ultra elites: telephone and face-to-face interviews with macroeconomists' (2007) 7(2) *QR* 203-216, p.205-206.

¹⁰⁰ Chatterjee, (n.69), p.51.

¹⁰¹ [1951] 1 *LNS* 83.

¹⁰² [1953] *MLJ* 244.

(Intervener)¹⁰³. This requirement, however, is not mandatory as can be seen from the decision of the court in *PP v Muhamed Bin Sulaiman*¹⁰⁴, where the court held that while an expert must be skilled, he need not be so by special study, he may be so by experience; and the fact that he has not acquired his knowledge professionally goes merely to weight and not to admissibility.

The Interview Procedure

Five interviews were conducted, taking place between April and July 2009, with four being conducted face-to-face in the participants' offices and one conducted by telephone.

Semi-structured interview guidelines (Appendix 1) were used, and each interview lasted between one and two hours. Four interviews were tape-recorded with the permission of the participants, including the one conducted over the telephone. However, for administrative reasons, one interview was not allowed to be recorded but the conversation itself was written down near verbatim. In this respect, the importance of verbatim transcription as one of the factors considered in the admissibility of evidence in Malaysian courts was highlighted in *Consitex SA v TCL Marketing Sdn Bhd*¹⁰⁵. Ramly Ali J in this case stressed that it is the work of the interviewer to record the verbatim answers of the interviewees so that the exact answers or any changes subsequently made to them could be verified by the court. The failure to do so will be a cause for the court to refuse such evidence¹⁰⁶. It is submitted that recording, in this regard, is equally relevant to academic in legal research.

All interviews were then fully transcribed and analyzed¹⁰⁷. The data obtained from the interviews is incorporated into the thesis as anecdotal evidence.

(iii) Methods of Data Analysis

In this study, the analysis is conducted according to the type of the data collected and used from documents and interviews. In analyzing the primary legal documents, four major standpoints in legal method were used as guidelines to achieve a full understanding of the relevant legal systems under study. These methods are:

“...the **analytical**, breaking down the problem-situation and ascertaining what elements compose it and what rules are applicable to each part of the subject and its problems; the **historical**, ascertaining how and why these rules have

¹⁰³ [2008] 1 LNS 35.

¹⁰⁴ [1982] 2 MLJ 320.

¹⁰⁵ [2008] 8 CLJ 444, p.467: “...the court finds it difficult to rely on the results of the market survey, on the following grounds....there was no true recording of the interview and thus the answers of the interviewees were not recorded in verbatim....Without a verbatim recording of the interview, the survey evidence cannot be relied on as the reluctant or ambiguous answers given by the interviewees may have been phrased in a manner that is favourable to the plaintiff's case”.

¹⁰⁶ Ibid, p.469.

¹⁰⁷ See bibliography for full lists of interviews.

come to be accepted and to take their modern form; the **philosophical**, considering whether those rules are consistent with the needs of society and with accepted ideas of right and justice; and the **comparative**, seeing how other societies at a similar stage of civilization face up to the same or corresponding problems. For proper appreciation, that is, one must find out what the rules are here and now, what they once were and how and why they come to be what they are, whether they are satisfactory judges by an ideal standard, and how they appear compared with the rules which are accepted elsewhere¹⁰⁸”.

On legislation, the rule of statutory interpretation requires the researcher to employ analytical and critical methods in deriving the true meaning of the provisions. For this purpose, the legislation would be interpreted in accordance with one of the three traditional rules, the literal, golden or mischief rules¹⁰⁹, and the more recent purposive rule. In analyzing these rules, the methods suggested offer a different approach from that in the construction of statutes. In *Citibank Berhad v Mohamed Khalid bin Farzalur Rahaman*¹¹⁰, for example, Gopal Sri Ram JCA discussed the rules of interpretation of statutes, constitution and procedural laws as follows:

“...the literal rule pays attention to nothing more and nothing less than the actual words used by the statute; the golden rule permits the judicial interpreter in a very limited circumstance to supply an omission in a statutory provision where the literal approach leads to absurdity or injustice; the mischief rule looks to the state of the law at the time an Act was passed to see the mischief or defect that Parliament seeks to remedy and the purposive approach, which is the refinement of the mischief rule, requires a court to look at the purpose of the Act”.

In *Wong Pot Heng v Hj Zainal Abidin Putih*¹¹¹, SCJ Mohamed Azmi said:

“The purposive construction of statutes was first adopted by the House of Lords in *Fothergill v. Monarch-Airlines* [1980] 3 WLR 221. It is a well established principle that the purposive approach to the interpretation of legislation only applies where any doubt arises from the terms of words employed by the legislature. But where the words are precise and unambiguous, then the literal and strict construction rule should apply”.

Apart from these rules, a historical approach is also applied in analyzing legislation. The importance of this approach has also been emphasized by Holmes J:

“The rational study of law is still to a large extent the study of history. History must be a part of the study, because without it we cannot know the precise scope

¹⁰⁸ Walker DM, *The Scottish legal system*, 8th edn, (Edinburgh: S&M, 2001), p.22-23.

¹⁰⁹ See Gillespie (n.69), p.36-40 and Yaqin (n.31), p.112-115.

¹¹⁰ [2000] 3 CLJ 739. This decision is referred to in *Ngee Tai Shipping Sdn Bhd v Ketua Pengarah HDN* [2007] 6 CLJ 724. For literal and strict rule of construction, see *Asmth Sdn Bhd v Pentadbir Tanah Daerah J.Bahru* [2007] 8 CLJ 445 which referred to *Sussex Peerage Case* [1884] 11 CI & Fin 85 that “if the words used in a statute are precise and unambiguous, then the words must be given their natural and ordinary meaning since in such cases, the words themselves best declare the legislature’s intention”; *Johnson v Moreton* [1980] AC 37, HL; Ling YY, ‘The ambit of s. 34(1) of the Arbitration Act 1952 and its interpretation by the Malaysian courts: literal or purposive?’, 2004] 3 CLJ lxxvii. For golden rule, Abdul Malik J in *Uda Holdings Bhd v Melewar Leisure Sdn Bhd* [2008] 10 CLJ 622 held that this rule is applied by Lord Wensleydale in *John Grey v William Pearson* [1857] 6 H.L. Cas 61, 106: “I have been long and deeply impressed with the wisdom of the rule... that in construing wills...statutes, and all written instruments, the grammatical and ordinary sense of the words is to be adhered to...”.

¹¹¹ [1990] 2 CLJ 174. In the UK, see discussion of purposive approach in taxation cases in Hoffmann L, ‘Tax avoidance’, [2005] 2 BTR 197-206 or in trademark cases in Marinova Y, ‘The European Court of Justice on external parallel trade: interpreting the law or constructing an implied trade mark infringement’, [2009] 2 IPQ 254-280.

of rules which it is our business to know. It is a part of the rational study, because it is the first step toward a deliberate reconsideration of the worth of those rules¹¹²”.

As this study also compares the enforcement legal system in Malaysia and the UK, comparative analysis focuses on similarities and differences and thus is very important in the quest for knowledge¹¹³. The question is often asked why systems are different and whether or not there is a need for harmonization or convergence and, possibly, also policy recommendations for one or more of the countries involved¹¹⁴.

For other documents, descriptive and analytical approaches are employed because the goal is to describe facts, situations or events as they are perceived by the researcher with careful examination and evaluation.

As for the interview data, verbatim transcriptions are used as a tool to aid the analysis process¹¹⁵, not as narratives but on an issue-by-issue approach.

2.3 Conclusion

Taking into consideration the fact that there is no single or best way to conduct research, it is intended that combination of doctrinal and socio-legal research methods used in this study complement each other and reduce the chance of bias, so as to provide a more comprehensive understanding of the subject and enhance the overall quality of the study and its findings.

¹¹² Holmes,(n.63), p.469.

¹¹³ Warwick DP and Osherhon S, *Comparative analysis in the social sciences*. (N.Jersey: PH, 1973), p.7.

¹¹⁴ Siems, (n.28), p.151.

¹¹⁵ See Henn, Weinstein and Foard (n.2), p.190, 192-193.

CHAPTER 3:

TRADEMARK COUNTERFEITING: AN OVERVIEW ON THE PROBLEM, CAUSES AND IMPACTS

3.1 Introduction

Charles Caleb Colton once said that “imitation is the sincerest (form) of flattery”¹. It is uncertain whether his praise is relevant, but he would surely be stunned if he had the opportunity to see the volume of trademark counterfeiting today. The practice of counterfeiting can be traced back to be as ancient as the practice of marking goods among the traders. Soon after products acquire a reputation in the marketplace, others will try to imitate and gain profit without much effort. This trend is becoming more popular and sophisticated and in recent years has reached new dimensions in term of its growth, its diversity in many product categories and its impact on the public at large².

However, like any other illegal conduct, the clandestine nature of counterfeit offences makes it difficult to quantify the figures and to obtain the accurate data, either on the extent of the phenomenon or the amount of loss suffered by the parties involved. Regardless of this difficulty, many studies investigating this problem have been conducted by various parties, including IP related businesses, anti-counterfeiting organizations and enforcement authorities in different regions and countries.

Among the most relevant associations in the industry producing reports are, for example the International Trademark Association (INTA), the International Anti Counterfeiting Coalition (IACC), the International Chamber of Commerce/ Business Action to Stop Counterfeiting and Piracy initiative (ICC/BASCAP), the Anti-counterfeiting Group (ACG), the European Communities Trade Marks Association (ECTA) and the European Anti Counterfeiting Network (REACT). The relevant multilateral organizations and inter-governmental agencies dealing with this issue include the World Trade Organization (WTO), the World Intellectual Property Organization (WIPO), the World Customs Organization (WCO), the International Criminal Police Organization/INTERPOL (ICPO), World Health Organization/IMPACT (WHO) and the Organization for Economic Cooperation and Development (OECD).

¹ [1820 Colton CC, Lacon I, 113].

² See Benczek, p.126; Vagg and Harris, Kovacs and NWCCC, (all at n.9, chap.1); GBLAAC, ‘Global Counterfeiting’ (Background Document, 27/01/2003), <<http://www.gblaac.org/pdfs/backgroundunder2003.pdf>> accessed 12/03/2008.

The studies produced by such bodies provide significant insights on counterfeiting situations but criticism on the findings, for being biased or exaggerating the matter (in particular for the purpose of lobbying authorities) cannot be avoided³. For that reason, attempts are made to employ a verifiable methodology such as surveys, questionnaires and interviews to improve the quality of data and enhance findings⁴. In this study, reports from IP-related businesses will be combined with seizure statistics from the enforcement authorities to overcome the inevitable weaknesses and limitations if only a single source of data was used⁵. This approach provides a more comprehensive understanding and more appropriately captures the dynamics of counterfeiting offences and the impact caused on all the parties concerned.

Accordingly, this chapter attempts to examine the scale of counterfeiting activities derived from data available from identified sources, emphasising the worldwide figures before describing the situations in Malaysia and the UK. This shows the extent of the problem and how its development concerns almost every country in the world. The discussion also focuses on the causes of this conduct and its economic and social impacts, and to show how counterfeiting activity could result in significant negative effects on governments and consumers, including health and safety issues. The discussion then highlights the problems faced by enforcement authorities in addressing this matter.

³ See Correa CM, 'The push for stronger enforcement rules: Implications for developing countries', in ICTSD, *The global debate on the enforcement of IPRS and developing countries*, Programme on IPRs and Sustainable Development, Issue Paper No.22, (Switzerland: ICTSD, 2009), p.31: "However, the empirical basis of this claim is weak and the dimension of the loss often exaggerated"; Bosworth DL, 'Counterfeiting and piracy: the state of the art', (IP in the New Millenium Seminar, IP Research Centre, St. Peter's College, Oxford, 09/05/2006), p.14: "Numerous measures of the extent of counterfeiting activities exist, but they are all subject to major problems. One key issue is that *many industry associations produce statistics for purposes of lobbying governments and supra-national bodies. These include the music industry, pharmaceuticals, software, etc. As their direct use is to highlight the extent of the problem of counterfeiting, there is always an expectation that their estimates are biased upwards. Hence, other groups spring up to criticize their claims, as in the case of the music industry (e.g. Boycott-RIAAix) (emphasized added)*". See also Geist M, 'Misleading data undermine counterfeiting claims' *The Star* (Toronto, 17/09/2007) Article, <<http://www.thestar.com/Business/article/257218>> accessed 01/03/2010; Salmon F, 'All counterfeiting statistics are bullshit', (09/06/2005), <<http://www.felixsalmon.com/000363.php>> accessed 28/02/2010.

⁴ See the methods used in Avery and others, *Economic impact of counterfeiting*, (n.7, chap.1); UNICRI, 'Counterfeiting: A global spread a global threat', Report of the Anti-Human Trafficking and Emerging Crimes Unit (14/12/2007), <<http://counterfeiting.unicri.it/report2008.php>> accessed 15/03/2010. See the admissibility of survey evidence in the decision of Malaysian case of *Consitex* and the U.K case of *Imperial* (both are discussed at 2.2.3(b), (n.60), and the N.Zealand case *Customglass Boats Ltd v Salthouse Brothers Ltd* [1976] RPC 589. This issue is also discussed at 2.2.2(ii) on socio-legal research. See Kitchin D and others, *Kerly's law of trade marks and trade names*, 14th edn, (London: S&M, 2005), p.608-612.

⁵ See the importance of combined approach as discussed at 2.2.2 on research methodologies; Pollinger ZA, 'Counterfeit goods and their potential financing of international terrorism', (2008) 1(1) *MJB* 85-102, p.91; Woolley JL, 'Improving entrepreneurship and emergence research by using longitudinal data from multiple levels and sources', SSRN Working Paper Series, (27/10/2009), <<http://ssrn.com/abstract=1495367>> accessed 03/01/2010.

3.2 Definition:

Discussion of the terms “trademark” and “counterfeiting” is based on the reference to the relevant provisions, including international and national legislation, as follows:

- Madrid Agreement concerning the International Registration of marks (1891) and the Protocol relating to that Agreement (1989),
- TRIPS Agreement,
- European Trade Mark Directive No. 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trademarks (TM Directive),
- European Union Council Regulation (EC) No.1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights (Regulation 1383/2003),
- Malaysian TMA 1976 (Appendix 2) and Trade Marks Regulation (TMR) 1997, and the UK TMA 1994.

The definition of the terms trademark “counterfeiting” and trademark “infringement” is summarized in Appendices 4 and 5 respectively.

3.2.1 *The Trademark and its Function*

Article 15(1) of the TRIPS Agreement and Article 2 of the TM Directive define a trademark as any sign, or any combination of signs that are capable of distinguishing the goods or services of one undertaking from those of others⁶. Section 3 of the Malaysian TMA 1976 define the word “mark” as including a device, brand, heading, label, ticket, name, signature, word, letter, numeral or any combination thereof, whilst “trademark” means a mark used or proposed to be used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services and a person having the right either as proprietor or as registered user to use the mark whether with or without an indication of the identity of that person. Both Article 2 of the TM Directive and section 1(1) of the UK TMA 1994 define *trademark* as including, in particular, “words (including personal names), designs, letters, numerals or the shape of goods or their packaging”.

From these definitions, it is apparent that the main characteristic of a trademark is the use of signs to identify and distinguish the source of the goods or services of one party from those of others. This prominent function as an identifier of the origin of products or

⁶ Also TMA 1994, s.1(1). In situations where signs are not inherently capable of distinguishing the relevant goods or services, registrability will depend on distinctiveness acquired through use.

services is well understood and has long been used by manufacturers and traders to mark slaves, animals and goods since ancient times⁷.

Many discussions on the origin function of trademark can be found in the literature⁸, and this point has indeed also been highlighted in many cases decided on this issue. In *Powell's Trade Mark*⁹ for example, Bowen LJ stated that:

“The function of a trade-mark is to give an indication to the purchaser or possible purchaser as to the manufacture or quality of the goods - to give an indication to his eye of the trade source from which the goods come, or the trade hands through which they pass on their way to the market. It tells the person who is about to buy, or considering whether he shall buy, that what is presented to him is either what he has known before under the similar name, as coming from a source with which he is acquainted, or that it is what he has heard of before as coming from that similar source”.

Likewise, the function of trademark is emphasized again in *Arsenal Football Club Plc v Matthew Reed*¹⁰ when Advocate General Ruiz-Jarabo Colomer stated that:

“It seems to me to be simplistic reductionism to limit the function of the trademark to an indication of trade origin. The Commission, moreover, took the same view in its oral submissions to the court. Experience teaches that, in most cases, the user is unaware of who produces the goods he consumes. The trademark acquires a life of its own, making a statement, as I have suggested, about quality, reputation and even, in certain cases, a way of seeing life¹¹”.

As an identifier of origin and indicator of quality¹², a trademark constitutes not only a guarantee of quality to the consumer but also informs consumers how to detect the origin of defective goods. In this respect, a trademark at least provides a balance between protecting the economic rights of the proprietors, by enhancing and maintaining their

⁷ See Bainbridge DI, *IP*, 7th edn, (Essex: Pearson, 2009) p.625; Torremans P, *Holyoak and Torremans IP law*, 5th edn, (Oxford: OUP, 2008), p.365; Dufield G and Suthersanen U, *Global IP law*, (Cheltenham: EEPL, 2008), p.135.

⁸ See for example Bently L and Sherman B, *IPILaw*, 3rd edn, (Oxford: OUP, 2009), p.712; Torremans, (n.7), p.7; Cornish WR, Llewelyn D and Aplin T, *IP: Patents, copyrights, trademarks and allied rights*, 7th edn, (London: S&M, 2010), p.655-661; Firth A, Lea G and Cornford P, *Trade marks: law and practice*, 2nd edn, (Bristol: Jordans, 2005) p.6; Firth A, ‘Signs, surfaces, shapes and structures – the protection of product design under trademark law’, in Dinwoodie G and Janis MD (eds), *Trademark law and theory: a handbook of contemporary research*, (Cheltenham: EEPL, 2008), p.501; Griffiths A, ‘A law-and-economics perspective on trademarks’, in Bently L, Davis J and Ginsburg J (eds), *Trade marks and brands: an interdisciplinary critique*, (Leiden: CUP, 2008), p.244; Griffiths A, ‘The trademark monopoly: an analysis of the core zone of absolute protection under Art.5(1)(a)’, [2007] *IPQ* (3) 312-349, p.315.

⁹ [1893] 2 Ch 388, p.403-404. See the decision in *Bristol-Myers Squibb v Paranova A/S*, [1996] ECR I-3514, para 48-57.

¹⁰ [2003] Ch.454. See discussion on origin function of trademark in *L'Oréal S.A v eBay International AG* [2009] EWHC 1094 (Ch), para 283, Case C-48/05 *Adam Opel AG v Autec AG* [2007] ECR I-1017 para 18-22 and Case C-17/06 *Céline SARL v Céline SA* [2007] ECR I-7041 para 16.

¹¹ *Arsenal*, n.10, para 46. See Dufield and Suthersanen, (n.7), p.139.

¹² These two prime functions of trademark has been described by Jacob J ‘as a badge of trade origin’ in *British Sugar Plc v James Robertson & Sons Ltd* [1997] ETMR 118, p.128; L.Nicholls in *Regina v Johnstone* [2003] UKHL 28, para 13: ““The message conveyed by a trademark has developed over the years, with changing patterns in the conduct of business... But the essence of a trademark has always been that it is a badge of origin. It indicates trade source: a connection in the course of trade between the goods and the proprietor of the mark...”. See discussion on geographical indications in Wattanapruttipaisan T, ‘Trademarks and GI: policy issues and options in trade negotiations and implementation’, (2009) 26(1) *ADR* 166-205, p.173).

brand values¹³, as well as protecting the public interest by indicating the quality of their products to consumers¹⁴. This will encourage proprietors to develop new products and at the same time maintain the quality of existing ones. Landes and Posner, for example, stated that:

“...the benefits of trademarks in reducing the cost to consumers of distinguishing among brands of a product require that the producers of a trademarked good maintain a consistent quality of his output, that is, that he makes sure that from the consumer’s standpoint it really is the same product from unit to unit and time to time¹⁵”.

While it is clear that trademarks provide a balance between various potentially competing interests, there is a claim that the main purpose of trademark protection is to secure the interests of its proprietors¹⁶. The function of trademarks has been recognised by law, which protects proprietors against any misuse of it by others. In many countries, this recognition could be obtained through the registration of a trademark which confers on the proprietor an exclusive right to monopolise its use and gives wide powers over others who use his trademark¹⁷. At the international level, registration is facilitated by the WIPO under the Madrid Protocol¹⁸, while at the national level the law governs the trademark matters in that country. In Malaysia, for example, trademark protection and registration is governed by the TMA 1976 and TMR 1997¹⁹, while in the UK, it is governed by the TMA 1994 and other related rules²⁰. The applicant in the UK may choose to use and obtain either a purely domestic UK trademark, international protection through the Madrid Protocol, or a Community trademark²¹.

¹³ For discussion on trademark as a sign and brand, see Davis J, ‘Between a sign and a brand: mapping the boundaries of a registered trademark in EU trademark law’, in Bently, Davis and Ginsburg, (n.8); Tollington T, ‘The separable nature of brands as assets: The UK legal and accounting perspective’ [2001] *EIPR* 6; Belson J, ‘Brand protection in the age of the internet’, [1999] *EIPR* 481. For discussion on the economic role of a trademark, see Griffiths A, ‘An economic perspective on shared name issues in trademark law’, in Simon Fhima I (ed), *Trade mark law and sharing names: exploring use of the same mark by multiple undertakings*, (Cheltenham: EEPL, 2009).

¹⁴ Colston C and Middleton K, *Modern IP law*, 2nd edn, (London: CPL, 2005), p.505: “...These functions are not static. As new market practices develop, so the functions recognized by judicial interpretation may develop. This is a matter of controversy and distinct differences of approach can be discerned. The issue is a fundamental one, as the functions a trademark is allowed to serve will dictate the balance struck between the interests of producers and of consumers, and the power given to a trademark proprietor”. See discussion on how to balance the protection of trademark rights in Cornish WR, *IP: Omnipresent, distracting, irrelevant?*, (Oxford: OUP, 2004), p.99-105 and 111.

¹⁵ Landes WM and Posner RA, *The economic structure of IP law*, (Cambridge: HUP, 2003), p.167, see chapter 7 on ‘The economics of trademark law’; Dutfield and Suthersanen, (n.7), p.138-139.

¹⁶ See Torremans (n.7), p.368.

¹⁷ See for example TMA 1976, ss.35(1) and 10(2B)(b); TMA 1994 ss.9(1) and (3) and the decision of Malaysian court in *Mclaren International Ltd v Lim Yat Meen* [2009] 4 CLJ 749 and in *Illinois Tool Works, Inc v Pendaftar Cap Dagangan, Malaysia* [2009] 1 LNS 507.

¹⁸ Avery and others, (n.4), p.21: “Under the Madrid Protocol, for example, once a trademark has been registered or applied for in a jurisdiction, an application can be made to have the trademark registered simultaneously in multiple jurisdictions, through an international application process overseen by WIPO, in co-operation with national authorities”.

¹⁹ TMA 1976, s.10 provides on the registrability of trademark in Malaysia.

²⁰ See TMA 1994, ss.32 and 33.

²¹ Colston and Middleton, (n.14), p.509.

Along with registration, the extensive use of a trademark is also recognised in certain countries to protect a trademark²². For example, those countries which practice common law provide a protection to an unregistered trademark as long as it is in use and provided that the owner of the mark takes immediate action against infringers by passing off action. In *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd*²³ for example, the Court of Appeal stated that:

“The court regarded it as relevant that a third party had long used a sign for an identical or similar product capable of being confused with the mark applied for, and that that sign enjoyed some degree of legal protection. In such a case the applicant's aim in obtaining registration might be to compete unfairly with a competitor who is using a sign which had gained some degree of legal protection”²⁴.

However, all the protection given by the law to proprietors and the importance of trademark in giving assurances of quality will be destroyed once counterfeiters interfere with and misuse the trademark. From the economic point of view, Landes and Posner argued that the existence of counterfeiters as “free-riding will, at little cost, capture profits associated with a strong trademark because some consumers will assume (at least in the short run) that the free rider's and the original trademark holder's brands are identical”. In this sense, they further argued that if the law does not prevent it, “free riding may destroy the information capital embodied in a trademark, and the prospect of free riding may therefore eliminate the incentive to develop a valuable trademark in the first place”²⁵.

Before continuing with the discussion on trademark counterfeiting, it is important at this stage to examine the meaning of the term first.

3.2.2 Counterfeiting and its Scope

These days, trademarks serve not only to identify and differentiate products in the marketplace, but also to differentiate their purchasers or wearers so as to become

²² Bernitz U, ‘Misleading packaging, copycats, and look-alikes: an unfair commercial practice?’, in Ezrachi A and Bernitz U (eds), *Private labels, brands, and competition policy: the changing landscape of retail competition*, (N.York: OUP, 2009), p.219: “Many legally protected trademarks have only little economic value, sometimes a trademark is not even actually in use”.

²³ [2010] EWCA Civ 110.

²⁴ Ibid, para 52. See also UK TMA 1994, s.11 (3)(a).

²⁵ Landes and Posner, (n.15), p.168. They also argued that: “The value of a trademark(TM) to the firm ...is the saving in consumers' search costs made possible by the information that the TM conveys or embodies about the quality of the firm's brand. ...The benefits of TM in lowering consumer search costs presuppose legal protection because the cost of duplicating someone else' TM is small and the incentive to incur this cost in the absence of legal impediments will be greater the stronger the TM”. See also ACG and the British Brands Group, ‘Gowers review of IP: consumers, brands and IP in 21st century’, (Presentation, 21/04/2006), <http://www.hmtreasury.gov.uk/d/british_brands_group_and_anti_counterfeiting_group_232_8018kb.pdf> accessed 20/02/2008, p.25 quoted Dr Kamil Idris' statement, the WIPO DG about the vital role of trademarks at the conclusion of the trademark treaty negotiations in Singapore: “The Singapore Treaty reaffirms the importance of trademarks, one of the major forms of IP, in promoting domestic and international trade and in enhancing enterprise development and consumer confidence”.

fashion statements²⁶. For most people who consider the trademark as ‘a way of seeing life’, as mentioned in the *Arsenal* case²⁷, ‘counterfeiting’ and many other similar terms such as fake, replica, bogus, copy and imitation, might be familiar.

Among these terms, however, the meaning of counterfeiting will be examined and explored to ensure the accuracy of its use within the context of this study and to avoid confusion. This is because the term counterfeiting might also be used in different situations such as in traditional areas which involve coinage, currency notes and hallmarks²⁸. Thus, it is necessary to emphasise that this study does not cover the counterfeiting of money²⁹.

Many dictionaries associate the general meaning of counterfeiting with something that is forged, copied or imitated for the purpose of deceiving or defrauding³⁰. In Black’s Law Dictionary, for example, to counterfeit is described as “to unlawfully forge, copy or imitate an item or to possess such an item without authorization and with intent to deceive or defraud by presenting the item as genuine”³¹ while in Collins Dictionary, “counterfeit” is referred to as “made in imitation of something genuine with the intent to deceive or defraud”³².

In the context of IP, ‘counterfeiting’ usually refers to the “unauthorized reproduction of goods that is identical with or substantially indistinguishable from the genuine product which infringe the rights of IP proprietors”³³. Under English common law, trademark

²⁶ Dutfield and Suthersanen, (n.7), p.139.

²⁷ See n.10.

²⁸ Rowell R, *Counterfeiting and forgery: a practical guide to the law*, (London: Butterworths, 1986), p.1.

²⁹ However, it is worth to note a brief definition on this issue as highlighted in *R v Herman* (1879) 4 QBD 284, p.288, CCR per L.Coleridge CJ: “The coins were counterfeit in the strict and grammatical sense of the word, they were made other than that they ought to be ...to resemble that which they were not. They were not perfect and whole sovereigns; they were imperfect coin, milled so as to conceal their imperfections...If the word ‘counterfeit’ is to be taken in its ordinary or popular sense, these coins seem to me to be counterfeit. In the ordinary sense of this word, the idea of imitation is conveyed”. In this regard, Rowell (n.28), p.2 for example argued that there is an identical objective with commercial counterfeiting whereby in both situations, counterfeiter’s objective is to deceive the acquirer into believing the article to be the genuine one by recognizing and relying on the significance of the marks.

³⁰ See for example Garner BA and others (eds), *Black’s law dictionary*, 9th edn, (USA: West, 2009), p.402-403; *Shorter Oxford English dictionary on historical principles*, 5th edn, Vol.1:A-M, (Oxford: OUP, 2002), p.534; Hanks P and others (eds), *Collins dictionary of the English language*, 2nd edn, (London: Collins, 1986), p.357; Burton WC, *Legal thesaurus*, Regular Edition, (New York: MPCI, 1980), p.124; Phillips T, *Knockoff: the deadly trade in counterfeit goods*, (London: Kogan, 2005), p.10: “...counterfeits, where the product is made with the specific intention to deceive...There is also the category of knockoffs: we buy them knowing they are not real, because of the price, the quality or the place where we get them. What they have in common is that they are both, according to the law in most countries, stealing”.

³¹ Garner and others, (n.30).

³² Hanks and others, (n.30).

³³ Blakeney M, ‘The phenomenon of counterfeiting and piracy in the EU: factual overview and legal and institutional framework’, p.4 in Vrins O and Schneider M (eds), *Enforcement of IPRs through border measures: law and practice in the EU*, (Oxford: OUP, 2006). See the glossary definition of counterfeiting by the WTO: “Unauthorized representation of a registered trademark carried on goods identical or similar to goods for which the trademark is registered, with a view to deceiving the purchaser into believing that he/she is buying the original goods”, <http://www.wto.org/english/thewto_e/glossary_e/counterfeit_e.htm> accessed 28/02/2010.

counterfeiting was called “palming off”, a situation where counterfeiters misrepresented a counterfeit product as the genuine one by a deception as to source of origin³⁴. The counterfeiter usurps the goodwill and brand-name recognition inherent in a trademark by attaching a counterfeit trademark to his product. Rowell describes such misuse as ‘commercial counterfeiting’³⁵ but Paradise argues that trademark counterfeiting refers to the unauthorized reproduction or counterfeiting of trademarks, while the terms ‘product or commercial counterfeiting’ are broader and include the counterfeiting or piracy of IP³⁶. He argued further that, although IPRs include several types of protection such as patents, copyrights, trademarks, trade secrets, design protection, plant variety protection, and others, commercial counterfeiting primarily involves patents, copyrights, and trademarks³⁷.

A few studies have classified counterfeiting into four different types of activities³⁸, thus apparently eliminating piracy as a category. Berman³⁹, for example, characterised the first, which is known as a “knockoff,” “lookalike,” or “sound-alike”, where consumers are aware that they are purchasing an inexpensive copy due to the product's low price relative to the authentic goods, the lack of traditional packaging, and/or the unusual distribution channel. The second type is produced when the genuine products are reverse engineered through a “tear down” analysis of the genuine product, or through the use of stolen or copied blueprints or masters. A third form of counterfeit products is those produced by current or former outsourced suppliers using a “third shift” that the original product manufacturer is unaware of. Since these products are produced using the same machinery as the original, this type of counterfeit goods may be the most difficult to distinguish from genuine products. The fourth form of counterfeit is goods produced by outsource suppliers that do not meet a manufacturer's standards but were not properly labeled as seconds or destroyed. These goods are reclaimed and resold as first-quality products.

The differing degree of imitation as suggested by Berman could be simplified as follows:

	Berman	Manufacturing source	Design	Quality
1	Knockoff	Different	Different	Different
2	Teardown	Different	Same	?
3	3 rd stuff	Same	Same	Same
4	2 nd sold as 1st	Same	Same	Different

³⁴ Paradise, (n.6, chap.1), p1.

³⁵ Rowell, (n.28), p.1.

³⁶ Paradise, (n.34), p.1.

³⁷ Ibid, p.1-2.

³⁸ See Berman B, ‘Strategies to detect and reduce counterfeiting activity’, (2008) 51 *BH* 191–199, p.191-192; Eisend M and Schuchert-Güler P, ‘Explaining counterfeit purchases: a review and preview’, (2006) 12 *AMSR* 1-25 <<http://www.amsreview.org/articles/eisend12-2006.pdf>> accessed 02/02/2010.

³⁹ Berman, (n.38), p.191-192; Vrins O, ‘Look-alikes, counterfeits in disguise?’, p.41-44, in WCO News No.54, ‘Counterfeiting and piracy: crime of the 31st century?’, October 2007.

Berman's classification could be used by authorities as simple guidelines for helping them to identify counterfeit goods. Apart from this, Harvey's classification⁴⁰ may also ease the process of the identification of counterfeit goods:

- (a) true counterfeit products that look as much like the original as possible and use the same brand name;
- (b) look-alikes that duplicate the original and bear a different name, but not a private label of a branded industrial product;
- (c) reproductions that are not exact copies;
- (d) unconvincing imitations.

In practice, Customs authorities, for example, are not going to identify items without a lot of help from the Trademark Office⁴¹.

Thus far, there is no single accepted definition of trademark counterfeiting, and this creates some problems whereby the term is sometimes varied and expanded according to the context in which it is used⁴². For example, *counterfeiting* is often mixed up and used interchangeably with the term *piracy* or is at times stretched to cover any infringement of IPRs, thus indicating a broader definition⁴³. It is argued that these misconceptions will enlarge the limited obligations of IP enforcement under the TRIPS Agreement to all types of IPRs, therefore expanding the obligation on the part of governments to enforce the necessary civil, criminal and administrative measures to deal with this situation⁴⁴.

The difficulty in defining the term "piracy" is mentioned by Drahos and Braithwaite when they discussed that:

"So far we have been talking as if the meaning of piracy in IP is perfectly clear. But IP piracy, just like piracy on the high seas, is something that is hard to pin down legally.

⁴⁰ Harvey MG, 'Industrial product counterfeiting: problems and proposed solutions', (1987) 2(4) *JBIM* 5-13, p.6.

⁴¹ See 7.4.4(b) on Customs procedure under EU Reg.1383/2003 and interview with Royal Malaysian Custom (n.33, chap.1).

⁴² See for example Sodipo B, 'Piracy and counterfeiting: the freedom to copy v IPRs', (PhD thesis, Queen Mary and Westfield College, University of London, 1995), p.180: "The terms piracy and counterfeiting evade apt definition"; MacQueen H, Waelde C and Laurie G, *Contemporary IP: law and policy*, (Oxford: OUP, 2008), p.911: "The definitions of counterfeiting and piracy have changed and would appear to have expanded in scope over the years".

⁴³ UNICRI, (n.4), p.25: "The term counterfeiting is hereby defined as the illegal reproduction or imitation of products, given that this illegality is the result of a violation of any type of IPRs"; Avery and others, (n.4), p.21: "counterfeiting and piracy are terms used to describe a range of illicit activities linked to IPRs infringement"; Matthews D, 'The Lisbon Treaty, trade agreements and the enforcement of IPRs', 2010, 32(3) *EIPR* 104-112, p.105: "Recently, however, the term "counterfeiting" has been used misleadingly to describe patent infringement, particularly in relation to generic medicines. In fact, patent infringement cases lie outside the scope of counterfeiting and are dealt with more appropriately by civil proceedings before national courts brought by the right holder". See the Malaysian court decision in *Tien Ying Hong Enterprise Sdn Bhd v Beenion Sdn Bhd* [2009] 1 LNS 1409 when the court referred pirated goods as the imitation or counterfeit goods.

⁴⁴ Li X, 'Ten general misconceptions about the enforcement of IPRs' in Li X and Correa CM, *IP enforcement: international perspectives*, (Cheltenham: EEPL, 2009), p.18.

Most jurisdictions in the world do not use the term 'piracy' in connection with IP as a term of legal art. There is no legal definition of it that is universally accepted. Within English-speaking jurisdictions piracy is a way of referring to copyright infringement (the copying of a CD or a play) while counterfeiting refers to the misappropriation of trademarks (using the Nike swoop on clothes without Nike's permission, for example). Piracy remains a powerful evaluative word. To be called an IP pirate is to be condemned. In a world where attention spans are divided by the media into ten-second sound bites it is the perfect word to use on TV, videocassettes, newspaper headlines and the radio. The received folk memory of 'pyrates and rovers' on the sea does the rest⁴⁵.

The proposed ACTA which has been initiated by some developed countries since 2006 also makes no attempt to include a single international definition of trademark counterfeiting, even though its aim is to negotiate an agreement which could enhance international co-operation in fighting counterfeiting and piracy and contains effective international standards for enforcing IPRs⁴⁶. However, there is no certainty concerning this provision thus far, as the ACTA negotiation process is still ongoing and no agreement or consensus has yet been reached. It is argued that the absence of effort in defining this term is seemed as another future uncertainty. Thus, in order to avoid further problems regarding the use of this term, reference to the relevant available provisions is therefore necessary.

(i) Definition under the TRIPS Agreement

Article 51 Footnote 14 of the TRIPS Agreement provides that:

(a) "counterfeit trademark goods" shall mean any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question, under the law of the country of importation;

(b) "pirated copyright goods" shall mean any goods which are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright, or a related right under the law of the country of importation.

TRIPS provisions clearly distinguish the difference between the two terms, where *counterfeiting* refers and is limited to the infringement of trademark rights whilst *piracy* is

⁴⁵ Drahos P and Braithwaite J, *Information feudalism: who owns the knowledge economy?*, (London: EPL, 2002), p.27-28.

⁴⁶ See 'The ACTA: summary of key elements under discussion status November 2009', <<http://www.ustr.gov/about-us/press-office/fact-sheets/2009/november/actasummary-key-elements-under-discussion>> accessed 08/05/2010.

associated with the infringement of copyright or related rights⁴⁷. This is important, since both *counterfeiting* and *piracy* are actually governed by different legislative frameworks although enforcement in these areas often looks very much the same⁴⁸.

Thus, despite evidence of woolly thinking in this regard, this study adopts the TRIPS definition of *counterfeiting* as it offers a more specific definition for the purposes of the research. Furthermore, the application of the TRIPS Agreement is also extended to all member countries, including Malaysia and the UK, and the provisions also have great influence and have been used as guidelines in other provisions and national laws.

(ii) Definition under the EC Regulation 1383/2003

The Regulation 1383/2003 has also defined these terms and divided the goods infringing IPRs into three categories⁴⁹, namely:

- counterfeit goods which infringe a registered trademark;
- pirated goods which infringe a copyright or design right; and
- goods which infringe a patent or other miscellaneous rights.

For counterfeit goods, article 2 (1) (a) provides that:

- (i) goods, including packaging, bearing without authorization a trademark identical to the trademark validly registered in respect of the same type of goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the trademark-holder's rights under Community law, as provided for by Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trademark or the law of the Member State in which the application for action by the customs authorities is made;
- (ii) any trademark symbol (including a logo, label, sticker, brochure, instructions for use or guarantee document bearing such a symbol), even if presented separately, on the same conditions as the goods referred to in point (i);

⁴⁷ See Matthews D, (n.43), p.104: "While the terms "counterfeiting" and "piracy" do not follow a single agreed definition and are used in different ways, generally "counterfeiting" relates to the infringement of trademarks whereas "piracy" is associated with infringements of copyright or related rights"; Vadi VS, 'Trademark protection, public health and international investment law: strains and paradoxes', (2009) 20(3) *EJIL* 773-803; Gervais DJ, *The TRIPS Agreement: drafting history and analysis*, 3rd edn, (London: S&M, 2008), p.476; Gervais DJ (ed), *IP, Trade and development: strategies to optimize economic development in a TRIPS-plus era*, (Oxford: OUP, 2007), p.527; Dworkin G and Taylor RD, *Blackstone's guide to the CDPA 1988*, (London: Blackstone, 1989), p.114: "...piracy, that is the unauthorized reproduction of copyright and related works for commercial purposes and all subsequent commercial dealings with them. *Piracy* is a term which also embraces bootlegging...and *counterfeiting*, which involves the packaging of the infringing copies (often together with the unauthorized use of trademarks) so as to look identical to the genuine products"; Colston and Middleton, (n.14), p.665: "Infringement by copying is known as *piracy* where trademark infringement is known as *counterfeiting*, as the buyer is also being led to believe that the infringing product has come from its legitimate producer".

⁴⁸ See discussion by Li, (n.44), p.16-17 about the negotiating history of the TRIPS Agreement concerning the definition of piracy and counterfeiting.

⁴⁹ Reg.383/2003, Art.2(1)(a)-(c).

- (iii) packaging materials bearing the trademarks of counterfeit goods, presented separately, on the same conditions as the goods referred to in point (i).

The definition involving the ‘transit of counterfeit goods’ according to this Regulation, has been criticized as the European Court of Justice has taken different approaches in interpreting the term. This can be seen in *Montex Holdings Ltd v Diesel SpA*⁵⁰ and *Class International BV v Colgate-Palmolive Co*⁵¹. While analyzing the European Court approaches as to whether goods in transit constitute an infringement under Regulation 1383/2003, Hezewijk, for example, suggests that the definition of counterfeit goods in this context does not completely overlap with trademark infringement and therefore an additional analysis will always be needed to determine whether goods whose use could be qualified as trademark infringement also fall within the narrower definition of counterfeit goods⁵². It is argued, however, that both infringement and counterfeiting require “use in the course of trade” in the country or region concerned.

In a more recent decision in the UK, Kitchin J discussed the term *counterfeit goods* within the meaning of Regulation 1383/2003 in *Nokia Corp v Revenue & Customs Commissioners*⁵³, and stated that:

“As for “counterfeit goods”, these must bear a mark which is the same or essentially the same as the registered mark and it must be used on goods which are of the same type as those the subject of the registration. It is apparent that this definition includes but is not limited to fakes. It also encompasses the use of the registered mark on goods which are of the same type as those the subject of the registration even if the trademark holder is not using the mark on those goods himself. It is, however, limited to goods which, by virtue of the fact they bear the offending mark, infringe the trademark holder's rights. The same point may be made in relation to “pirated goods” and those which infringe a patent. They include but are not limited to fakes⁵⁴”.

In this respect, the European Court of Justice (ECJ) in *Nokia*⁵⁵ also among others ruled that fake goods in transit are counterfeit goods within the meaning of the Regulation if there are sufficient grounds for suspecting that they are counterfeit goods and the goods are to be put on the market in the EU, either in conformity with a customs procedure or by means of an illicit diversion.

⁵⁰ (C-281/05) [2007] ETMR 13.

⁵¹ (C-405/03) [2006] ETMR 12.

⁵² Hezewijk JK van, ‘Montex and Rolex - irreconcilable differences? A call for a better definition of counterfeit goods’ (2008) 39(7) *IIC* 775-795, p. 786; Schneider M, ‘Fakes in transit would not be counterfeits’, [2010] 5(1) *JIPLP* 19-22.

⁵³ [2009] EWHC 1903 (Ch).

⁵⁴ *Ibid*, para 21-22.

⁵⁵ Case C-495/09, per AG Cruz Villalón 03/02/2011. This case is also discussed at 7.4.4(a) on goods in transit.

These provisions also point out that ‘counterfeit goods’ under Regulation 1383/2003 only refers to validly registered trademarks and hence does not cover unregistered trademarks or trademark applications pending registration⁵⁶.

(iii) Definition under the UK TMA 1994

In the UK, the TMA 1994 does not specifically define the word “counterfeit trademark goods”. However, we can infer that provisions in sections 92 (1), (2) and (3) of the Act on the unauthorized use of trademark are primarily intended to deal with counterfeiting. In essence, an offence is committed when a mark which is identical to or likely to be mistaken for a registered trademark is used by the alleged offender with a view to gain for himself or another, or with intent to cause loss to another, and without the consent of the proprietor⁵⁷. The offence is committed whether the offending sign is on the goods themselves or on their packaging⁵⁸.

From these provisions, it is clear that counterfeiting ultimately infringes trademarks. The courts take a similar view, as can be seen in the decision of *Regina v Johnstone*⁵⁹ where the House of Lords ruled that in order for an offence to be committed, there must be infringement of the mark in question and that infringement requires use as a trademark. In this case, Lord Nicholls also explained the difference between *counterfeit* and *pirated* goods, in that:

“*Counterfeit goods* comprise cheap imitations of the authentic article, sold under the trademark of the authentic article, as with imitation ‘Rolex’ watches. *Pirated goods* comprise illicit copies of the authentic article which are not sold under the trademark of the authentic article. This would happen, for instance, when a person makes and sells unauthorised copies of computer software which is the subject of copyright⁶⁰”.

This means that the offence will be committed even if the counterfeiter’s customers are well aware that the goods are counterfeit⁶¹. In discussing this issue, Kitchin and others, for example, claimed that “a defendant who gives no thought to whether his acts would infringe, but had no reason to believe that they did, will be in danger of committing an offence without any ill motive at all⁶²”. Thus, counterfeiting in this respect also include the use of trademarks with a view to gain or to cause loss⁶³.

⁵⁶ See Vrins and Schneider, (n.33), p.97.

⁵⁷ TMA 1994, ss.92(1) (2) (3) and 97(1). See Morcom C, *A guide to the TMA 1994*, (London: Butterworths, 1994), p.70-72.

⁵⁸ TMA 1994, s.92(1). See Kitchin and others, (n.4), p.689-696.

⁵⁹ [2003] UKHL 28.

⁶⁰ Ibid, para 1. In the same case, L.Walker said (para 59): “*Counterfeiting* is generally used to include unauthorised sale, under a well-known trademark, of goods not made or authorized by the proprietor of the trademark. *Piracy* is generally used to include infringement of copyright (including copyright in computer software)”.

⁶¹ Kitchin and others, (n.4), p.690-691.

⁶² Ibid, p.691. See *Roger Sliney v Havering London Borough Council* [2002] EWCA Crim 2558, para 28.1.

⁶³ See Lindsey M and Chacksfield M, ‘Exhaustion of rights and wrongs: section 92 of the TMA 1994: recent developments and comments’, [2003] 25(9) *EIPR* 388-396.

(iv) Definition under the Malaysian TMA 1976

In Malaysia, section 70C of the TMA 1976 defines counterfeit trademark goods in a similar way to the TRIPS Agreement, which also includes the infringing actions of trademarks rights⁶⁴. Section 38(1) of the TMA 1976 provides how an infringement may arise and requires the element “to deceive or cause confusion” on the part of the alleged offender⁶⁵. Based on this provision, the Malaysian Supreme Court in *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd*⁶⁶, for example, held that a registered trademark is infringed by a person who uses a mark which is identical with it; or so nearly resembling it as is likely to *deceive*; or so nearly resembling it as is likely to *cause confusion*.

The term *counterfeit* is also found in section 28 of the Malaysian Penal Code, which provides that “a person is said to counterfeit, who causes one thing to resemble another thing, intending by means of that resemblance to practise deception, or knowing it to be likely that deception will thereby by practised”. The Penal Code provision requires the element of deception or at least that the person has knowledge about it before an action is counted as counterfeit. However, the question of whether this requirement is mandatory or not in trademark infringement cases was decided as immaterial in *Acushnet Company v Metro Golf Manufacturing Sdn Bhd*⁶⁷ and *Philip Morris Products SA v Ong Kien Hoe*⁶⁸. Both cases referred to the judgment of Lord Denning in *Parker-Knoll Limited v Knoll International*⁶⁹, whereby the terms “to deceive” and “to cause confusion” had been differentiated as follows:

“Secondly “to deceive” is one thing. To “cause confusion” is another. The difference is this: When you deceive a man, you tell him a lie. You make a false representation to him and thereby cause him to believe a thing to be true which is false. You may not do it knowingly, or intentionally, but you still do it, and so you deceive him. But you may cause confusion without telling him a lie at all, and without making any false representation to him. You may indeed tell him the truth, the whole truth and nothing but the truth, but still you may cause confusion in his mind, not by any fault of yours, but because he has not the knowledge or ability to distinguish it from the other pieces of truth known to him or because he may not even take the trouble to do so⁷⁰”.

Based on this reason, Ramly Ali J in *Acushnet Company* decided that:

“It is not necessary that it should be intended to deceive or to cause confusion. We do not have to look into the mind of the user to see what he intended. It is its probable effect on ordinary people which we need to consider. The user may have no such intention, and was completely honest. But, he may still be guilty of infringement if his usage of the trademark is likely to deceive or to cause confusion on the ordinary people⁷¹”.

⁶⁴ See Appendix 3.1 for the provisions of the Act.

⁶⁵ Ibid.

⁶⁶ [1992] 2 CLJ 1153; [1992] 1 CLJ Rep 344.

⁶⁷ [2006] 7 CLJ 557, para 47.

⁶⁸ [2010] 2 CLJ 106; [2009] 1 LNS 498, para 13.

⁶⁹ [1962] RFC 265.

⁷⁰ Ibid, p.273.

⁷¹ See n.67, para 47. At para 92, the court said: “The defendant contends that its infringement is inadvertent due to the alleged misrepresentations of Zonson. The court cannot accept this contention.

On the whole, it can be said that counterfeiting includes the unauthorized use of a protected trademark which is falsely presented as the genuine product. It also occurs when there is an infringement of registered trademarks. In this context, as long as the element of *deception* or *confusion* exists, the infringement offence is committed regardless of whether that person has intention or knowledge of such infringement.

3.3 The Scale of Trademark Counterfeiting

In order to examine and provide some estimates of the scale of counterfeiting problems, the data used in this study is based on reports available from a range of relevant sources. These include government or intergovernmental statistics, reports by industry associations, anecdotal accounts provided by individual companies, press reports and also studies by academic scholars. The Centre for Economics and Business Research (CEBR), for example, classified the sources of data on counterfeiting into three main categories:

- Enforcement and judicial agencies;
- Companies and industry bodies; and
- Economic impact studies by research consultancies⁷².

In this study, however, the data used is mainly based on seizures by customs or enforcement agencies and supported by reports from other sources to be used as a rough measure in comparing and identifying trends in the development of counterfeiting phenomena. For customs and enforcement agencies, all the reports chosen were issued either by the WCO or the national authorities in Malaysia, the UK, the European Union (EU) and other relevant jurisdictions where the data is mainly based on the results of seizures or raids conducted. However, the data might be affected by level of notification, possibly rendering them incomplete because the customs do not measure items which escape seizure. Therefore the data may under-represent the phenomena, especially where notification is lacking.

Even if the defendant is innocent the law is very settled in that innocence is not a defence to trademark infringement". See Singapore CoA in *Novelty Pte Ltd v Amanresorts Ltd* [2009] FSR 20, para 83, when considering whether the misrepresentation resulted in confusion: "It should be noted, however, that a finding of innocent copying would not in itself exonerate the defendant in a passing off action". In *Group Lotus Plc v 1Malaysia Racing Team Sdn Bhd* [2011] EWHC 1366 (Ch), para 240, the court held: "the likelihood of confusion must be judged through the eyes of the average consumer of the goods or services in question who is deemed to be reasonably well informed and reasonably circumspect and observant but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind". See discussion on the concept of "average consumer" as the basis of judicial tests for confusion and distinctiveness in Davis J, 'Locating the average consumer: his judicial origins, intellectual influences and current role in European trade mark law', [2005] 2 *IPQ* 183-203.

⁷² CEBR(a), 'Counting counterfeits: defining a method to collect, analyse and compare data on counterfeiting and piracy in the Single Market', (Final report, 15/07/2002), London, <http://ec.europa.eu/internal_market/indprop/docs/piracy/final-reportcebr_en.pdf> accessed 28/01/2008, p.23. (CEBR is an independent consultancy which provides analysis, forecasts and strategic advice to major UK and multinational companies, financial institutions, government departments and agencies and trade bodies).

Thus, the customs data is corroborated against background information from companies and industry bodies, which tend to be focused on and possibly biased to their own activity, but may catch trends missed by Customs data and involve post-border investigations⁷³.

Reports from economic impact studies are chosen from the relevant industry groups that are responsible for the business and economic development and represent a large number of members. For this purpose, reports from the OECD⁷⁴, the international economic organization of 30 member countries, are used since they provide more comprehensive and rigorous data to show the development of counterfeiting activities.

Furthermore, many other studies such as the one conducted by the ICC-BASCAP⁷⁵, the largest and the most representative business organization in the world; the report by the Anti-Human Trafficking and Emerging Crimes Unit of the United Nations Interregional Crime and Justice Research Institute (UNICRI)⁷⁶; and the study prepared for the European Parliament's Committee on International Trade⁷⁷ are also utilised and they refer to the OECD's report. It is argued that, although the selection of data here is not exhaustive, it does however cover the most important and relevant issues for the purpose of examining the scope and extent of counterfeiting problems in this study.

3.3.1 Scale Based on International Data

From the data gathered, the trends in counterfeiting activities in recent years can be summarized as in Table 3.1, which shows the outcome of counterfeiting and piracy seizures on an international level reported by the WCO. The data is based on the results submitted by members world-wide to the Customs Enforcement Network (CEN), a reporting framework developed by customs agencies through the WCO. For the 2008 and 2010 reports, 66 and 70 member countries submitted details of their activities in the respective years to the WCO although they were not obligated by law to do so. The reports were then filtered and the WCO only considered those seizures involving at least 50 articles and/or €10,000 authentic market value in any individual case in order to

⁷³ See discussion on the advantage of combined data at 2.2.2(ii).

⁷⁴ See Avery and others, (n.4), OECD(a), 'Magnitude of counterfeiting and piracy of tangible products: an update', A Short Report (November 2009), <<http://www.oecd.org/dataoecd/57/27/44088872.pdf>> accessed 28/02/2010, OECD(b), 'The economic impact of counterfeiting', Report by the ICC-CIB (1998), <<http://www.oecd.org/dataoecd/11/11/2090589.pdf>> accessed 18/01/2008.

⁷⁵ ICC-BASCAP, 'Global survey on counterfeiting & piracy' (Survey findings report, 29/01/2007), <www.iccwbo.org/bascap> accessed 16/01/2008.

⁷⁶ UNICRI, (n.4).

⁷⁷ Dordi C, *Impact of counterfeiting on international trade: comments on ACTA*, (Brussels: European Parliament, 2008), <www.ipwatch.org/files/PE406968EN.pdf> accessed 12/02/2010.

maintain the balance and consistency of all data in the report⁷⁸. This means that seizures involving less than 50 articles were not taken into account.

Table 3.1: Data from the WCO⁷⁹

Reports	No. of cases (2007)	No. of cases (2008)	No. of cases (2009)	No. of cases (2010)	No. of articles x 1,000 (2007)	No. of articles x 1,000 (2008)	No. of articles x 1,000 (2009)	No. of articles x 1,000 (2010)
WCO Regional Intelligence Liaison Offices (RILO) Region								
Western Europe	4,963	6,615	7,066	6,418	50,820	166,498	73,898	58,346
North America	0	4,021	8,653	12,624	0	71,906	74,926	46,622
Asia and the Pacific	1,407	1,810	3,527	1,692	10,703	97,407	98,775	3,723
CIS Region	51	459	199	178	1,207	15,005	6,871	935
Eastern and Central Europe	1,615	1,641	1,161	900	14,574	7,214	14,504	7,170
South America	265	259	475	193	6,405	6,356	9,572	2,795
Eastern and Southern Africa	33	79	25	245	1,388	5,089	2,416	908
Middle East	15	49	825	1,206	65	1,170	53,193	25,552
North Africa	65	44	4	20	4,112	264	16	3,551
West Africa	2	4	5	1	76	99	125	2,100
Total	8,416	14,981	21,940	23,477	89,350	371,009	334,296	151,701

Based on this report, the regional pattern of seizures in 2007 and 2008 apparently indicates that the Regional Intelligence Liaison Offices (RILO) for the Western Europe region was well ahead of North America, Asia and the Pacific as well as the Eastern and Central Europe regions, while North America was ahead of other regions in 2010. The WCO also claimed that these four regions were responsible for 93% - 94% of seizures reported to the CEN in 2008 and 2010 respectively⁸⁰. Within this four years period, it can be inferred that counterfeiting and piracy activities generally were still increasing in most of the regions examined, or at least that Customs detection and intervention was increasing.

Table 3.2 shows the results of an OECD study on the economic impact of counterfeiting and piracy involving only tangible products as issued in 2008⁸¹ and updated in November 2009⁸². The OECD data is based on a survey conducted with the co-operation of the WCO where a questionnaire was sent to the national customs authorities in all WCO

⁷⁸ WCO(a), 'Global review of counterfeiting and piracy in 2008: Customs and IPRs report', <<http://www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/Enforcement/IPR%202008%20EN%20web.pdf>> accessed 27/01/2010; WCO(b), 'Global review of counterfeiting and piracy in 2010', <http://www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/Enforcement/WCO_Customs_IPR_2010_public_en.pdf> accessed 10/09/2011.

⁷⁹ Ibid.

⁸⁰ Ibid, p.6 and 7 respectively.

⁸¹ Avery and others, (n.4).

⁸² OECD(a), (n.74).

member states asking for detailed information on interceptions of infringements recorded at any time during the period 1999 to 2005. They were also asked to provide information on the volume of seizures, their estimated values and information on the trading partners where the infringing products originated. The purpose of the Report was to establish a basis up on which the extent of counterfeiting and piracy in world trade could be analyzed⁸³.

Table 3.2: Data from OECD Report⁸⁴

The evolution of trade in counterfeit and pirated products								
Year	2000	2001	2002	2003	2004	2005	2006	2007
Evolution of trade in counterfeit and pirated products (in absolute values; 2005 = 100)	56.5	53.9	59.1	70.5	86.0	100.0	117.6	128.5
Evolution of trade in counterfeit and pirated products (as a share of total trade; 2005 = 100)	91.9	91.2	95.1	96.7	97.4	100.0	101.0	98.9

As noted in the report, the estimation of the magnitude of counterfeiting and piracy in international trade was not free from certain biases and shortcomings, but they currently constituted the best foundation for analysis as far as counterfeiting and piracy issues in a global context were concerned⁸⁵. The OECD study in 2008 concluded that international trade in counterfeit and pirated goods could have accounted for up to USD200 billion in 2005⁸⁶. The updated OECD results issued a year later as shown in table 3.2 obviously confirmed that the trade in counterfeit and pirated goods continued to grow steadily over the period of 2000-2007, and in particular between 2005 and 2007 it grew by more than 25%. Consequently, the results also suggest that the upward trend of counterfeit and pirated goods in international trade could have amounted to a value of up to USD250 billion in 2007⁸⁷.

⁸³ Avery and others, (n.4), p.116 and their discussion in Annex 4.A1.

⁸⁴ OECD(a), (n.74), Avery and others, (n.4), chapter 4.

⁸⁵ Avery and others, (n.4), p.103.

⁸⁶ Ibid, p.14-15.

⁸⁷ OECD(a), (n.74).

3.3.2 Scale Based on National Data

Table 3.3 illustrates the results of seizures of counterfeit and pirated goods in the EU, UK, Malaysia and the US. The US situation is taken into consideration in order to examine whether or not similar patterns exist in other jurisdictions outside the scope of this study, and also because it has been considered to be the country with the most effective IP enforcement system in the world⁸⁸.

In this table, the data was collected by the European Commission (EC), on all counterfeit goods confiscated at external borders of EU Member States⁸⁹ in accordance with the Community's relevant customs legislation. In this context, the Regulation 1383/2003 provides for Customs authorities to detain shipments that are suspected of infringing IPRs, while Commission Regulation No.1891/2004 provides specifically for the submission by member countries of information on the detentions made.

In terms of seizures, the EU Customs report demonstrated a similar pattern to that of the WCO report of an increasing trend in the numbers of cases and articles seized annually as shown in Figure 3.1, except in 2009 where the global economic downturn significantly affected international trade⁹⁰. The number of cases rose progressively since 2003; but this was most likely not only because of the growth in counterfeiting but also as a result of the coming into force of Regulation 1383/2003 that laid down the basic provisions for customs actions to protect and enforce IPRs as well as the implementing legislation, Commission Regulation 1891/2004 (OJ L 328, 30/10/2004), which provided specifically for the submission by Member States of information on the detentions made.

⁸⁸ See The Canadian Anti-Counterfeiting Network, 'Report on counterfeiting and piracy in Canada: a road map for change', (March 2007), <http://www.cacn.ca/PDF/CACN%20Releases/Roadmap_for_Change.pdf> accessed 15/03/2010, p.39; ICC-BASCAP, (n.75), p.4, 9, 18 and 20.

⁸⁹ EC Taxation & Customs Union (TAXUD)(a), 'Results at the EU border–2010', (Report on EU customs enforcement of IPRs, 14/07/2011), p.11 <http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/statistics/statistics_2010.pdf> accessed 10/09/2011; Santos JF and Ribeiro JC, 'International counterfeiting in the EU: a host country approach', (2007) 16(1) *JEM* 165-176, p.168.

⁹⁰ TAXUD(b), 'Results at the EU border – 2009', p.2, <http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/statistics/statistics_2009.pdf> accessed 21/03/2010.

Table 3.3: Data from countries and union countries

Reports	Year	Number of cases	Number of articles
European Union ⁹¹	2001	5,056	94.421.497
	2002	7,553	84.951.039
	2003	10,709	92.218.700
	2004	22,311	103.546.179
	2005	26,704	75.733.068
	2006	37,334	128.631.295
	2007	43,671	79.076.458
	2008	49,381	178.908.278
	2009	43.572	117.959.298
	2010	79.112	103.306.928
United Kingdom ⁹²	2005	1,794	2,555,896
	2006	1,377	4,068,406
	2007	1,253	2,852,244
	2008	1,295	2,159,184
	2009	2.117	3.707.940
	2010	22.125	5.940.183
Malaysia ⁹³	Year	Number of cases	Seizure value (RM)
	2004	3,914	98,166,687.27
	2005	2,606	12,212,808.55
	2006	2,018	42,686,237.69
	2007	1,936	56,169,682.09
	2008	1,528	23,463,304.88
	2009	409	3,570,857.51
	2010	1,328	13,783,735.83 ⁹⁴
United States ⁹⁵	Year	Number of cases	Seizure value (US\$)
	2005	8,022	\$93,234,510
	2006	14,675	\$155,369,236
	2007	13,657	\$196,754,377
	2008	14,992	\$272,728,879
	2009	14,841	\$260,697,937
	2010	19,959	\$188,125,346

The overall numbers of articles increased dramatically in 2008 and, according to the report, this was mainly due to many more articles being detained in the CD/DVD/cassettes and cigarettes categories⁹⁶. In contrast to a decrease in 2009 due to the economic downturn, the decline in 2010 was mainly due to sales via the internet in which small consignments were sent by post⁹⁷. This affected the detentions made by customs at sea, which usually involve large shipments.

⁹¹ TAXUD(a), (n.89).

⁹² Ibid, Annex 1: The evolution of the number of cases and number of intercepted articles in Member States – Period 2009/2010, p.22 and for period 2005-2008 at TAXUD(c), 'Results at the European Border–2008', p.21, <http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/statistics/2009_statistics_for_2008_full_report_en.pdf> accessed 25/10/2009.

⁹³ Malaysian MDTCC, Enforcement Division, 'Statistics for the eradication of counterfeit products', <http://www.kpdnkk.gov.my/index.php?option=com_content&task=view&id=12234&Itemid=492> accessed 12/04/2010.

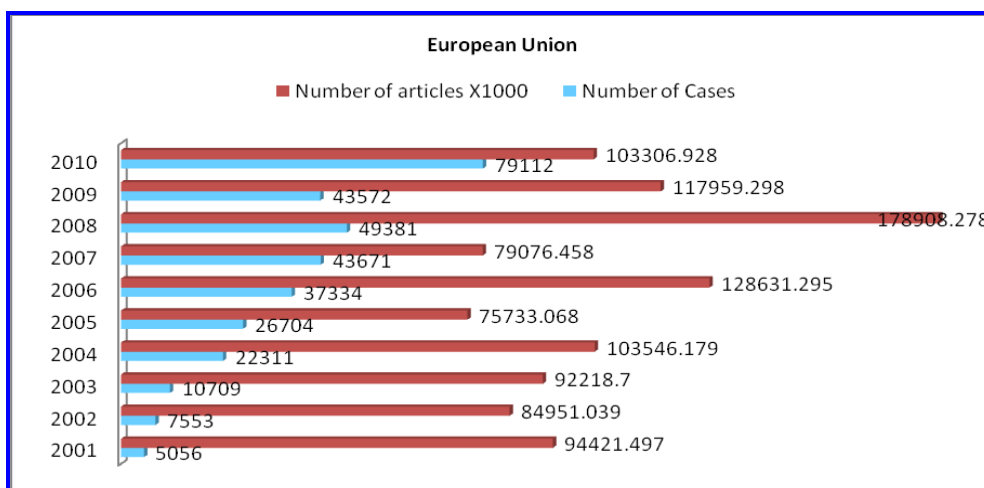
⁹⁴ Ibid, value for the period of 01/01/2010 – 30/11/2010, <http://www.kpdnkk.gov.my/c/document_library/get_file?uuid=b2448139-dd1a-4801-a056-26c4b7f60698&groupid=10137>.

⁹⁵ US CBP(a), 'IPRs: fiscal year 2010 seizure statistics', (Final Report, 16/03/2011), p.12, <http://www.cbp.gov/linkhandler/cgov/trade/priority_trade/ipr/pubs/seizure/seizure_stats_fy2010.ctt/seizure_stats_fy2010.pdf> accessed 10/09/2011.

⁹⁶ TAXUD(c), (n.92), p.9.

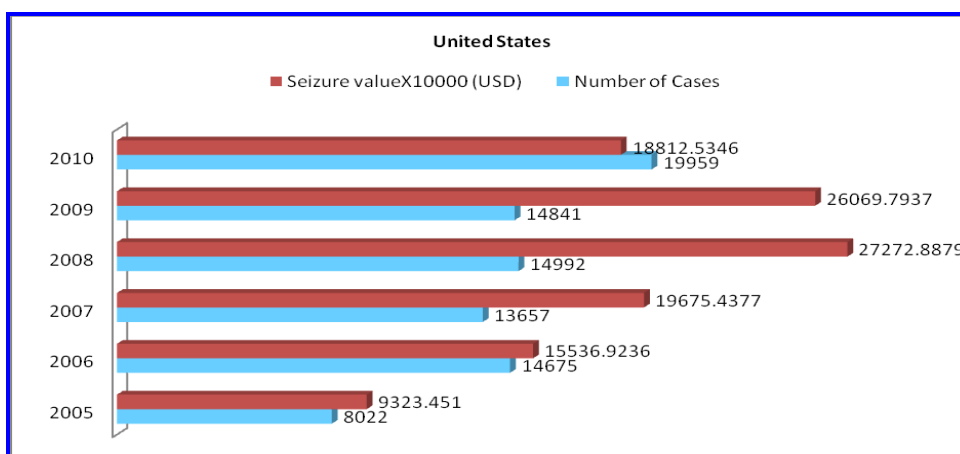
⁹⁷ TAXUD(a), (n.89), p.15.

Figure 3.1: European Union



The US experience was similar, where the number of seizures for violations of IPRs rights kept rising every year, except for a very small drop in 2009 and a further decline in 2010 compared to the previous years (see Figure 3.2). In their report, the US Customs claimed that, between the period of 2005 and 2009 alone, there was an increase of 85% in the number of seizures held, with their domestic value rising by 179%⁹⁸. Similar reasons as with the EU were also given for the decrease of value in 2010 due to the growth of internet sales and an increase in the number of mail seizures⁹⁹.

Figure 3.2: United States



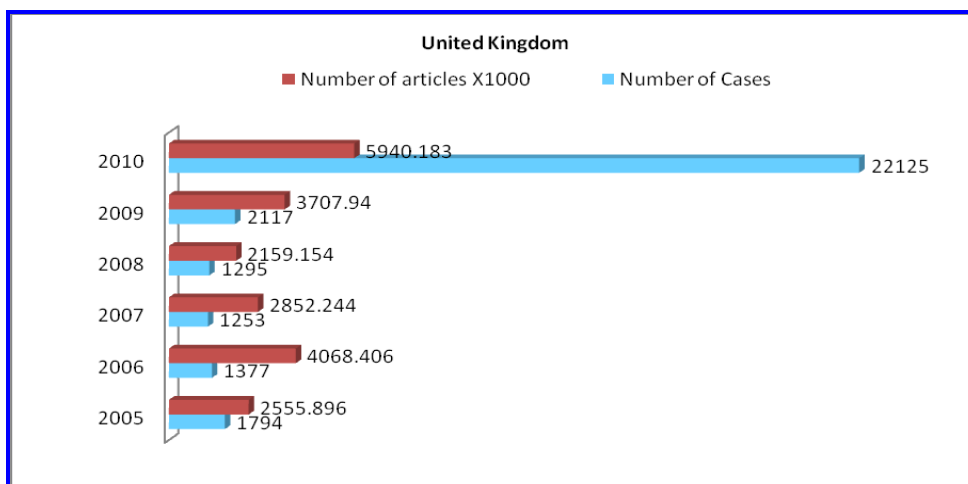
In contrast to the EU and US, the situation in the UK and Malaysia, however showed an interesting trend of the number of cases declining each year (shown in Figures 3.3 and 3.4) except for the two consecutive years in 2009 and 2010 for the UK and 2010 for Malaysia. Although there is no clear explanation for this in the UK, the reason is most

⁹⁸ US CBP(b), 'Yearly comparisons seizure statistics for IPRs', (13/01/2010) <http://www.cbp.gov/xp/cgov/trade/priority_trade/ipr/pubs/seizure/seizure_stats.xml> accessed 21/03/2010.

⁹⁹ See US CBP(a), (n.95).

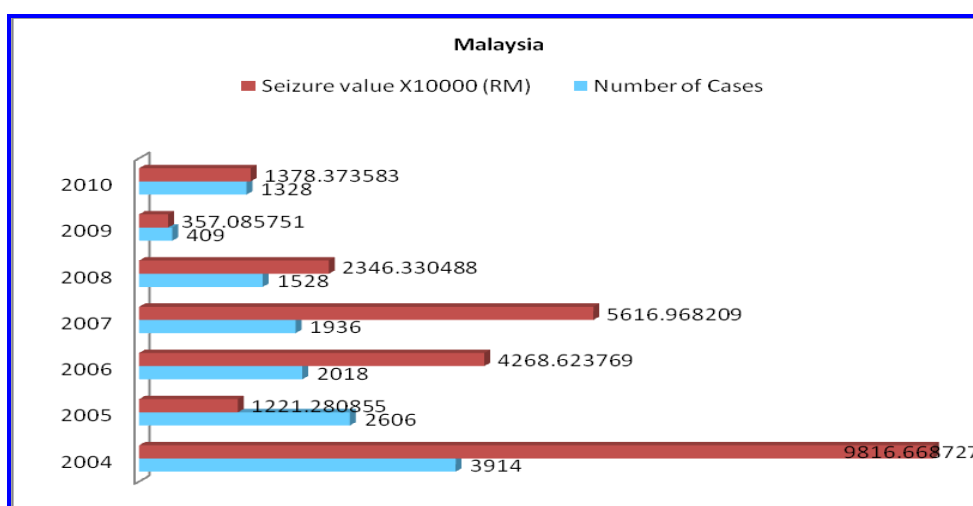
likely due to its effective system for the protection of IPRs as the UK was already rated as one of the top four countries having the most favourable IP environments¹⁰⁰.

Figure 3.3: United Kingdom



Apart from the coordination of responses between the public and private sectors, there is also a reason to believe that the effectiveness of confiscation orders under the Proceeds of Crime Act (POCA) 2002 and the number of successful prosecutions under the TMA 1994 may also have contributed to the overall results in the UK¹⁰¹. However, a huge volume of cases in 2010 is believed to be due to the growth in online sales and the increase in seizures in postal traffic which mostly involve small consignments, thus explaining the difference between the number of cases and the number of articles in that year¹⁰².

Figure 3.4: Malaysia



¹⁰⁰ ICC-BASCAP, (n.75), p.4 and 9.

¹⁰¹ UKIPO Crime Group(a), '2010-2011 IP crime report', (Newport, 09/08/2011), p.35-35, 45-46, <<http://www.ipo.gov.uk/ipcreport10.pdf> accessed 10/09/2011> accessed 10/09/2011.

¹⁰² TAXUD(a), (n.89), p.11,19 and 31.

In Malaysia, it is understood that the decreasing number is due to the continuous enforcement efforts under-taken by the Ministry with the cooperation of other enforcement agencies on this issue¹⁰³. However, there is a huge difference in 2009 where the amount dropped dramatically from the previous year with only 409 cases being reported. This is due to a change of Minister in the MDTCC in that period, who gave a lower priority to enforcement matters involving IPRs¹⁰⁴ compared to other consumer-related issues. As a result, the situation worsened and counterfeiting activities became more prevalent during that period despite the drop in official figures¹⁰⁵.

In both countries, it may be inferred that the increase in seizures in 2010 is likely to be due to the effectiveness of the postal customs in detecting such goods in the UK, and also the commitment of the new Minister towards the enforcement against counterfeiting and piracy activities in Malaysia.

It is worth noting here that, in examining the data used in this study, several limitations have been identified. Firstly, all the available data only estimates figures based on reported cases, and there is a possibility that the extent of this phenomenon might be understated if unreported cases are also sizeable¹⁰⁶. This is due partly to the clandestine nature of counterfeiting and also the possibility of bias in the data sources as mentioned at 3.1 earlier¹⁰⁷. The data therefore must be interpreted with caution.

However, it can be suggested from the available data that the results generally appear to be consistent with most previous reports, which also claimed that the counterfeiting phenomenon is growing and expanding either in scope, scale or complexity, and that it is

¹⁰³ See Kamarudin K, 'Combating counterfeit goods in local market', (News, 11/04/2006), <<http://web10.bernama.com/kpdnhep/newsBm.php?id=191104&>> accessed 07/05/2008.

¹⁰⁴ See interview with Director, Trade Description (Development) Unit, Director, Direct Selling (Development) Unit, Senior Principal Assistant Director, Special Task Force 1 (Copyright) and Assistant Director, Copyright (Development) Unit of the MDTCA (as it was then) (Putrajaya 23 July 2009). See IIPA, '2009 special 301 report on copyright protection and enforcement: Malaysia', (30/04/2009), <<http://www.iipa.com/rbc/2009/2009SPEC301MALAYSIA.pdf>> accessed 27/04/2010, p.237: "The piracy situation worsened in 2008, since the new Minister of MDTCA has determined that raids will generally be run only on the basis of right holder complaints, and in some cases, not without the green light of the Secretary General of MDTCA"; __, 'The piracy goes on', *The Star Online*, (10/01/2009), <<http://biz.thestar.com.my/news/story.asp?file=/2009/1/10/business/2984527&sec=business>> accessed 12/06/2009; ETH Zurich, SAP Research, 'Problem-analysis report on counterfeiting and illicit trade', (BRIDGE Report, 11/07/2007), p.44-46, <www.bridgeproject.eu/.../BRIDGE%20WP05%20%20AntiCounterfeiting%20Problem%20Analysis.pdf> accessed 06/11/2009, p.13: "Low political will to help has also contributed to the increase of trade with counterfeit products. Brand owners feel that they don't get enough support from official enforcement bodies and legal systems to protect their IPRs and even in cases where the laws for IPRs protection exist, they might not be executed in practice to have a real effect".

¹⁰⁵ See Table 3.3 above on Malaysia.

¹⁰⁶ See Treverton GF and others, *Film piracy, organized crime, and terrorism*, (Santa Monica: RAND, 2009), p.7: "Because most instances of counterfeiting go unaddressed, there is reason to believe that more formal data such as arrests and convictions, understate the extent of the crime."; Avery and others, (n.4), p.98; CEBR(a) (n.72), p.17; Yar M, 'A deadly faith in fakes: trademark theft and the global trade in counterfeit automotive components', (2005) *IJC*, <<http://www.internetjournalofcriminology.com>> accessed 30/04/2010, p.9.

¹⁰⁷ See n.3 and 5.

affecting almost all countries across the world¹⁰⁸. This finding, while tentative, suggests that the problem of counterfeiting will continue to increase for a relatively long period, and therefore should be considered as a serious problem that needs to be addressed. The uniform and widely-held view on this issue implicitly confirms the value of IP in driving the economic growth of a country¹⁰⁹.

It is also identified that almost all the seizure data collected did not specifically focus on the trademark itself, but combined seizures representing various types of IP infringement. In the WCO report, for example, the majority of cases were related to trademark (62%) while the rest involved either copyright, patents, design and model rights, geographical indications and also other rights¹¹⁰. The EU data also covered all types of infringement of IPRs, with the majority of cases involving trademark at more than 54% of the total articles seized, followed closely by patent (43%) and more than 1% each on copyright and related rights as well as design and model rights¹¹¹.

However, cases involving patent decreased substantially in 2009 with only about 4.99% cases reported, while trademark cases continued to occupy the top spot at about 90% of total cases¹¹². The highest percentage involving trademark is not actually surprising, since more consumer products for daily use including foods, beverages and medicines, are now being counterfeited¹¹³. In cases involving medicines, for example, the tendency to misuse the legitimate trademarks of international companies is quite rampant¹¹⁴.

¹⁰⁸ See Chaudhry P and Zimmerman A, *The economics of counterfeit trade: governments, consumers, pirates and IPRs*, (Berlin: Springer, 2009), p.11; Treverton and others, (n.106), p.3; "the available numbers are estimates and should be taken with caution, but they do underscore a dramatic increase"; Colston and Middleton, (n.14), p.665-666; MacQueen, Waelde and Laurie, (n.42), p.909; Rosler H, 'Anti-counterfeiting in online auctions from the perspective of consumers' interests', (2006) 37(7) *IIC* 771-778, p.772; Vagg and Harris, (n.2); Barron J, 'Tough competition: regulators look to crackdown on counterfeit goods as statistics rise', *Business Credit*, (Article, April 2008); Avery and others, (n.4), p.78: "Information developed during the study suggests that counterfeiting and piracy are taking place in virtually all economies"; UKIPO Crime Group(b), '2008-2009 IP crime report', (Newport, 25/06/2009), <<http://www.ipo.gov.uk/ipcreport08.pdf>> accessed 08/02/2010; UNICRI, (n.4), p.26; ETH Zurich, (n.104), p.9-11; TAXUD(a), (n.89); GBLAAC, (n.2).

¹⁰⁹ See discussions in Mengistie G, 'IP as a tool for development: the Ethiopian Fine Coffee designations and trademarking and licensing experience', (2010] 16(1) *Int.TLR* 1-24; Bird RC, 'IP enforcement in a global economy: lessons from the BRIC nations' in Yueh L (ed), *The law and economics of globalisation: new challenges for a world in flux*, (Cheltenham: EEPL, 2009); Hallenborg L, Ceccagnoli M and Clendenin M, 'IP protection in the global economy', in Libecap GD and Thursby M (eds), *Technological innovation: generating economic results*, (Bradford: Emerald, 2008); Lippoldt D, 'Can stronger IPRs boost trade, foreign direct investment and licensing in developing countries?', in Pugatch MP (ed), *The IP debate: perspectives from law, economics, and political economy*, (Cheltenham: EEPL, 2006); Cook C, *Patents, profits and power: how ip rules the global economy*, (London: Kogan, 2003), see chapter 2 on the intellectual assets as the new wealth; Taplin R, *IP and the new global Japanese economy*, (Hoboken: T&F, 2009); Avery and others, (n.4), p.137; HM Treasury, 'Gowers review of IP', (Report, 06/12/2006), p.3, 30 and 58, <www.hm-treasury.gov.uk/gowers_review_index.htm> accessed 12/01/2008.

¹¹⁰ WCO(a), (n.78), p.10-11.

¹¹¹ TAXUD(a), (n.89), p.19.

¹¹² TAXUD(b), (n.90), p.17.

¹¹³ *Ibid*, p.2-3.

¹¹⁴ See for example Ghaibour G, '7m fake pills seized', *The Gulf Today* (Local, 01/06/2010), <<http://gulftoday.ae/portal/3f3bd086-9b41-4801-9821-ca9fac9df914.aspx>> accessed 10/08/2010; TAXUD(d), 'Success in the fight against counterfeiting: results of ASEM joint customs operation',

The absence of precision and uniformity at the international level in the definition of counterfeiting has contributed to this problem, as different parties refer to their own relevant provisions as guidelines in defining the meaning and scope of counterfeiting. As a result, the term counterfeiting stretches to mean any infringement of IPRs and is no longer limited to trademark. Even though the data is still valuable and significant for the purpose of this study in examining the scale of counterfeiting problems, it is suggested that a universal definition of counterfeiting should be established and a specific study on trademark counterfeiting alone is necessary if precise data is needed for future study on this issue.

3.4 The Causes and Motivation behind Counterfeiting Activity

It is known from previous research that counterfeiting trend is increasing, despite the implementation of necessary legislation in most countries to prevent it¹¹⁵. This has led to the development of the primary question addressed in this study: what are the main problems encountered with the existing legal measures and procedures for fighting counterfeiting? Thus, in order to examine those problems and to assess their effectiveness, it is essential to explore and understand first the driving factors behind counterfeiting activity. This is important in identifying any gaps in enforcement mechanisms so that improvements can be made to ensure that they are suitable for addressing the counterfeiting problem.

Commentators have identified several motivating factors for the production and consumption of counterfeit products¹¹⁶, and it can be said that all these factors are in fact interrelated. Among the most prominent contributing factors are:

http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/commission_initiatives/index_en.htm accessed 10/08/2010: "A joint customs operation...conducted in the framework of ASEM has led to the seizure of...counterfeit cigarettes and...other counterfeit items (including shoes, toys, cameras, headphones, hats, caps, gloves, and handbags) representing over 20 different trademarks"; TAXUD(e), 'US. CBP and EC announce first joint operation combating counterfeit goods', (Press Release, Brussels, 22/02/2008), http://www.cbp.gov/xp/cgov/newsroom/news_releases/archives/2008_news_releases/feb_2008/02222008.xml accessed 10/12/2009: "Operation infrastructure resulted in the seizure of over 360,000 counterfeit integrated circuits bearing over 40 different trademarks".

¹¹⁵ See research questions at 1.2.

¹¹⁶ Chaudhry and Zimmerman, (n.108), p.19-25; Treverton and others, (n.106), chapter 3; Avery and others, (n.4), p.46-59; UNICRI, (n.4), p.33-38; ETH Zurich, (n.104), p.11-15; Breitkreuz G, 'Counterfeit goods in Canada – a threat to public safety', (Report of the Standing Committee on Public Safety and National Security, 1st. session of 39th Parliament, May 2007), p.9; The Patent Office (UK), 'Counter offensive: an ip crime strategy, (November 2006), www.ipo.gov.uk/ipcrime_strategy.pdf accessed 12/01/2008; Paradise, (n.34), p.23; Colston and Middleton, (n.14), p.665; NWCCC, (n.2), p.4 and 8; Staake T, 'Extending the EPC network –the potential of RFID in anti-counterfeiting', Public Safety User Requirements & Technology Solutions Workshop, Zurich, 24/02/2005, <http://portal.etsi.org/workshopp/Presentations/0304ThorstenStaake.pdf> accessed 27/12/2007; Blakeney M, 'Enforcement of IPRs: challenges, remedies and public awareness', WIPO National Seminar on IP for Faculty Members and Students, Ajman University, Yemen, 5-6/05/2004, http://www.wipo.int/edocs/mdocs/arab/en/wipo_ip_uni_dub_04/wipo_ip_uni_dub_04_7.doc accessed 12/01/2008, p.2; Sodipo, (n.42), p.208-216; UNIFAB, (n.3, chap.1), p.4-5 and 22; Commission of the European Communities (CEC),

- (a) high profit with low risk of criminal sanction compared to other crimes;
- (b) the weaknesses in the current legal system, including inappropriate legislation, ineffective enforcement, non-deterrent penalties or a complete absence of laws;
- (c) developments in technological advances; and
- (d) the globalization of businesses.

3.4.1 High Profit with Low Risk of Criminal Sanction

A number of studies have reported that high profits and ineffective legal enforcement are the prime motives and the most obvious reasons for the growth of counterfeiting respectively¹¹⁷. In practice, this situation is not surprising because counterfeiters take every opportunity to gain quick and huge profits from this trade. Rationally, the production costs of counterfeit goods are low and a huge amount of money can be saved as counterfeiters do not have to pay the investment expenses incurred by the owner of the trademark in developing or marketing their products, establishing the reputation and providing after-sale customer services. This means that they can avoid many of the business risks and overheads that legitimate businesses must bear; they operate at a very low cost and great margin¹¹⁸.

Several studies have also revealed that the enormous profit margins from counterfeiting are so convincing, and sometimes might even match or exceed those from drug trafficking, that it even attracts other forms of organized crime to move into this trade¹¹⁹.

-
- 'Green Paper: combating counterfeiting and piracy in the single market', (Final Report, Brussels, 15/10/1998), <http://europa.eu/documents/comm/green_papers/pdf/com98_569_en.pdf> accessed 15/12/2007.
- ¹¹⁷ Treverton and others, (n.106), p.4: "...The profit margins are huge, the cost of entry is minimal, and the risks are relatively low."; Anderson J, 'The Campaign against dangerous counterfeit goods', (1999) 476-477 *ICPR* 56-59, p.56: "The most obvious reason is that it is a crime that is extremely profitable for criminals."; Brut JP, 'Car parts counterfeiting: a crime against IPRs which threatens the economy and people's safety', (1999) 476-477 *ICPR* 7-13, p.10: "The net result of these low costs is a high profit margin."; Phillips, (n.30), p.3-4: "...counterfeiting business is perfect: no questions asked, cash based, extremely profitable. The routes by which illegal importers of drugs...brought their products... are the same routes by which counterfeits reach us: the same ships, the same ways to evade customs officers, the same, or better, profit margins. The difference is that the penalties were lower, and customs officers weren't looking for knockoff sports shoes. Since 2001, we have seen a massive shift of business among these gangs into trading knockoffs".
- ¹¹⁸ Defer A, 'Product counterfeiting: the issues and police countermeasures in France', (1999) 476-477 *ICPR* 54-55, p.54: "The growth of companies and their ability to corner the market depend on increasingly large investment in developing new products. Such investment is only viable as long as it is profitable. Counterfeiters have no such costs - their imitations only need to resemble the original to be extremely profitable".
- ¹¹⁹ See Treverton and others, (n.106), p.4: "...it makes sense that organized crime would be involved in counterfeiting..."; Noble RK, 'The links between IP crime and terrorist financing', (Text of public testimony before the US House Committee on International Relations, 108th Congress, 16/07/2003), <<http://www.interpol.int/Public/ICPO/speeches>> accessed 12/01/2008: "IP crime is now dominated by criminal organizations, due to the relatively low level of risk and comparatively high level of profit"; Chaudhry PE and Walsh MG, 'An assessment of the impact of counterfeiting in international markets: the piracy paradox persists', (1996) (31)3 *CJWB* 34-48, p.37: "the profits from selling bogus aircraft parts are so substantial that they have even lures some drug traffickers into switching their illicit business to selling aircraft parts"; UNIFAB (n.116), p.9-10; Hetzer W, 'Godfathers and pirates: counterfeiting and organized crime', (2002) 10(4) *EJCCLCJ* 303-320, p.303; Macdonald S and Turpin T, 'Fair copy? a look at the anti-

Compared to other type of crimes, the nature of counterfeiting offences is also considered as having a low risk of penalties¹²⁰. For example, Union des Fabricants, the French association responsible for the fight against counterfeiting, reported that the cost of producing a counterfeit computer game is only about €0.20 but it might sell at €25, while cannabis costing €1 to €2 to produce sells at €12¹²¹. The penalties for selling within these two areas are also different. In France, the selling of counterfeit products is punishable by a two-year prison term and a €150,000 fine, while selling drugs is punishable by a ten-year prison term and a €7,500,000 fine¹²². Similarly, the UK National Criminal Intelligence Service (NCIS) has found that a pirated DVD made in Malaysia at a cost of about \$0.70 was marked up more than 1,150% and sold on the street in London for about \$9¹²³.

As in many other countries, it is also found that there is a lighter punishment for this offence in Malaysia compared to other types of crime. For example, counterfeiting offences in Malaysia are punishable with criminal sanctions under the Trade Description Act (TDA) 1972 and the Consumer Protection Act (CPA) 1999 for a maximum fine of RM250,000 for group offenders and up to RM100,000 for each individual, or imprisonment not exceeding 3 years, or both¹²⁴. In contrast, for some drug-related offenses, offenders can be punished either with life imprisonment or the death penalty¹²⁵. It is obvious here that such a gap between huge profits with relatively low risks of penalty would certainly attract those involved in illegal activities to engage in this kind of business. If no effective measures are taken by the authorities, it is not surprising that counterfeiting is on the rise. It is worth to mention here that the Anti Counterfeiting Trade Agreement (ACTA) is intended to increase the risk of criminal sanctions to deter counterfeiting although it does not resolve some questions that arise in Article 61 of the TRIPS Agreement and will not necessarily be effective in preventing counterfeiting¹²⁶.

3.4.2 The Weaknesses in the Current Legal System

Associated with the above factor is the weakness in the current IP legal system. Several studies have noted that these weaknesses do not necessarily stem from a lack of existing substantive law or the complete absence of law, but might relate to how the law

counterfeiting lobby', Paper presented to the Creative Industries and IP Conference, London, 22-23/05/2008, p.20-23.

¹²⁰ ETH Zurich (n.104), p.12; UNIFAB, (n.116), p.9; Staake, (n.116); Interview with Kuala Lumpur IP Sessions Court Judge, (K.Lumpur Courts Complex, 21 July 2009).

¹²¹ UNIFAB, (n.116), p.9-10.

¹²² Ibid; ETH Zurich, (n.104), p.12, Avery and others, (n.4), p.116, TAXUD(f), 'Combating counterfeit and piracy', <http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/combating/index_en.htm>, accessed 12/01/2008.

¹²³ Treverton and others, (n.106), p.28.

¹²⁴ TDA 1972, ss.18(1) and (2); CPA 1999, ss.25(1) and (2).

¹²⁵ Dangerous Drugs Act 1952, s.39B(2).

¹²⁶ See 6.3.3 on ACTA and discussion in chap.8.

is enforced¹²⁷. This means that an effective IP legal system requires both the enactment of IP legislation as well as the effective enforcement of rights¹²⁸. Accordingly, factors which are likely to hinder this process must be identified and addressed.

Prior studies have found that, in many cases, the enforcement of IPRs has been given a relatively low priority and thus received insufficient resources from governments¹²⁹, although this is not necessarily the case for countries such as Hong Kong, Malaysia, UK and the US¹³⁰. The low priority can be seen, for example, in a lack of power given to enforcement officers, thus giving advantages to counterfeiters as there is a low risk of detection of their activities. In certain cases, officers are not authorized to arrest or do not have appropriate weapons for self protection when conducting raids¹³¹. In Malaysia, for example, such power is provided in section 28B of the TDA 1972, which only deals with this matter in general terms, rather than in the TMA 1976 which is the main statute concerning this issue. The situation is different for copyright, as the power of arrest is provided in section 50A of the Copyright Act 1987 (CRA 1987) which is the principal act governing copyright matters.

Further constraints involve the difficulty of prosecution and legal proceedings and also the non-deterrent penalties, as discussed above¹³². This encourages professional

¹²⁷ Treverton and others, (n.106), p.129-130 and 146; Chaudhry and Zimmerman, (n.108), p.24-25; Avery and others, (n.4), p.16, 264, 310-311, 335-336; UNIFAB, (n.116), p.4-5; Yar, (n.106), p.19-21; Blakeney, (n.116), p.2; NWCCC, (n.2), p.30; Breitzkreuz, (n.116), p.9; HM Treasury, (n.109), p.96; EC Directorate General for Trade (ECDGT), 'Overview: survey on enforcement of IPRs in third countries', <<http://trade.ec.europa.eu/doclib/docs/2004/august/tradoc113229.pdf>> accessed 12/12/2007, point 4.2: "The main difficulties in the fight against counterfeiting ...are not found in the substantive law, but rather in the means available and in the willingness of the enforcement agents to apply the law strictly and efficiently"; Harvey M, 'A new way to combat product counterfeiting', (1988) 31(4) *BH* 19-28, p.21.

¹²⁸ Avery and others, (n.4), p.197.

¹²⁹ See Phillips, (n.30), p.132-136; OECD(c), 'The economic impact of counterfeiting and piracy', (Executive Summary Report, 04/06/2007), <http://www.oecd.org/dataoecd/13/12/387_07619.pdf> accessed 15/12/2007, p.26: "enforcement, is viewed by many as weak; a common criticism is that the resources devoted to IPR enforcement are insufficient and that those who engage in counterfeiting and piracy are not sufficiently penalised for their actions when they are caught"; ECDGT, (n.126), point 4.2: "Enforcement systems are, in many cases, ineffective due to a lack of human resources, funding and practical experience in the enforcement of IPRs; a general lack of training of enforcement officials, including the judiciary; base legislation not being regulated by technical or implementation rules; and systemic problems resulting from insufficient national and international co-ordination, including a lack of transparency"; Avery and others, (n.4), p.335-336; Vagg and Harris, (n.2), p.109-111; Yar, (n.106), p.19.

¹³⁰ Treverton and others, (n.106), p.122.

¹³¹ See interview with MDTCA (n.104); Phillips, (n.30), p.132: "The agency for policing IP in the UK is trading standards. This owes less to a master plan to outwit pirates than the simple problem that no one else fancies the job: the police have other priority crimes, customs work at the borders, and there is no special force to protect IP...it's no surprise to find that your local trading standards officer doesn't have the ability to throw his or her weight about. They have no power of arrest and a small overtime budget, so often they can't work at the weekend".

¹³² Avery and others, (n.4), p.335-336: "...prosecution and other legal action against counterfeiting is difficult and expensive to carry out, and penalties and punishments are rarely sufficient to deter counterfeiters"; Isaac B and Osmond C, 'The need for legal reform in Canada to address IP crime', (Position Paper, January 2006), CACN, p.30: "... there is clearly insufficient criminal, quasi-criminal or administrative deterrence to significantly curtail the distribution of counterfeit...products. The cost of enforcement to government and IP owners is often significantly higher than to perpetrators, and the penalties imposed, if any, are insufficient to act as real deterrence against the highly profitable

counterfeiters to take advantage and spread the risk, avoiding prosecution and trying to exploit legal loopholes and inaction on the part of the authorities wherever they operate¹³³ which allows them to flourish in particular areas¹³⁴. It is argued that effective and expeditious remedies in this context must therefore be available to prevent and deter further infringements. Adequate remedies include injunctions enforced by courts for infringement, compensation for damages, orders to destroy infringing products, provisional measures to seize infringing products and secure evidence, border measures by customs authorities, and the availability of criminal enforcement and sanctions¹³⁵.

3.4.3 Technological Advances

The remarkable advances in information storage and copying technology have also played an important role in the rapid growth of the counterfeiting phenomenon¹³⁶. It is argued that, with the help of technological devices such as laser printers, colour copiers, or reprographics, to name but a few, almost anyone who has access to these types of technologies could possibly produce high quality forgeries at a very low cost¹³⁷.

However, the technology itself could be exploited to counter the problem. This includes, for instance, the use of technology to brand products by using hidden magnetic or microchip tags, disappearing-reappearing inks, holographic images, and digitized fingerprints on labels¹³⁸. The developments in nanotechnology, one of the latest high technologies, may also improve the situation. Trademark proprietors, for example, could use tracking tools such as RFID (radio frequency identification) technology, a nanotechnological process which allows manufacturers to encrypt their products. The RFID chip may be incorporated into the trademark of the product, woven into the fabric or implanted into the inner workings of the product while the tags could be hidden inside objects without the consumer's knowledge¹³⁹. The encryption can, for example, identify when and where the product was manufactured or which market the product was

distribution of counterfeit and pirated products"; The Patent Office, (n.116), p.7: "Differences in national laws and procedures can lead to difficulties with enforcement... Some countries have strengthened their legislation but in practice cases are often difficult to fight in courts that are habitually reluctant to prosecute or impose criminal penalties. In China, which is considered to be the counterfeiting capital of the world, there is still little legal deterrence".

¹³³ UNIFAB, (n.116), p.7.

¹³⁴ Chaudhry and Zimmerman, (n.108), p.44.

¹³⁵ Colston and Middleton, (n.14), p.665; Rowell, (n.28), p.98; Treverton and others, (n.106), p.125-126; Vandoren P and Martins PV, 'The enforcement of IPRs: an EU perspective of a global question', in Pugatch, (n.108), p. 74.

¹³⁶ Cornish, Llewelyn and Aplin, (n.8), p.56; Chaudhry and Zimmerman, (n.108), p.19; Paradise, (n.34), p.3.

¹³⁷ Chaudhry and Walsh, (n.119), p.43; Rowell, (n.28), p.1-2; Suthersanen U, 'Technology, time and market forces: the stakeholders in the Kazaa era', in Pugatch, (n.108), p.231.

¹³⁸ Harvey, (n.40), p.9-10.

¹³⁹ Berman, (n.38), p.197; Reid AS, 'RFID tags and the EU: really free internal distribution?' (2005) 4(1/2) *JITLP* 1-30, p.5. See Miller JC and others, *The handbook of nanotechnology: business, policy, and IP law*, (Hoboken: JWSI, 2005); Hodge G, *New global frontiers in regulation: the age of nanotechnology*, (Cheltenham: EEPL, 2008).

destined for, thus making the tracing process easier not only for the manufacturers but also the authorities¹⁴⁰. The use of tracking tools, however, should be viewed with suspicion, especially in cases where it may inhibit product movement in free trade areas¹⁴¹. It is argued that, in this context, technology has a dual role; as a cause of the growth of counterfeiting and also as a solution to address it.

3.4.4 *Globalization of Business*

In addition to the above factors, the globalization of business has also facilitated the development in counterfeiting trade. A few studies have identified that, with the growth of world trade and more open borders, manufacturers have penetrated many markets around the world, thus making it easier for them to manufacture goods in one geographic location and distribute them elsewhere¹⁴². As a result, consumer goods can be found all over the world within a very short time. The benefits of the globalization process are also shared by counterfeiters whose activities flourish across borders. They, for example, manipulate the advantages of free trade zones and free ports as safe venues for the “trans-shipment” of counterfeit goods¹⁴³. By operating across international borders, it has become common to find manufacturers in this trade in one country, distributors in another and sellers in yet another in an effort to confuse the authorities tracking their activities. Phillips, for example, described this situation by stating that “goods reach us by travelling through confusing spaghetti of intermediaries, often travelling through more than one country on the way¹⁴⁴”.

3.4.5 *Remarks*

Returning to the question posed at the beginning of this section, it is now possible to state that all of the above factors have combined to form a good platform for the growth of the counterfeiting industry across the world. As there is a direct relationship between

¹⁴⁰ See the press report about the use of nanotechnology-based testing to detect the abuse of diesel subsidy and smuggling of subsidized diesel fuel out of the country proposed by the then Malaysian MDTCA in ‘Using nanotechnology to tackle diesel subsidy abuse’, (News, 04/04/2006), <<http://www.bernama.com/kpdnhep/news.php?id=190036&lang=en>> accessed 20/05/2010.

¹⁴¹ See Berman, (n.38), p.195; *Frits Loendersloot v George Ballantine & Son*, [1997] ECR I-6227, para 39-43; Enchelmaier S, ‘The inexhaustible question - free movement of goods and IP in the ECJ’s case law, 2002-2006’, [2007] 38(4) *IIC* 453-470, p.463; Phillips J, ‘Analysis: pariah, piranha or partner? The new view of IP in Europe’, [1998] 1 *IPQ* 107-112, p.111.

¹⁴² See discussion in Chaudhry and Zimmerman, (n.108), p.20-24; Stothers C, ‘State of the art: parallel trade and free trade agreements’, (2006) 1(9) *JIPLP* 578- 592, p.578: “the removal of such public barriers allows manufacturers to source lower cost raw materials, to site their manufacturing locations so as to minimize production and/or transport costs, and to sell their products more easily to consumers in different countries, thus reducing the cost of manufacture and distribution”.

¹⁴³ Chaudhry and Zimmerman, (n.108), p.21; Schiffman S, ‘Border enforcement in transit countries’, (Study Guide, IIPi, 2007), <<http://www.iipi.org/iipiforum/library/download.asp?LIBID=69&FileID=295&Shell=o&PC=X>> accessed 28/02/2008; Proff S and Palladino VN, ‘Brands in the boardroom 2006: combating the sale of counterfeit products in the US’, <<http://www.iam-magazine.com>> accessed 10/02/2008; UNIFAB, (n.116), p.8.

¹⁴⁴ Phillips, (n.30), p.3.

the strength of the enforcement regime and the prevalence of counterfeiting activities¹⁴⁵, more attention and priority should be given by governments to this matter. As discussed above, it can be said that the stronger the enforcement, the less likelihood there is of counterfeit goods to be on the market. Therefore, weaknesses in enforcement capacity and resources must be addressed immediately so that the enforcement mechanisms will have a deterrent effect in preventing the widespread of counterfeiting, and at the same time assuring that protection is given to all parties concerned in this problem.

3.5 The Impacts of Counterfeiting

In assessing and justifying the appropriate enforcement action for fighting counterfeiting, it is also essential to consider the impact of counterfeiting on the parties, directly or indirectly involved in this problem.

3.5.1 *Economic*

It is understood that counterfeiting certainly impacts seriously on legitimate businesses, but several studies have found that in an inter-connected economy it could also lead to negative consequences for the social, political and economic conditions of an entire country¹⁴⁶. The economic impact can be classified as either direct or indirect. Rights-holders will experience a direct impact where counterfeiting could undermine the competitiveness of businesses and cause economic damage to industries through the loss of profit and deterioration of the quality and value of the trademark¹⁴⁷. This leads to a significant indirect impact when counterfeiting could also possibly destroy honest jobs, thus affecting the revenues of governments, foreign investment, trade and innovation and threatening the health and safety of consumers¹⁴⁸.

In term of losses, the difficulties faced in quantifying precise numbers are well understood, as mentioned earlier in this chapter¹⁴⁹, however, since the anecdotal evidence suggests that the scale of counterfeiting is expanding¹⁵⁰, it could be anticipated that the losses incurred have also increased. An OECD report, for example, estimated that the volume of international trade in counterfeit or pirated products amounted to US\$

¹⁴⁵ See 3.4.1 above.

¹⁴⁶ Avery and others, (n.4), chapter 5; BASCAP, 'The impact of counterfeiting on governments and consumers', (Executive Summary Report, May 2009), Frontier Economics Ltd. London, p.3; WCO(a), (n.78); UNIFAB, (n.116), p.5; UNICRI, (n.4); CEBR(a), (n.72).

¹⁴⁷ ETH Zurich, (n.104), p.44-46, Daele K, 'Regulation 1383/2003: a new step in the fight against counterfeit and pirated goods at the borders of the EU, [2004] 26(5) *EIPR* 214-225, p.214; Olsen K, 'Counterfeiting and piracy: measurement issues', (Background report for the WIPO/OECD Expert Meeting on Measurement and Statistical Issues, Geneva, 17-18/10/2005), p.6; Bosworth, (n.3), p.5; Nia A and Zaichkowsky JL, 'Do counterfeits devalue the ownership of luxury brands?', (2000) 9(7) *JPBM* 485-497, p.485; CEC, (n.115), p.4.

¹⁴⁸ Ibid.

¹⁴⁹ See n.3.

¹⁵⁰ See 3.3.

200 billion in 2005, but the estimation made in 2009 based on the growth and changing composition of the trade between 2005 and 2007 suggested that it could have amounted to up to US\$ 250 billion in 2007¹⁵¹. In 2008, the Counterfeiting Intelligence Bureau claimed that counterfeiting accounts for approximately 5-7% of world trade, thus an estimated US\$600 billion a year¹⁵².

Within the EU countries, it has been reported that counterfeiting causes reductions in Gross Domestic Product which, according to estimates supplied by the CEBR, can be quantified as €8,042 million across Europe¹⁵³. In the UK, there is no robust figure on the losses from this trade, but a report by the Gowers Review in 2006 estimated that IP crime in the UK is worth £1.3 billion annually¹⁵⁴. This was followed by the BASCAP report in 2009, which found that counterfeiting costs the UK government €500 million in lost taxes and higher welfare payments whilst the cost to the UK economy as a whole could be in the order of €4.1 billion¹⁵⁵. The UK Intellectual Property Office (IPO) stated that loss on this scale is clearly significant in its own right and “in times of financial crisis, though, the damage done to industry and employers in many sectors by these losses is much more difficult to absorb, and may threaten businesses’ survival”¹⁵⁶.

In ASEAN countries, there is no integrated data for the losses resulting from counterfeiting activities thus far, although there have been efforts to strengthen IP

¹⁵¹ OECD(a), (n.74) in its report emphasized that “This total does not include the value of domestically produced and consumed counterfeit and pirated products and the significant volume of pirated digital products being distributed via the Internet. If these items were added, the total magnitude of counterfeiting and piracy worldwide could well be several hundred billion dollars more.”

¹⁵² Bryce J, ‘COUNTER state of the art report’, <<http://www.counter2010.org/wpcontent/uploads/2010/02/COUNTER-SofA-Report-D3.pdf>> accessed 29/04/2010, p.21; Altman JB and Whitlock JP, ‘IP border enforcement measures come of age’, (2006) 8(9) *GIPAMR*, <<http://www.wtexecutive.com>> accessed 10/12/2007: “the World Economic Forum in 2005 estimated the cost of annual trade in counterfeit products was US\$500 billion”; INTA, ‘The economic impact of trademark counterfeiting and infringement: estimation of the impact of trademark counterfeiting and infringement on worldwide sales of apparel and footwear’, (Report, April 1998), <www.inta.org/downloads/tap_economicimpact_1998.pdf> accessed 10/12/2007: This study estimates how counterfeiting affected revenues for trademark owners in the apparel and footwear industries and concludes that, based on 1995 prices, the average sales losses across all countries for the ten firms covered were 22% (+/- 4%), with a corresponding value of US\$ 2 billion.

¹⁵³ UNICRI, (n.4), p.49; CEBR(b), ‘The impact of counterfeiting on four key sectors in the EU’, (London, 2000), <<http://www.gacg.org/Content/Upload/Documents/eucebrFinal.doc>> accessed 10/12/2007, which analyses the effects of counterfeiting on revenues and profits in the four industries covered (clothing and footwear, perfumes and cosmetics, toys and sports equipment, and pharmaceuticals) and estimates revenue losses at €15,883 million and profit losses at € 2,740 million a year.

¹⁵⁴ HM Treasury, (n.109).

¹⁵⁵ BASCAP, (n.146), p.4 and 6. See Tilly N and others, ‘Business views of organised crime’, 2nd edn, (UK Home Office, December 2008), <<http://rds.homeoffice.gov.uk/rds/pdfs08/horr10c.pdf>> accessed 23/05/2010, where the report examined the effect of organized crime on businesses in three areas of Britain. From 420 of interviews with the owners or managers of businesses, the report found that 20% of businesses thought that the local supply of stolen or counterfeit goods adversely affected their trade. 45% of all businesses questioned said that counterfeit goods were a problem in their area. These figures show that IP crime is operating at a level that is noted widely by businesses, and that a large number of businesses see this as a serious threat to their trade.

¹⁵⁶ UKIPO(a), (n.101), p.16-17; Weatherall K, Webster E and Bently L, ‘IP enforcement in the UK and beyond: a literature review’, (SABIP Report No.(EC001), 18/05/2009, London) <www.sabip.org.uk> accessed 05/02/2010, p.22-23.

protection among member countries¹⁵⁷. However, it can be said that counterfeiting has also affected the economies of the ASEAN countries. In Malaysia, for example, the total seizure value according to the statistics issued by the MDTCC¹⁵⁸ is millions of ringgit every year. Although the numbers fluctuate every year, such a huge amount could have a significant impact on the country's economic growth as a whole. Large losses are not only experienced in Malaysia, but also in neighbouring countries like Indonesia and Thailand¹⁵⁹. In Indonesia, for example, the losses from this trade in various sectors is estimated to be Rp37 trillion (US\$4 billion) a year, according to a study by the University of Indonesia and the Indonesian Anti-Counterfeiting Society¹⁶⁰.

3.5.2 Social

Several studies have also found that counterfeiting causes job losses across the world. The OECD report in 2008 stated that at the economy-wide level, counterfeiting and piracy affect employment in a number of ways¹⁶¹, with the main concern relating to job losses. A UNICRI report estimated that more than 100,000 jobs are lost every year in the EU countries and about 750,000 in the US on account of counterfeiting¹⁶². The same report also provided estimates at the national level of about 30,000 lost job positions in France, and 70,000 in Germany¹⁶³. In the UK, it was reported that 380,000 jobs were destroyed as a result of counterfeiting, with 31,000 workers unlikely to be able to find re-employment¹⁶⁴.

¹⁵⁷ See for example ASEAN Framework Agreement on IP Cooperation, (n.47, chap.1); EC-ASEAN IPRs Cooperation Programme, (ECAP II), the details available at <<http://www.ecap-project.org/>>; the report issued by the Japanese government concerning the number of IPRs infringements of Japanese products in Asian Countries, the details available at <meti.go.jp/english/report/downloadfiles/2008WTO/13ASE_AN.pdf>; Antons C, IP law in Southeast Asia: recent legislative and institutional developments, 2006 (1) *JILT* Special Issue, <http://www2.warwick.ac.uk/fac/soc/law/elj/jilt/2006_1/antons/#a4> accessed 10/12/2007.

¹⁵⁸ See 3.3.2 above and the previous report on Malaysia in ECDGT, 'Strategy for the enforcement of IPRs in third countries', (Report: Malaysia, 2005), <http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc_130407.pdf> accessed 12/12/2007, p.2: "Between January 2003 and mid 2005 for example, it was reported that the said ministry has seized counterfeit products worth RM102.33 million"; ___, 'Counterfeit goods in daily Malaysian lives – how Malaysia fights back, (News, 29/05/2007), <http://www.mirandah.com/Counterfeit_goods_in_daily_Malaysian_lives_How_Malaysia_fights_back.aspx> accessed 24 Jan 2008: "The media reports also highlighted cases which involved the seizure of imitation medicines worth RM391,455 (USD172,000) in 2006 alone, compared to products seized that were worth an estimated RM55, 000 (USD22,264) in 2005"; EU, '2006 customs seizures of counterfeit goods - FAQs,' (Press Release, 31/05/2007), <<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/214&format=HTML&aged=0&language=EN&guiLanguage=en>> accessed 18 January 2008.

¹⁵⁹ See ___, 'INTERPOL applauds Southeast Asia Operation Storm II's success in disrupting trade of counterfeit medical products', (INTERPOL media release, 27/01/2010), <<http://www.interpol.int/Public/ICPO/PressReleases/PR2010/PR007.asp>> accessed 20/05/2010; Smith A, 'Thailand - fighting the fakes in Thailand', *WTR*, (24/03/2009, London), <<http://www.worldtrademarkreview.com/daily/Detail.aspx?q=e7bbec95-f08c-45c5-852a-cc9b95dba325>> accessed 20/05/2010.

¹⁶⁰ Ekawati A, 'Counterfeits cost Indonesia \$4 billion annually: study', <<http://www.thejakartaglobe.com/business/counterfeits-cost-indonesia-4-billion-annually-study/375903>> accessed 20/05/2010.

¹⁶¹ Avery and others, (n.4), p.139 and discussion in chapter 5.

¹⁶² UNICRI, (n.4), p.6, 41, 45.

¹⁶³ Ibid.

¹⁶⁴ BASCAP, (n.146), p.4 & 6; Avery and others, (n.4), discussion in chapter 5.

3.5.3 Health and Safety Issues

The proliferation of counterfeit goods has also had certain implications in terms of consumer protection. This is due to the expansion of counterfeiting into new product categories. In contrast to a few decades ago, the focus has now shifted from luxury goods to all kinds of consumer goods, including not only software, music, spare parts, cosmetics, razor blades, washing powder or clothes, but also foodstuff and pharmaceuticals¹⁶⁵. In this situation, consumers not only become the victims of deliberate deception as to the quality they are entitled to expect from a product bearing a trademark, but are also exposed to significant health and safety risks. This is a very serious matter indeed, because the counterfeit product and its ingredients are unlikely to have been subjected to the rigorous quality control that is needed with genuine products¹⁶⁶. In cases involving foodstuffs, pharmaceuticals and health care products, for instance, the results might be fatal as they might contain dangerous substances.

In 2005, IACC presented some cases related to the health and safety threat to consumers in its report, involving pharmaceutical, auto/aviation parts and general consumer goods¹⁶⁷. In one case, it was reported that a 16 year-old liver transplant recipient in New York received eight weeks worth of injections of a counterfeit drug (Epogen) to treat his anemia. Instead of improving the boy's condition, the treatments caused excruciating aches and spasms because the vials used for the injections were supposed to contain 40,000 units of the drug, but instead the counterfeit version contained only 2,000 units¹⁶⁸.

In 2003, the investigators of the Norwegian plane crash in 1989 which killed 55 people revealed that substandard counterfeit bolts and sleeves of an unknown origin partly caused the plane's tail assembly to fall off at 22,000 feet above the North Sea¹⁶⁹. In 2007, the Colgate-Palmolive Co. reported that the 5-ounce tubes of counterfeit toothpaste sold in discount stores in four states in the USA under a Colgate label had

¹⁶⁵ Avery and others, (n.4); BASCAP, (n.146); UNICRI, (n.4), NWCCC, (n.2), p.13; Benczek, (n.2), p.126; Vagg and Harris, (n.2); Xiao SH, 'Trick or treat? an examination of marketing relationships in a non-deceptive counterfeit market', (Working Paper Series, 11/05/2007), <<http://ssrn.com/abstract=985886>> accessed 12/03/2010. See interview with Schneider, (n.7, chap.1) where counterfeit condom is also become a problem in Belgium.

¹⁶⁶ Barnes PJ, 'Adulteration and fraud threaten safety', (1996) 4 *NFS* 23-26, p.24; Nash T, 'Only imitation? the rising cost of counterfeiting', (1989) *PS* 103 cited in Prendergast G and others, 'Understanding consumer demand for non-deceptive pirated brands', (2002) 20(7) *MIP* 405-416, p. 406; Mitchell VW and Papavassiliou V, 'Marketing causes and implications of consumer confusion', (1999) 8(4) *JPBM* 319-339, p.321.

¹⁶⁷ IACC, 'The negative consequences of international IP theft: economic harm, threats to the public health and safety, and links to organized crime and terrorist organizations', (White Paper, January 2005), <[http://www.iccwbo.org/uploadedFiles/BASCAP/Pages/IACC.WhitePaper\[1\].pdf](http://www.iccwbo.org/uploadedFiles/BASCAP/Pages/IACC.WhitePaper[1].pdf)> accessed 12/12/2007.

¹⁶⁸ Ibid, p.7.

¹⁶⁹ Ibid, p.10. See BASCAP case study database, (n.1, chap.1) and compiled by UNICRI at <http://counterfeiting.unicri.it/org_crime.php?sec=R>.

been recalled after the US Federal Food and Drug Administration (FDA) found high levels of a poisonous chemical called *diethylene glycol* (DEG)¹⁷⁰.

While those incidents would certainly harm consumers, in the long run it will actually undermine consumer confidence in established brands and trademarks. The reason for this is that the poor quality of counterfeit products and their confusion with genuine products will lead to a deterioration of the rights-holders' or manufacturers' image¹⁷¹. Thus, counterfeiting in this context could both risk the consumers' health and safety as well as harm the rights-holders' economic gain.

Another serious impact of counterfeiting is the involvement of other aspects of organized crime, such as terrorism and money laundering¹⁷². Profits from this trade could be used by counterfeiters to recycle and launder the proceeds to be used for other unlawful activities. In this context, counterfeiting appears to be a factor in promoting crime, including terrorism and smuggling drugs and arms¹⁷³. The involvement of organized crime groups leads to the danger of counterfeiting business becoming more pervasive, thus affecting health and safety issues as well as creating social problems. In view of this, effective enforcement is critical to deal with the problems of counterfeiting.

3.6 Conclusion

Counterfeiting has been labeled in several reports and studies as the crime of the twenty-first century. With many factors to provide a good environment for its growth, it has evolved into a much more lucrative business in very sophisticated ways. It is also understood that, while there are many contributing factors to the proliferation of counterfeiting in recent years, the only real area where the government can make a difference is in setting up a responsive legal system that includes *good* enforcement. This is because counterfeiting harms many aspects of life – from businesses whose goods are counterfeited, to governments and to the public as a whole. Based on the available data as discussed in this Chapter, the proliferation of counterfeit products in the market is likely to continue on a regular basis throughout the world. This situation is

¹⁷⁰ __, 'Counterfeit Colgate toothpaste recalled - antifreeze chemical found in tubes in 4 states; no injuries reported', (Health news, 14/06/2007), <<http://www.msnbc.msn.com/id/19214360/>> accessed 05/05/2008; __, 'Colgate-Palmolive issues warning about counterfeit products - anti-freeze ingredient found in fake Colgate', (14 June 2007), <http://www.associatedcontent.com/article/281323/colgatepalmolive_issues_warning_about.html> accessed 05/05/2008.

¹⁷¹ See Prendergast and others, (n.166), p.406; Bush RF and others, 'Remedies for product counterfeiting', (1989) *BH* 56-66; Olsen JE and Granzin KL, 'Gaining retailers' assistance in fighting counterfeiting: conceptualization and empirical test of a helping model', (1992) 68(1) *JR* 90-112; Mitchell VW and Papavassiliou V, 'Exploring consumer confusion in the watch market', (1997) 15(4) *MIP* 164-172.

¹⁷² Avery and others, (n.4); IACC, (n.167); UNICRI, (n.4), UNIFAB, (n.116); ICTSD, (n.3); Pollinger, (n.5).

¹⁷³ Blakeney L and Blakeney M, 'Counterfeiting and piracy - removing the incentives through confiscation', (2008) 30(9) *EIPR* 348-356, p.348-349. See also Porter H, 'Lawyers as bloodhounds: POCA 2002 and its application to IP practitioners in the UK', (2007) 29(2), *EIPR* 70-73.

expected to remain so for a relatively long time and, considering the adverse impacts it may cause, it should be attended to more seriously by all interested parties: governments, the businesses affected and the public. Counterfeiting is no longer a 'victimless' or 'Robin Hood' style of crime, since it has begun to attract the attention of and be associated with organized criminals. As such, effective enforcement of IPRs is a matter of crucial importance and relevance to all countries to overcome and to address this endemic issue.

CHAPTER 4:

THE EXISTING LEGISLATIVE FRAMEWORK FOR THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS: GENERAL OVERVIEW

4.1 Introduction

As discussed in the previous chapter, the increasing in counterfeiting activity facing industry worldwide is expected to continue for quite a long time. Although the extent of the problem remains contentious, the available evidence enables the prediction of the harmful effects it may cause to all the parties concerned (entire countries, individual legitimate businesses and the people at large as consumers). Its scope is tremendous and spans almost every industry, and counterfeit goods may be fatal if involving foodstuffs, medicine, vehicle parts, and so forth. Recognizing the unintended consequences it may trigger, effective legal protection and enforcement are therefore necessary to counter this problem. It is argued that, while effective enforcement is crucial for ensuring the sustainability of the business of rights-holders and in developing national economies, it is also fundamental in supporting consumer choice in purchasing goods, protecting their safety and preventing any anticipated further harm. Due to this significant development, it is suggested here that the time has come for the responsible authorities to strictly enforce existing laws to respond better to this illicit activity.

This Chapter critically examines the reasons why effective protection and enforcement are necessary in the fight against counterfeiting, the types of the enforcement mechanisms currently available at the international level and the existing mechanisms as practised in Malaysia and the UK. The discussion also considers whether or not the current international enforcement mechanisms are adequate and effective in dealing with this problem.

4.2 What is Enforcement?

It is first necessary to consider the meaning of enforcement to establish why this element is important in combating counterfeiting. Generally, the word **enforcement** means “the act or process of compelling compliance with a law, mandate, command, decree or agreement”¹. In compelling compliance, enforcement is often equated with prosecution, a

¹ Garner and others, *Black's law dictionary*, (n.30, chap.3), p.608.

formal legal process in which a court imposes a sanction for violating the law². It is argued, however, that this process is not necessarily subject to formal procedure alone such as by commencing civil or criminal proceedings with a view to, amongst others, ceasing an unlawful activity or claiming compensation for harm done. It may also include informal techniques such as the education of consumers, advice, and negotiation settlement.

In fact, some commentators argue that inducing compliance by negotiation involves elements of exchange between the inspector and firm, and it is motivated by cost-savings to each party from not going to court³. It is best characterized in terms of an “enforcement game/game theory” where strategic bargaining and bargaining power play crucial roles. What the enforcement official must do is persuade the offender that compliance is the cheapest and most convenient course of action, whereas it will be in the offender’s self-interest to persuade the official that compliance is unfeasible or extremely costly⁴.

All formal and informal approaches are therefore considered important in the process of enforcement as long as compliance can be achieved and endorsed by the parties in dispute. Colston and Galloway also, for example, state that enforcement is a product of the combined effect of rules of evidence, procedure, litigation, remedies, criminal offences and systems of alternative dispute resolution⁵. This means that, whatever the form of legal rules, compliance must be induced by some means; the law must be enforced if it is to have any impact. Legal rules and their enforcement shape the incentives and deterrents that attempt to alter the behaviour of those regulated and induce compliance with the law⁶. In this regard, we can say that law enforcement is a society’s formal attempt to obtain compliance with the established rules, regulations and law of that society⁷. In the context of IPRs, all these methods could be used to prevent the infringement of conferred rights or obtain remedies for infringement.

² Abbot C, *Enforcing pollution control regulation: strengthening sanctions and improving deterrence*, (Oxford: Hart, 2009), p.9.

³ Veljanovski CG, ‘The economics of regulatory enforcement’, in Hawkins K and Thomas JM, *Enforcing regulation*, (Boston: Kluwer-Nijhoff, 1984) p.179; Phillips J, ‘How to win at Monopoly: applying game theory to the enforcement of IPRs’, [2007] 2(8) *JIPLP* 540-552, p.542-543.

⁴ Ibid.

⁵ Colston C and Galloway J, *Modern IP law*, 3rd edn, (Oxon: Routledge, 2010) p.775.

⁶ Veljanovski, (n.3), p.171; HM Treasury, ‘Gowers review’, (n.109, chap.3), p.38: “A key aspect of enforcing rights is the existence of credible legal sanctions”.

⁷ Conser JA and others, *Law enforcement in the US*, 2nd edn, (Massachusetts: JBPI, 2005), p.2.

4.3 Why is Enforcement of IPRs Important?

As an agency responsible for the promotion of the protection of IP throughout the world and administering various multilateral treaties dealing with the legal and administrative aspects of IP, the WIPO stresses that the IP protection system is only worthwhile if the right-owners are capable of effectively enforcing their rights, particularly in a world where the infringement of protected rights has accelerated to a hitherto unprecedented extent⁸. This means that they must be able to take action against infringers, not only to recover the losses incurred, but also to call on the state authorities to deal with counterfeiters to prevent further infringement. Otherwise, an IP system will have no value⁹.

4.3.1 Reinforce the Meaning of Law

An efficient IP system must have three elements: appropriate legislation, management mechanisms and enforcement¹⁰. Appropriate legislation provides for a sufficient level of protection in the form of exclusive rights which cover various forms of exploitation of the protected subject matter¹¹. Management mechanisms for trade marks consist of industrial property offices and their operations for the registration of rights. Enforcement is the system of sanctions applied in case the rights offered under the IP law are infringed, thus assuring that the rights are respected¹².

These three elements are consistent with the characteristics of a law as offered by Hart in *The Concept of Law*¹³. According to Hart, law is marked by three essential characteristics:

- (i) In any system of laws, there will be both primary and secondary rules. The primary rules will be directed to everyone falling under the law's jurisdiction and will describe the rules of conduct prescribed by law. These laws will be validated

⁸ __, *WIPO IP handbook: policy, law and use*, 2nd edn, (Geneva: WIPO Publication No.489(E), 2004), p.207 <<http://www.wipo.int/export/sites/www/about-ip/en/iprm/pdf/ch4.pdf>> accessed 05/04/2011.

⁹ Ibid. See Matthews D, 'The Lisbon Treaty, trade agreements and the enforcement of IPRs', [2010] 32(3) *EIPR* 104-112, p.104; Matthews D, 'The fight against counterfeiting and piracy in the bilateral trade agreements of the EU', the briefing paper requested by the European parliament's Committee on International Trade, 26/06/2008, (Brussels: European Parliament, 2008), p.4; Olsson H, 'Fighting piracy in the filed of copyright and related rights: action and remedies', Paper presented at WIPO National Seminar on Copyright, Related Rights and Collective Management, Khartoum, Sudan, 28/02-02/03/2005, WIPO/CR/KRT/05/5: "Without an appropriate system of sanctions, the law is just a particularly teeth-less paper tiger".

¹⁰ Olsson (n.9); Vandoren P and Martins PV, 'The enforcement of IPRs: an EU perspective of a global question', in Pugatch MP (ed), *The IP debate: perspectives from law, economics and political economy*, (Cheltenham: EEPL, 2006), p.74: "IP enforcement... involves drafting of legislation, training of judges, police forces, customs officials and other experts, the setting up of agencies or task forces, public awareness rising and so on".

¹¹ See 3.4.2 on the weaknesses in the current legal system.

¹² Ibid.

¹³ Hart HLA, *The concept of law*, (Oxford: OUP, 1961), as cited in Cragg W, *Practice of punishment: towards a theory of restorative justice*, (London: Routledge, 1992), p.67 .

by secondary rules of three types; 'rules of recognition', 'rules of change' and 'rules of adjudication';

- (ii) A system of rules can properly be called a legal system only if its rules are systematically enforced and generally obeyed;
- (iii) At least some of the officials responsible for administering the system must voluntarily accept that the law is binding on themselves and others over whom the law claims authority. [It is not suggested that corruption is a feature of Malaysian or UK enforcement but its presence would undermine obedience to the rules. Even a reluctance to investigate or take action in the face of more pressing calls on resources may result in sub-optimal enforcement.]

It is apparent here that, to give meaning to a law, it must be enforced so that the existence of the law will provide the benefits expected by the society. Any law will only be meaningful if it is respected by and can be imposed upon society. Indeed, people in any society create rules and regulations on how to conduct themselves in a manner accepted by the majority of the population. In terms of social life, the purpose of law is supposed to be for the protection of society. Law is used as a guideline to facilitate social order so that people may live and interact in an organized and harmonious way¹⁴. This means that, if the rules or laws are violated, the wrongdoer must be charged or punished accordingly to enforce obedience. In fact, "enforceability" is one of the important features that must exist to give meaning to a law. Otherwise, no matter how good the idea in principle is, any law will become meaningless if it is impossible to enforce. Bentham, for example, said that, "laws which impose no obligations or sanctions are not *complete laws* but merely parts of laws"¹⁵.

In terms of protecting IPRs, enforcement is believed to be one of the effective solutions to deal with the infringement issues and in particular to address counterfeiting problems¹⁶. In terms of the "game theory/enforcement game" referred to earlier, it is

¹⁴ See for example Williams G, *Learning the law*, 13th edn, (London: S&M, 2006), p.2: "Law is the cement of society, and an essential medium of change...Knowledge of law increases one's understanding of public affairs, as well as affording some understanding of social values".

¹⁵ Wacks R, *Understanding jurisprudence: an introduction to legal theory*, (Oxford: OUP, 2005), p.57. See Becker GS and Stigler GJ, 'Law enforcement, malfeasance, and compensation of enforcers', (1974) 3(1) *TJLS* 1-18, p.2: "There is a powerful temptation in a society with established values to view any violation of a duly established law as a partial failure of that law"; Chorvat T and McCabe K, 'Law and the brain', (2004) 359(1451) *PTBS* 1727-1736, p.1733: "...For these legal regimes not to collapse, there needs to some mechanism of enforcement which all parties trust".

¹⁶ Avery and others, *Economic impact of counterfeiting*, (n.7, chap.1), p.52: "Laws and regulations can affect the level of counterfeiting and piracy, but only to the extent that they are enforced...if IPRs are not otherwise enforced..., the value of the laws and regulations for the rights holders is diminished."; ICC-BASCAP, (n.75, chap.3); WCO Report, (n.78, chap.3), p.8; ECEIDG, 'Public consultation in preparation of a legal proposal to combat counterfeit medicines for human use', Brussels, 11/03/2008, p.4: "Any

argued that effective enforcement will increase the counterfeiters' cost of doing business, thus reducing the motivation to produce the products and making it harder for consumers to find and purchase them¹⁷. In this sense, it is argued that a reduction in the supply of counterfeits would cause an increase in demand for genuine products and perhaps encourage producers of high-end products (with medium to long commercial life) to provide consumers with an extended range of choice. The incentive to innovate may also enable producers to offer goods with cheaper prices as an alternative for consumers. Indeed, there is also the suggestion that efforts to strengthen IP enforcement regimes should not be viewed only as protecting the legitimate interests of rights-holders and the health, safety and expectations of consumers, but also as long-term investments for the purpose of economic development and society¹⁸.

4.3.2 Damage Caused by Counterfeiting

Apart from reinforcing the meaning of law, the importance of the enforcement of IPRs must also be viewed in terms of the damage done by counterfeiting¹⁹. Its adverse effects on individuals and society as a whole requires a serious enforcement mechanism to be implemented to prevent anticipated greater harm in the future. It is argued, therefore, that the precautionary principle²⁰ as practiced in most enforcement regulations in environmental law should highly be considered in the context of IP matters. This can be done using the existing legal provisions with certain improvements if necessary, such as precautionary seizures of the asset of suspected counterfeiters or by increasing criminal penalties or banning the use of certain ingredients identified as being used in counterfeit food, cosmetic or medicinal products, for instance.

4.3.3 Are there Deficiencies in the Current Law Relating to Counterfeiting?

In addition, the need for enforcement is also closely linked to the question of whether or not there are deficiencies in the existing substantive law relating to counterfeiting. It is generally understood that, despite the fact that most WTO members have adopted legislation implementing the minimum standards as required, the levels of counterfeiting continue to increase every year. In this respect, the main difficulty in the fight against

legislation can only be fully effective if it is thoroughly enforced by the competent authorities...". See 3.4.2 on the weakness in the current legal system.

¹⁷ See Supnik PD, 'Consumer demand for counterfeiting', INTA Counterfeiting Special Report, September 2004, <http://www.inta.org/downloads/SpecialRpt_counterfeiting_2004.pdf > accessed 20/01/2008, p.2.

¹⁸ BASCAP, (n.146, chap.3).

¹⁹ See 3.5 on the impacts of counterfeiting.

²⁰ See for example Cheyne I(a), 'Gateways to the precautionary principle in WTO law', [2007] 19(2) *JEL* 155-172; Cheyne I(b), 'The precautionary principle in EC and WTO law: searching for a common understanding', [2006] 8(4) *ELR* 257-277; *Sara Lee Meats Europe BV v Ladyberg SpA* [2006] *ETMR* 87, para 23 where injunction was granted as precautionary measure for future infringement.

counterfeiting as identified from the evidence gathered thus far is not entirely found in the substantive law, but rather in the means available to and willingness of enforcement agents to apply the law strictly and efficiently. Indeed, as seen earlier, sufficient and effective enforcement has been rated as the highest option that would yield the best result in curbing counterfeiting activities²¹.

4.4 International Enforcement Measures

The influx of counterfeit goods in international markets today is a common phenomenon that has started to become part of our daily life. Although genuine products still dominate the markets, it is believed that counterfeit goods have also penetrated most legitimate distribution chains across international borders. Consequently, we are now more likely to be at risk of using or buying these products by mistake. To overcome this problem, one of the crucial initial efforts is to address the issue at the international level since, assisted partly by the growth of international trade, most of this activity is carried out across international borders²². This development also urges individual countries, whose traders do business in foreign markets which may be governed by different legal systems, to protect their interests or at least have reasonable expectations of the scope of protection of their trademark rights, as well as how and to what extent such rights will be enforced²³.

This is because all forms of IP are territorial in nature and, thus, the laws governing the protection and enforcement of these rights also differ from country to country. While the law only has a national territorial effect, businesses do not recognise territorial boundaries nor do the markets. This creates a gap that may affect the development of IP-related business particularly in terms of the protection offered by foreign countries. In order to assure the growth of economic benefits for all countries, a form of international protection should be established to minimise this gap.

²¹ See 3.4 on the causes of counterfeiting; Teo BK, 'The case for specialised IP Courts: a perspective from a Malaysian IP practitioner', [2007] 2 *MLJ* civiii: "It is generally recognized ...the problem of inefficient enforcement of IPRs has often been cited as one of the major problems faced by foreign IPRs owners."; Chow DCK, 'Enforcement against counterfeiting in the People's Republic of China', (1999-2000) 20 *NJILB* 447-474, p.452-453: "...the central issue today is not with a lack of adequate legal weapons but with the interpretation, application and enforcement of the law..."; International Bar Association (IBA), IP and Entertainment Law Committee, 'International survey on anti-counterfeiting and piracy report', London, September 2008, p.5: "...the barriers in fighting counterfeiting and piracy were the lack of remedies and penalties available; in other words the result of a poorly executed enforcement in connection with gaps in the legal framework".

²² See 3.4 on causes behind counterfeiting activity and 7.2.1 on economic globalization.

²³ See Aplin T and Davis J, *IP law: text, cases and materials*, (Oxford: OUP, 2009), p.14.

As effective enforcement of IPRs is a vital element in relation to the commercial value and importance of trademarks, the internationalization of the trademark scene is therefore an inevitable reflection of the interests of multinational companies and multinational trade that need to be protected²⁴. Governments and industries have also started to attach priority to this issue and are looking for a form of harmonized provisions that binds member countries at the international level²⁵. For this purpose, several international treaties and agreements have been signed since the mid-nineteenth century to facilitate the international protection of trademark rights²⁶, most of which are administered by the WIPO, a specialised agency of the United Nations established in 1974²⁷. The TRIPS Agreement, however, is administered by the WTO²⁸.

4.4.1 Selected International Treaties on Trademark Rights

(a) Paris Convention on the Protection of Industrial Property 1883²⁹

The Paris Convention (PC) is the oldest treaty that set a precedent for the international protection of industrial property, including trademarks. The signatory countries to this Convention are collectively known as the Paris Union³⁰. The Convention was initially signed by 11 countries in 1883, and this had increased to 14 when it came into effect on 7 July 1884 with the participation of the UK, Tunisia and Ecuador, and it now has 173 member countries as at 15 April 2011³¹. Malaysia acceded to the PC on 1 January 1989³². The activities within the Union have produced a number of effective treaties in the administration of trademark, such as the Nice and Vienna classification treaties and

²⁴ Torremans P, *Holyoak & Torremans IP law*, 6th edn, (N.York: UoO, 2010), p.464-465; MacQueen H and others, *Contemporary IP: law and policy*, 2nd edn, (Oxford: OUP, 2010), p.25. See Ilardi A, 'Origin and development of the international protection of IP', Seminar Paper, St. Peter's College, Oxford University, 01/02/2005, <<http://www.oiprc.ox.ac.uk/papers/EJWP0205.pdf>> accessed 12/10/20 08: "...the need for an international regime to protect IP creations can be traced back in history as one of the consequences of the Industrial Revolution...during which new manufacturing techniques and new industrial products were developed and exported, thus increasing commercial and cultural relations between countries".

²⁵ Kunststadt RM, 'Trademarks: not just for the rich and famous', (2008) 3(7) *JIPLP* 451-456, p.456; McDonald G and Roberts C, 'Product piracy: the problem that will not go away', (1994) 3(4) *JPBM* 55-65, p.59.

²⁶ Aplin and Davis, (n.23), p.14; MacQueen and others, (n.24), p.25; Szalewski JS, 'The international protection of trademarks after the TRIPS Agreement', [1998] 9 *DJCL* 189-212, p.190.

²⁷ General information about all 24 WIPO-administered treaties is available at its official website at <<http://www.wipo.int/treaties/en/>>. See also May C, *The WIPO: resurgence and the development agenda*, (London: Routledge, 2007), p.1 and 23.

²⁸ General information about TRIPS Agreement is available at WTO official website: <http://www.wto.org/english/docs_e/legal_e/27-trips_01_e.htm>. See also May, (n.27), p.2; Matthews D, *Globalising IPRs: the TRIPS Agreement*, (London: Routledge, 2002), p.3 and 46.

²⁹ of 20 March 1883, as last revised at Stockholm on 14/07/1967, as amended on 28/09/1979. The full text is available at <http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html>.

³⁰ PC, Art.1(1).

³¹ See list of contracting parties at: <<http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/paris.pdf>>.

³² PC, Notification No. 120, Accession by Malaysia, <http://www.wipo.int/treaties/en/notifications/paris/treaty_paris_120.html> accessed 28/06/2008.

the Madrid system for the international registration of rights (which will not be considered in detail).

The Convention does not establish a uniform comprehensive law for all member countries, but rather provides a flexible framework for the protection of industrial property. In general, the substantive provisions of the Convention fall into three main categories: the national treatment, the right of priority and common rules.

National treatment means that each country contracting to the PC is required under Article 2(1) to grant the same advantages as regards protection of industrial property to nationals of the other member countries as it grants to its own. Pursuant to this provision, if for example, any Malaysian citizen or corporation would like to obtain a trademark right in the UK, where both countries are parties to the Convention, they will obtain the right under the same conditions as a UK citizen or corporation. Article 3 also provides that nationals of non-contracting countries are also entitled to national treatment under the Convention if they are domiciled or have a real and effective industrial or commercial establishment in a contracting country. This principle therefore precludes discrimination between domestic and foreign applicants in its signatory countries³³, be it in relation to the filing or enforcement of industrial property.

One of the reasons why the PC is still important now is the introduction of priority right. This refers to a time-limited right resulting from the first filing of an application for the respective right, which is 6 months for trademark application³⁴. This means that, once a valid application has been filed in one of the member countries (first country), the applicant is given a priority date. The practical effect of the priority right is that the second and any subsequent applications filed in a Union country within the priority period are treated as if filed on the date the first application was filed³⁵. This actually offers an option to the applicant to decide within 6 months in which countries he wishes to request protection without losing the benefit of the earlier filing date, and this discourages speculative applications by would-be copyists.

The system of priority right is available in both subject countries, Malaysia and the UK, as provided in section 70 of the TMA 1976 and section 35 of the TMA 1994 respectively.

³³ See Firth, Lea and Cornford, *Trade marks*, (n.8, chap.3), p.237-238.

³⁴ PC, Arts.4(A)(1), 4(C)(1)(2).

³⁵ Ibid, Art.4B. See Firth, Lea and Cornford, (n.33), p.75.

Foreign countries not party to the Paris Convention, but with whom both countries have an agreement for reciprocal protection of trademarks, may also claim this right³⁶.

The provision of common rules was an attempt to harmonize national laws by enacting their substantive law following the minimum requirements in those rules. Among the most significant provisions concerning trademarks are:

- (i) Cancellation for Non-Use: Article 5C (1) allows for the cancellation of a registered trademark which has not been used after a reasonable period has elapsed. What constitutes a reasonable period is left to domestic law. [The importance of a cancellation mechanism is to prevent the ‘clogging’ of the register and inconvenience to honest traders caused by the protection of unused marks.]
- (ii) Protection for Unregistered Well-Known Marks: Article 6*bis* protects unregistered marks that qualify as “well-known” in a member nation. Union nations are obliged to refuse to register, or to cancel if already registered, and prohibit the use within their territory, of marks liable to create confusion with another trademark already well-known in that country for identical or similar goods. This discourages counterfeiters from pre-empting the entry of genuine products into new geographical markets.
- (iii) State Emblems, Official Hallmarks and Emblems of International Organizations: Article 6*ter* obliges member states to refuse to register, and to cancel and prohibit the use within their territory, of marks that comprise enumerated distinctive signs, such as flags, emblems, hallmarks and the like, of the member countries and certain international organizations.
- (iv) Unfair Competition: Article 10*bis* requires member countries to provide protection against unfair competition including activities which cause confusion, denigration or consumer deception.

Compliance with all of the substantive provisions of the PC is mandatory even for countries which are not yet party to the Convention if they are members of the WTO. In this regard, compliance is mandatory from the date of their application to join the WTO. Article 2 of the TRIPS Agreement requires WTO members to comply with Articles 1 through 12 and 19 of the PC. In Malaysia and the UK, compliance to the PC’s provisions was introduced into the TMA 1976³⁷ and TMA 1994³⁸.

³⁶ TMA 1976, s.70 and TMA 1994, s.36.

³⁷ Amendments in 1994 and 2000.

Apart from this, article 19 of the PC also allows the conclusion of special agreements between member countries. As regards to trademarks, these include the Madrid System and the Trademark Law Treaty³⁹.

(b) Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks 1973⁴⁰

The Vienna Agreement, which was adopted in Vienna, Austria in 1973, has established the Vienna Classification as an international system used to classify the figurative elements of marks. There are only 29 contracting parties to this Agreement as of 15 April 2011. Malaysia joined on 28 September 2007, but the UK has not⁴¹. This Agreement has special significance given that non-verbal figurative marks may be most easily recognised by enforcers in international trade and international counterfeiting as well as by consumers.

The competent offices of the countries that are a party to this Agreement are required to include in the official documents and publications relating to the registration of marks the numbers of the categories, divisions and sections of the Classification assigned to the figurative elements of those marks⁴². However, they may use the International Classification either as a principal or as a subsidiary system⁴³. This means that they are free to consider the International Classification as the sole classification to be used or to use it at the same time as a national classification.

(c) Agreement on Trade-Related Aspects of Intellectual Property Rights 1994⁴⁴

The TRIPS Agreement is Annex 1C of the Marrakesh Agreement Establishing the WTO, signed in Marrakesh, Morocco on 15 April 1994, and it came into force on 1 January 1995. This Agreement covers several aspects of IP including trademarks and counterfeiting, and is administered by and binds all members of the WTO, an international organization dealing with the rules of trade between nations. As of 23 July

³⁸ See Firth, Lea and Cornford, (n.33), p.238; Morcom C, Roughton C and Malynicz S, *The modern law of trade marks*, 3rd edn, (London: LexisNexis, 2008), chapter 25.

³⁹ See Szalewski, (n.26), p.201; Pfluger M, 'Paris Convention' in Cottier T and Veron P (eds), *Concise international and European IP ILaw*, (Alphen aan den Rijn: Kluwer, 2008), p.267.

⁴⁰ of 12 June 1973, as amended on 1 October 1985, and entered into force on 9 August 1985 [hereinafter Vienna Agreement]. The full text is available at <http://www.wipo.int/treaties/en/classification/vienna/trtdocs_wo031.htm>.

⁴¹ See list of contracting parties at: <<http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/vienna.pdf>>.

⁴² Vienna Agreement, Art.4(3).

⁴³ Ibid, Art.4(2).

⁴⁴ See full text at <http://www.wto.org/english/tratop_e/trips_e/t_agm0_e.htm> and list of WTO members and dates of joining WTO as at 23/07/2008 at <http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm>.

2008, 153 countries are Members of the WTO. Both Malaysia and the UK joined on 1 January 1995⁴⁵.

The TRIPS Agreement sets for its members the general minimum standards for IP protection⁴⁶, domestic procedures and remedies for the enforcement of IPRs⁴⁷, and a resolution system for disputes between members⁴⁸. It establishes a single, comprehensive, multilateral set of rules covering all kinds of IPRs.

Section 2 of Part II contains, in articles 15-21, provisions regarding the protection of trademarks. Article 15 introduces a uniform definition of a trademark which had been absent from the PC by requiring distinctiveness as a substantive condition of the protection of a trademark⁴⁹. This provision potentially frees up honest commerce whilst reducing uncertainty as to the validity of marks. Member countries may limit trademark registration to signs which are perceptible visually. However, registration may be made dependent on use, although actual use cannot constitute a condition for the filing of the application⁵⁰. Each trademark must be advertised before or promptly after registration and opposition to the registration must be allowed⁵¹.

Article 16(1) confers an exclusive right to the trademark holder to prevent a third party from using it without his consent in the course of trade, or an identical or similar sign for identical or similar goods or services where such use would result in a likelihood of confusion. Article 16(2) lays down the obligation for member countries to provide protection to well-known marks under Article 6*bis* of the PC for goods and services. In this regard, section 56 of the UK TMA 1994 and section 70B of the Malaysia TMA 1976 conform to this requirement. The application of Article 6*bis* is also extended to the usage of well-known marks for goods which are not identical or similar⁵². Both the UK and Malaysia comply with this obligation by providing similar provisions in section 10(3) of the TMA 1994⁵³ and section 14(1)(e) of TMA 1976 respectively⁵⁴.

Member countries are permitted by Article 17 to provide, in domestic law, limited exceptions to the rights conferred by a trademark by introducing the concept of the fair

⁴⁵ WTO, *Understanding the WTO*, 5th edn, (Geneva: WTO Publications, 2010), p.112. General information on WTO is available at: <http://www.wto.org/english/thewto_e/whatis_e/tif_e/tif_e.htm>.

⁴⁶ TRIPS, Part I.

⁴⁷ Ibid, Parts II and III.

⁴⁸ Ibid, Parts IV-VII.

⁴⁹ Ibid, Art.15(1): Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark.

⁵⁰ Ibid, Art.15(3).

⁵¹ Ibid, Art.15(4).

⁵² Ibid, Art.16(3).

⁵³ See Firth, Lea and Cornford, (n.33), p.241; Morcom, Roughton and Malynicz, (n.38), p.804.

⁵⁴ See Malaysian TMA 1976, s.14(2) and s.70B(3).

use of descriptive terms. In this regard, permitting use of a trader's own name or permitting fair comparative advertising as provided in sections 11(2) (a) and 10(6) of the UK TMA 1994 respectively, fall within the exception. In Malaysia, section 40 of the TMA 1976 lists actions that do not constitute infringements, including the use in good faith of a trader's own name or the name of his place of business.

Article 18 establishes the term of protection at an initial minimum of seven years, and the registration of a trademark is renewable indefinitely. Sections 42(1) and (2) of the UK TMA 1994 provide the initial period of ten years with renewal of further periods of ten years respectively. Likewise, sections 32 and 41 of Malaysia TMA 1976 provide ten-year periods of protection and renewal.

Article 19 deals with requirements as to use, and overlaps to some extent with Article 5C of the Paris Convention⁵⁵. In this respect, a minimum period of three years of non-use must be fulfilled before a registration may be cancelled and the owner must be allowed the possibility of establishing valid reasons for the non-use. Circumstances arising independently of the will of the owner which constitute an obstacle to the use of the trademark, such as import restrictions or other government requirements for goods or services protected by the trademark, are to be recognized as valid reasons. In Malaysia and the UK the provisions of non-use are available in section 46 of both TMAs but in the UK the period of non-use is extended to up to five years⁵⁶.

Article 20 prohibits the unjustifiable encumbering of the use of a trademark by special requirements that may be regarded as unjustified. This may include an indication that the product has been manufactured by a licensee or a restriction of the use with certain products such as tobacco⁵⁷. Article 21 which deals with licensing and assignment, leaves it to members to determine in their domestic law framework, the conditions for the licensing and assignment of trademarks.

Part III of the Agreement is concerned with the enforcement of IPRs generally. The enforcement provisions are of crucial importance since the TRIPS Agreement fills a huge gap in international legislation because this aspect was scarcely mentioned except in very general terms in most of the provisions of its predecessors and was usually left

⁵⁵ See the discussion on PC above.

⁵⁶ TMA 1994, s.46(1)(b).

⁵⁷ See Szalewski, (n.26), p.210; Morcom, Roughton and Malynicz, (n.38), p.805.

essentially up to national legislation⁵⁸. This issue is indeed a key feature of the discussion in this thesis.

Section 1 (Article 41) lays down general obligations applying to all provisions of Part III. Member countries are required to provide for all judicial and administrative procedures and remedies under Part III of this Agreement in respect of the enforcement of IPRs in their national legal systems⁵⁹. Such procedures may be provided by means of civil law, administrative law, or criminal law where appropriate, or a combination thereof that is consistent with the national law provisions, practice and tradition⁶⁰. The objective of these provisions is to offer effective, fast and deterrent measures against all and future types of infringement of protected rights under the TRIPS Agreement, particularly piracy and counterfeiting⁶¹. In assessing “effective measures” in member countries, the WTO panel or the Appellate Body would have to consider that there is no single standard of what constitutes “effectiveness”, since the effectiveness of measures may be differently assessed in different legal systems⁶².

Article 41(2) provides the obligation that any and all relevant judicial procedures concerning the enforcement of IPRs must be fair and equitable. They shall be simple and expeditious in the sense of not being unnecessarily complicated, costly, or involve unreasonable time limits or unwarranted delays. In this respect, member countries must ensure that the same treatment is also available for foreign parties and they should not be subject to any procedures that would complicate the enforcement of rights beyond what is customary for other procedures in the country concerned.

Article 41(3) requires that decisions on the merits of a case shall preferably be in writing and reasoned. They shall also be communicated to the parties to the proceeding without undue delay. These decisions must be based strictly on the weight of the evidence submitted in respect of which parties were offered the opportunity to be heard. This means that a proper system of adversarial procedure is required in this respect⁶³.

⁵⁸ Staehelin A, ‘TRIPS Agreement’, in Cottier and Veron, (n.39), p.118-119; Gervais, *The TRIPS Agreement*, (n.47, chap.3), p.440.

⁵⁹ TRIPS, Art.41(1).

⁶⁰ See Staehelin, (n.58), p.119-120; Gervais, (n.58), p.439.

⁶¹ See Gervais, (n.58), p.441.

⁶² TRIPS Agreement; First preamble(c). See UNCTAD-ICTSD, *Resource book on TRIPS and development*, (N.York: CUP, 2005), p.580.

⁶³ See Staehelin, (n.58), p.121; Gervais, (n.58), p.442.

As regard to final administrative decisions, Article 41(4) stipulates that these must be open for review by a judicial authority⁶⁴. Such an obligation, however, does not apply to reviews of acquittals in criminal cases.

Article 41(5) states that Part III of the Agreement does not create any obligation to put in place a judicial system for the enforcement of IPRs distinct from that for the enforcement of law in general, nor does it affect the capacity of member countries to enforce their law in general. It also does not create any obligation regarding the distribution of resources as between the enforcement of IPRs and the enforcement of law in general. This means that if member countries already have a general law enforcement system, they are not therefore obliged to create a special system of judicial enforcement of IPRs.

Section 2 deals with the issue of civil and administrative procedures and remedies. Articles 42-47 contain provisions regarding fair and equitable procedures and remedies, evidence, injunctions, damages, other remedies and rights of information respectively. Article 48, which provides for the indemnification of the defendant, covers the question of damages suffered by defendants and their costs in situations involving the abuse of enforcement procedure. Article 49 addresses the conditions for civil remedial actions in administrative proceedings.

Section 3, which comprises Article 50, lays down detailed rules regarding provisional measures.

Section 4 of Part III, which consists of Articles 51-60, contains provisions regarding border measures which reinforce the requirements of Articles 9 and 10 of the PC while section 5, which comprises Article 61, requires the provision for criminal procedures in member countries at least in cases of wilful counterfeiting. Part III as a whole contains both mandatory and optional enforcement measures. Preliminary relief, injunctions, declaratory relief, damages, the disposition or destruction of contraband, and criminal sanctions for wilful trademark counterfeiting are mandatory in certain circumstances, while other optional remedies cover the recovery of the infringer's profit, attorney's fees and costs, statutory damages and ex officio border enforcement measures⁶⁵.

In brief, the TRIPS Agreement provides more detailed rules than those contained in the Paris Convention. The provisions of the TRIPS Agreement concerning the enforcement

⁶⁴ See TRIPS, Art.31(j): "any decision relating to the remuneration provided in respect of such use shall be subject to judicial review or other independent review by a distinct higher authority in that Member".

⁶⁵ Dratler J, 'IP law, commercial, creative and industrial property', (1999) *LJP* 1A-115, 110 as cited in UNCTAD-ICTSD, (n.62), p.577.

of IPRs, the issue as to whether those provisions had been implemented in the national laws, and their effectiveness in combating counterfeiting are examined and evaluated in subsequent chapters. Chapter 5 deals with the civil enforcement framework, including the provisional measures, chapter 6 discusses criminal procedures, and chapter 7 addresses the issue of border measures.

4.5 The IP Enforcement System in Malaysia and the UK

4.5.1 *Malaysia*

Despite considerable effort and numerous commitments to protecting IPRs in the country, Malaysia was until 2010 still placed on the USTR Watch List Special 301 report on the ground that some aspects of the enforcement of IPRs continued to represent barriers to U.S. exports and investment. These included continued widespread piracy and counterfeiting, declining IPRs enforcement efforts, and a lack of ex officio initiated IPRs investigations by customs officials⁶⁶. A similar picture is painted by the EU which, until 2009, listed Malaysia among the fourteen “priority countries” with the highest number of counterfeiting issues based on the European Commission IPRs Enforcement Survey conducted in 2006⁶⁷. Apart from creating a negative image for the country, this also suggests reluctance on the part of rights holders to introduce their products onto Malaysian markets and to invest in the Malaysian economy⁶⁸. Although the data used was mainly based on information obtained from industry alone, and may thus have involved bias, Malaysia took these views into account and strengthened and improved the enforcement of IPRs in order to attract the foreign investment which is important for its future economic growth⁶⁹.

Counterfeiting activities in Malaysia have taken place at three levels: local production, importation and exportation⁷⁰. There are many factors contributing to this situation. Apart from the factors discussed in chapter three, the geographical location of Malaysia within the production region of counterfeit goods and its world-class port facility which attracts

⁶⁶ Kirk R, ‘2011 National trade estimate report on foreign trade barriers’, (Report, March 2011), <http://www.ustr.gov/webfm_send/2751> accessed 08/04/2011, p.243-244.

⁶⁷ ECDGT, ‘Evaluation of the IPRs enforcement strategy in third countries’, (Final Report, November 2010), p.1: **Priority 3**: Ukraine, Argentina, Vietnam, Korea, Brazil, Chile, **Malaysia**, Paraguay, Russia.

⁶⁸ See the discussion on research objectives at 1.3; Interview with Schneider, (n.7, chap.1).

⁶⁹ See Bank Negara Malaysia Annual Report 2010, <http://www.bnm.gov.my/files/publication/ar/en/2010/ar2010_book.pdf> accessed 02/06/2011, p.76: “The US is Malaysia’s fourth largest trade partner and accounts for 10% of total trade as at December 2010”; European Commission Trade, ‘Bilateral relations: Malaysia’, <<http://ec.europa.eu/trade/creatingopportunities/bilateralrelations/countries/malaysia/>> accessed 02/06/2011: “Malaysia is the EU’s second trading partner inside ASEAN, behind Singapore, with bilateral trade in goods reaching 31.9 billion euro in 2010. In the same year, Malaysia is the EU’s 22nd largest trading partner (in goods)”.

⁷⁰ European Commission Trade, ‘Malaysia’, (Country Report), <http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc_130425.pdf> accessed 23/01/2011.

legitimate commercial activity have also facilitated the illegal transactions associated with counterfeiting activities⁷¹.

In an effort to promote commercial activities and economic growth in Malaysia, legislation and enforcement have become important elements that need to be emphasized to attract investment into the country. This section discusses the legal provisions on trademarks in Malaysia and its government's efforts to improve the existing provisions from time to time. Malaysia's legal historical background will also be discussed in explaining the nature of the legal system as practised today.

(a) Historical Background of the Malaysian Legal System

The Malaysian legal system is characterised as a pluralistic system. Its laws and legal institutions reflect various stages of Malaysian history and include the laws of pre-colonial Malaysia, the laws and institutions imposed by Britain during its period of colonization and the laws of the subsequent independent Malaysia⁷². Consequently, Malaysian law has several sources and the current legal system in general is heavily influenced by English common law.

During the British colonial era, Malaysia was divided into the Straits Settlements States (SSS) (Penang, Malacca and Singapore), the Federated Malay States (FMS) (Perak, Selangor, Negeri Sembilan and Pahang), the Unfederated Malay States (UFMS) (Johor, Kedah, Kelantan and Terengganu), North Borneo and Sarawak. The British influence on the Malaysian legal system started with the acquisition of Penang in 1786 where English law was made applicable to British subjects, and later the introduction of the Charter of Justice in 1807, 1826 and 1855 which then applied to both British and non-British subjects⁷³. English law was then applied first to Singapore and Malacca⁷⁴ as Straits Settlements States and later extended to other Malay States⁷⁵, either on the advice of the British administrators or through decisions of the judges in the courts. A number of

⁷¹ See 7.5.2 on Malaysia.

⁷² See Bahrin K, 'Insolvency law in Malaysia', in Tomasic R, *Insolvency law in East Asia*, (Farnham: Ashgate, 2007), p.321.

⁷³ Dziauddin H, 'A comparative study of freedom of expression and right to privacy in relation to the press in Malaysia and the UK', (PhD thesis, University of Newcastle upon Tyne, 2006), p.12; Noordin SM and Lim PK, 'An overview of Malaysian legal system and research', February 2008, <<http://www.nyulawglobal.org/globalex/malaysia.htm>> accessed 11/05/2008.

⁷⁴ The reception of English law in Penang has been confirmed by the Privy Council in *Yeap Cheah Neo v Ong Cheng Neo* (1875) LR 6 PC 381, p.392, cited in Ibrahim and Joned, (n.71, chap.2), p.76-77. This case was approved and applied to Singapore in *Isaac Penhas v Tan Soo Eng* [1953] MLJ 73, while in Malacca the leading case of *Rodyk v Willimson* in 1834 which report was lost has been approved by later cases of *In the goods of Abdullah* (1853) 2 Ky Ecc 8 and *Reg. v Willans* (1856) 3 Ky 16.

⁷⁵ Buang S, *Malaysian legal history: cases and materials*, (K.Lumpur: DBP, 1993), p.96; Shuaib FS, 'Towards Malaysian common law: convergence between indigenous norms and common law methods', [2011] 1 LNS(A) ix. See the explanation of reception of English law in Malaysia in *Re Loh Toh Met, Deceased; Kong Lai Fong & Ors v Loh Peng Heng* [1961] 1 LNS 109.

laws which were modelled after English or English-based legislation, such as those from other Commonwealth countries, were also enacted including, for example, the Contract Ordinance which was based on the Indian model⁷⁶.

English law then started to evolve directly or indirectly into a local system and was legitimised in statutes. Section 3 of the Civil Law Act 1956 (CLA 1956) allowed the application of English common law and equity to fill the vacuum left by the absence of written law in force⁷⁷. Section 5 of the CLA 1956 further allowed the application of English law in commercial matters⁷⁸, and thus in relation to trademarks, passing off continues to be available alongside trademark registration in Malaysia.

As a result, the influence of English law continues to be felt in Malaysian society long after independence, as most of the laws enacted are still based either upon English statutes or western ideas or concepts without much effort being undertaken to evaluate their compatibility with Malaysian values and economic conditions or the social needs of the country. This situation, however, has gradually changed in recent years as care has started to be taken to evaluate the appropriateness of foreign influence in enacting new laws⁷⁹. It is argued that this process is necessary in ensuring the effectiveness of such laws and thus it has become an important factor that needs to be dealt with by those responsible for drafting such laws.

⁷⁶ Ibrahim and Joned, (n.74), p.87; Imam, (n.71, chap.2).

⁷⁷ CLA 1956, s.3(1) provides that the Court shall:

- (a) in Peninsular Malaysia or any part thereof, apply the common law of England and the rules of equity as administered in England on the 7 April 1956;
- (b) in Sabah, apply the common law of England and the rules of equity, together with statutes of general application, as administered or in force in England on 1 December 1951;
- (c) in Sarawak, apply the common law of England and the rules of equity, together with statutes of general application, as administered or in force in England on 12 December 1949, subject however to subparagraph (3)(ii): Provided always that the said common law, rules of equity and statutes of general application shall be applied so far only as the circumstances of the States of Malaysia and their respective inhabitants permit and subject to such qualifications as local circumstances render necessary.

⁷⁸ CLA 1956, s.5 provides that:

- (1) In all questions or issues which arise or which have to be decided in the States of Peninsular Malaysia other than Malacca and Penang with respect to the law of partnerships, corporations, banks and banking, principals and agents, carriers by air, land and sea, marine insurance, average, life and fire insurance, and with respect to mercantile law generally, the law to be administered shall be the same as would be administered in England in the like case at the date of the coming into force of this Act, if such question or issue had arisen or had to be decided in England, unless in any case other provision is or shall be made by any written law.
- (2) In all questions or issues which arise or which have to be decided in the States of Malacca, Penang, Sabah and Sarawak with respect to the law concerning any of the matters referred to in subsection (1), the law to be administered shall be the same as would be administered in England in the like case at the corresponding period, if such question or issue had arisen or had to be decided in England, unless in any case other provision is or shall be made by any written law.

⁷⁹ Imam, (n.76); Azmi IM, 'IP laws and Islam in Malaysia', (PhD thesis, Queen Mary and Westfield College, University of London, 1995), p.29.

The development of IP law in Malaysia is also not exempted from the historical effect. In this regard Azmi, for example, argues that the introduction of these laws during colonial times was basically an attempt to enhance colonial interests resulting in the fact that many of the provisions until after independence were based on the English system and therefore generally isolated from Malaysia's actual economic context⁸⁰. This is particularly true in the patent system, as the involvement of local industry assessed in terms of the statistics regarding application and registration alone, remained insignificant until recently⁸¹.

Once again, this is not surprising since Malaysian economic development also has a strong correlation with its historical background, as set up during colonial times. Indeed, among the major aims of the British colonial regime in developing a profitable export economy in Malaya was the establishment of an effective legal and administrative system⁸². As a result, Malaysia's economy in the early period after independence was still dependent on the investment of foreign companies. The situation in the trademarks system, however, is quite different in this sense because the participation of local entrepreneurs is highly competitive when compared to their foreign counterparts⁸³.

(b) Trademark Law in Malaysia: Legislative Background

Trademark law in Malaysia is governed by the Trade Marks Act 1976 (TMA 1976) and the Trade Marks Regulations (TMR) 1997, which came into force on 1st September 1983 and 1st December 1997 respectively. Historically, Malaysian trademark law is also closely linked to the development of trademark law in the UK.

Basic trademark protection was introduced through the Ordinance No.3 of 1888 in the SSS by providing criminal sanctions for users of fraudulent marks⁸⁴. This Ordinance was replaced in 1917 by the Merchandise Marks Ordinance (MMO), which broadened the scope of offences including the counterfeiting of trademarks but retained the essential features of the 1888 ordinance and the subsequent changes made thereto in 1913⁸⁵. A trademark registration-based system was then introduced in the Trade Marks Ordinance

⁸⁰ Azmi, (n.79), p.29; Anton C, 'Malaysia', in Goldstein P, *IP in Asia*, (Dordrecht: Springer, 2008), p.167.

⁸¹ See 'Patent Statistics' at official website of MyIPO: <<http://www.myipo.gov.my/en/resources/statistics/160.html>>. See Lim HG, Azmi IM and Alavi R, 'Reforms towards IP-based economic development in Malaysia', (2009) 12(4) *JWIP* 317–337.

⁸² Andaya BW and Andaya LY, *A history of Malaysia*, 2nd edn, (Basingstoke: Palgrave, 2001), p.212.

⁸³ See 'Trade Mark Statistics' at official website of MyIPO: <<http://www.myipo.gov.my/en/resources/statistics/196.html>>.

⁸⁴ Azmi, (n.79), p.38, Teo BK, *Trade mark law and practice in Malaysia*, (K.Lumpur: Butterworths, 2001), p.5.

⁸⁵ Azmi, (n.79), p.39; Teo, (n.84), p.5.

(TMO) 1938 which came into force in 1939 and was modeled after the UK Trade Marks Act 1938⁸⁶.

Unlike the situation in the SSS, the reception of IP principles occurred much more slowly in the FMS, the UFMS, and the protectorates of North Borneo and Sarawak⁸⁷. In the FMS, trademark protection became available in 1910⁸⁸, while there is no evidence that the same existed in the UFMS except in Johor which introduced its Merchandise Marks Enactment No.4 in 1918⁸⁹. In North Borneo, trademark protection was available in Ordinance No.III of 1891 (1st April 1891) which was later replaced by the MMO in 1928 and amended in 1947⁹⁰. Sarawak also introduced a trademark registration system in 1934⁹¹.

In 1948, the Federation of Malaya was formed, incorporating the SSS and the FMS and UFMS. This led to a consolidation of laws relating to patents, trademarks and designs⁹². For trademark matters, the new TMO 1950 was then introduced and applied to the entire territory of the Federation⁹³, but the laws in North Borneo and Sarawak remain unchanged.

After independence in 1957, Sabah, Sarawak and Singapore⁹⁴ joined the Federation to form Malaysia in 1963. The different historical circumstances during this period account for some of the differences in IP legislation⁹⁵. North Borneo and Sarawak enacted new TMO in 1949 and 1957, respectively⁹⁶. However, in 1976 all these different trademark ordinances and registries in Peninsular Malaysia, Sabah and Sarawak were unified by the new TMA 1976. In order to ensure that Malaysia kept pace with international developments and given the increasing need to protect trademarks against infringing activities, several changes were made to the TMA 1976 and TMR 1997 through amendments in 1994, 2000, 2002, 2007 and 2011.

The amendment in 1994 introduced the registration of trade and service marks in Malaysia⁹⁷. After Malaysia acceded to the TRIPS Agreement in 1994, the Act was

⁸⁶ See Teo, (n.84), chapter 1.

⁸⁷ Anton, (n.80), p.168

⁸⁸ F.M.S. No. 1 of 1910.

⁸⁹ Azmi, (n.79), p.46-47.

⁹⁰ Merchandise Marks (Amendment) No.16 of 1947.

⁹¹ Azmi, (n.79), p.49.

⁹² Ibid, p.50.

⁹³ Teo, (n.84), p.7

⁹⁴ Singapore however separated from Malaysia on 09/08/1965, and became an independent republic.

⁹⁵ Anton, (n.80), p.169.

⁹⁶ Teo, (n.84), p.8

⁹⁷ TMA (Amendment) 1994, (Act A881).

amended again in 2000⁹⁸ to comply with the obligations under the TRIPS Agreement by providing for, *inter alia*, the abolition of Part A and Part B trademarks, the introduction of a border enforcement regime, the protection of well-known marks and the protection of geographical indications. Prior to this amendment, the distinction between Part A and Part B, as also practiced in the UK, was intended to give certain trademarks lesser level of protection until they had become distinctive through sufficient use. In the UK, however, this distinction was abolished in 1994⁹⁹. An amendment in 2002¹⁰⁰, however, did not address any major issues.

As regards TMR 1997, an amendment was made to the Third Schedule of the Regulations in 2007 which dealt with the classification of goods and services¹⁰¹, due to the participation of Malaysia in the Nice and Vienna Agreements on 28 September 2007¹⁰². As a result, new editions of the Nice and Vienna Classifications will be automatically be adopted by Malaysia. In 2011, an amendment was made to the TMR 1997 introducing the expedited examination for the application of trademark registration¹⁰³, e-filing¹⁰⁴ and the new raised fees for registration¹⁰⁵.

(c) Administration of IP Matters and Enforcement Authorities

In the early 1960s, IP matters in Malaysia were administered by Pejabat Cap Dagangan dan Jaminhak, which then changed its name to Pejabat Cap Dagangan dan Paten in 1983 and was placed under the jurisdiction of the then Ministry of Trade and Industry. On 27 October 1990, the Ministry was restructured and the Office was placed under the Ministry of Domestic Trade and Consumer Affairs (which is now known as the Ministry of Domestic Trade, Co-operatives and Consumerism, MDTCC¹⁰⁶) and its name changed to the Intellectual Property Division. Following the enactment of the Intellectual Property Corporation of Malaysia Act 2002 (IPCMA 2002), this division was reconstituted as a statutory body on 3 March 2003 and is now known as the Intellectual Property Corporation of Malaysia (IPCM)¹⁰⁷.

⁹⁸ TMA (Amendment) 2000, (A1078) (into force on 01/08/2001).

⁹⁹ Anton, (n.80), p.170; Bainbridge DI, *IP*, 8th edn, (N.York: Longman, 2010), p.658.

¹⁰⁰ TMA (Amendment) 2002, (Act A1138).

¹⁰¹ TMR (Amendment) 2007.

¹⁰² See 4.4.1 (b) above.

¹⁰³ TMR (Amendment) 2011, Reg.18A.

¹⁰⁴ Ibid, Regs.8A and 8B.

¹⁰⁵ Ibid, amendment of the First Schedule.

¹⁰⁶ The changes in 2009 added the co-operatives and franchise sectors from the former Ministry of Entrepreneur and Co-operative Development which was disbanded. See MDTCC Annual Report 2009, p.6.

¹⁰⁷ IPCMA 2002, ss.3 and 33.

In conjunction with the launch of National IP Day on 3 March 2005, this agency began using the acronym of MyIPO and became responsible for the development and management of the IP system in Malaysia. Pursuant to IPCMA 2002, MyIPO has been given jurisdiction over all issues relating to IP, including the registration of relevant IPRs as well as advising on the review and updating of all the IP legislation in Malaysia¹⁰⁸. It is also responsible for administering all statutes related to IP, comprised of the TMA 1976, Patents Act 1983, Copyright Act 1987, Industrial Designs Act 1996, Geographical Indication Act 2000, Layout Design and Integrated Circuit Act 2000 and Plant Varieties Act 2004¹⁰⁹.

In order to increase its efficiency, particularly in dealing with the registration process, MyIPO has introduced several measures including the employment of more examiners and the introduction of on-line filing systems for trademarks and patents¹¹⁰.

Despite its integral role in administering IP law, MyIPO does not have an enforcement mechanism since this aspect is generally the responsibility of the Enforcement Division of the MDTCC. The Enforcement Division is responsible for the enforcement of nine pieces of legislation on trade, including the important laws for IP enforcement such as the Trade Descriptions Act 1972 (TDA) which has been replaced by the TDA 2011 which came into effect on 1 November 2011¹¹¹, the Trade Descriptions (Original Label) Order 2002 and Optical Discs Act 2000 (ODA)¹¹².

In an effort to curb counterfeiting activities, the Special Task Force for the Eradication of Counterfeit Products was established on October 2006 with the objective to identify the sources and distribution points of these goods so that further action may be taken to close down such premises¹¹³. Within a year after its establishment, there was an increase in the total value of goods seized from about RM43 million in 2006 to more than RM56 million in 2007¹¹⁴.

¹⁰⁸ IPCMA 2002, ss.17 and 18 provide the functions and powers of MyIPO.

¹⁰⁹ See the Corporate Information of MyIPO at its official website <<http://www.myipo.gov.my/en/about-myipo.html>>.

¹¹⁰ MDTCC, (n.106), p.116-117.

¹¹¹ AG's Chambers of Malaysia, 'Appointment of date of coming into operation TDA 2011', Federal Government Gazette, 25/10/2011, P.U.(B) 540.

¹¹² Enforcement Division of MDTCA Biennial Report 2006-2007, p.8 and 16. ODA 2000 is concerned about authenticity by requiring holograms for all CDS/DVDS etc produced in Malaysia. It is believed that counterfeiters have got active in producing fake holograms (despite the difficulty of obtaining evidence), or that they misuse genuine holograms on fake discs (see interview with MDTCA (n.104, chap.3).

¹¹³ MDTCA Biennial Report, (n.112), p.42.

¹¹⁴ See 3.3 on the scale of counterfeiting.

In April 2005, a special Export Unit was established to prevent the exporting of counterfeit goods through Malaysian entry and exit points¹¹⁵. For this purpose, officers have been stationed at these points and in major airports, and they are provided with high-tech scanner machines to facilitate their duties¹¹⁶.

Apart from this, the Enforcement Division has also collaborated with the Motion Picture Association (MPA) for 'Operation Double Trouble', aiming to tackle copyright piracy by using 2 sniffer dogs from Ireland which were jointly sponsored by the Motion Picture Association (MPA), MASKargo Sdn. Bhd. and Animal Hotel¹¹⁷. The operation was launched on 13 March 2007 at Kuala Lumpur International Airport (KLIA), one of the main entry points into the country.

In performing its duties, the Enforcement Division collaborates with other law enforcement agencies, including the Royal Malaysian Police, Royal Malaysian Customs Department and Local Council Authorities¹¹⁸. Where relevant, the operations have occasionally been joined by other government agencies such as the Pharmaceutical Division, Ministry of Health, Energy Commission and SIRIM Bhd. and also representatives from industry¹¹⁹. Such teamwork is important not only to ensure the efficiency of the operations but also to protect the safety of law enforcement officers while performing their duties. The assistance from the police, for example, is necessary when enforcement officers carry out raids in high-risk areas, as they are exposed to threats and violent attacks from those involved in counterfeiting activities¹²⁰.

According to media reports, counterfeiters often refuse to go quietly. In 2005 for example, a group of about 50 men armed with sticks and metal rods attacked enforcement officers raiding a night market, injuring three while another officer was bitten on the face by a suspect¹²¹. The sniffer dogs were also threatened when counterfeit syndicates offered monetary rewards for their death, urging the authorities to place them

¹¹⁵ See Apdal MS, Keynote Address at the Third Global Congress on Combating Counterfeiting and Piracy, Geneva, Switzerland, 30/01/2007, <http://www.ccapcongress.net/archives/Geneva/Files/AP_DAL.pdf> accessed 12/01/2009; MDTCA Biennial Report, (n.112), p.29.

¹¹⁶ Ibid.

¹¹⁷ MDTCA Biennial Report, (n.112), p.36.

¹¹⁸ See MDTCA Biennial Report, (n.112), p.24 and 43; Khalid RRS, 'IP law and administration in Malaysia', Presentation at WIPO Training of Trainers Program on Effective IP Asset Management by SMEs, K.Lumpur, 22/02/2011, <http://www.wipo.int/edocs/.../en/.../wipo_smes_kul_11_ref_theme_08_01.pptx> accessed 30/04/2011.

¹¹⁹ MDTCA Biennial Report, (n.112), p.43.

¹²⁰ Interview with MDTCA, (n.112).

¹²¹ ___, 'Enforcement officers advised to be on guard', Malay Mail, 9 July 2005, p.11; ___, 'DVD 'pirate' bites officer in the face', NST, 03/08/2005, p.17 as cited in Treverton and others, *Film piracy*, (n.105, chap.3), Appendix A, p.39.

in an unknown, safe location¹²². In this regard, apart from providing sufficient power to the enforcement officers in conducting raids such as the power of arrest¹²³, they should also be provided with appropriate weapons to at least defend themselves during operations. Thus, the powers of police are to be combined with the IP expertise of the MDTCC's Enforcement Division.

In situations where further action is required so as to prosecute suspects, cases are referred to the Legal Division of the MDTCC who then prepare appropriate action on the advice of the Malaysian Attorney General's Chambers¹²⁴. Since May 2008, the Legal Division has been restructured with the additional function of prosecuting IP cases in association with the establishment of the Intellectual Property (IP) Court, which amongst other things, required specialised prosecuting officers well-versed in handling such cases¹²⁵.

(d) The Malaysian Court System and the IP Court

The general Malaysian court system consists of superior and subordinate courts. The superior courts are the High Court, Court of Appeal, and the Federal Court, while the Magistrates' Courts and the Sessions Courts are classified as subordinate courts. The hierarchy of courts begins with the Magistrates Court (MCt) at the lowest level, followed by Sessions Court (SCt), High Court (HCt), the Court of Appeal (CoA), and finally, the Federal Court (FCt) as the highest judicial authority and the final court of appeal. There are also various other courts outside of this hierarchy, including the Penghulu's Courts, the Syariah Courts and the Native Courts¹²⁶.

The judiciary is headed by the Chief Justice, followed by the President of the CoA, and the respective Chief Judges for the HCt in Malaya and the HCt in Sabah and Sarawak. As both High Courts are distinct geographically, Article 121 of the Federal Constitution (FC) provides that they have coordinate jurisdiction which creates two separate local jurisdictions of the courts. Where conflicts of jurisdiction arise, the place of the defendant's domicile, residence or establishment determining which court has jurisdiction.

¹²² ___, 'Dogs tackle IP crimes', 1 May 2007, Patrick Mirandah Co., <<http://www.mirandah.com/en/categories/item/119-dogs-tackle-ip-crimes.html>> accessed 12/09/2009.

¹²³ TDA 1972, s.28A.

¹²⁴ See 6.4.1(b) on Malaysian TDA 2011.

¹²⁵ AG's Chambers Tri-Annual Report 2007-2009, p.13-14.

¹²⁶ See Ibrahim and Joned, (n.74), chapter 9.

There are generally two types of trials, criminal and civil. The jurisdictions of the courts in civil or criminal matters are contained in the Subordinate Courts Act 1948 (SCA) and the Courts of Judicature Act 1964 (CJA). As the lowest level, the MCt handles the simplest of cases such as civil claims which do not exceed RM25,000 and minor criminal offences such as traffic offences¹²⁷. The SCt, which is presided over by a Judge of SCt, deals with the next level of civil claims up to RM250,000 and more serious criminal offences which are punishable with up to life imprisonment¹²⁸. They can also try cases involving both civil and criminal matters in the same proceedings, which is in contrast to the system as practised in the UK¹²⁹. The SCt does not have jurisdiction to hear matters specified in section 69 of the SCA, such as application for specific performance, injunction, and so forth.

However, an amendment was proposed in September 2010 to the jurisdiction of the subordinate courts, to increase the power of MCt to hear civil claims from RM25,000 to RM100,000 and in the SCt from RM250,000 to RM1,000,000, and to introduce a new jurisdiction for the SCt to hear cases involving declarations and injunctions which are currently under the jurisdiction of the HCt¹³⁰. The amendment has not yet come into force, but has received various reactions from lawyers and politicians including the Malaysian Bar Council and the opposition Democratic Action Party (DAP)¹³¹. It is worth considering at this point whether or not this amendment is appropriate, in the context of whether or not SCt judges are competent in handling cases under the new proposed jurisdiction. This is because matters such as injunctions have different procedures and effects that the SCt judges are not familiar with. It is obvious that the existing jurisdiction at every level of court is assigned to be appropriate to the ability and experience of the officers of that court, with the simplest matters going to the lowest court and *vice versa*. Thus, are these SCt judges adequately trained and do they have sufficient experience to uphold justice in reaching more complex decisions? If not it is feared that more cases will be appealed to the higher courts¹³², which in the end will not only involve higher costs and longer proceedings, but may also tarnish the image of the judiciary as a whole.

¹²⁷ SCA 1948, ss.85, 87 & 90.

¹²⁸ *Ibid*, ss.63-65.

¹²⁹ *Ibid*, s.62. See 4.5.2(b) on the English Courts System.

¹³⁰ SCA (Amendment) 2010 (D.R. 21/2010), s.7 to amend ss.65(1)(b) & (c), s.65(5) SCA 1948; s.8 to amend s.69 SCA 1948.

¹³¹ See the Debate of SCA (Amendment) Bill, 2010 by Wong Ho Leng at Dewan Rakyat on Wednesday 7th July 2010, <<http://www.dapmalaysia.org/english/2010/jul10/bul/bul4222.htm>> accessed 12/01/2011; Khoo A, 'Can justice be all things for all purposes?', 19 August 2010, <http://www.malaysianbar.org.my/human_rights/can_justice_be_all_things_for_all_purposes_.html> accessed 12/01/2011; __, 'Changes to laws will boost justice system', NST, 02/01/2011, <www.nst.com.my/nst/articles/7lawn/Article/art_pos.html> accessed 12/01/2011.

¹³² See Yaacob SN, 'Administration of justice - procedural reforms on court congestion', [1981] *CLJ* 16: "The shortage of trained and qualified personnel is another factor contributing to the backlog of cases".

Appeals from the subordinate courts shall go to the HCt with a judge sitting alone¹³³. The HCt has an original jurisdiction to hear civil claims and criminal offences on which the subordinate courts have no jurisdiction. For example, it can hear an injunction application and criminal offences punishable with death¹³⁴. Appeals from the HCt pass to the CoA which sits with a panel of three judges¹³⁵. The FCt is the apex court which hears civil appeals from the CoA after leave has been granted and also criminal appeals involving the death penalty¹³⁶. Every proceeding in the FCt is heard by three judges or such a greater uneven number of judges as the Chief Justice may determine in particular cases¹³⁷. The hierarchy of courts and their jurisdiction can be summarized as in Table 4.1.

As part of the strategy under the new National Intellectual Property Policy (NIPP) declared on 27 April 2007¹³⁸, the Malaysian government established and officially launched specialized IP courts on 17 July 2007, as approved earlier by the Cabinet on 6 June 2007¹³⁹. The new courts consist of 15 IP SCts with at least one in all 13 states, including the administrative capital Putrajaya, with criminal jurisdiction to deal primarily with counterfeiting and piracy cases.

There are also 6 HCts that sit as special designated courts with both civil and appellate jurisdictions in states with the highest number of IP infringement cases, namely Kuala Lumpur, Selangor, Johor, Perak, Sabah and Sarawak, as these are big cities which have international and entrepreneurial populaces¹⁴⁰. The set-up of the IP Courts is in line with the existing hierarchy of courts where specialized IP SCts handle criminal cases and IP HCts handle civil cases, thus bypassing the need to amend the FC¹⁴¹.

¹³³ CJA 1964, s.19.

¹³⁴ Ibid, ss.22-25.

¹³⁵ Ibid, s.38.

¹³⁶ Ibid, ss.87 & 96.

¹³⁷ Ibid, s.74.

¹³⁸ See 5.1(v) of the NIPP, the policy is available at the MDTCC official website at <<http://www.kpdnkk.gov.my/web/quest/kpdnkk/dasar-kementerian/harta-intelek-negara>>.

¹³⁹ MDTCA Biennial Report, (n.112), p.37; MDTCA Annual Report 2007, p.168-169; The Star online, 'Setting up IP Courts shows commitment, says Shafie', 18/07/2007, <<http://thestar.com.my/news/story.asp?file=/2007/7/18/nation/18333876&sec=nation>> accessed 12/01/2008; Lanong J, 'Mahkamah Harta Intelek capai matlamat', 15/04/2008, <<http://web10.bernama.com/hpm08/newsbm.php?id=326846>> accessed 21/06/2009.

¹⁴⁰ Ibid. See interview with MDTCA (n.112).

¹⁴¹ Azmi IMAG, 'Development of law in Asia: divergence versus convergence. Copyright piracy and the prosecution of copyright offences and the adjudication of IP cases: is there a need for a special IP court in Malaysia?', in Torremans P (ed), *Copyright law: a handbook of contemporary research*, (Cheltenham: EEPL, 2007), 402-425, p.422: "Creating an independent IP Court of equal status to the existing HCts would not be possible unless amendments to Article 121 of the FC are effected. The main umbrella act that governs the jurisdiction of courts in Malaysia, i.e the CJA, would have to be revamped".

Table 4.1: The Malaysian Court System

Federal Court [Art.121(2) Federal Constitution (FC) & Part IV Courts of Judicature Act 1964 (CJA)]			
Original Jurisdiction <u>Art.128(1) FC:</u> - Determine validity of laws passed - Determine inter-government disputes	Appellate Jurisdiction <u>Ss.87 & 96 CJA:</u> Hears appeals from the Court of Appeal in both civil and criminal matters.	Advisory Jurisdiction <u>Art.130 FC:</u> To advise YDPA on constitutional matters	Referral Power <u>Art.128(2) FC:</u> To hear and determine cases referred to it by another court on constitutional matters
Court of Appeal [Art.121(1B) FC & Part III CJA]			
Appellate Jurisdiction <u>Ss.50, 67 & 68 CJA:</u> Hears appeals from the High Court in both civil and criminal matters except in cases where the amount or value of the subject-matter of the claim is less than RM250,000			
High Court [Arts.121(1) and 122AA(1) FC & Part II CJA]			
Original Jurisdiction CJA: Hears all civil and criminal cases on which the subordinates courts have no jurisdiction - <u>S.22:</u> Criminal matters - <u>S.23:</u> Civil matters - <u>S.24:</u> Specific civil matters in cases involving divorce, matrimonial causes, bankruptcy, winding-up etc - <u>S.25 & Schedule:</u> Additional powers to issue directions, orders or writs, including mandamus, injunction, certiorari, prohibition etc.	Appellate Jurisdiction <u>Ss.27 & 28(1) CJA:</u> Hears civil appeals where the amount in dispute or value of subject-matter is more than RM10,000 except on a question of law. <u>S.26 CJA:</u> Hears criminal appeals from the Magistrates and Sessions Courts.	Advisory Jurisdiction <u>S.30 CJA:</u> To advise all subordinates courts on matters pertaining to constitutional issues	Revisionary Power <u>Ss.31-33, 35 CJA:</u> Revise subordinates courts' decision in criminal and civil cases.
Sessions Court [Part VI Subordinate Courts Act 1948 (SCA)]			
Civil Jurisdiction <u>S.65 SCA:</u> - unlimited jurisdiction to try all actions and suits of a civil nature in respect of motor vehicle accidents, landlord and tenant and distress - jurisdiction to try all other actions and suits of a civil nature where the amount in dispute or the value of the subject matter between RM25,000 - RM250,000. <u>S.69 SCA:</u> exceptions - no jurisdiction in applications for specific performance or rescission of contracts, injunction, enforcement of trust, etc as these are all within the jurisdiction of the High Court ¹⁴² .	Criminal Jurisdiction <u>S.63 SCA:</u> To try all offences except offences punishable with death. <u>S.64 SCA:</u> May pass all sentences allowed by law except death sentence.		
Magistrates Court [Part VII SCA 1948]			
Civil Jurisdiction <u>S.90 SCA:</u> Hear cases when the amount in dispute does not exceed RM25,000.	Criminal Jurisdiction <u>S.85 SCA:</u> Hear cases where the offence is punishable by a fine only - this would cover the majority of traffic offences. <u>S.87 SCA:</u> Pass any sentence not exceeding five years' imprisonment; a fine of RM10,000; 12 strokes of whipping or any combining sentence.		

Prior to this establishment, the specialisation of courts had already been practised in the HCt in Malaya by categorisation into criminal, civil, commercial, appellate and special powers and family divisions; IP matters being heard in the commercial division¹⁴³. In fact, specialisation in this context is not uncommon, also being practised in other countries. In the UK, for example, the specialisation of courts has been practised since the early 1980s. The High Court of England and Wales, for example, had been divided into a

¹⁴² Consultation on proposed amendments to remove the exceptions from the SCts' civil jurisdiction was provoked vigorous debate with the Malaysian Bar Council not least as to the Session Court Judges' lack of experience in making these far-reaching decisions (see n.131 above).

¹⁴³ See information on Malaysian Judicial Structure at: <<http://www.kehakiman.gov.my/courts/judicialEN.shtml>>.

Chancery Division that contains a Patents Court, a Queen's Bench Division that contains an Admiralty Court, and a Commercial Court and Family Division. Criminal matters are tried separately at Crown Court and the Court of Appeal has a specialised Criminal Division¹⁴⁴.

As IP Courts in Malaysia were established within the existing system, the jurisdiction of the court also remains the same. This means that the claimant in civil cases, for example, may apply for injunctive relief, which only the HCt has the jurisdiction to grant¹⁴⁵, by using the same processes and procedures as other civil applications. The practise is also consistent with the provisions of Article 41(5) of the TRIPS Agreement which allows member countries to use the existing judicial system in enforcing IPRs matters¹⁴⁶.

The establishment of the IP Court is intended, *inter alia*, to remove Malaysia from the international watch-list for IP offences, to reduce the backlog of IP cases, and to provide speedier and more effective remedies to the owners of IP rights as well as contributing towards eradicating IP infringement in the country¹⁴⁷. One can infer that it is also better for defendants in IP cases to have their cases tried by a knowledgeable tribunal. In this respect, it is argued that the existence of specialised courts which allow the judges to concentrate on IP matters alone may expedite the disposal of IP cases. When judges are familiar with the particular area of law, core issues may be identified more quickly and accurately, and the hearing of cases may be shortened thus reducing costs for litigants, courts and administrative staff. It is also important for the development of career paths for the IP judges appointed. Combined with the fact that Malaysia's IP legislation is already in place and conforms to the international standards as required, it is likely that these courts may be able to increase the effectiveness of existing enforcement mechanisms. However, this can only be achieved if all the parties concerned are well trained in this respect.

For this purpose, judges previously tasked with IP in SCt and court personnel have been appointed to the new IP SCt, and the government has also allocated a generous sum for

¹⁴⁴ See 4.5.2 (b) below; Arnold R, 'Case management, judicial specialisation and IP litigation', [2010] 29(4) CJK 478-490, p.487-488.

¹⁴⁵ See CJA 1964, s.25(2) and Schedule of the Act on additional powers of High Court; RHC 1980.

¹⁴⁶ See 4.4.1(c) on TRIPS Agreement above.

¹⁴⁷ Ibid. See Khairul Fazli Abdul Kadir, 'The establishment of the IP Court in Malaysia', (2008) Azmi & Associates Publication, <http://www.azmilaw.com.my/Article/The_Establishment_of_the_Intellectual_Property_Court_in_Malaysia.pdf> accessed 20/02/2009; Velaigam M, 'New Malaysia courts to clear IP backlog', 16 July 2007, <<http://www.thelawyer.com/new-malaysia-courts-to-clear-ipbacklog/127244.article>> accessed 12/01/2008.

the training of prosecutors, legal officers and members of the judiciary on IP law¹⁴⁸. According to media reports, IP Courts have successfully disposed of almost 70% of registered IP cases in 2008, a significant improvement when compared to about 14% in the previous year¹⁴⁹. Although it is possibly premature to assess the effectiveness of IP Courts as yet, it appears that a considerable backlog of cases has been disposed thus far. For example, there were a total of 2348 IP cases in the subordinate courts throughout the country as of 30 June 2007 and a total of 1336 were still pending as at 1 July 2007¹⁵⁰. However, as at 15th October 2009, 260 IP-related cases in the IP HCt had been resolved out of 427 cases that were registered. A total of 167 cases were still in progress. This shows that more than 50% of the IP-related cases had been successfully dealt with in less than three years¹⁵¹ and therefore the establishment of the IP courts shows a serious commitment of the Malaysian government to the protection and enforcement of IP rights as well as reaping benefits of speeding up the resolution of cases from the defendants' point of view.

(e) Enforcement of IPRs

All IPRs generally grant the owners the exclusive rights to prevent third parties from exploiting their rights. In terms of trademarks, this right is conferred to the proprietor through registration, thus entitling them to sue for infringement¹⁵². Likewise, in cases of unregistered trademarks, the remedy is to sue for passing off¹⁵³.

Section 36 of the TMA 1976 states that, the registration of a person as the proprietor of a trademark is prima facie evidence of the validity of the original registration of that mark in Malaysia and of all subsequent assignments and other transmissions of it¹⁵⁴. Registration therefore confers an exclusive right to the owners to exploit his mark¹⁵⁵. In Malaysia, the registered owner has the following options to enforce their rights:

¹⁴⁸ Interview with Deputy DGI for Industrial Property, MyIPO, K.Lumpur, 22 July 2009. See also 'Judicial staff complete course', *Daily Express* Monday, 07/12/2009, <<http://www.dailyexpress.com.my/news.cfm?NewsID=69309>> accessed 23/01/2010, where it was reported that 47 judiciary and AG's Chambers officers completed the Certificate Course on IP Law organised by MyIPO which was to equip the officers of the IP Court with the necessary knowledge on IP law. The first batch, comprising 34 officers completed the programme in 2008.

¹⁴⁹ Lanong, (n.139).

¹⁵⁰ See Annual Report of the Superior and Subordinate Courts in Malaysia 2006/2007, p.95-136: A total of 1221 IP cases pending as at 30/06/2006 and 1127 were registered from 01/07/2006-30/06/2007.

¹⁵¹ See Office of the United States Trade Representative, '2010 Special 301 Report', 30 April 2010, p.8, <<http://www.mpa.org/Resources/a12d0045-7f7b-4c46-9264-814be5855cd9.pdf>> accessed 20/03/ 2011.

¹⁵² TMA 1976, s.82(1) state that no one is entitled to sue for infringement unless the mark has been duly registered while section 38 lays down the actions constitute as infringement of a trademark.

¹⁵³ See 3.2.1. In Malaysia, rights in unregistered marks are protected under TMA 1976, s.82(2) which allows passing off actions.

¹⁵⁴ Similar provision in TMA 1994, s.72.

¹⁵⁵ TMA 1976, s.35.

- (i) civil proceedings;
- (ii) criminal proceedings;
- (iii) administrative action;
- (iv) border measures.

(i) Civil Proceedings¹⁵⁶

A civil claim is the traditional legal measure to prevent and curb any infringement of the proprietor's trademark rights and passing off. As IP is a private right, the owner may initiate civil proceedings against a person who has infringed his or her IPRs in the High Court and seek to enforce exclusivity.

Civil proceedings have a complementary function in the sense that they have been used to determine which party is in the right, and thus the party in the wrong must then compensate the other for any loss or damage. For this purpose, the various remedies that are available include damages, accounts of profit, injunction (which is possibly the most important remedy of all in obstructing further infringement), delivery up, order for disposal, and any other legal remedies.

(ii) Criminal Proceedings¹⁵⁷

The enforcement of criminal IP cases is within the jurisdiction of the Enforcement Division of the MDTCC, where the Enforcement Officers would take the necessary action upon receiving complaints from the IP owner. In this respect, criminal sanctions for counterfeiting are available under the TDA 2011¹⁵⁸. Section 5 of the TDA provides for penal consequences where any person applies a false trade description to any goods or supplies or offers to supply any goods, or exposes for supply or has in his possession, custody or control for supply any goods to which a false trade description is applied.

In cases where the offending trademark is not identical to the registered trademark, section 9 of the TDA requires the proprietor to obtain a Trade Description Order (TDO) from the HCt before lodging a complaint with the Enforcement Division. This order is declaratory in nature but, pursuant to section 9(4), it is admissible in evidence in any proceedings under section 8 (prohibition of false trade description to trademark) in which it is relevant as conclusive of a false trade description.

¹⁵⁶ See chapter 5 on civil proceedings.

¹⁵⁷ See 6.4.1(b) on TDA 2011.

¹⁵⁸ Ibid.

It is submitted that a TDO in this respect differs from that in the UK position, as an action under its Consumer Protection from Unfair Trading Regulations (CPUTR) 2008 can only be pursued by the enforcement authorities such as the Trading Standards office and not by consumers or their organisations.

(iii) Administrative Action

Apart from judicial measures, the proprietor may also apply for administrative measures in certain cases. For example, the use of trademarks on signboards without consent from the trademark owner can be stopped by notifying the local city councils, as they are responsible for the licensing and approval of signboards¹⁵⁹. In Malaysia, the relevant statute regarding advertising is the Communications and Multimedia Act 1998 while the Malaysia Advertising Standards Authority (ASA), an independent self-regulatory system established by the industry in 1977, is responsible for promoting and enforcing high ethical standards in advertisements¹⁶⁰. The ASA introduced the Malaysian Code of Advertising Practice (MCAP), which provides, amongst other things, a prohibition of advertisements containing matters that infringe IPRs¹⁶¹. Thus, a complaint may also be made to this body if the advertiser is a member of the ASA.

(iv) Border Measures¹⁶²

The proprietor may also intercept counterfeit goods at the point of entry to the country by applying to the Registrar of Trademarks for an order to restrict such import. The Customs officers have jurisdiction to stop the importation of counterfeit goods pursuant to the provisions of Part XIVA of the TMA 1976. In Malaysia, a few other government agencies are also involved in enforcing border measures, including the Enforcement Division of the MDTCA, the Royal Police Department and the local authorities.

¹⁵⁹ In Malaysia, the Licensing Department of K.Lumpur City Hall is responsible for issuing licenses for business premises, advertising, entertainment, car parks, liquor and a variety of other licenses. See general information at: <http://www.dbkl.gov.my/portals7/index.php?option=com_content&view=article&id=139&Itemid=203&lang=en>; Kandiah, (n.36, chap.1), p.93.

¹⁶⁰ General information about ASA Malaysia is available at: <<http://www.asa.org.my/about.htm>>.

¹⁶¹ MCAP para 4.2.1: "Advertisements should not contain any statements or visual presentation which directly or by implication, omission, ambiguity, or exaggerated claim, is likely to mislead the consumer about the product advertised, the advertiser, or about any other product or advertiser, in particular with regard to (vi) Copyright and industrial property rights such as patents, trademarks, designs and models, and trade names."

¹⁶² See chapter 7 on border measures.

(e) Litigation: Who Has Standing and Who Can Be Sued?

In commencing any lawsuit, other than having a valid cause of action, the questions of who has standing and who can be sued are also crucial in determining the success of the case. This means that only parties who have a genuine interest and a valid reason in the dispute may initiate such proceedings in court. The reason for this limitation can be seen in the decision of the Supreme Court (as it was then) in *Government of Malaysia v Lim Kit Siang*¹⁶³:

“Every legal system has a built-in mechanism to protect its judicial process from abuse by busy-bodies, cranks and other mischief-makers by insisting that a plaintiff should have a special interest in the proceedings which he institutes. This special interest is a nexus between him and the party against whom he brings his complaints to court and is known as *locus standi*”.

Thus, the obvious person to bring proceedings for infringement of IPRs in general is the owner at law¹⁶⁴. In trademark infringement cases in Malaysia, this may include the proprietor of the trademark¹⁶⁵, joint proprietors¹⁶⁶ and the registered user¹⁶⁷, joining other interested parties¹⁶⁸.

In *Chocosuisse Union des Fabricants Suisses de Chocolat (a co-operative society formed under title XXIX of the Swiss Code of Obligations) v Maestro Swiss Chocolate Sdn. Bhd.*¹⁶⁹, the Kuala Lumpur High Court held that in an action for passing off, a plaintiff must prove that it has established goodwill and reputation in relation to the business it conducts with its given products of contention. As the first plaintiff in this case was a trade association for a Switzerland-based chocolate manufacturer who did not sell or manufacture chocolates, there was no business interest or goodwill which the society was entitled to protect in an action in Malaysia for passing off against the defendants.

¹⁶³ [1988] 2 MLJ 12, p.20.

¹⁶⁴ Cornish, Llewelyn and Aplin, *IP*, (n.8, chap.3), p.58.

¹⁶⁵ TMA 1976, s.35; *York Pacific Holdings Ltd v U-Re Auto Sdn Bhd* [1998] 5 MLJ 84. In fact, the application under TDA 1972, s.16(1) also requires that the applicant must be the proprietor or registered user of a registered trademark as held by the FCt in *Socoil Corporation Bhd v Ng Foo Chong* [1980] 1 LNS 170, which was affirmed by the Privy Council (at [1984] 2 MLJ 85), which states: “...under the above section any person having a registered trademark who can show that his rights in such trademark are being infringed in the course of trade may apply to the HCt for an order declaring that the infringing trademark is a false trade description...”.

¹⁶⁶ TMA 1976, s.21(1).

¹⁶⁷ *Ibid*, ss.48 and 51. Pursuant to section 51(1), the registered user is entitled to call upon the registered proprietor to take proceedings for infringement of the trademark, and if the registered proprietor refuses or neglects to do so within two months after being so called upon, the registered user may institute proceedings for infringement in his own name as if he were the registered proprietor and shall make the registered proprietor a defendant.

¹⁶⁸ RHC 1980, O.15 r.4 provides that two or more persons may be joined together in one action as plaintiffs or defendants with the leave of the court. In *Sanmaru Overseas Marketing Sdn Bhd v Pt Indofood Interna Corp* [2009] 3 CLJ 10, para 26, the CoA held that: “...the powers of the court under O. 20 r. 5, read together with O. 15 r. 6, of the RHC 1980 include the power to give leave to add a party or to amend any pleading even after the expiry of any relevant period of limitation or to add a new cause of action...”.

¹⁶⁹ [2010] 3 MLJ 676.

For this reason, the first plaintiff therefore had no *locus standi* to sue in its own right against the defendant¹⁷⁰.

In *Syarikat Zamani Hj Tamin Sdn Bhd v Yong Sze Fun*¹⁷¹, the High Court held that the evidence that the plaintiffs had taken over the businesses of their predecessors in title thereby according them all goodwill associated therewith entitled them to have the relevant and necessary *locus standi* to commence a passing off action against the defendant¹⁷².

Section 38(1) of the TMA 1976 defines the nature of the exclusive rights owned by the trademark proprietor¹⁷³; thus a person who performs such rights without the proprietor's consent will be liable for the infringement of such rights. The proceedings against a defendant may be commenced at the appropriate court that has jurisdiction to hear such cases as discussed above¹⁷⁴.

4.5.2 United Kingdom

(a) Brief History and Development of Trademark Law in the UK

Trademarks have been protected for many years in the UK either through registration in accordance with the Trade Marks Act (TMA), or by the common law action of passing off, or indeed, by both. Under this dual system, registered and unregistered marks co-existed and were largely complementary¹⁷⁵.

In terms of protection through registration, the first statute was the Trade Marks Registration Act 1875 (1875 Act), which established a registration of marks for all classes of goods. Section 10 of this Act characterised a registrable trademark as 'a device, or mark, or name of an individual or firm printed in some particular and distinctive manner; or a written signature or copy of a written signature of an individual or firm; or a distinctive label or ticket'¹⁷⁶. To be registrable, the mark had to comply with at least one essential requirement, but any word or name that was in use as a trademark before the

¹⁷⁰ Ibid, para 30. In the UK, the CoA in *Chocosuisse Union des Fabricants Suisses de Chocolat v Cadbury Ltd* [1999] RPC 826 held that the first plaintiff had no standing to sue.

¹⁷¹ [2006] 5 MLJ 262.

¹⁷² Ibid, para 88.

¹⁷³ See requirements in establishing an infringement as laid down by the court in *Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port* [1989] 1 CLJ 919; [1989] 1 CLJ (Rep) 537 as discussed at 6.4.2.

¹⁷⁴ See discussion on Malaysian Court System above.

¹⁷⁵ Cornish, Llewelyn and Aplin, (n.164), p.643; Firth, Lea and Cornford, (n.33), p.41; Michaels A, *A practical approach to trade mark law*, 4th edn, (Oxford: OUP, 2010), p.1. See also Ni Shuilleabhain M, 'Common-law protection of trademarks - the continuing relevance of passing off', [2003] 34(7) *IIC* 722-750.

¹⁷⁶ See Cornish, Llewelyn and Aplin, (n.164), p.642-643; Firth, Lea and Cornford, (n.33), p.39; Bently, Ginsburg and Davis (eds), *Trademarks and brands*, (n.8, chap.3), chapter 1.

passing of the 1875 Act was entitled to registration, whether or not the mark fulfilled these criteria¹⁷⁷.

In 1883, the Patents, Designs and Trade Marks Act substantially revised trademark law, reducing the cost of application and including the facility to register 'fancy words not in common use' and 'brands' as new marks for the first time¹⁷⁸. Further major trademark legislation was passed in 1888, 1905, 1919 and 1938, the last of which remained in force until it was superseded in 1994¹⁷⁹. The 1888 and 1905 Acts refined further the definitions of a trademark. The 1919 Act divided the trademark register into Parts A and B, each of which had different registration criteria until this complexity was removed by the 1994 Act, and the 1938 Act (clause 27) facilitated protection from infringement for the invented brand name¹⁸⁰.

The current statute, the TMA 1994, established a new regime for trademark registration, made provisions for the Community trademark (CTM), and also allowed access to international registration through the Madrid Protocol¹⁸¹. The TMA should be interpreted in accordance with the Directive¹⁸² for the UK registered trademark, and the Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trademark (CTMR), for cases relating to CTM. In order to bring the TMA 1994, which came into force on 31 October 1994, in line with acceptable modern practices, a few amendments have also been made. In terms of the enforcement against counterfeiting activity, the Copyright, etc. and Trade Marks (Offences and Enforcement) Act 2002¹⁸³, for example, brings into line the penalties throughout the UK for criminal offences and penalties. The amendment includes changes to improve existing and introducing new police search and seizure powers in cases where illegal goods are made for sale and in cases of offences under IP law¹⁸⁴.

¹⁷⁷ Ibid.

¹⁷⁸ Clause 64 of the Act, cited in Mercer J, 'A mark of distinction: branding and trademark law in the UK from the 1860s', (2010) *BH* 52(1) 17-42, p.22.

¹⁷⁹ Bainbridge, (n.99), p.658-659; Firth, Lea and Cornford, (n.33), p.40-41; Cornish, Llewelyn and Aplin, (n.164), p.644-645; Mercer, (n.178), p.23-25.

¹⁸⁰ Ibid. See 4.5.1 (b) above on trademark law in Malaysia.

¹⁸¹ Ibid. For a discussion on European trade law, see Rosler H, 'The rationale for European trademark protection', [2007] 29(3) *EIPR* 100-107,

¹⁸² First Directive 89/104/EEC of the Council, of 21 December 1988, to Approximate the Laws of the Member States Relating to Trade Marks (OJ EC No L 40 of 11.2.1989, p.1) is aimed at harmonising trademark law throughout the European Community.

¹⁸³ Came into force on 20/11/2002. See Richards T, 'Trade marks - a round up of some recent developments', [2008] 13(5) *Comms.L.* 151-154 on trademark developments including the TM Rules 2008 (in force 01/10/2008) and the likelihood of confusion in infringement actions,

¹⁸⁴ TMA 1994, s.92A provides for search warrants.

(b) The English Court System and Patents County Court

Before discussing further the English court system, it is worth at this point noting that the UK and Northern Ireland is composed of three legal jurisdictions¹⁸⁵:

- (i) England and Wales is a common law jurisdiction¹⁸⁶;
- (ii) Northern Ireland is also a common law jurisdiction;
- (iii) Scotland practises a mixed jurisdiction of both civil law and common law.

The court system in England and Wales (English Courts) generally consists of the Magistrates' Court (MC) and County Courts (CoC) as inferior courts and the Crown Court (CrC), High Court of Justice (HC), Court of Appeal (CA) and Supreme Court (SC) as superior courts. As with the general Malaysian Court system, the lowest in the hierarchy of English Courts is the MC and the SC is the final court of appeal for all UK civil and criminal cases from England, Wales and Northern Ireland¹⁸⁷. The hierarchy principle means that each court will act according to its place in the hierarchy and has responsibilities to those above and below it¹⁸⁸.

The inferior judges consist of circuit judges, recorders and district judges including those at magistrates' court whose powers are defined by statute¹⁸⁹. The senior judges as listed in section 60 of the Constitutional Reform Act (CRA) 2005 include the Lord Chief Justice (LCJ), Master of the Rolls, President of the Supreme Court, President of the Family Division, Chancellor of the HC and President of the Queen's Bench Division. The judiciary in England and Wales is headed by the LCJ who is the most senior member of the judiciary.

In general, there are separate systems of courts dealing with civil and criminal cases. Most civil cases are heard either in the MC, CoC or the HC. The CoC deals with various types of civil cases including small claims actions and other civil litigation that is subject to the nature of claims such as personal injury cases where the claim is under £50,000,

¹⁸⁵ Firth, Lea and Cornford, (n.33), p.102.

¹⁸⁶ For the purpose of comparing with the Malaysian court system, the general court system in this thesis however concentrates primarily on England & Wales.

¹⁸⁷ Treaty establishing the EEC (Treaty of Rome; renamed Treaty on the functioning of the EU in 2009) of 1957 (EEC Treaty 1957), Art.220: the ECJ become the ultimate authority on European law. Art.234 empowers the ECJ to hear references from national courts for preliminary rulings to clarify the scope and meaning of European law, thus ensuring the uniformity of law throughout the EU as ECJ's rulings are binding on courts in all Member States. The UK joined the EEC in 1973. Furthermore, as European law has been enacted into English law under the European Communities Act 1972, the decisions of ECJ have also direct authority in the English jurisdiction. See Slapper G and Kelly D, *The English legal system*, 12th edn, (Oxon: Routledge, 2011), p.179.

¹⁸⁸ Gillespie, (n.69, chap.2), p.70

¹⁸⁹ Slapper and Kelly (n.187) and Gillespie (n.188).

or general actions under £25,000¹⁹⁰. It does not, therefore, have inherent equitable jurisdiction, such as over breach of confidence and the power to award injunctive relief.

The HC has three administrative divisions: the Chancery Division (ChD), the Queen's Bench Division (QBD) and the Family Division (FD), each having Divisional Courts¹⁹¹. Both the ChD and QBD contain specialist courts: the Patents Court (PC) and the Bankruptcy Court in the ChD and the Admiralty Court and Commercial Court in the QBD¹⁹². The PC is served by puisne judges¹⁹³ and may hear proceedings relating to IP matters where the courts of England and Wales are competent and also within the jurisdiction conferred on it by the relevant IP statutes¹⁹⁴.

Criminal matters can be divided into summary matters; indictable matters; and triable either way. Offences under section 92 of the TMA 1994 are triable either way¹⁹⁵. All criminal cases are heard initially in the MC, while more serious offences may then be transferred to the CrC. In this regard, a MC may hear summary matters regardless of where the crime took place¹⁹⁶. This could pave way for specialist MCs to hear IP cases. The CrC is the first superior court in criminal cases that has both original and appellate jurisdiction. It deals principally with cases involving trial on indictment¹⁹⁷, and also hears appeals from those convicted summarily in the MC¹⁹⁸ and has the power to confirm, reverse or vary part of the decision under appeal at the conclusion of the appeal hearing¹⁹⁹.

The CA hears all civil and criminal appeals from lower courts²⁰⁰. As the apex court within the national system the SC hears appeals from the CA in civil²⁰¹ and criminal²⁰² matters and also from the HC in limited circumstances²⁰³. The hierarchy of English courts and their jurisdiction is generally being summarized in Table 4.2.

¹⁹⁰ CPR 1998, Part 27 provides the Small Claims Track. CPR which came into force on 26 April 1999 replaced the Rules of the SC 1965 and the CoC Rules 1981.

¹⁹¹ Senior Courts Act (SCA) 1981, s.5(1)(a)-(c).

¹⁹² Ibid, s.6(1) (a)–(b). See Gillespie (n.188), p.197.

¹⁹³ Ibid, s.6(2).

¹⁹⁴ Ibid, s.62(1). See also ss.54(9), 70(3) & (4), 72(2) & (5) on the jurisdiction and proceedings at Patents Court.

¹⁹⁵ See 4.5.2(d) (ii) and (iii) on criminal and administrative below and at 6.4.1(a) on UK TMA 1994.

¹⁹⁶ Magistrates' Court Act (MCA 1980), s.2(1) states that it only had jurisdiction with summary matters that occurred within its own county but the Courts Act (CA) 2003, s.44 extended it irrespective of wherever the crime took place.

¹⁹⁷ SCA 1981, ss.45, 46, 79.

¹⁹⁸ Ibid, s.48; MCA 1980, ss.108 & 111.

¹⁹⁹ SCA 1981, s.48(2).

²⁰⁰ Ibid, s.15.

²⁰¹ CRA 2005, s.40.

²⁰² Criminal Justice Act 2003, s.68.

²⁰³ Administration of Justice Act 1969, ss.12-15. ("Leap frog" – provisions allowing appeals from HC to be made straight to SC which is necessary in IP cases).

Other than the specialist courts available at the HC level, the Patent County Court (PCC) was also set up as an alternative venue to the PC of the HC for bringing IP matters under section 287 of the Copyright, Designs and Patents Act (CDPA) 1988 (“special jurisdiction” for patents and designs and also as a CoC jurisdiction) where a normal county court may be competent. Established in 1990²⁰⁴, the PCC was originally intended to provide a less costly (which is now achieved by cost caps and limiting the length of trials²⁰⁵) and more streamlined procedure than the HC, PC which deals with more complex claims. Both the 1990 Order and Part VI (sections 287-295) of the CDPA make provision for a designated CoC to exercise its special jurisdiction in proceedings relating to patents on designs which came into force on 3rd September 1990²⁰⁶. The 1990 Order, however, was revoked by the PCC (Designation and Jurisdiction) Order 1994²⁰⁷ and a new PCC was established at the Central London CoC (moving lists to the Rolls building) to hear and determine any action or matter relating to patents or designs over which the HC would have jurisdiction, together with any claims or matters ancillary to, or arising from, such proceedings²⁰⁸, but this did not include the jurisdiction to hear appeals from the comptroller²⁰⁹.

In 2005, the HC and CoC Jurisdiction Order 1991 (1991 Order) was amended to extend the jurisdiction of a PCC and the CoC at Birmingham, Bristol, Cardiff, Leeds, Liverpool, Manchester, and Newcastle upon Tyne to hear trademark matters under the TMA 1994²¹⁰. The 2005 amendment was made following the decision of HHJ Fysh QC in *Minsterstone Ltd v Be Modern Ltd*²¹¹, where he held that he had jurisdiction to hear an action for the infringement of a trademark under the CCA 1984 as an action for a statutory tort, but did not have the jurisdiction to hear a claim for the revocation of a trademark since that was required to be brought in the HC by the terms of the TMA 1994.

²⁰⁴ PCC (Designation and Jurisdiction) Order 1990 (1990 Order).

²⁰⁵ See the discussion on PCC (Financial Limits Order) 2011 below and in last paragraph at 5.6.3.

²⁰⁶ Ibid, see its Explanatory Note. See Cornish, Llewelyn and Aplin, (n.164), p.61-63.

²⁰⁷ 1994 Order.

²⁰⁸ Ibid, Art.3.

²⁰⁹ Ibid, Art.4.

²¹⁰ HC and CoC Jurisdiction (Amendment) Order 2005, Art.7A: A PCC and the CoC listed in paragraph (7B) shall have jurisdiction under the following provisions of the TMA 1994 - (1)
(a) sections 15, 16, 19, 23(5), 25(4)(b), 30, 31, 46, 47, 64, 73 and 74;
(b) paragraph 12 of Schedule 1; and
(c) paragraph 14 of Schedule 2,
to include jurisdiction to hear and determine any claims or matters ancillary to, or arising from proceedings brought under such provisions.

²¹¹ [2002] FSR 53.

Table 4.2: English Court System (table compiled from a variety of sources)

UK Supreme Court [Part 3 Constitutional Reform Act 2005 (CRA)]		
Hears appeals from the Court of Appeal, both in civil (s.40 CRA 2005) and criminal matters (s.68 Criminal Justice Act 2003) and, in limited circumstances, from the High Court (ss.12-15 Administration of Justice Act 1969). It is served by judges known as Justices of the Supreme Court (s.23(6) CRA 2005).		
Court of Appeal (CoA) [S.7(4) CRA 2005; S.2 Senior Courts Act 1981 (SCA)]		
<ul style="list-style-type: none"> - <u>S.2(3) SCA 1981</u> : Served by Lord Justices of Appeal - <u>S.15 SCA 1981</u>: Hears all civil and criminal appeals - <u>S.60 SCA 1981</u> : Rules of court, and decisions of CoA is final or inter-locutory. 		
<p style="text-align: center;">Civil Division [SCA 1981]</p> <ul style="list-style-type: none"> - <u>Ss.3(1) & 54</u>: Civil Division of CoA - <u>S.3(2)</u>: Presided by Master of the Rolls - <u>S.53(3)</u>: The civil division of the CoA shall exercise the whole of the jurisdiction of that court not exercisable by the criminal division - <u>S.58</u>: Exercise of incidental jurisdiction in civil division. - <u>S.15</u>: General jurisdiction of Court of Appeal. - <u>S.16</u>: Hear appeals from High Court. - <u>S.17</u>: Hear applications for new trial. - <u>S.18</u>: Restrictions on appeals to CoA. 	<p style="text-align: center;">Criminal Division [SCA 1981]</p> <ul style="list-style-type: none"> - <u>Ss.3(1) & 55</u>: Criminal Division of CoA - <u>S.3(2)</u>: Presided by Lord Chief Justice - <u>S.53(2)</u>: Have jurisdiction - <ul style="list-style-type: none"> (a) under Parts I and II of the Criminal Appeal Act 1968; (b) under section 13 of the Administration of Justice Act 1960 (appeals in cases of contempt of court) in relation to appeals from orders and decisions of the Crown Court; (c) expressly conferred by SCA or any other Act; and (d) to order the issue of writs of venire de novo. 	
High Court [S.7(4) CRA 2005; S.4 SCA 1981]		
General Jurisdiction: S.19 SCA 1981: Hears all civil and criminal cases		
<p style="text-align: center;">Chancery Division [S.5(1)(a) SCA 1981]</p> <ul style="list-style-type: none"> - <u>Ss.61(1),(3) & Schedule 1(1)</u>: Hears all causes and matters relating to, amongst others, equity and trust, contentious probate, bankruptcy and dissolution of partnerships, IP matters. - <u>S.6(1)(a)</u>: Specialist Courts: *Patents Court (PC) and Bankruptcy Court - <u>S.6(2)</u>: PC is served by Puisne judges - <u>Ss.54(9), 62(1), 70(3) & (4), 72(2) & (5)</u>: Jurisdiction of & proceedings at PC. <p style="text-align: center;">Divisional Court (S.66)</p> <ul style="list-style-type: none"> - Hear appeals from County Courts such as on bankruptcy and land registration and from Commissioners of Inland Revenue on income tax cases. 	<p style="text-align: center;">Family Division [S.5(1)(c) SCA 1981]</p> <ul style="list-style-type: none"> - <u>Ss.61(1),(3) & Schedule 1(3)</u>: Hears all matrimonial matters and proceedings relating to children such as legitimacy and adoption. <p style="text-align: center;">Divisional Court (S.66)</p> <ul style="list-style-type: none"> - Hear appeals from County Courts and Magistrates' Courts in family matters. 	<p style="text-align: center;">Queen's Bench Division [S.5(1)(b) SCA 1981]</p> <ul style="list-style-type: none"> - <u>Ss.61(1),(3) & Schedule 1(2)</u>: Hears matters on applications for writs of habeas corpus and judicial review, all causes and matters involving Admiralty jurisdiction and commercial matters. - <u>S.6(1)(b)</u>: Specialist Courts: Admiralty Court and Commercial Court - <u>Ss.20-24,62(2)</u>: Jurisdiction of Admiralty Court - <u>S.62(3)</u>: jurisdiction of Commercial Court <p style="text-align: center;">Divisional Court (S.66)</p> <ul style="list-style-type: none"> - Hear appeals from County Courts, Crown Court and Magistrates' Courts by way of cases stated and judicial review - <u>S.28</u>: Hear criminal appeals on a point of law from CC and MC.
County Courts (CoC) [S.7(4) CRA 2005; S.4 SCA 1981; Part I County Courts Act 1984 (CCA)]		Crown Court (CrC) [S.7(4) CRA 2005; S.4 SCA 1981; S.68 Courts Act 2003(CA)]
<ul style="list-style-type: none"> - <u>Part II CCA</u>: Hear small claims and fast-track cases, majority of civil litigation subject to nature of claim - *Patents County Court (PCC): S.287(1) of the CDPA 1988 - <u>Patents County Court (Financial Limits) Order (No.1) and (No.2) 2011</u>: Hear and determine a claim for damages not exceeding £500,000. 		<ul style="list-style-type: none"> - <u>Ss.45, 46, 79 SCA 1981</u>: General and exclusive jurisdiction and practice & procedure in trial on indictment. - <u>S.47 SCA 1981</u>: Sentences and other orders when dealing with offenders. - <u>S.48 SCA 1981; Ss.108, 111 MCA 1980</u>: Hear request for sentencing and appeals from MC.
Magistrates' Court (MC) [S.7(4) CRA 2005; CA 2003; Magistrates' Courts Act 1980 (MCA)]		
<p style="text-align: center;">Civil Jurisdiction</p> <ul style="list-style-type: none"> - <u>Ss.47-48 CA2003; Part II MCA 1980</u>: Civil jurisdiction and procedure - <u>Ss.49-50</u>: Family proceedings courts and youth courts - Also deals with administrative tasks, such as issuing and renewing licences, dealing with community charge enforcements and recovery of certain civil debts. 	<p style="text-align: center;">Criminal Jurisdiction</p> <ul style="list-style-type: none"> - <u>Ss.43-46 CA 2003; Part I MCA 1980</u>: Criminal jurisdiction and procedure. - <u>S.1 MCA 1980; Part 7 2010 Rules</u>: All criminal prosecutions start in MC. - <u>Ss.9-16 MCA 1980; S.44 CA 2003</u>: Hear summary offences. - <u>Ss.17-28 MCA 1980</u>: Commit indictable offences to the CrC & may hear or commit 'triable either way' offences. - <u>Parts 63 The Criminal Procedure Rules 2010 (2010 Rules)</u>: Appeal to the CC from MC 	

Equally, Judge Fysh held that he did not have jurisdiction to make certain other orders specified in the TMA 1994 since the jurisdiction to make such orders was also confined to the HC by the terms of the Act. These included sections 15 (erasure), 16 (delivery up), 19 (disposal of infringing goods) and 47(3) (declaration of invalidity)²¹².

Consequently, the existence of the PCC's jurisdiction in respect of trademarks and passing off now is recognized in Part 63.13(1)(b) of the Civil Procedure Rules (CPR) 1998²¹³ and Part 16.1 of Practice Direction (PD) 63, sub-paragraphs 12 (passing off), (14) registered trademarks and (15) Community Trade Marks²¹⁴.

On 12 May 2011, the PCC Guide was issued to help all users of the PCC understand the detailed procedures and various practical aspects of proceedings before the PCC²¹⁵. The latest amendment to the PCC's jurisdiction was made in 2011 by the PCC (Financial Limits) Order 2011 (S.I. 2011/1402) which came into force on 14th June 2011 in relation to patents and designs claims. The PCC (Financial Limits) (No. 2) Order 2011 No. 2222 came into force on 1 October 2011 regarding a wide range of IP claims, including copyright and trademarks. It sets out the costs and damages caps within the special jurisdiction of a PCC up to £50,000 and £500,000 respectively²¹⁶, but in calculating this amount or value any interest or costs claimed in the proceedings are not to be taken into account. However, a claim for interest payable under an agreement may be taken into account²¹⁷.

All those provisions, therefore, may offer a definition for litigants of what disputes can be heard in the PCC and the HC and for transfer between them²¹⁸. The PCC Guide also, indeed, clarifies what proceedings are covered under the special jurisdiction and ordinary jurisdiction and states that all the remedies available in the HC are available in the PCC.

²¹² Ibid, para 25.

²¹³ As amended by the CPR (Amendment No. 2) 2002 to insert Part 63 into the CPR 1998, new rules governing the procedure for IPRs, in particular patents, registered designs and registered trademarks.

²¹⁴ See decision of HHJ Birss QC in *National Guild of Removers & Storers Ltd v Christopher Silveria* [2010] EWPC 015, para 9. The PD 63 is available at the National Archives of Ministry of Justice at <http://www.justice.gov.uk/guidance/courts-and-tribunals/courts/procedure-rules/civil/contents/practice_directions/pd_part63.htm>.

²¹⁵ See introduction of the PCC Guide 2011. The Guide is available at <http://www.justice.gov.uk/downloads/guidance/courts-and-tribunals/courts/courthearenglists/The_Guide_to_the_Patents_County_Court.pdf>.

²¹⁶ S.I. 2011/1402, Art.2(1). See discussion at 5.6.3, last paragraph.

²¹⁷ Ibid, Art.2(2).

²¹⁸ See 1991 Order, PD 7: A claim should be started in the HC if the claimant believes it should be heard by a HC judge because of its complexity or value (proceedings may not be started in the HC unless the value of the claim is more than £15,000 and where issued in the HC with an estimated value of less than £50,000 the proceedings will generally be transferred to the CoC). See *Caljan Rite-Hite Ltd v Sovex Ltd* [2011] EWHC 669 (Ch) where Kitchin J refused an application to transfer the proceedings to the PCC; Arnold, (n.144).

This means that the PCC may make an order involving preliminary and final injunctions, damages, accounts of profits, delivery up and disclosure as well as search and seizure (Anton Piller) and asset freezing (Mareva) orders²¹⁹.

In contrast with the Malaysian IP Court system, the PCC not only has higher monetary limits compared to the Malaysian SCt but also wider jurisdiction for remedies and specific procedure in hearing civil claims. The Malaysian IP SCt has only criminal jurisdiction; all IP civil claims are tried in the HCt using the same proceedings as for the general courts as there is no specific procedure available for the IP Courts²²⁰.

(c) Administration of IP Matters and Enforcement Authorities

The administration of IP matters in the UK is under the responsibility of the Intellectual Property Office (IPO), an Executive Agency of the Department of Trade and Industry (DTI) within the Office for Science and Innovation (OSI). It is responsible for the national framework of IPRs, comprising patent, designs, trademarks and copyright²²¹. Prior to 2 April 2007, UKIPO was known as The Patent Office, originally set up in 1852 to act as the UK's sole office for the granting of patents. In 1875-1876, The Patent Office also became responsible for the registration of industrial designs and trademarks. Following the recommendations in the Gowers Review Report in 2006²²², the Patent Office changed its name to the 'United Kingdom Intellectual Property Office' (UKIPO) to reflect the breadth of functions it carries out in administering IP matters²²³. It is led by the Comptroller General of Patents, Designs and Trade Marks, who is also registrar of trademarks²²⁴, registrar of designs²²⁵ and Chief Executive of the Office.

Apart from administering the patent-granting process and trademark and design registration, enforcement issues have also become one of the principal functions of the UKIPO, to ensure that the IP system operates smoothly and in the way users expect²²⁶. For this purpose, the National IP Crime Strategy was set up to determine policy on enforcing IPRs. In developing such policy, the UKIPO is responsible for liaising with

²¹⁹ PCC Guide (n.215), p.4.

²²⁰ See 4.5.1 (d) above.

²²¹ General information about UKIPO is available at its official website at K

²²² See Recommendation 53 of the Gowers Review, (n.6).

²²³ ___, 'What's in a name?', UKIPO Press releases, 30 March 2007, <<http://www.ipo.gov.uk/about/press/press-release/press-release-2007/press-release-20070330.htm>> accessed 20/05/2011.

²²⁴ TMA 1994, s.62.

²²⁵ Registered Designs Act 1949, s.44(1).

²²⁶ Gowers Review, (n.6), p.17, 111. See 4.3 above.

many different organisations, including Trading Standards, the Police and Her Majesty's Revenue and Customs (HMRC)²²⁷, including advising on border measures.

One important point that distinguishes the UKIPO from Malaysia's MyIPO is that the latter is not responsible for IP enforcement policy in Malaysia²²⁸. However, they are similar in the sense that there is no single responsible agency in enforcing IPRs, since enforcement duties are carried out in alliance with other enforcement agencies taking into consideration the nature of counterfeiting which may involve a number of offences being committed.

In fighting counterfeiting, it is essential that all these agencies work together not only to ensure the smooth process of operations when conducting raids but also to complement other agency powers. For example, counterfeiting is a criminal offence which carries a maximum sentence of 10 years in prison, a fine, or both²²⁹. The TMA 1994 conferred powers on police officers to enter and search homes and businesses for evidence of the infringement of IPRs²³⁰.

However, the largest role in investigating and prosecuting counterfeiting cases principally falls to the trading standards department of local authorities²³¹, who have a legal duty to enforce, amongst others, the TMA 1994 and Trade Descriptions Act (TDA) 1968, where the majority of provisions regarding the misdescription of goods have been superseded by the Consumer Protection from Unfair Trading Regulations (CPUTR) 2008. Trading Standards officers (TSOs) seek out cases of counterfeiting and respond to tip-offs that counterfeit goods are being sold. However, although the TSOs have powers to make test purchases or to enter premises to inspect and seize goods and documents²³², they do not have power to arrest suspects or criminals. In this regard, when TSOs think they may

²²⁷ Ibid, p.103; The UKIPO IP Crime Group Secretariat, 'Supply chain toolkit: protecting your IP rights', June 2010, <<http://www.ipo.gov.uk/ipctoolkit.pdf>> accessed 25/11/2010, p.12-13; The Patent Office, 'Counter offensive: an IP crime strategy', November 2006, <<http://www.ipo.gov.uk/ipcrimestrategy.pdf>>.

²²⁸ See 4.5.1 (c) above.

²²⁹ TMA 1994, s.92(6).

²³⁰ Ibid, s.92A. See also MOU on Co-operation in the Field of Detection, Investigation and Prosecution of IPRs Offences, between industry enforcement bodies and public enforcement agencies, 4 June 2001, cited in Alliance, 'Proving the connection: links between IP theft and organised crime', available at <<http://www.alliance-againsththeft.co.uk/downloads/reports/Proving-the-Connection.pdf>>.

²³¹ Generally, it is a local authority department responsible for enforcing consumer legislation. Further information about LACORS (Local Authorities Coordinators of Regulatory Services), the coordinating body for Trading Standards and related enforcement functions available at: <<http://www.lacors.com/lacors/home.aspx>>.

²³² TMA 1994, s.93; TDA 1968, ss.27-29, 33.

face a risk of harm or violence, they will need the Police to help them carry out their duties²³³.

The UK HMRC also plays an important role in tackling counterfeiting as they are responsible for detaining these goods before they cross the single European Community's borders²³⁴.

(d) Enforcement of IPRs

In enforcing their rights, there are several forms of relief available to the registered proprietors of trademarks²³⁵. As with many other jurisdictions, the remedies available in the UK also include:

- (i) civil proceedings;
- (ii) criminal proceedings and private prosecution;
- (iii) administrative action;
- (iv) border measures.

(i) Civil Proceedings²³⁶

Since IPRs are private rights, the majority of enforcements of these rights involve civil proceedings. Remedies in civil lawsuits are usually favourable to IPRs owners and require that a case be proved on the balance of probabilities, which can be said to be relatively easy to obtain compared to the requirements in criminal action. There are various remedies available in the TMA 1994 for the rights holders in civil actions, including claims for damages, injunctions, accounts or otherwise and orders for delivery up²³⁷. An injunctive relief is also available for the proprietors of well-known marks, national emblems and the like of Convention countries, and emblems of certain international organisations²³⁸. In contrast with the jurisdiction of the Malaysian IP SCt, in the UK all these remedies may be ordered by both the HC PC and PCC.

²³³ The UKIPO IP Crime Group Secretariat, (fn.250), p.13. See how Police and TSOs raided a warehouse at Winsford, Cheshire following a huge consignment of fake Persil was tracked by Unilever's investigators all the way from China to Cheshire as aired in 'Fake Britain' Series 2 Episode 6 Broadcasts on 23 May 2011, 09:15 BBC One, presented by Dominic Littlewood and produced by Mark Jordan; Narain J, 'The Persil plot: Trader 'tried to flood UK with fake washing powder'', Mail Online, News, 13 April 2010, <<http://www.dailymail.co.uk/news/article-1265585/Gang-facing-jail-plot-smuggle-25-tons-fake-SOAP-POWDER-UK.html>> accessed 23/05/2011. The defendant later was sentenced (R. v Brayford [2010] EWCA Crim 2329; [2011] 1 Cr. App. R. (S.) 107) to 2 years' imprisonment for organising the supply from China of unlicensed washing powder and imitation 'Persil' packaging.

²³⁴ See 4.5.2(d)(iv) below.

²³⁵ TMA 1994, s.2(1). For the unregistered trademark, passing off action may be pursued under s.2(2).

²³⁶ See the discussion on this issue in chapter 5.

²³⁷ TMA 1994, ss.14(2), 16(1).

²³⁸ Ibid, ss.56-58.

(ii) Criminal Proceedings²³⁹ and Private Prosecution

In the UK, a number of criminal sanctions exist in cases involving trademark infringement. Section 92 of the TMA 1994, for example, provides that where a trademark has been applied without the consent of the proprietor to goods, on packaging or on labels or where articles are specifically designed or adapted for making unauthorised copies of a trademark for use on such goods and other material²⁴⁰, a person if found guilty of such offence is liable for penalties that may include imprisonment for up to ten years, an unlimited fine²⁴¹, and confiscation of the counterfeit goods²⁴².

While criminal prosecutions are usually brought by the state, anyone, including businesses as well as organisations representing rights-owners, may also initiate a private criminal prosecution by virtue of section 6 of the Prosecution of Offences Act (POA) 1985. A private prosecution in this respect refers to a prosecution started by a private individual who is not acting on behalf of the police or any other prosecuting authority or body which conducts prosecutions. In *Gouriet v Union of Post Office Workers*²⁴³, Lord Wilberforce said that:

“The individual, in such situations, who wishes to see the law enforced, has a remedy of his own: he can bring a private prosecution. This historical right which goes back to the earliest days of our legal system, though rarely exercised in relation to indictable offences, and though ultimately liable to be controlled by the Attorney General....remains a valuable constitutional safeguard against inertia or partiality on the part of the authority”.

In the UK, the most active organisations bringing private criminal prosecutions in IP cases have been collective societies and industry bodies such as the BPI (formerly known as The British Phonographic Industry) and the Federation Against Copyright Theft (FACT)²⁴⁴ and Federation Against Software Theft (FAST). Private prosecution may be pursued by lodging information with the MC, and within one month, the defendant must plead guilty or not guilty. In counterfeiting cases, the court will impose the relevant penalties if the plea is guilty²⁴⁵. Otherwise, the case will be heard before the MC where

²³⁹ See 6.4.2 on the UK.

²⁴⁰ TMA 1994, S.92(1)-(3). See *R v Johnstone* [2003] 1 W.L.R. 1736.

²⁴¹ *Ibid*, s.92(6).

²⁴² *Ibid*, ss.97-98. See Table 6.1 on offences under TMA 1994, s.92.

²⁴³ (1978) AC 435, p.477. See *Scopelight Ltd v Chief Constable of Northumbria* [2009] EWCA Civ 1156.

²⁴⁴ SJ Berwin's IP Department, 'A Renaissance or not: will the private criminal prosecution become more popular?', Anticounterfeiting Newsletter, 15 December 2008, available at <<http://www.sjberwin.com/publicationdetails.aspx?mid=1&rid=1&ast=4&adv=1&y=2008&cid=2204>>. See also Harbottle G, 'Private prosecutions in copyright cases: should they be stopped', [1998] 20(8) *EIPR* 317-320.

²⁴⁵ See Table 6.1 (n.242 above).

there is no jury trial if it is straightforward, or may be referred to the CrC for a jury trial if it involves serious crime²⁴⁶.

It is believed that a private prosecution may have advantages over a civil claim which include a rapid process, lower legal costs and rights-owners not have to pay the defendant's costs whatever the outcome of the case²⁴⁷. The existence of private prosecution may help to expedite the cases to be brought to court, particularly when the public prosecutor should concentrate on other high-profile criminal cases such as those involving murder, robbery, drugs, and so forth. There is no similar provision available thus far in Malaysia. However, it must also be borne in mind that, as private prosecution is a criminal proceeding, a higher burden of proof is required in proving the case and once the proceedings are commenced it is not practical to settle the case as it would be in civil proceedings.

(iii) Administrative Action

Although administrative measures are less common, they also offer alternatives for the rights holders in seeking relief against infringing or counterfeiting activities. For example, other than complaints to the Trading Standards office concerning matters on consumer protection such as those violating the provisions of TDA 1968, complaints about a UK based advertiser in cases where advertisements are infringing IPRs can also be made to the Advertising Standards Authority (ASA). The UK ASA is a self-regulatory body that regulates the content of advertisements, sales promotions and direct marketing in the UK through Codes of Practice²⁴⁸. Meanwhile, the Office of Fair Trading (OFT) is also responsible for enforcing various enactments under consumer law, including offences under the Consumer Protection from Unfair Trading Regulations 2008 and the Consumer Credit Act 2006.

Apart from the formal enforcement mechanisms, negotiation or alternative dispute resolution should also be encouraged for use to reconcile parties in dispute. This may not only avoid higher costs if court proceedings are taken, but may also educate the defendants if they are known traders, which may not be realistic for counterfeiters and the public to respect others' IPRs.

²⁴⁶ See 4.5.2 (b) on court system above.

²⁴⁷ See *Gouriet* (n.243).

²⁴⁸ General information about UK ASA is available at <http://www.asa.org.uk/Advertising-Codes.aspx>.

(iv) Border Measures²⁴⁹

The power of the UK customs authority to seize suspected counterfeit goods derives from the EU Customs Regulation 1383/2003 which was then implemented into UK law by the Goods Infringing IPRs (Customs) Regulations 2004²⁵⁰. Under the Regulation rights holders are required to apply for the protection of their rights in an application for action before customs administrations can take action. A single application may be made for protection within any number of Member States. In a situation where the application for action procedure is not in place, rights holders may lodge a Notice (Customs Notice 34) requesting protection with Customs under section 89 of the TMA 1994. Where Customs intercept goods covered by a Notice they will seize them and this could result in the goods being forfeit²⁵¹.

(e) Litigation: Who Has the Standing and Who Can Be Sued?

The TMA 1994 confers exclusive rights to the proprietor of a registered trademark to commence an action for infringement of the trademark without his consent²⁵². In all legal proceedings relating to a registered trademark, the fact that a person is registered as proprietor of a trademark is *prima facie* evidence of the validity of the original registration and of any subsequent assignment or other transmission of it²⁵³. Thus, as explained above, only the owner recognised by law²⁵⁴ may pursue infringement action. This may include:

- (i) the proprietor of the trademark (who may be awarded pecuniary remedies to hold on behalf of licensees under s.30(6)²⁵⁵);
- (ii) an exclusive licensee who may join the proprietor either as claimant or defendant²⁵⁶ unless the proprietor refuses to bring proceedings or fails to do so within two months after being called upon, then the licensee may bring proceedings in his own name as if he were the proprietor²⁵⁷;
- (iii) other licensees whose call upon the proprietor to sue has been refused or passed unheeded for two months; again the proprietor should be joined: s 30;

²⁴⁹ See chapter 7 on border measures.

²⁵⁰ See 7.5.1 on the UK's border measures.

²⁵¹ See 7.4.3 on EU Regulation; Hertzog J and Nuna P, 'Anti-counterfeiting 2010—a global guide: UK', <<http://www.worldtrademarkreview.com/issues/Articles.aspx?q=9d700a1e-354941e7881bb670a394df3a>> accessed 25/01/ 2011.

²⁵² TMA 1994, s.9.

²⁵³ Ibid, s.72.

²⁵⁴ See 4.5.1(e) at n.164 above.

²⁵⁵ See Firth A, 'Damages/monetary remedies for trade mark infringement', [2008] 1 Anuario de la Facultad de Derecho – Universidad de Alcalá 73-90.

²⁵⁶ TMA 1994, s.31. In *Quiksilver Pty Ltd v Charles Robertson (Developments) Ltd (t/a Trago Mills)* [2005] 1 C.M.L.R. 36, the court held that a mere licensee of the trademarks has standing to bring the claim under ss.30 & 31 TMA 1994.

²⁵⁷ TMA 1994, s.31(3).

- (iv) any co-proprietor may sue for infringement in his own right with the leave of the court unless the other co-proprietors join in the action²⁵⁸.

In *Jean Christian Perfumes Ltd v Thakrar (t/a Brand Distributor and/or Brand Distributors Ltd)*²⁵⁹, John Baldwin QC held that pursuant to section 28(2) of the TMA 1994 a licence under a UK registered trademark is not effective unless it is in writing and signed by or on behalf of the grantor. Accordingly, an oral licensee of a UK registered trademark would have no locus to sue for infringement as he would not have an effective licence at all. However, the CTM Regulation No 40/94 is of direct effect to the UK law, and Article 22(3) provides that (unless precluded by contract) a licensee may bring proceedings for infringement if he has the consent of the proprietor and Article 22(4) provides that a licensee is entitled to intervene in infringement proceedings brought by the proprietor for the purpose of obtaining compensation for any damages he may have sustained. These Articles suggest that an oral licensee may bring proceedings for infringement if he has the consent of the proprietor.

In commencing the infringement action, the claimant must prove that the defendant has acted or threatened to act in such a way as to infringe the right conferred under the TMA 1994²⁶⁰. Infringement or passing off proceedings against the defendant may be brought in the ChD (PC), the PCC or a CoC where there is a Chancery District Registry²⁶¹.

4.6 Conclusion

It is understood that enforcement is a process to compel compliance by using formal and informal approaches that range from a prosecution process at court to conciliation arrangements. This chapter has identified that the substantive legal provisions in protecting IPRs in both Malaysia and the UK are basically adequate in fighting counterfeiting problems either at the international or national level, but there are concerns about the capability of the enforcement authorities to enforce such rights.

While appropriate legislation and management mechanisms must exist in any IP system, enforcement is a key factor determining the efficiency of such system. In this respect, although IP laws in both subject countries are in place and correspondingly conform to international standards, continuous efforts in enforcement initiatives are still required to effectively protect both foreign and local investors' IPRs and interest. For example, it is

²⁵⁸ Ibid, s.23(5).

²⁵⁹ [2011] EWHC 1383 (Ch).

²⁶⁰ TMA 1994, s.10.

²⁶¹ CPR 1998, Part 63.13 and PD 63 (IP Claims) para 19-30. See also 4.5.2(b) above.

identified that the relevant powers in handling counterfeiting in both countries are divided among enforcement entities, administrative bodies, the police, prosecutors and the courts.

Although this division is good in one sense in creating cooperation among agencies, it precludes quick action being taken when necessary. For example, when enforcement officers have to seek police assistance in conducting raids, the delay may provide ample time for counterfeiters to hide or dispose of relevant evidence. Thus, it is worth asking if the interpretation of the powers allocated to each agency should be reviewed so that not only their redundancy can be avoided but also other actions can be taken more effectively by, and among, these agencies. For this purpose, and especially in terms of matters involving policy changes, obtaining the political commitment to address these issues is also crucial in ensuring the effectiveness of the law being implemented. Furthermore, joint efforts by government agencies and industries may facilitate the identification of weaknesses in enforcement efforts and thus enhance the effectiveness of the fight against counterfeiting.

CHAPTER FIVE

KEY ISSUES FOR THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS: CIVIL PROCEEDINGS

5.1 Introduction

In order to effectively combat counterfeiting activities, it is not only important that such activities are covered under the scope of protected rights pursuant to the relevant substantive laws, but it is also necessary to assess which legal procedures and remedies¹ are available to enforce such rights. In both Malaysia and the UK, rights conferred by the law to trademark proprietors entitle them to bring actions against any persons who infringe those rights either through civil or criminal proceedings, administrative action or combinations thereof².

The availability of procedures and remedies for infringement in some respects drives the entire IPRs system, since these rights are worthless without the existence of effective remedies³. However, it is argued that, if remedies are too easily granted or obtained, they may lead to abuse by IP holders in individual cases against specific defendants and may lead to the over-use of the system generally which may drain judicial resources and those of society at large. Conversely, remedies which are inadequate or too difficult to obtain will prevent substantive law from being used and its balances achieved⁴. Thus, the balance of rights and obligations should be assessed using well-established principles of IP law. In this regard, the standard offered by the TRIPS Agreement plays an important role in achieving a balance in the enforcement of IPRs generally⁵, although TRIPS is usually seen as very favourable to rights-owners.

This chapter attempts to examine and identify (in greater detail than chapter 4) the relevant civil proceedings that are currently in force and practised for right-holders in

¹ Garner and others, *Black's law dictionary*, (n.30, chap.3), p.1407 and 1323: Remedy is "the means of enforcing a right or preventing or redressing a wrong" while procedure is "a specific method for carrying on a civil lawsuit or criminal prosecution". See 4.5.1(e) and 4.5.2(d).

² Malaysian TMA 1976, s.35; UK TMA 1994, ss.9 & 14(2).

³ See 4.3 on why is enforcement of IPRs important? See Weinrib EJ, 'Two conception of remedies', in Rickett CEF, *Justifying private law remedies*, (Oxford: HPL, 2008), p.11: "Rights mark out legally secured spheres of freedom within which the holder of the right can exercise the capacity to pursue self-chosen ends. They also, through the duties that are correlative to them, act as constraints on the actions of others. Thus, the subject matter of one's rights is permeated by the capacity of the holder of the right to set and pursue one's goal. In a sophisticated legal system, the law gives this conception of rights determinate content by looking out in specific detail the scope of various rights, their modes of acquisition and the uses that impermissibly trench on the equal freedom of others".

⁴ Blair RD and Cotter TF, *IP: economic and legal dimensions of rights and remedies*, (Cambridge: CUP, 2005), p.2; Griffiths A, 'Trade marks plus? The role of trade marks in the global economy and the danger of over-protection', (2007) 28 *LLR* 107-141, p.135.

⁵ TRIPS, Art.7 in the context of objectives of IP protection provides that: "The protection and enforcement of IPRs should contribute to the promotion of technological innovation and to the transfer and dissemination of technology...in a manner conducive to a *balance* of rights and obligations".

Malaysia and the UK. Using the provisions of TRIPS Agreement as a framework, civil remedies will be assessed at the two levels of pre- and full-trial, drawing on the case law of both jurisdictions. The discussions will then briefly overview the procedures that apply to each case and examine the key obstacles that may arise in the conduct of any action.

5.2 Civil Remedies: General Matters

Choosing an appropriate remedy in counterfeiting cases is important not only to ensure that the trademark proprietor obtains equivalent compensation, but is also essential to discourage future infringement⁶. Several possible civil, administrative and criminal liabilities may be imposed on those parties (manufacturers, importers and distributors) responsible for counterfeiting activities. Given that IPRs are recognized as private rights⁷, civil remedies are widely known in most jurisdictions as the most crucial and appropriate means for rights-holders to enforce their rights⁸. While it is more likely that damages will be awarded in civil actions than compensation would be granted in criminal proceedings, rights-holders may also seek a variety of remedies and have full control of the proceedings, in contrast to criminal actions where it is mainly the authorities who conduct the case.

In trademark infringement actions, civil remedies are generally used to interrupt and stop infringing acts and to recover any possible damage occurred⁹. For this reason, the most important civil remedies in infringement actions are basically injunctions (an equitable discretionary remedy which needs to be considered in almost every situation) and damages or an account of profits, as recognised in the TRIPS Agreement which requires member countries to implement them in their legal systems to give effective meaning to substantive rights.

5.3 Obligations under the TRIPS Agreement

Section 2 Part III (Articles 42-49) of the TRIPS Agreement outlines the principles and measures for member countries to include in their systems, provisions on civil and administrative procedures and remedies, while section 3 (Article 50) deals with provisional

⁶ See Cahn TR and Floum JR, 'Applying the safe distance rule in counterfeiting cases: a call for the use of broad equitable power to prevent black and gray marketeering', [2006] 8 *Fordham IP MELJ* 487-503, p.492.

⁷ TRIPS Agreement, 4th preamble.

⁸ Busche J, *WTO - TRIPS*, (Leiden: BRILL, 2009), p.703: "To date, none of the national measures brought before the Dispute Settlement Body was found inconsistent with Article 42"; Aplin and Davis, *IP law: text, cases and materials*, (n.23, chap.4), p.779; IBA, (n.21, chap.4), p.7: "For the most part, all jurisdictions surveyed have civil and criminal remedies available addressing counterfeiting and piracy".

⁹ Brown RS, 'Civil remedies for ip invasions: themes and variations', [1992] 55(2) *LCP* 45-78, p.51.

measures aimed at preventing infringement¹⁰. As a basis for further discussion, all of these provisions are described briefly first.

Article 42 requires member countries to make available civil procedures that contain the following elements:

- (a) timely and detailed written notice to defendants (which is not always a good idea in counterfeiting cases);
- (b) right to an independent counsel;
- (c) prohibition of overly burdensome requirements concerning mandatory personal appearance (but who still need to show standing to sue);
- (d) the right to present all relevant evidence to substantiate one's claim (or defence); and
- (e) the means to protect confidential information that is not contrary to the existing constitutional law of a country (especially open justice – but, again, proceedings exceptions may be necessary to tackle counterfeiting, such as *ex parte* and also the reluctance of victims to publicize counterfeiting).

The footnote of this Article also clarifies that the concept of the right-holder for the purpose of Part III means the right-holder himself, any other natural or legal person authorized by him or other persons including federations and associations having legal standing under national law to assert such rights¹¹. This provision is consistent with the position in Malaysia and the UK which provides that the person who has legal standing consists of the proprietor of the trademark, including the joint and co-proprietors, registered users and licensees¹². TRIPS Agreement does not oblige WTO member states to give standing to trade or consumer associations.

Article 43 requires member countries to empower the judicial authorities to order the production of relevant evidence by the parties. In this sense, evidence should include “testimony, writings or material objects offered in proof of an alleged fact or proposition¹³”.

Article 44 deals with injunctions other than provisional orders as described in Article 50. Unlike Article 50, which aims to prevent an infringement occurring on less than full proof at trial, Article 44 appears to apply where infringement has already been established¹⁴ and to prevent infringing imported goods from entry, immediately after customs clearance. However, Article 44(2) explicitly excludes the granting of injunctions in cases involving

¹⁰ See 4.4.1 (f) on the TRIPS Agreement.

¹¹ See Gervais, *The TRIPS Agreement*, (n.47, chap.3), p.444; UNCTAD-ICTSD, *Resource book on TRIPS and development*, (n.62, chap.4), p.586.

¹² See 4.5.1(f) and 4.5.2(e) on person who has legal standing.

¹³ Garner and others, (n.1), p.635.

¹⁴ Gervais, (n.11), p.450; UNCTAD-ICTSD, (n.11), p.590.

government use and other uses permitted by the government without the authorization of the right-holder. Both Articles 44 and 50 prevent future infringement. It seems that the requirement to prevent the entry of infringing goods “immediately after customs clearance” is closely connected to border measures.

Article 45 imposes damages as a mandatory remedy, but member countries have discretion to determine what counts as adequate compensation. However, expenses that may include appropriate attorney’s fees and other remedies such as recovery of the infringer’s profit and pre-established damages are only optional for member countries to provide in their national law. Both in Malaysia and the UK, a plaintiff is entitled to an infringer’s account of profit in lieu of damages and to recover legal costs from the losing party under an order of the court¹⁵. Article 46 obliges member countries to give powers to judicial authorities to create effective deterrent measures to infringement, which include:

- (a) to remove the infringing goods from commercial circulation that causes harm to the right-holder [for counterfeit goods, the removal of marks alone is not sufficient as the goods may possibly re-enter commercial circulation];
- (b) to destroy the infringing goods unless that would be contrary to existing constitutional requirements; and
- (c) to dispose of them outside of the channels of commerce to minimize the risk of further infringement [for counterfeit goods, this may not be enough as the goods may subsequently be allowed to re-enter channels of commerce as highlighted in the US-China WTO Dispute Settlement 362¹⁶].

While Article 47 provides the right to obtain information from an infringer on the identity of third persons involved in the production and distribution of the infringing goods and also the distribution channels used (as in Norwich Pharmacal Order; see below), Article 48, on the other hand, provides for the indemnification of the defendant in cases where the plaintiff abuses legal procedures. This actually offers a balance between the protection of the right-holder and that of the alleged infringer. Meanwhile, Article 49 extends the application of the rules on procedures and civil remedies stipulated in Articles 42-48 to administrative procedures, which are also subject to the general obligations set forth in

¹⁵ Malaysian RHC 1980, under O.59 r.3 (when costs to follow the events), the courts in the exercise of their discretion generally make an order for costs to follow the event, ie in the case where infringement has been found, against the infringer; UK CPR Part 43-48 dealing with the issue of costs.

¹⁶ See 6.3.1(b) on commercial scale. One of the dispute is that the disposal of goods confiscated by the Chinese Customs authorities is alleged to be inconsistent with TRIPS Agreement, Art.46 (judicial remedies) and 59 (Customs authorities’ remedies) which make it clear that goods seized may only be destroyed or disposed of outside of the channels of commerce. Conversely, Chinese Customs Rules appear to endorse the practice of removing the infringing features of the products and then allowing them to enter channels of commerce instead of destroying them. See Thomas K, Wang P and Yang F, ‘Recent WTO disputes involving the protection and enforcement of IPRs in China: legal and political analysis’, Briefing Series – Issue 24, August 2007, China Policy Institute, University of Nottingham, para 2.4.

Article 41. This means that administrative authorities, in carrying out their duties, should also conform to the principles of judicial procedures.

Section 3 Part III (Article 50) deals with provisional measures and contains important procedural rules to prevent infringement from occurring or being continued, particularly in preventing counterfeit goods from entering commercial channels¹⁷. Article 50 is in fact one of the most important provisions of Part III¹⁸. It obliges member countries to grant their judicial authorities the power to impose provisional measures, which are generally known as preliminary or interim injunctions, in order to preserve evidence¹⁹ *inaudita altera parte* (also known as *ex parte*) where appropriate²⁰. *Ex parte* action is usually more effective in combating counterfeiting compared to other remedies²¹ because of the element of surprise it causes to the counterfeiters.

Article 50 (3) requires the applicant to prove that he is the right-holder and his right is being infringed, and provides security to prevent the abuse of the provisional measures. In cases where provisional measures are adopted *ex parte*, notice of the proceedings must be given forthwith to the defendant who may also request a review, including a right to be heard as to whether the measures should be modified, revoked or confirmed²². Article 50 (5) requires that when a provisional measure will be executed by an authority other than the courts, the applicant may be required to supply additional information necessary for the identification of the goods concerned. For example, when seizure occurs at a warehouse near a port when goods of dozens of different persons may be stored, the customs or police may require additional information to precisely identify the goods concerned to avoid prejudice to third parties²³.

Proceedings to move the case to the next stage must be initiated within a reasonable period determined by the judicial authority where national law permits, or otherwise the defendant may request that the measures be revoked²⁴. In the absence of such a determination, the period is not to exceed 20 working days or 31 calendar days, whichever is the longer²⁵. Where provisional measures lapse due to an act or omission by the applicant or where it is subsequently found that there was no infringement or threat of infringement, the judicial authority shall have the authority to order the applicant to provide appropriate compensation to the defendant for any injury caused by such measures²⁶.

¹⁷ TRIPS, Art.50(1)(b).

¹⁸ Gervais, (n.11), p.465.

¹⁹ TRIPS, Art.50(1)(b).

²⁰ Ibid, Art.50(2).

²¹ Gervais, (n.11), p.469.

²² TRIPS, Art.50(4).

²³ Gervais, (n.11), p.470-471.

²⁴ TRIPS, Art.50(6).

²⁵ Ibid.

²⁶ Ibid, Art.50(7).

Article 50(7) in this regard resembles the provisions in Article 48(1). Finally, Article 50(8) provides that any provisional measures ordered under the administrative procedure shall conform to the same principles applicable by judicial authorities in substance and not in detail²⁷. It seems that the requirement of the disposition of judicial office in this context is likely to also concern border measures. For example, both Articles 56 (compensation for injuries to goods caused by wrongful detention) and 59 (the defendant has the right to ask for judicial review when customs destroy or dispose of infringing goods) concern border measures and are likely to relate to the civil and administrative judicial work of the judicial office²⁸.

As a whole, Part III of this Agreement establishes general standards for member countries in implementing civil remedies into their national laws in a suitable manner determined by the country concerned. In this context, both Malaysia and the UK have complied with this requirement. In the UK, for example, section 14(2) of the TMA 1994 states that the remedies for infringement of a registered trademark are damages, injunctions, accounts or otherwise, as are available in respect of the infringement of any other property rights. Orders for the delivery up of infringing goods, materials or articles from a person having them in possession, custody or control in the course of a business are available under section 16(1).

By contrast, there is no specific provision on remedies in the Malaysian TMA 1976 as provided in the UK TMA 1994. Injunction and other relief were formerly provided in section 38(2) concerning action for infringement of a trademark registered in Part B. This provision was repealed in 2000 when the TMA 1976 was amended to abolish the different classes of trademarks. An equivalent provision has not been replaced since then. However, provisions on remedies in Malaysia can generally be found from various sources. Some are statutory and some are adapted from common law, being principles of common law and equity²⁹. This means that Malaysia relies on the Court's inherent powers with regard to equitable remedies. Thus, in infringement or passing off actions, the courts in Malaysia may grant civil remedies that include injunction, damages or accounts of profits in lieu of damages, an order for delivery up, and a declaration that the defendant has infringed.

In Malaysia, civil procedures are governed by the Rules of the Subordinate Courts 1980, the Rules of the High Court (RHC) 1980, the Rules of the Court of Appeal 1994 and the

²⁷ See TRIPS, Art.49 as discussed above.

²⁸ See 7.4.2 on TRIPS Agreement provisions on border measures.

²⁹ The statutory provisions are generally available in the Contracts Act 1950 which came into force on 23 May 1950 (this Act may apply to IP matters for example in infringement/breach of contract in licences or joint ownership cases) and the Specific Relief Act (SRA) 1950 which came into force on 4 July 1950 while section 3 of Civil Law Act 1956 allows application of common law and the rules of equity. See 4.5.1(a) on historical background of the Malaysian legal system.

Rules of the Federal Court 1995 in the respective courts in Malaysia. These rules of court have their roots in the former English Rules of the Supreme Court³⁰. The other sources of civil procedural laws include the Courts of Judicature Act (CJA) 1964, the Subordinate Courts Act (SCA) 1948 and the Practice Directions (PD) and Practice Notes which are issued from time to time. The High Court is the first instance court for all civil proceedings of IP cases in Malaysia³¹.

In contrast, however, civil proceedings in England and Wales can be conducted in the High Court or in the county courts which have at least passing off jurisdiction, or the Patents County Court. More sizeable cases are dealt with exclusively by the High Court, particularly at the Chancery Division which deals specifically with corporate and IP matters. Civil procedure is governed by the Civil Procedure Rules (CPR) 1998 (SI 1998/3132) and the relevant Practice Directions.

5.4 Civil Remedies at Pre-trial

Due to the nature of counterfeiting, prompt and decisive actions are necessary for right-holders once they learned that their rights have been violated. This is particularly important in preserving relevant evidence or assets to prove their case. The latter can usually be achieved either through trap purchases from the suspected counterfeiter or by sending a letter of demand asking the infringing conduct to be stopped or demanding the counterfeiter to compensate them.

Although issuing a letter of demand may achieve the desired effect in a timely and cost effective fashion in certain cases³², it is not appropriate in circumstances where right-holders have a strong basis to believe that the counterfeiter may destroy or hide important evidence that may link them with or prove the offence, or remove their assets to avoid paying damages. In this situation, the Mareva and other interim orders are very important to preserve assets and evidence and immediately stop and prevent further counterfeiting acts. Indeed, due to the nature of IPRs, injunctions have always been the primary remedy for infringement, while other remedies such as damages for loss of profits serve the secondary purpose of appropriately compensating right-holders for infringement³³.

There are said to be three types of injunction available to an applicant in a civil suit:

- (a) mandatory orders where a party is required to perform a positive act;

³⁰ Yeow CC and Balan S, 'Class actions in malaysia: principles and procedural obstacles', The Globalization of Class Actions Conference, Oxford, 12-14/12/2007, <http://globalclassactions.stanford.edu/sites/default/files/documents/Malaysia_National_Report.pdf> accessed 12/06/2011, p.1-2.

³¹ See 4.5.1(d) on Malaysian IP Court.

³² Stiel M and Dwyer J, 'Developing an IP enforcement', [2005] 154 *MIP* 80-83, p.80.

³³ AIPPI Working Guidelines for 'Q219: The availability of injunctions in cases of infringement of IPRs' available at <<https://www.aippi.org/download/committees/219/WG219English.pdf>>.

- (b) prohibitory orders where a party must refrain from doing something (in counterfeiting or trademark infringement cases, this is most generally sought to restrain the defendant from carrying out the infringement); and
- (c) *quia timet* orders to restrain wrongful acts which are threatened or imminent but have not yet been commenced³⁴ (in fact these are usually prohibitory).

In IP cases, an injunction is almost always prohibitory as it enjoins the threatened commission or continuance of wrongful acts³⁵. Injunctions may be interim or final and can be awarded unconditionally or subject to such terms and conditions as the court thinks just³⁶.

5.4.1 Interim Injunctions

An interim injunction is a court order directing that certain acts do or do not take place pending the final determination on the merit of the case by the court. As a provisional measure, it is usually applied at an early stage in the proceedings, before a trial takes place and without a full examination by the court of the facts stated in the application. The objective is to maintain the *status quo* in order to prevent injustice or irreparable harm³⁷. This is particularly important in counterfeiting or other infringement cases as the gap between the discovery date and the date of final injunction will provide ample opportunity for counterfeiters to hide or destroy the relevant evidence essential in establishing the right-holder's case. Indeed, the importance of the interim injunction in providing an effective and quick way to stop infringement probably makes it the most frequently sought remedy in IP cases³⁸, and it is considered to be a relatively cheap way of procuring temporary redress³⁹ and final redress if it leads to settlement.

In the jurisdiction of both Malaysia and the UK, interim orders are available in the forms of search orders (*Anton Piller*), freezing orders (*Mareva Injunction*) and disclosure orders (*Norwich Pharmacal Order*). Applications for interim remedies may be made by the party who has a cause of action in the disputed matter⁴⁰. The rules setting the practice and procedure for interim injunctions are set out in section 51(1) of the SRA 1950, paragraph

³⁴ Cunningham-Hill S and Elder K, *Civil litigation handbook 2010-11*, (Oxford: OUP, 2010), at Web Chapter A: Injunctions and other Equitable Remedies.

³⁵ Cornish, Llewelyn and Aplin, *IP*, (n.8, chap.3), p.75.

³⁶ UK SCA 1981, s.37(2) and Malaysia SRA 1950, s.50.

³⁷ See *Izzap Limited v Sanmaru Overseas Marketing Sdn. Bhd.* [2010] 1 LNS 1171; *Garden Cottage Foods Ltd v Milk Marketing Board* [1984] AC 130.

³⁸ Dailey MA, 'Interim measures available to US litigants: the early bird gets the worm', [1988] 10(6) *EIPR* 178-183, p.178; Wang L, 'Anti-counterfeiting 2008-a global guide: Malaysia', *WTR*, p.105: "Given the powerful interlocutory remedies that are available, many IP civil suits see settlement after successful stints at the interlocutory stage"; Lambert J, 'Trade marks: infringement overview, March 2004, <<http://www.ipitupdate.com/oldnipclaw/nipclaw/nipclaw/tm/infringe.htm>> accessed 25/06/2011.

³⁹ Cornish, Llewelyn and Aplin, (n.35), p.75; Brown (n.9), p.46. See Keay A, 'Whither American Cyanamid?: interim injunctions in the 21st century', [2004] 23(Apr) *CJQ* 133-151, Prescott P, 'American Cyanamid v Ethicon' (1975) 91 *LQR* 168, p.169.

⁴⁰ *Siskina v Distos Compania Naviera SA* [1979] AC 210.

6 of the schedule to the CJA 1950 and Order 29 of the Rules of the RHC 1980 for Malaysia and in Part 25 of Civil Procedure Rules (CPR) 1998 and its Practice Direction for the UK.

The procedures in both countries are generally similar. The main difference is that, while all these actions may be initiated at the Chancery Division, the Patents County Court, or a County Court at which there is also a Chancery District Registry⁴¹, the actions in Malaysia must be initiated at the High Court since the IP Sessions Court only handles criminal matters and does not have jurisdiction to hear injunction matters⁴². The ordinary UK County Courts, however, do not have the power to grant either search orders or freezing injunctions as these orders are reserved to the High Court⁴³, but all these remedies are available in the PCC (including preliminary and final injunction, damages, accounts of profits, delivery up, disclosure, search and seizure and asset freezing)⁴⁴.

(a) Application of the Interim Injunction and Problems of Delay

An interim injunction is an equitable remedy that is awarded at the court's discretion⁴⁵. In exercising its discretion, the court, however, is still bound to comply with equitable principles. One of the requirements here is that an application for interim injunctions must be sought immediately once the plaintiff becomes aware of the infringement since it may be denied if no reasonable explanation is given to the court even for a short period of delay. It should normally be made at the same time as, or shortly after, a suit is filed in court⁴⁶. This requirement is emphasized by courts in both Malaysia and the UK. In *Leo Pharmaceutical Products Ltd. v Kotra Parma (M) Sdn. Bhd.*⁴⁷, for example, the plaintiff had not taken any action for 25 months from the time they knew of the existence of the contentious trademarked products. In delivering the judgment, Low Hop Bing J said that:

“This considerable delay reflected their uncertainty of the defendant's alleged infringement. Thus, their application was dismissed as the relief sought is equitable in nature and it is trite law that delay defeats equity”.

⁴¹ SCA 1981, s.37; CCA 1984, s.38

⁴² SCA 1948, s.69. See 4.5.1(d) on Malaysian Court System and IP Court.

⁴³ See 4.5.2(b). The county courts' jurisdiction to grant freezing injunctions and search orders is expressly restricted by County Court Remedies Regulations (CCRR)1991, Reg.2-3.

⁴⁴ See 4.5.2(b), n.219. Jurisdiction for PCC on these matters are given under CCRR 1991 (SI 1991/1222 as amended by SI 1995/206), Reg.3(2) and 3(3)(a)(c) and (d). This is also explained in PCC Guide 2011, issued 12/05/2011.

⁴⁵ See Gee S, *Commercial injunctions*, 5th edn, (London: Sweet & Maxwell, 2004), p. 33; McDermott PM, *Equitable damages*, (Sydney: Butterworths, 1994), p.54: “The doctrines of equity...will be modified in appropriate instances to remedy any inadequacy of the common law. This after all has always been the fundamental purpose of a court of equity”; Malaysia SRA 1950, s.50: “Preventive relief is granted at the discretion of the court by injunction, temporary or perpetual”; Garner and others, (n.1), p.1408: “Equitable remedy was available only from a court of equity”.

⁴⁶ Malaysia RHC 1980, O.29 r.1; UK CPR Part 25.2.

⁴⁷ [2002] 6 CLJ 465, p.470.

In *Blinkx UK Ltd v Blinkbox Entertainment Ltd*⁴⁸, Floyd J held that unreasonable and completely unjustifiable delays might also affect the balance of convenience of the case. He said that:

“Had the claimant acted promptly while the defendant's business was still in its trial phase, the balance of convenience might have favoured an injunction. But two years later it seems to me that the position has reversed. If one asks whether I should permit a short further period of coexistence or stop all use of the name by the defendant except within the narrow confines proposed, I come down very heavily in favour of the former. Whichever way one looks at the matter, I consider that the claimant's delay here is fatal to the grant of interim relief, and I dismiss the application”.

However, in Malaysia, Abdul Wahab Said JC in *Intel Corporation v Intelcard Systems Sdn Bhd*⁴⁹ held that if the plaintiff has taken the initiative to resolve the dispute amicably with the defendant but to no avail, such delay will not prevent the court from granting the interim injunction.

An application for an interim injunction is often made without notice to the other party (*ex parte*) when there is a need for secrecy or in cases of urgency⁵⁰. The injunction order granted in this situation is only on a temporary basis with an early return date to allow the defendant to state his case⁵¹.

(b) Principles for Granting Interim Injunctions

Whilst *ex parte* application in most situations give an advantage to the plaintiff, there is an extensive legal implication for the blameless defendant since an injunction, although it is interim, may lead to potential commercial risks when he is refrained from doing business⁵². Thus, to balance the rights and to assure justice between parties⁵³, basic guidelines for the granting of interim injunctions have been established by the House of Lords in a patent case, *American Cyanamid Co v Ethicon Ltd*⁵⁴. In this case, Lord Diplock states that the governing principles in determining whether to grant an interim injunction are whether or not:

- (i) there is a serious question to be tried;

The applicant is required to satisfy the court that he has a cause of action; a claim that is being capable of being heard by the court⁵⁵. The court at this stage must not try to resolve conflicts of evidence or to decide difficult questions of law⁵⁶.

- (ii) the balance of convenience is in favour of granting the order;

⁴⁸ [2010] EWHC 1624 (Ch), para 28.

⁴⁹ [2004] 1 CLJ 550, p.564.

⁵⁰ Malaysian RHC 1980, O.29 r.2; UK CPR Part 25.3.

⁵¹ Malaysian RHC 1980, O.29 r.2B; UK CPR Part 25.11.

⁵² See Romeu FR, 'An economic theory of the regulation of preliminary measures', [2010] 30(3) *EJL&E* 267-300, p.268.

⁵³ See TRIPS Agreement, Arts.48(1) and 50(7).

⁵⁴ [1975] AC 396; [1975] 1 *AER* 504.

⁵⁵ Malaysian RHC 1980, O.18 r.8; UK CPR Part 25.2(1).

⁵⁶ *American Cyanamid*, (n.54), 407H.

The court should consider whether, if the plaintiff were to succeed at trial establishing his right to a permanent injunction, he would be adequately compensated by an award of damages for the loss sustained as a result of the defendant's continuing to do what was sought to be enjoined between the time of the application and the time of trial⁵⁷. If damages would be an adequate remedy and the defendant would be in a financial position to pay them, no interim injunction should normally be granted, however strong the plaintiff's claim appeared at that stage⁵⁸. The Court must also consider whether damages would be an adequate remedy for defendant under the cross undertaking in damages required from the plaintiff.

A debate on these principles and other factors has developed since then on their applicability in IP matters. As a result, the initial threshold principles in some instances vary from case to case⁵⁹. For example, the matter was revisited by Laddie J in *Series 5 Software v Clarke*⁶⁰ where he declared that the most important factor to be taken into account by the court was the strength of each party's case. He also concluded that, when considering whether or not to exercise its discretion in granting interim relief, the court should consider the following points:

- (i) the grant of an interim injunction is a matter of discretion and all the facts of the case must be considered;
- (ii) when exercising this discretion, the rule is that there are no fixed rules;
- (iii) the court should rarely attempt to resolve disputed issues of fact or law;
- (iv) important factors to be borne in mind are:
 - the extent to which damages are likely to be an adequate remedy to either side and the ability of the other party to pay,
 - the balance of convenience;
 - the maintenance of the status quo pending the full trial and
 - any clear view the court may reach as to the relative strength of the parties' cases.

Although Laddie J's reformulation has met with a mixed reception, it at least provided a valuable reminder of the background to and basic message contained in *American*

⁵⁷ Ibid, 408C. In this regard, the Malaysian court in *Associated Tractors Sdn Bhd v Chan Boon Heng* [1990] 2 MLJ 408, p.409 also held that where monetary compensation is an adequate remedy, injunctive relief would be declined.

⁵⁸ Ibid.

⁵⁹ See for example in *Athletes Foot Marketing Associates Inc v Cobra Sports Ltd* [1980] RPC 343 where those principles were not followed in matters involving trade restrictions. Walton J stated that in such cases, it is pertinent that one should also look at various issues such as commercial feasibility before an injunction is granted. In *Home Box Office Inc v Channel 5 Home Box Office Ltd* [1982] FSR 449 however, Peter Gibson J said that the principles of *American Cyanamid* were still applicable as they were "principles of general application".

⁶⁰ [1996] 1 AER 853. See also Phillips J, 'Interlocutory injunctions and IP: a review of *American Cyanamid v Ethicon* in the light of *Series 5 Software*', [1997] (Sep) *JBL* 486-492.

*Cyanamid*⁶¹. The message in the *American Cyanamid* case is that applications for interim injunctions cannot be a 'mini trial' of disputed issues, but rather that the court would have to reduce the risk of granting a decision which would ultimately produce an unjust result⁶². This means that the plaintiff, in pursuing his action, must show at least an arguable case against the defendant. In this context, although *American Cyanamid* was a patent case, the principles in fact apply in general to trademark cases. For example, irreparable damage caused by counterfeiting is relatively easily shown, as the value of a mark may easily be destroyed once it has been counterfeited⁶³.

Regardless of this debate, the *American Cyanamid* principles continue to be authoritative for the most part and have consistently been affirmed in both Malaysia and the UK⁶⁴. Vincent Ng J in *Aventis Farma Sa (Malaysia) Sdn Bhd v Rohibul Sabri Abas*⁶⁵ stressed that the current position in both the UK and Malaysia on the law pertaining to interim injunctions is the same; that is, the principles enunciated in *American Cyanamid* case are still good law in Malaysia and have been consistently affirmed. In trademark cases, for example, these guidelines were applied and restated by the Malaysian Court of Appeal in *Keet Gerald Francis Noel John v Mohd Noor Bin Abdullah*⁶⁶:

"A Judge hearing an application for an interlocutory injunction should undertake an inquiry along the following lines:

- (a) firstly, he must ask himself whether the totality of the facts presented before him discloses a *bona fide* serious issue to be tried;
- (b) having found that an issue has been disclosed that requires further investigation, he must consider where the justice of the case lies. In making his assessment, he must take into account all relevant matters, including the practical realities of the case;
- (c) the Judge must have in the forefront of his mind that the remedy that he is asked to administer is discretionary, intended to produce a just result for the period between the date of the application and the trial proper and intended to maintain the status quo".

In the UK, one recent case applying *American Cyanamid* principles is *Cowshed Products Ltd v Island Origins Ltd*.⁶⁷ where Birss J, in refusing the injunction, held that there was a certainty of damage to the defendant if the injunction was granted, but there was only a risk of damage to the plaintiff if the injunction was refused.

⁶¹ See Robert Walker J's decision in *Barnsley Brewery Company v RBNB* [1997] FSR 462 at 472.

⁶² Mirandah P, 'Interlocutory injunctions in trade mark cases – is the American Cyanamid test still applicable in Malaysia', 24 April 2007, <<http://www.mirandah.com/en/categories/item/121-interlocutory-injunctions-in-trade-mark-cases-is-the-american-cyanamid-test-still-applicable-in-malaysia.html>> accessed 12/01/2010.

⁶³ See the application of *American Cyanamid* principles to trademark cases in Kitchin and others, (n.4, chap.3), p.661-662.

⁶⁴ See *EMAP National Publications v Security Publications* [1997] FSR 891; Keay, (n.39), p.133; Scott IR, 'Re-assessing American Cyanamid', [2002] 21(Jul) *CJQ* 190-193; Mirandah, (n.62).

⁶⁵ [2008] 7 CLJ 525, para 9.

⁶⁶ [1995] 1 CLJ 293, p.294.

⁶⁷ [2010] EWHC 3357 (Ch). See Stephens K, Fuller Z and Brueton G, 'Determination of the balance of injustice in an interim injunction application to restrain trade mark infringement and passing-off', [2011] 40(1) *CIPAJ* 48-49.

Apart from the above principles, the court in the UK should also consider whether the grant of relief is proportionate in the context of the European Convention on Human Rights (ECHR)⁶⁸.

(c) Other Types of Interim Orders

(i) Search Orders (Anton Piller Orders)⁶⁹

The search order was a response to a growing concern over the volume of piracy and counterfeiting, and it has contributed greatly to the speed and effectiveness of the civil process in dealing with pirates and counterfeiters⁷⁰. This order became commonplace in Malaysia not only in copyright and trademark cases but also as applied to other cases⁷¹. Anton Piller-type orders (APO) have also been widely used in Continental Europe, particularly in France and Belgium (*saisie-contrefaçon*). In contrast, however, changes to UK law have made this order less attractive⁷².

This is a mandatory order obtained without notice, requiring a defendant to permit or allow the plaintiff and his representatives to enter the defendant's premises and to search and inspect articles and documents (evidence) relevant to the proceedings and to remove them or take copies of them⁷³ and even to require a defendant to disclose his source of supply of such goods⁷⁴. The main objective of this order is to preserve material evidence.

The concept of APO has been implemented in Article 7 of the EU Enforcement Directive 2004/48/EC which was largely inspired by the practices in some Member States such as the UK and France⁷⁵.

⁶⁸ See *Cream Holdings Ltd v Banerjee and the Liverpool Post and Echo Ltd* [2004] UKHL 44; UK Human Rights Act 1998 and the HoL' judgment in *South Bucks District Council v Porter* [2003] UKHL 26; Gee, (n.45).

⁶⁹ This order derived from the case of *Anton Piller KG. v Manufacturing Processes Ltd.* [1976] F.S.R. 129.

⁷⁰ Cornish, Llewelyn and Aplin, (n.35), p.89-90; in *International Electronics Ltd v Weigh Data Ltd* [1980] FSR 423, p.426-427: "There are many unscrupulous pirates in these fields and Anton Piller orders or something equivalent are necessary to prevent offending parties disposing of vital evidence before normal discovery is obtained.... They undoubtedly reduce the time and cost involved in trying such cases and prevent evasion of justice by unscrupulous parties".

⁷¹ Per L.Denning in *Ex Parte Island Records Ltd* [1978] Ch 122, p.133; Shair Mohamed MA(a), 'The meaning of "forthwith" in an Anton Piller Order', [1991] 2 CLJ lxx: "Misuse of confidential information as in the Anton Piller case itself, and impounding of imitation brand names, are all areas where the Anton Piller orders can be used to impound articles and information pending trial".

⁷² Strowel A and Hanley V, 'The Anton Piller case and its legacy: in search of a balance in civil search' in Heath C and Kamperman Sanders A (EDS), *Landmark IP cases and their legacy*, (Netherlands: Kluwer, 2011), p.113; Sahay S and Bora N, 'Perspectives of Anton Piller Injunctions in IP infringement cases', [2008] 1(1) *GNLULR* available at <http://www.gnlu.ac.in/03_Notes_&_Comments.pdf>

⁷³ Malaysia RHC O.29 r.3; UK CPR 25.1(1)(h).

⁷⁴ *EMI v Sarwar* [1976] FSR 146.

⁷⁵ In France and Belgium, before the transposition of Directive the well known procedure called "saisie contrefaçon" was only available for the certain IPRs such as patents, trademarks and designs. This procedure is now available for all IPRs, including geographical indications. See European Commission, 'Analysis of the application of Directive 2004/48/EC of the European Parliament and the Council of 29 April 2004 on the enforcement of IPRs in the member states', Brussels, 22.12.2010, SEC(2010) 1589 final, p.7-8.

It is understood that the first APO granted in the UK was in *EMI Ltd. v Pandit*⁷⁶, while in Malaysia it was *Lian Keow Sdn Bhd v Paramjothy*⁷⁷. The jurisdiction to grant the relief is available under section 37(1) of the SCA 1981⁷⁸. The search order procedures are given statutory force in the UK by section 7 of the Civil Procedure Act 1997 and Parts 25(1)(f) and (h) of the CPR and Practice Direction (PD). The plaintiff must also follow the procedure in CPR Part 23 and the specific provisions in PD 25. There is no specific procedure provided in Malaysia and thus the general provisions of Order 29 of the Malaysian RHC 1980 and section 53 of the SRA 1950 are applied in this matter. With regard to this issue, the Malaysian Court of Appeal in *Makonka Electronic Sdn Bhd v Electrical Industry Workers' Union*⁷⁹ said that:

"Hence, in this country even with the absence of any Practice Direction the application and execution of APO is subject to stringent requirements, guidelines and safeguards. In other words any departure would be contrary to the common law of Malaysia as such point has already been well established".

Since the application is heard in the defendant's absence, guidelines for its granting must be observed by the applicant in order to avoid the abuse of the defendant's rights. The primary criteria that must be satisfied before the court grants an order were laid down in *Anton Piller KG. v Manufacturing Processes Ltd. itself*⁸⁰:

- (i) Firstly, there must be an extremely strong prima facie case (this is easy to prove in counterfeiting cases);
- (ii) Secondly, the damage, potential or actual, must be very serious for the applicant (counterfeiting always causes serious damage to right-holders);
- (iii) Thirdly, there must be clear evidence that the defendants have in their possession incriminating documents or things, and that there is a real possibility that they may destroy such material before any application *inter partes* can be made (in counterfeiting cases, action must be taken promptly to avoid counterfeit goods being destroyed).

In the same case Lord Denning said that the plaintiff had to show a grave danger that vital evidence will be destroyed, that papers will be burnt or lost or hidden or taken beyond the jurisdiction and so the ends of justice defeated⁸¹.

Applications of this order are almost always made without notice, since giving notice would alert the defendant and possibly defeat the purpose of any search. Chan J in *Television Broadcasts Ltd v Mandarin Video Holdings Sdn Bhd*⁸² said that:

⁷⁶ [1975] 1 WLR 302.

⁷⁷ [1982] 1 MLJ 217.

⁷⁸ This section provides that "The High Court may by order (whether interlocutory or final) grant an injunction or appoint a receiver in all cases in which it appears to the court to be just and convenient to do so".

⁷⁹ [1997] MLJU 93.

⁸⁰ See n.69.

⁸¹ Ibid, p.135.

“The usefulness of the APO is on the element of surprise. This is so essential in cases of piracy. If the pirates have been forewarned then vital documents and articles would be lost, hidden or destroyed. It is too late to shut the stable-door when the steed is stolen”.

This factor probably causes the search order to be considered the most draconian order the court can make, because a defendant may be held guilty of contempt of court if he fails to comply with such orders⁸³. Thus, search orders will be granted only where necessary in the interests of justice, subject to the caveat that all procedures and requirements are satisfied⁸⁴.

In *Anton Piller* itself⁸⁵, the court laid down several provisions to provide safeguards for a defendant:

- (i) the order is made against the defendant in person and not his property. Thus, the defendant may refuse permission for entry to the premises and the search party may not enter without permission. This feature distinguishes the order from a search warrant⁸⁶;
- (ii) the plaintiff must give a cross-undertaking in damages;
- (iii) the plaintiff must be accompanied by his or her solicitor, an officer of the court;
- (iv) the defendant must be given time to consider the order and to seek advice from a solicitor;
- (v) the defendant may make an application for the order to be discharged as having been improperly obtained. The order may be discharged where the plaintiff has not made a full and frank disclosure of the relevant facts.

Protection for a defendant is important, as search orders could be abused in one of two ways: as a ‘blow’ against the defendant where the search order may be cynically employed for the purpose of bringing the defendant’s business to an end; and as a ‘fishing trip’ where the plaintiff gets the opportunity to rifle through the defendant’s premises and documents⁸⁷. As a result, additional safeguards recommended by Scott J in *Columbia*

⁸² [1983] 1 LNS 32.

⁸³ Shair Mohamed MA(b), ‘A critical appraisal of the Anton Piller Order’, [1987] 1 *CLJ* 517; Nelson GF, ‘Anton Piller Order - equity’s commando remedy against illicit traders & ors.’, [1993] 3 *CLJ* i (July).

⁸⁴ The court in *Makonka* case (n.79) said that: “It is a draconian order, granted by the court upon the balance of undertakings by the applicant and upon specific terms and conditions”.

⁸⁵ See n.69.

⁸⁶ L.Redesdale in *East India Company v Kynaston* (1821) 3 Bli.153, p.163 (referred to in *Anton Piller* case): “The order is to permit; and if the East India Company should refuse to permit inspection, they will be guilty of a contempt of the court. . . It is an order operating on the person requiring the defendants to permit inspection, not giving authority of force, or to break open the doors of their warehouse”.

⁸⁷ See Dockray M and Laddie H, ‘Piller problems’, [1990] 106 *LQR* 601, as cited in Colston and Galloway, *Modern IP Law*, (n.5, chap.4), p.784. In Malaysia, the judicial commissioner was scathing in his judgment in *Papparoti (M) Sdn Bhd v Roti Roti International Sdn Bhd* [2009] 1 LNS 683, and found that there was no infringement of Papparoti’s trade mark and that the Anton Pillar order was used by Papparoti in an oppressive manner to conduct a fishing expedition against the defendants and was thus an abuse of court process. He refused injunctive relief and said that Papparoti failed to establish a prima facie case against the defendants.

*Picture Industries v Robinson*⁸⁸ and Nicholls VC in *Universal Thermosensors v Hibben*⁸⁹ have been implemented by judges. These judicial safeguards were then incorporated into a Practice Direction (Mareva Injunctions and Anton Piller Orders) 1994, which orders:

- (i) execution during business hours;
- (ii) the necessary inclusion of an independent solicitor in the search team;
- (iii) a mandatory date shortly after execution to report back to the court, to enable any complaints and claims for compensation to be made by the defendant;
- (iv) careful records to be taken of all material taken from the premises⁹⁰.

Indeed, before the above safeguards were introduced, the legality of the search (Anton Piller) order was challenged before the European Court of Human Rights (ECHR) on the grounds that such an order violates the defendant's right to privacy under Article 8(1) of the European Convention on Human Rights and Fundamental Freedoms (ECHRFF)⁹¹. However, qualification under Article 8(2) would permit the use of such orders where necessary⁹². Thus, as long as the plaintiff and his lawyers follow the safeguards while executing such orders, search orders will not be considered as breaches of the ECHRFF⁹³.

In Malaysia, the court in the *Makonka* case⁹⁴ also set out the responsibility of the applicant's solicitor to ensure that the application satisfies certain requirements which, among others, include the following:

- (i) That there is full and frank disclosure of all relevant information and evidence to justify the issue of the order⁹⁵.
- (ii) The order must be drawn up such that it extends no further than the minimum necessary to achieve the preservation of evidence which may otherwise be removed or destroyed.
- (iii) The application includes first alternative prayers for orders to produce and deliver specific evidence⁹⁶. Only upon the respondents' failure to produce and deliver such evidence would the other elements of the APO come into effect.

⁸⁸ [1986] FSR 367. See Shair Mohamed(b), (n.83).

⁸⁹ [1992] FSR 361.

⁹⁰ Colston and Galloway, (n.87), p.784-785.

⁹¹ See *Chappel v United Kingdom* [1989] FSR 617 (ECHR). A challenge to Anton Piller order under Art 8 ECHR failed in this case.

⁹² ECHRFF, Art.8 reads: (1) Everyone has the right to respect for his private and family life, his home and his correspondence. (2) There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others.

⁹³ Sahay and Bora, (n.72).

⁹⁴ See n.79.

⁹⁵ An applicant has a duty to make full and frank disclosure which means that he must disclose all material facts even if they are adverse to his case.

⁹⁶ See UK PD7.5(1). Lawton LJ in *Hytrac Conveyors Ltd. v Conveyors International Ltd.* [1983] 1 WLR 44 per: "Those who made charges must state right at the beginning what they are and what facts they are based upon. They must not use Anton Piller orders as a means of finding out what sort of charges they can make". See Mahadev Shankar J in *Caterpillar Tractor Co.v Hock Guan (1960) Sdn. Bhd.* [1988] 1 CLJ (Rep) 424, p.427.

- (iv) That the application contains clear undertakings for damages, and that the evidence obtained will not be used in any other proceedings without the consent of the court⁹⁷.

In Malaysia, a privilege against self-incrimination is also relevant in search orders. This exempts a person from being compelled to produce documents or provide information which might incriminate him in any potential or current criminal proceedings, penalty or forfeiture. This is based on common law privilege and section 14(1) of the UK Civil Evidence Act 1968 and section 132 of the Malaysian Evidence Act (EA) 1950⁹⁸. In Malaysia, section 132 of EA 1950 does not apply to affidavit evidence, and thus the principle of common law privilege against self-incrimination applies to fill this gap⁹⁹. For IP proceedings in the UK, however, this privilege has been withdrawn by section 72 of the SCA 1981, and thus evidence admitted in civil proceedings may subsequently be used in criminal proceedings.

Generally, it is argued that a search order can bring a major advantage to the plaintiff in litigation. However, taking into account the requirement to satisfy the detailed guidelines and the additional safeguards which are intended to achieve balance with the rights of the defendant, this order may therefore render the process expensive for the plaintiff¹⁰⁰. As it also depends on knowing the identity of the defendant or location of the premises¹⁰¹, a “roving” APO (against defendants who are identifiable by description but when the claimant is unaware of their names¹⁰²) is available but appears have been rarely used thus far in either the UK¹⁰³ or Malaysia. Thus, in counterfeiting cases, knowledge of the parties’ financial position is necessary before pursuing this remedy, as civil search order might not offer an appropriately low-cost tool for the plaintiff.

⁹⁷ Shair Mohamed(a), (n.71).

⁹⁸ See per L.Goddard LJ in *Blunt v Park Lane Hotel Ltd* [1942] 2 KB 253;

⁹⁹ See Privy Council in *PP v Yuvaraj* [1969] 2 MLJ 89, p.90 said that no enactment can be fully comprehensive and that it takes place in the general body of the law. It is intended to be construed by lawyers, and upon matters about which it is silent or fails to be explicit it is to be presumed that it was not the intention of Parliament to depart from well-established principles of law.; Joseph ALR, ‘Anton Piller Orders and the privilege against self-incrimination in Malaysia and Singapore: revisited’, [1992] 2 *MLJ* xliii.

¹⁰⁰ Colston and Galloway, (n.87), p.785, Middlemiss S (Slaughter and May), ‘Trade mark litigation - United Kingdom’, 22/08/2011, <http://www.europeanlawyer.co.uk/referencebooks_12_256.html> accessed 22/08/2011, Abraham K (Shearn Delamore & Co), ‘Copyright litigation – Malaysia’, 27/11/2010, <http://www.europeanlawyer.co.uk/referencebooks_21_373.html> accessed 27/07/2011; Strowel and Hanley, (n.72), p.112.

¹⁰¹ See 5.4.1(c)(iii) below on disclosure order.

¹⁰² See Laddie J in *Bloomsbury Publishing Plc and Another v Newsgroup Newspapers Ltd* [2003] EWHC 1087 (Ch), para 25-26: “. . . I do not think it is outside the court’s power to grant injunctive relief against parties who are not identified by name, but who are known to exist and who will not be in any doubt that the order is directed at them. 26. Furthermore, if such an order is made, it seems to me it will be effective once brought to the attention, not only of the person (or persons) directly offering this stolen volume for sale, but all those, who knowing of the order, assist in attempts to sell it.”

¹⁰³ Roving Anton Piller order is the same as an Anton Piller order in all respects, except that it does not name a particular defendant. (In Canada, this is referred as John Doe orders). Rather, the orders are aimed at situations where the existence of counterfeiters is known, but the names and identities of the parties dealing in the product are not known. See Cregan Q, ‘Roving injunctions and John Doe orders against unidentifiable defendants in IP infringement proceedings’, [2011] 6 (9) *JIPLP* 623-631; Strowel and Hanley, (n.72), p.113.

(ii) Freezing Injunctions (Mareva Injunctions)

A freezing injunction is an interim order which is collateral to the main action, which prohibits a party from disposing of or dealing with his assets in order to preserve them until the conclusion of the trial. Although it is most frequently sought before proceedings, the court may in appropriate circumstances grant the injunction after trial or determination so as to preserve the defendant's assets until a judgment has been enforced. A freezing injunction could be used to ensure that a defendant retains assets and to pressurize him to settle the claim quickly, or merely to provide security for any judgment that might be obtained at trial¹⁰⁴. The effect of a civil freezing injunction, particularly in the context of counterfeiting trade, is quite similar to the concept introduced by the UK Proceeds of Crime Act (POCA) 2002 and the Malaysian Anti-Money Laundering and Anti-Terrorism Financing Act (AMLATFA) 2001 which are intended to prevent people benefiting from their unlawful activities and thus acting as freezing orders in this context¹⁰⁵. This would have a significant impact on counterfeiters as they are prohibited from dealing with or enjoying the suspect assets at least until the court makes a decision at the end of the trial.

The Mareva injunction has its origin in *Mareva Compania Naviera SA v International Bulkcarriers SA*¹⁰⁶, at which time there was no specific statutory provision for the issue of Mareva injunction in England. Instead, Lord Denning relied on the then section 45 of the Supreme Court of Judicature (Consolidation) Act 1925, which provides that:

“The High Court may grant a mandamus or an injunction or appoint a receiver by an interlocutory order in all cases in which it appears to the Court to be just and convenient so to do”.

This section was then repealed and replaced by section 37 of the SCA 1981. Section 37(3) now confirms the High Court's powers to grant a Mareva injunction in England¹⁰⁷. Apart from this, procedures on freezing injunctions are dealt with in CPR Part 25 and PD 25¹⁰⁸.

In Malaysia, the Federal Court in *Zainal Abidin v Century Hotel Sdn. Bhd.*¹⁰⁹ held that para 6 of the Schedule to the CJA 1964¹¹⁰ is the equivalent provision to the then section 45 of

¹⁰⁴ Colston and Galloway, (n.87), p.786.

¹⁰⁵ See 6.4.1 on POCA 2002 and 6.4.2 on AMLATFA 2001.

¹⁰⁶ [1975] 2 Lloyd's Rep. 509; [1980] 1 AER 213.

¹⁰⁷ This section provides that: “The power of the High Court under subsection (1) to grant an interlocutory injunction restraining a party to any proceedings from removing from the jurisdiction of the High Court, or otherwise dealing with, assets located within, that jurisdiction shall be exercisable in cases where that party is, as well as in cases where he is not, domiciled, resident or present within that jurisdiction”.

¹⁰⁸ Part 25.1(1)(h) of the CPR describes a freezing injunctions as an order (i) restraining a party from removing from the jurisdiction assets located there; or (ii)The Annex to PD 25 also contains a draft freezing injunction that may operate domestically (domestic freezing orders) or worldwide (Worldwide Freezing Orders).

¹⁰⁹ [1982] 1 MLJ 260. This case has been followed by subsequent cases including *Recent Decorators (M) Sdn. Bhd. v Michael Chee* [1984] 2 MLJ 78; *Pacific Centre Sdn. Bhd. v United Engineers (Malaysia) Bhd.* [1984] 2 MLJ 143; and *S & F International Ltd. v Trans-con Engineering Sdn. Bhd.* [1985] 1 MLJ 62.

the 1925 Act (referred to by L. Denning in the Mareva case above) as conferring Mareva jurisdiction on Malaysian Courts. Also, in laying down the principles, the Federal Court summarized the scope of its application as follows:

... It is an injunction granted ex parte against a defendant in a pending action to restrain him from removing assets from and now even dissipating them within the jurisdiction and so stultifying any judgment in favour of the plaintiff...“The courts must be vigilant to ensure that a Mareva defendant is not treated like a judgment debtor” (see *AJ Bekhor & Co Ltd v Bilton* (supra — [1982] 1 All ER 577)...”.

The power of the court in granting a Mareva injunction was endorsed by the then Supreme Court in *Aspatra Sdn. Bhd. v Bank Bumiputera Malaysia Bhd.*¹¹¹, where the majority held that paragraph 6 of the Schedule to the CJA 1964, read with Order 29 of the RHC and section 50 of the SRA 1950, is wide enough to confer the necessary Mareva jurisdiction.

As a freezing injunction carries a similar capacity as a search order for prejudice to defendants and abuse by plaintiffs¹¹², the latter must therefore satisfy the conditions for its granting. The courts in Malaysia have accepted the principles enunciated in the English case *Third Chandris Shipping Corporation v Unimarine S.A.*¹¹³, (which applied the principle in the Mareva case but Lord Denning elaborated further on the guidelines) where, to succeed in an application for a Mareva injunction, the plaintiff must satisfy four basic principles:

- (i) that he has a valid cause of action over which the court has jurisdiction;
- (ii) that he has a good arguable case, which means that the plaintiff must demonstrate a likelihood of success, but he does not have to establish a particular degree of likelihood;
- (iii) the plaintiff has reason to believe that the defendant has assets within jurisdiction. In most cases the plaintiff will not know the extent of the defendant's assets, but he may have indications of what assets are available, such as bank accounts, land, chattels, company's goodwill, choses in action;
- (iv) the plaintiff has reason to believe that there is a real risk that the assets may be disposed of or dissipated so that the judgment cannot be enforced.

As in any application for an interim injunction, the plaintiff must, in addition to these conditions, give a 'cross-undertaking' to the court to pay any damages that the defendant sustains by reason of the freezing order if it subsequently transpires that the order ought

¹¹⁰ It provides: “Power to provide for the interim preservation of property the subject matter of any cause or matter by sale or by injunction or the appointment of a receiver or the registration of a caveat or a *lis pendens* or in any other manner whatsoever”.

¹¹¹ [1988] 1 MLJ 97, Seah SCJ however delivered dissenting view.

¹¹² Colston and Galloway, (n.87), p.786.

¹¹³ [1976] QB 645. See WTO Council for TRIPs, 'Review of legislation: Malaysia', IP/Q/MYS/1, 13 May 2003, available at: <www.wto.org.tw/SmartKMS/fileviewer?id=31406>.

not to have been granted¹¹⁴. A freezing injunction takes effect at the very moment it is pronounced. Thus, if the defendant or any other person with notice breaches its terms, the plaintiff may bring proceedings for committal for contempt of court¹¹⁵.

In a recent development concerning freezing orders in the EU, the European Commission on 25 July 2011 released the proposed European Account Preservation Order (EAPO) Regulation, which has been submitted for consideration by the European Parliament and the Council of the EU. The regime proposes a new and additional kind of bank account freezing order which enable claimants in the courts of any European Member State in appropriate cases to find out what bank accounts an alleged debtor has in another jurisdiction and to freeze them almost automatically. The UK, however has not yet decided on this proposed regulation¹¹⁶.

(iii) Disclosure Orders (Norwich Pharmacal Order)

In certain situations, the right-holders may learn about infringing goods when such goods are passing through the hands of persons in the course of transit. These persons, such as customs authority, however, may not be infringing and may not even know that others have infringed or are likely to do so¹¹⁷. In this situation, the court may order such a person to disclose the names of the consignors or consignees responsible when necessary. Disclosure in this sense is similar to that practised under EU Regulation 1383/2003 as discussed in chapter seven¹¹⁸.

In *Norwich Pharmacal v Commissioners of Customs and Excise*¹¹⁹, the House of Lords made an order for discovery of information in England. This order is commonly used to identify the proper defendant in an action or to obtain information to plead a claim. The power for granting a disclosure order is provided under section 37(1) of the SCA 1981¹²⁰, while Part 31 of the CPR recognizes the specific procedural existence of the *Norwich Pharmacal* jurisdiction. Part 25.1(1)(g) of the CPR also provides:

“an order directing a party to provide information about the location of relevant property or assets or to provide information about relevant property or assets which are or may be the subject of an application for a freezing injunction”.

¹¹⁴ *Allen v Jambo Holdings Ltd.* [1980] 2 AER 502.

¹¹⁵ *Z Ltd. v A* [1982] QB 558. See Tan KMR, ‘Mareva injunction’, [1989] 2 *CLJ* 764; Gee, (n.45), p.542, 557, 600.

¹¹⁶ UK Ministry of Justice, ‘Proposed EU Regulation creating a European Account Preservation Order to facilitate cross-border debt recovery in civil and commercial matters - How should the UK approach the Commission’s proposal?’, Consultation Paper CP 14/2011, (Duration of consultation: 3 August - 14 September 2011), <<http://www.justice.gov.uk/downloads/consultations/eu-cross-border-debt-recovery-consultation.pdf>> accessed 15/09/2011.

¹¹⁷ UK CPR Part 31.17; An application for disclosure against a person who is not a party to proceedings is permitted under s.34 of the SCA 1981 or s.53 of the CCA 1984.

¹¹⁸ See 7.5.1 on border measure in the UK.

¹¹⁹ [1974] AC 133.

¹²⁰ Gee, (n.45), p.657.

Thus, although the order originally applied in England, it was then extended throughout the UK¹²¹. Article 8 of the EU Enforcement Directive 2004/48/EC also introduced the application of this order across the EU.

In *Mitsui Ltd. v Nexen Petroleum UK*¹²², Lightman J set out three conditions that must be satisfied before a court may grant this order:

- (i) a wrong must have been, or arguably have been, carried out by an ultimate wrongdoer;
- (ii) there must be a need for an order to enable action to be brought against the ultimate wrongdoer;
- (iii) the person against whom the order is sought must either have facilitated the wrongdoing or be able to, or likely to, provide the information necessary to enable the ultimate wrongdoer to be sued.

The judge in the same case also held that the necessity required to justify the exercise of this intrusive jurisdiction arises from the absence of any other practicable means of obtaining essential information.

The general rule of discovery provides that discovery to find the identity of the wrongdoer is available only against someone with whom the plaintiff has a cause of action in relation to the same wrong, and it is not available against a person who has no other connection with the wrong other than that he was a spectator or has some document relating to it in his possession. The *Norwich Pharmacal* case, however, introduced an exception to that general rule and extended mandatory disclosure to a person who, through no fault of his own, is inadvertently involved in a commission of a wrong committed by others and who has a duty to assist the person who was wronged to give information on the identity of the wrongdoer¹²³. This may overcome the difficulty in identifying the source of counterfeit goods.

The principle of the *Norwich Pharmacal* case was accepted in Malaysia in *First Malaysia Finance Berhad v Dato' Mohd Fathi Bin Haji Ahmad*¹²⁴ which, among others, held that the application of the *Norwich Pharmacal's* principle has limitations; and where the identity of the wrongdoers was already known, an order of discovery is not available. In *Golden Palmolina Sdn Bhd v Lai Yang Chee*¹²⁵, Rosnaini J held that even though the Malaysian RHC does not have any specific provisions for a discovery order, the plaintiff

¹²¹ European Commission, (n.75), p.11.

¹²² [2005] EWHC 625 Ch.

¹²³ See L.Reid's judgment in *Norwich Pharmacal* case, (n.119).

¹²⁴ [1993] 3 CLJ 329, see Edgar Joseph Jr SCJ's judgment.

¹²⁵ [2007] 5 CLJ 238, p.241.

can nevertheless obtain one by virtue of the *Norwich Pharmacal* principle which has been approved by the Supreme Court in the *First Malaysia Finance* case.

The usefulness of disclosure orders is also recognized under EU Enforcement Directive 2004/48/EC. This order is available in trademark cases including on the internet such as the sale of counterfeit goods through a website, as in the case of *L'Oréal SA v eBay International AG*¹²⁶.

5.5 Civil Remedies at Full Trial

5.5.1 Final Injunction

As a primary remedy for IPRs cases including trademark infringements, a successful plaintiff will normally obtain a permanent injunction whether or not preliminary relief is sought¹²⁷. Being an equitable remedy, an injunction is still subject to the court's discretion even after the plaintiff has established his right at trial to the action. This means that the court may only grant final injunction if the plaintiff can prove on a balance of probabilities, which is a higher burden of proof than for an interim injunction, that the actionable wrong may continue¹²⁸. If no future threat exists, the courts may decline to grant a final injunction. In *Coflexip SA v Stolt Comex Seaways MS Ltd*¹²⁹, Laddie J said that:

“The grant of an injunction was in the discretion of the court, which must tailor it to match the wrong which had been committed and was threatened. The injunction should protect the plaintiff from a continuation of the infringements of his rights by the threatened activities of the defendant, but it must also be fair to the defendant. If no future threat of infringement existed, injunctive relief should be refused”.

Final injunctions may also be imposed as a result of a settlement made between a plaintiff and a defendant in the course of litigation. In certain cases, it might be granted when the right-holders can prove that their rights have been infringed by the defendant¹³⁰. In other words, it can be said that the award of a final injunction depends on the facts of the case.

In the UK, section 14(2) of the TMA 1994 provides for the award of a final injunction. In *Coflexip SA v Stolt Comex Seaway MS Ltd*¹³¹, the court held that the form of the injunction is governed by the wording of the relevant statutory provision. Meanwhile, the High Court

¹²⁶ [2009] EWHC 1094, [2009] R.P.C. 21.

¹²⁷ Brown (n.9), p.57. See Calame T and others, 'The availability of injunctions in cases of infringement of IPRs', Working Guidelines for Q219 AIPPI, <https://www.aippi.org/download/committees/219/WG219_English.pdf> accessed 05/08/2011.

¹²⁸ Cornish, Llewelyn and Aplin, (n.35), p.79.

¹²⁹ [1999] FSR 473, para 3 and 6. See Mallinson R, 'Coflexip and injunctions: make the punishment fit the crime', [1999] 4 IPQ 499-508.

¹³⁰ Bently and Sherman, *IP Law*, (n.8, chap.3), p.1112.

¹³¹ [2001] 1 All ER 952 per Aldous LJ, para 60: "It is important that an order, such as an injunction, is drafted so as to set out, with such clarity as the context admits, what may not be done. It is for that reason that the standard form of injunction is in the terms restraining the defendant from infringing the patent. Such an injunction is limited in term and confined to the right given by s 60(1) and (2) of the [Patents Act 1977]....".

in *Cantor Gaming v Gameaccount Global Ltd*¹³² provides a useful summary of the circumstances in which a final injunction will be granted in IP disputes:

- (i) an injunction may be granted pursuant to s.37(l) of the SCA 1981 whenever it is just and convenient to do so;
- (ii) the grant of an injunction involves the exercise of the court's discretion, and the court should, in so doing, take account of all of the circumstances, one factor of which is the importance or triviality of the breach;
- (iii) there are certain kinds of cases, of which intellectual property cases are examples, in which an injunction will normally be granted if a plaintiff has established the infringement of its rights and there is a threat to continue (presumption of continuance);
- (iv) where there is no threat to continue acts which have been held to be unlawful, because the defendant clearly and unequivocally agreed not to do them before the action was brought, it is not right in principle to grant an injunction;
- (v) there may, however, be situations where, even though a defendant may have agreed not to undertake the acts in question, an injunction may be just and convenient, having regard to all the circumstances. This may be, for example, because of the greater incentive for respect of a plaintiff's rights that an injunction would provide, and which, in particular cases, it may appear just to grant;
- (vi) the court may, in appropriate cases, take proportionality into account in granting or refusing injunctive relief.

5.5.2 Delivery Up or Destruction

In appropriate cases, a court may order the defendant to deliver infringing articles or documents to a designated place or person for the purposes of destruction or retention by the recipient. Delivery up is intended to ensure that the injunction is properly effective¹³³. It may be ordered as an alternative to the destruction of such material on oath by the defendant and is useful where a defendant has shown that his oath is not to be relied upon. The defendant is not entitled to any compensation for loss caused to him by such destruction or delivery up and cannot set off the value of goods delivered up against a claim for damages¹³⁴. The availability of the court order in such cases is determined according to equitable principles. This order, however, is given statutory force in the UK under section 16 of the TMA 1994. The court may order that the infringing goods are either destroyed or forfeited to such a person as the court might

¹³² [2007] EWHC 1914 (Ch) para 113.

¹³³ Cornish, Llewelyn and Aplin, (n.35), p.80.

¹³⁴ WTO Council for TRIPs, (n.113).

think fit¹³⁵, which could include the rights-holder, or the wronged-party. In Malaysia, however, the jurisdiction of the court in awarding this order is in accordance with the principles of common law¹³⁶.

It should be noted that the remedy of delivery-up is independent from an assessment of damages. However, when considering whether or not to grant an order for delivery up and destruction of infringing goods or forfeiture, the court will consider the other remedies available to the trademark proprietor such as compensation, and whether or not they would be adequate to compensate the proprietor and any licensee and protect their interests¹³⁷.

5.5.3 Damages

Civil remedies are most often monetary. Indeed, the normal aim of an award of damages is to compensate the plaintiff for the harm caused him by the legal injury¹³⁸. There are two forms of monetary remedy: common law damages and equitable action for an account of profits¹³⁹. As a common law remedies, damages are calculated in terms of the financial damage suffered by the plaintiff to compensate for his loss as a result of the defendant's act. An account of profits, on the other hand, is intended to deprive the defendant of unjustified enrichment, and is calculated in terms of the net profits the defendant has made by reason of his act of infringement. The remedies are alternatives, and thus it is for the plaintiff to choose which one he prefers to pursue¹⁴⁰. In doing so, Lightman J in *Island Records Ltd v Tring International plc*¹⁴¹ identified four principles:

- (i) a plaintiff may seek for damages and an account of profits, but he cannot obtain judgment for both;
- (ii) once judgment has been entered either for damages or an account of profits, any claim for the alternative remedy is forever lost;
- (iii) a party should not, in general, be required to elect between remedies unless and until he is able to make an informed choice, otherwise the right is meaningless; and
- (iv) the exercise of the right of election should not be unreasonably delayed to the prejudice of the defendant.

¹³⁵ TMA 1994, s.19(1).

¹³⁶ WTO Council for TRIPs, (n.113).

¹³⁷ Abnett R and others, 'Damages for infringement, counterfeiting and piracy of trademarks', Question Q203 UK Group, 31 March 2008, <https://www.aippi.org/download/commitees/203/GR203united_kingdom.pdf> accessed 28/03/2010.

¹³⁸ See *United Horse Shoe v Stewart* (1888) 5 RPC 260, p.267: "But it is no excuse that the defendant might have injured the claimant as much by some non-infringing act", as cited in Cornish, Llewelyn and Aplin, (n.3), p.81.

¹³⁹ Michaels, *Trade mark law*, (n.175, chap.4), p.210.

¹⁴⁰ *Ibid.*

¹⁴¹ [1995] EWHC 8 (Ch), para 7.

Besides these principles, Firth's recommendation that certain forms of monetary remedies are particularly suited to certain forms of infringement (Table 5.1)¹⁴² may also assist the plaintiff in his choice.

Table 5.1: Infringement and remedy

Form of infringement	Injury	Remedy
Exact imitation/confusion	<ul style="list-style-type: none"> – Diversion of sales – Loss of licensing opportunity? 	<ul style="list-style-type: none"> – Profits the claimant would have made on lost sales (i.e. licensee trading company) – Notional royalties (licensor)
Unfair advantage	Unjust enrichment of defendant rather than loss to claimant	Account of profits (defendant's) – should be restored to proprietor/ licensees?
Detriment to distinctive character or repute	Loss in value of mark	Compensate proprietor for depreciation in value (difficult to quantify)

(a) Assessment of Damages

In the UK, damages are available in section 14(2) of the TMA 1994, while in Malaysia they are awarded under the principles of common law¹⁴³. In IP cases, damages principles are generally consistent with a modern understanding of general tort principles as emphasized by the Court of Appeal in *Gerber Garment Technology v Lectra Systems Ltd*¹⁴⁴:

“Infringement of a patent is a statutory tort; and in the ordinary way one would expect the damage recoverable to be governed by the same rules as with many or most other torts. We were referred to Halsbury's Laws of England ... to establish the elementary rules (1) that the overriding principle is that the victim should be restored to the position he or she would have been in if no harm had been done, and (2) that the victim can recover loss which was (i) foreseeable, (ii) caused by the wrong, and (iii) not excluded from recovery by public or social policy. The requirement of causation is sometimes confused with foreseeability, which is remoteness”.

Although this case is concerned with patent infringement, the judgment however is of general application to IP cases¹⁴⁵. This decision was consistent and reiterated the purpose of damages; that is, to compensate for loss or injury as previously held in the patent case of *General Tire v Firestone*¹⁴⁶. In this case, Lord Wilberforce also set out the principles governing the award for damages in IP cases such that:

“There are two essential principles in valuing that claim: first, that the plaintiffs have the burden of proving their loss: second, that the defendants being wrongdoers,

¹⁴² Firth, 'Damages/Monetary Remedies', (n.255, chap.4), p.84.

¹⁴³ See last paragraph of 5.3 above.

¹⁴⁴ [1997] R.P.C. 443, at 452 (C.A.), per Staughton L.J. See Cohen J and Haugaard AM, 'Monetary compensation for trade mark infringement in the EU', [2010] 5(5) *JIPLP* 372-377.

¹⁴⁵ Colston and Galloway, (n.87), p.793.

¹⁴⁶ [1975] F.S.R. 273, p.277-278: “As in the case of any other tort (leaving aside cases where exemplary damages can be given) the object of damages is to compensate for loss or injury. The general rule at any rate in relation to “economic” torts is that the measure of damages is to be, so far as possible, that sum of money which will put the injured party in the same position as he would have been in if he had not sustained the wrong”.

damages should be liberally assessed but that the object is to compensate the plaintiffs and not punish the defendants¹⁴⁷.

This means that if the plaintiff claims damages, the onus of proving such damages lies on him. Mere proof of an infringement of trademark in this respect entitles the right-holder to some measure of damages, even if the infringing act was conducted innocently. This is because there is no provision in either the TMA 1976 or 1994 to exempt damages during a period in which the defendant was not aware of the plaintiff's rights. Kelbrick, however, has a different view of this issue, and argued that although compliance with IP legislation is of vital importance in the light of burgeoning infringement and counterfeiting worldwide, such action is necessary against persons who appropriate the fruits of another's labour, not against persons who act in innocence of the rights of another¹⁴⁸.

Thus, the trademark in this context contrasts with other types of IPRs such as copyright, design right, registered design and patent infringement, since such exemptions exist in the UK in sections 97(1) and 233(1) of the Copyright, Designs and Patents Act (CDPA) 1988, section 24B of the Registered Designs Act 1949 and section 62(1) of the Patents Act 1977¹⁴⁹.

In the UK, regulation 3 of the IP Enforcement Regulations 2006 (SI 2006/1028) implementing the EU Enforcement Directive 2004/48/EC provides guidance in assessing damages:

- (2) When awarding such damages—
- (a) all appropriate aspects shall be taken into account, including in particular—
 - (i) the negative economic consequences, including any lost profits, which the claimant has suffered, and any unfair profits made by the defendant; and
 - (ii) elements other than economic factors, including the moral prejudice caused to the claimant by the infringement; or
- (b) where appropriate, they may be awarded on the basis of the royalties or fees which would have been due had the defendant obtained a licence.

Although to date there is no indication as to how this principle will be applied, this provision suggests that in determining the level of compensation, the courts may and should consider the defendants' gain as well as the plaintiff's loss¹⁵⁰. In the *Gerber* case¹⁵¹, the Court of Appeal upheld the decision of Jacob J at first instance in awarding the damages for:

- (a) Lost profits on machine sales that the plaintiff would have made but for the defendant's sales;
- (b) Lost profits on spare parts and servicing;

¹⁴⁷ Ibid, p.278, citing *Pneumatic Tyre v Puncture Proof Pneumatic Tyre* (1899), 16 R.P.C. 209, at 215 (C.A.).

¹⁴⁸ See discussion in Kelbrick R, 'Damages against the innocent infringer', [1996] 18(4) *EIPR* 204-212, p.212.

¹⁴⁹ See Teo, *TM Law in Malaysia*, (n.84, chap.4), p.314; Colston and Galloway, (n.87), p.794.

¹⁵⁰ Firth, (n.142), p.84; Colston and Galloway, (n.87), p.814.

¹⁵¹ See n.144. The decision at first instance is reported at [1995] R.P.C. 383.

- (c) Loss on Gerber sales caused by price depression to meet the competition from the defendant;
- (d) Lost profits on machine sales made post-expiry of the patent on the basis that the defendant's infringement before expiry enabled it to compete immediately on expiry;
- (e) Lost royalties on sales by the defendant that the plaintiff would not have made;
- (f) Lost profits on sales of computer-assisted design (CAD) machines which would have accompanied the lost automated cutting machinery (CAM) machines sales ("convoyed sales").

In deciding which loss of profits can be recovered and how one assesses the amount of the "profit" in question, Jacob J went back to basic principles. He held that patent infringement was by its nature a tort and that, accordingly, damages should be awarded on the normal tort basis; namely, that the plaintiff was entitled to recover in respect of any loss flowing from the wrongful act and which was reasonably foreseeable. Accordingly, if it was really the case that when making a sale of a patented item the plaintiff could anticipate that further business would flow from that sale, the plaintiff could also recover lost profit in respect of that further business¹⁵².

By contrast, the Federal Court in Malaysia in *Taiping Poly (M) Sdn Bhd v Wong Fook Toh*¹⁵³ held that, in assessing damages, it should neither assess loss of sales or net profit but instead loss of business profit. The reason for this is that the net profit of the defendant involved their sales of products other than the infringed goods. Thus, taking the overall nett profit into consideration would be contrary to the acceptable principles applied in the common law jurisdiction premised on 'the loss of business profits caused by the diversion of the plaintiff's customers to the defendant as a result of the defendant's misrepresentation'¹⁵⁴.

It seems that this decision is consistent with the hypothesis put forward at the beginning of this chapter that a remedy granted must be fair and balanced in protecting the interests of both litigants. Since the purpose of damages is to compensate the plaintiff for the losses resulting from the defendant's action, damages are therefore assessed on the actual loss of sales suffered by the plaintiff. Thus, in punishing the defendant, the plaintiff at the same time is not entitled to be overcompensated. Otherwise, the desired balance could not be achieved and the remedies provided would be exposed to the risk of abuse.

¹⁵² Rogers D and Moss G, 'Damages for loss of profits in IP litigation', [1997] 19(8) *EIPR* 425-434, p.428.

¹⁵³ [2011] 3 CLJ 837, para 15 and 42.

¹⁵⁴ *Ibid*, para 24.

5.5.4 Account of Profits

A plaintiff may elect for an account of profits, preferably where the defendant has made more profit out of the infringement than the plaintiff has lost¹⁵⁵. However, proving the defendant's profit is a laborious, difficult and expensive task, and it seems that this choice can be risky for a plaintiff and in the past has not been pursued very often¹⁵⁶. Furthermore, the focus of an account of profits is not to consider the harm inflicted on the plaintiff, but rather only considers the profit made by the infringer. In *Colbeam Palmer Ltd v Stock Affiliates Pty Ltd*¹⁵⁷, for example, the Australian High Court highlighted that:

“But in the case of a registered trademark, infringement consists in the unauthorised use of the mark in the course of trade in relation to goods in respect of which it is registered. The profit for which the infringer of a trademark must account is thus not the profit he made from selling the article itself, but, as the ordinary form of order shows, the profit made in selling it under the trademark”.

It is clear that the defendant is only liable to compensate the plaintiff or he only has to account for the profits made by the infringements. In *Celanese International Corp v BP Chemicals Ltd*¹⁵⁸, Laddie J held that:

“By this method the whole project "cake", the size of which is determined by its costs and expenses, is divided into slices. It is only the profit icing on the infringing slice (the relative size of which is also measured by reference to its relevant costs and expenses) for which the defendant has to account”.

Thus, in deciding whether or not to choose an account of profits, the plaintiff has to consider all aspects that can provide greater compensation to him. Usually, this choice will be reserved until it is clear whether or not the plaintiff will recover a substantial amount from the defendant¹⁵⁹.

5.6 Obstacles in Civil Proceedings

In pursuing any civil proceedings, it is expected that some rules of procedure and practice may stand as obstacles in the way of such actions. From the above discussion, it is identified that the obstacles in civil proceedings include:

- (a) Lack of specialist jurisdiction
- (b) Outdated provisions
- (c) Expensive procedures

¹⁵⁵ Stuart TM, 'Quantum in accounts of profits', [1999] 21(3) *EIPR* 147-149, p.147; Teo, (n.149), p.317.

¹⁵⁶ Rogers and Moss, (n.152), p.425; Colston and Galloway, (n.87), p.789; Cornish, Llewelyn and Aplin, (n.35), p.85.

¹⁵⁷ [1972] RPC 303.

¹⁵⁸ [1999] R.P.C. 203, para 54.

¹⁵⁹ Michaels, (fn.139), p.215.

5.6.1 Lack of Specialist Jurisdiction

In both Malaysia and the UK, IP matters are now dealt with in specialised courts. In the UK, a unified procedure for all IP matters is contained in the CPR Part 63 and its accompanying PD 63 which came into force on 1 April 2003, accommodating specialist jurisdictions on IP matters within a general framework. The Patents County Courts Guide also offered helpful guidelines on how proceedings should take place¹⁶⁰. However, this situation does not yet exist in Malaysia. Although Article 41(5) of the TRIPS Agreement does not itself stipulate the need for different treatment in IP enforcement, it is believed that the existence of such provisions may provide clear guidelines for all parties involved in litigation, and thus may speed cases up and save the time and cost of the whole proceedings. This is also in line with the intention of the establishment of the IP Courts, which one of the aims of was to limit the backlog of cases concerning IP disputes¹⁶¹.

5.6.2 Outdated Provisions

It is also understood that most of the Malaysian statutes are heavily based on the English provisions, including the TMA 1976 and RHC 1980. Although the UK TMA 1994 and the rules of court in England and Wales have been revamped several times, the Malaysian TMA 1976 and the RHC 1980 remain primarily unchanged. Hence, it is not only true that most of the substantive provisions in the TMA 1976 are considered outdated, but it seems that the procedural aspects of the civil justice system in Malaysia are also now outmoded. For example, there is no express provision on remedies in the TMA 1976, although it is understood that Malaysia adopts the principles of common law in this matter. It is argued that a clear provision on remedies is necessary not only to assist all parties in the litigation process in understanding the rights granted to them, but that it is also important for foreign businesses, especially those from non-common law countries, to know what kind of legal protection is available to them if they invest in Malaysia. This is particularly important since applications for trademark registration in Malaysia are among most numerous compared to other types of IP¹⁶². Thus it is submitted that new or improved provisions are necessary in this respect, as is the practice in the UK, to correspond to current needs in addressing counterfeiting problems¹⁶³.

5.6.3 Expensive Procedures

It is undoubtedly true that the plaintiff in civil proceedings has more choice in pursuing actions against the defendant. However, the above discussion has also identified that

¹⁶⁰ See 4.5.2(b) on English Courts System and Patents County Court.

¹⁶¹ See 4.5.1(d) on Malaysian Court System and IP Court.

¹⁶² See last paragraph at 4.5.1(a) on historical background of Malaysian legal system.

¹⁶³ See 1.3 on the objectives of this study.

almost all proceedings involve quite a complex process that requires specialist advice and the expertise of attorneys. Thus, civil proceedings in many cases are expensive. Although the cost which one should expect to incur varies widely, and is also subject to factors such as the complexity of the case or the amount of preparatory work required, it is still generally true that quite substantial amounts of money are involved. The estimated costs in Malaysia and the UK are summarised in Table 5.2.

Table 5.2: Estimated cost in civil proceedings in Malaysia and the UK from various sources¹⁶⁴

Stage in proceedings	Cost in Malaysia	Cost in the UK
Matter concluded at an interim hearing	<ul style="list-style-type: none"> – Interim injunction (ex parte) : RM10,000 - RM15,000 (approx. £2,000 - £3,000) (inter parte) : RM15,000 – RM30,000 (approx. £3,000 - £6,000) APO (in addition to inter parte injunction above) : RM20,000 (approx. £4,000) 	– Approximately at £10,000
Matter to be argued at a full trial	– Approximately at RM50,000 – RM70,000 (about £10,000 - £14,000) plus daily refresher of RM3,500 (about £700) exclusive of disbursements a day or part of a day court attendance	– Approximately at £100,000 - £150,000 or more in complex lengthy cases

It is submitted that a review of the issue of cost is also significant because it also contributes to the effectiveness of enforcement efforts in combating counterfeiting activities. In the UK, for example, recommendations to review civil litigation costs have already been proposed in Jackson LJ's report in 2009¹⁶⁵, although these have not yet been implemented in relevant legislation. However, at the Patents County Court (PCC) stage, costs and damages caps are already in place. CPR 45.42(1) has set a costs recovery limit of £50,000 for liability claims, and if the plaintiff seeks an account of profits or damages the sum is capped at £25,000. Article 2(1) of the Patents County Court (Financial Limits) Order 2011 (came into force on 14 June 2011) has also established an upper limit of £500,000 for damages or an account of profits in all proceedings within the PCC.

5.7 Conclusion

This chapter has identified that an effective enforcement regime depends on a number of different elements, including the remedies available that may be enforced by the right-holders and the involvement of a number of persons, including attorneys, prosecutors and witnesses, which usually involve expensive procedures. Despite this, right-holders have a range of choices (such as interim injunctions, search orders, and summary

¹⁶⁴ See Abraham (n.100); Middlemiss, (n.100); Jackson LJ, 'Review of civil litigation costs: final report', 21st December 2009, <<http://www.judiciary.gov.uk/NR/rdonlyres/8EB9F3F3-9C4A-41398A9356F09672EB6A/0/jacksonfinalreport140110.pdf>> accessed 27/07/2011.

¹⁶⁵ Jackson, (n.164).

judgment) to use against those involved in the production, distribution and sale of counterfeit goods. Taking this into account, it is argued that civil proceedings do assist right-holders in protecting their rights and contribute to the overall effectiveness of the IP system¹⁶⁶.

In terms of cost, it is identified that the more complex the case, the higher the cost involved¹⁶⁷. One way to overcome this problem would be to introduce clear procedures or simplify the law, which could have a significant impact on the proceedings for all parties. Cabrillo and Fitzpatrick, for example, indicate that “where the law is clear, it becomes easier to monitor actions and less costly to resolve disputes. Simple rules can assist courts in resolving a controversy at lower costs. Moreover, fewer cases should ever go to trial as parties can more easily assess their expected costs or gains and thus settle”¹⁶⁸.

Apart from this, the introduction of a case management system in the judicial process could enhance the efficiency of case proceedings. In the UK, for example, a fast track system and small claims track have been introduced to further expedite civil litigation¹⁶⁹. The same approach was introduced in Malaysia in 2009¹⁷⁰. It is too early to assess the effectiveness of this approach, but in theory it should facilitate the parties in litigation resolving their cases more speedily. In this regard, it is suggested that judicial personnel must also keep abreast of the law in dispensing justice to litigants fairly and competently; this may require further investment in training for IP cases.

If these difficulties can be overcome, civil proceedings could be the best choice among the available enforcement mechanisms in addressing counterfeiting problems. In the meantime, however, civil actions should be aimed at the larger-scale counterfeiters who have extensive financial wealth or resources. In cases involving counterfeiters that either have infringed on a small scale or do not appear to have significant assets, the right-holders may be better served by criminal proceedings which are brought by the state or, in the UK, by the Office of Trading Standards.

With regard to the Anti Counterfeiting Trade Agreement (ACTA), except few changes on injunctive relief and provisional measures before trial, it is argued that there is no

¹⁶⁶ See 4.2 and 4.3.

¹⁶⁷ See 5.6.3 above.

¹⁶⁸ Cabrillo F and Fitzpatrick S, *The economics of courts and litigation*, (Cheltenham: EEPL, 2008), p.225.

¹⁶⁹ See 4.5.2(b) on English court system.

¹⁷⁰ First Keynote Address by the Right Honourable Tan Sri Arifin bin Zakaria, Chief Justice of Malaysia, at the 5th China-ASEAN Forum (26-27/09/2011), available at <http://www.malaysianbar.org.my/speeches/first_keynote_address_by_the_right_honourable_tan_sri_arifin_bin_zakaria_chief_justice_of_malaysia_at_the_5th_china_asean_forum_26_27_sept_2011.html>.

significant difference introduced to civil enforcement from the already established provisions in the TRIPS Agreement. Furthermore, impact on criminal proceedings against small counterfeiters such as compounding the offence is also likely to be slight or negative¹⁷¹.

¹⁷¹ See 6.4.1(b) on compounding the offence under Malaysian TDA 2011 and discussion on ACTA in chap.8.

CHAPTER 6:

KEY ISSUES FOR THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS: CRIMINAL PROCEEDINGS

6.1 Introduction

Laws governing trademark counterfeiting have become more important in recent years. Many governments have devoted serious effort to improving the legal framework in order to deal effectively with this issue. It appears that the significant increase in observed counterfeiting activity and its effects have caused criminal enforcement to become regarded as increasingly important¹. Traditionally, criminal proceedings have not been a popular option in IP infringement although as pointed out by some commentators, they could address counterfeiting cases on a large or commercial scale while the process is likely to be quicker than civil actions and their sanction might carry deterrent effects². Thus, other than administrative and civil enforcement, criminal proceedings could constitute an alternative and effective means of enforcing IPRs especially when dealing with the manufacturing and importation of counterfeit goods. Furthermore, customs actions can draw on a background of criminal as well as civil enforcement in the jurisdictions of both Malaysia and the UK.

Accordingly, the purpose of this chapter is to examine and explain why criminal punishment is important and may be appropriate in addressing counterfeiting problems. It then examines and identifies the relevant criminal provisions currently available and in force at the international and regional level that govern legislation in this area in Malaysia and the UK. Particular reference is made to the provisions of the TRIPS Agreement, with an analysis of how Malaysia and the UK presently comply with the underlying principles of that Agreement. The study also attempts to identify the relevant strengths and weaknesses of the legislation and procedures. A comparison of the legislation in Malaysia and the UK is also discussed.

¹ See 3.3 and 3.5 on counterfeiting scale and its impacts respectively.

² Bently and Sherman, (n.8 in chapter 3), p.1124; Colston and Galloway, (n.5 in chapter 4), p.778; Morcom, Roughton and Malynicz, (n.38 in chapter 4), p.697; Torremans, (n.24 in chapter 4), p.613; Smith ATH, *Property offences: the protection of property through the criminal law*, (London: S&M, 1994), p.350; Aplin and Davis, *IP law*, (n.23 in chapter 4), p.832. However, at p.836, they also argued the drawbacks of criminal proceedings for private prosecutors.

6.2 Reasons for Criminalizing Trademark Counterfeiting

Clarkson, Keating and Cunningham suggest that “an attempt to comprehend the rules of criminal law must involve some understanding of the function of those rules³”. In view of this, it is worth briefly considering the principles of criminal law before examining further the application of criminal proceedings and its appropriateness in trademark counterfeiting cases.

Criminal law in the broadest sense deals with crime and punishment. Black’s Law Dictionary defines crime as “an act that the law makes punishable; the breach of a legal duty treated as the subject-matter of a criminal proceeding while⁴”. It is also defined as “a wrong which affects the security or well-being of the public generally so that the public has an interest in its suppression. In all cases the crime includes an injury: every public offence is also a private wrong, and somewhat more; it affects the individual, and it likewise affects the community”⁵.

In order to get a better understanding of these somewhat circular definitions, it is worth at this point also considering “procedural” definitions. In this respect, some commentators suggest that a crime exists not only because the statute makes it a crime, but also because it is a type of serious wrong that merits punishment by the state. Geary, for example, suggests that “a crime is an act which the judiciary or the legislature has laid down should warrant the application of criminal procedure”⁶. This is in line with the definition by Williams, who indicates that “a crime is an act capable of being followed by criminal proceedings having a criminal outcome (punishment etc)”⁷.

To date there has been little agreement on what ‘crime’ means⁸, but the term shares a common characteristic of a harmful effect on the public that deserves to be dealt with by the application of criminal proceedings. Many legal commentators also share a

³ Clarkson CMV, Keating HM and Cunningham SR, *Clarkson and Keating criminal law: text and materials*, 7th edn, (London: Sweet&Maxwell, 2010), p.1.

⁴ See (n.30 in chapter 3), p.427. At the same page, commercial crime is defined: “a crime that affects commerce, especially a crime directed toward the property or revenues of a commercial establishment. Examples include robbery of a business, embezzlement, **counterfeiting**, forgery, prostitution, illegal gambling and extortion”.

⁵ Hay D, *Word and phrase legally defined*, (London: LexisNexis, 2007), p.544-545.

⁶ Geary R, *Understanding criminal law*, (London: Routledge, 2002), p.2.

⁷ Williams G, ‘*The definition of a crime*’, [1955] *CLP* 107, p.130, cited in Ashworth A, *Principles of criminal law*, 6th edn, (Oxford: OUP, 2009), p.3 and in Brown DK, ‘Can criminal law be controlled?’, (2010) 108 *MLRev* 971-992, p.972.

⁸ Lamond G, ‘What is a crime?’, (2007) 27(4) *OJLS* 609-632, p.609; Hay, (n.5), p.544: “There is no satisfactory definition of ‘crime’ which will embrace the many acts and omissions which are criminal and which will at the same time exclude all those which are not.”; Ormerod D, *Smith and Hogan criminal law*, 12th edn, (Oxford: OUP, 2008), p.9: “An attempt to define a *crime* at once encounters a difficulty”. See also discussion in Ashworth, (n.7), p.5-7; Bowles R, Faure M and Garoupa N, ‘The scope of criminal law and criminal sanctions: an economic view and policy implications’, (2008)35(3) *JLS* 389-416, p.391.

consistent view of this. In defining the meaning of crime, Ormerod, for example, states that:

“Crimes are generally acts which have particularly harmful effect on the public and do more than interfere with merely private rights...Crimes, then, are wrongs which the judges have held, or Parliament has from time to time laid down, are sufficiently injurious to the public to warrant the application of criminal procedure to deal with them”⁹.

A similar definition is also expressed by Wilson, that:

“Crimes are characterised, and are distinguished from other acts or omissions which may give rise to legal proceedings, by the prospect of state punishment. It is this latter feature which distinguishes the criminal law from the civil law and other methods of social control such as community morality. The formal threshold at which the criminal law intervenes is when the conduct in question has a sufficiently deleterious social impact to justify the state, rather than any individual affected, taking on the mantle of the injured party”¹⁰.

Both definitions actually confirm what Sir Carlton Allen once stated that:

“Crime is crime because it consists in wrongdoing which directly and in serious degree threatens the security of well-being of society, and because it is not safe to leave it redressable only by compensation of the party injured”¹¹.

In this respect, crime is an offence against the public at large and not merely against the individual victim alone. As such, it confers on the state a right to bring action when the wrong is considered serious enough that it deserves punishment. Based on these definitions and taking into account the impacts of counterfeiting, it is argued that it is time for governments to consider to what extent they should take appropriate action on behalf of IP owners.

Basically, crimes can be divided into two classes:

- (i) those that are wrong in and of themselves (*mala in se*), such as murder, rape, and robbery; and
- (ii) those that are not in themselves wrong, but are criminal simply because they are prohibited by statutes (*mala prohibita*)¹².

⁹ Ormerod, (n.8), p.10-11.

¹⁰ Wilson W, *Criminal law: doctrine and theory*, 3rd edn, (Essex: PEL, 2008), p.4.

¹¹ Allen CK, ‘The nature of a crime’, (1931) *JSCL*, Feb, reprinted in *Legal Duties* 221, p.233-234, as cited in Ormerod, (n.8), p.10.

¹² Brown GW, *Legal terminology*, 3rd edn, (Upper Saddle River: Prentice-Hall, 1998), p. 3; Cane P and Conaghan J, *The new Oxford companion to law*, (Oxford: OUP, 2008), p.263-264.:”The main modern definitions of crime fall into two different categories, the moral and the procedural. Moral definitions are based on the claim that there is (or should be) some intrinsic quality that is shared by all acts criminalized by the state. This quality was originally sought in the acts themselves – that all crimes were in an important sense moral wrongs (*mala in se*) – and that the law merely recognized this wrongful quality....Accordingly, it is argued crimes are such because criminal law recognizes public wrongs as violations of rights or duties owed to the whole community to respect the law.....Procedural definitions,

Crimes *mala in se* (wrong in themselves) require a wrongful or unlawful intent on the part of the perpetrator and the acts themselves are considered as morally wrong. On the other hand, the doing of the act in crimes *mala prohibita* (prohibited wrongs) is considered wrong and might be punished under criminal procedure regardless of the intent of the actor¹³. Lamond argued that crimes in this regard are public wrongs in the sense that “they are wrongs that the community is responsible for punishing, but not necessarily wrongs against the public itself”¹⁴.

The decision to make conduct into a crime therefore implies that there is a public interest in ensuring that such conduct does not happen and that, when it does, there is the possibility of State punishment. In this respect, crime is something that rightly concerns the State and the person(s) affected by the wrongdoing¹⁵. On this basis, it can be said that, before any act or omission can be classified as a crime, it must be perceived to be harmful not only to the individuals affected by it, but directly or indirectly to society at large¹⁶.

In order to prevent harm, people in any society create rules and regulations on how to behave in a manner accepted by the majority of the population. Gardner and Anderson, for example, argued that people in all societies have the inherent right to protect their society and those living in that society from acts that threaten either the society or the people. Societies throughout history have exercised this inherent right and have had both written or unwritten laws forbidding and punishing acts or omissions considered detrimental to the group or the individual¹⁷.

In this context, whilst criminal law could serve many purposes in society, many legal commentators point out that its most prominent function in general is to prevent wrongdoing and to protect society from harm. Ashworth, for example, argued that “the chief concern of the criminal law is to prohibit behaviour that represents a serious wrong against an individual or against some fundamental social value or institution”¹⁸. In a

by contrast, define crimes as those acts which might be prosecuted or punished under criminal procedure”.

¹³ Ibid.

¹⁴ Lamond, (n.8), p.614.

¹⁵ Ashworth, (n.7), p.2.

¹⁶ Sodipo, (n.42 in chapter 3), p.345.

¹⁷ Gardner TJ and Anderson TM, *Criminal law*, 10th edn, (Belmont: Thomson, 2009) p.9.

¹⁸ Ashworth, (n.7), p.1. See also Wells C and Quick O, *Reconstructing criminal law: text and materials*, 4th edn, (N.York: CUP, 2010), p.9; Brown, (n.7), p.971; Ashworth A, ‘Is the criminal law a lost cause?’, (2000) 116 *LQR* 225-256, p.232: “Perhaps the principal function of the criminal law is to censure persons for wrongdoing. The censuring elements consist of the conviction itself, together with the sentence of the court (which usually constitutes a punishment)”.

situation where the public is put at risk by a harmful activity, then the criminal law can have a role in avoiding that harm by deterring its doer from that activity¹⁹.

However, not all behaviours qualify for criminal sanctions. The basic principle in criminal law itself requires that the criminalisation of conduct in general is subject to two conditions:

- (i) the conduct must be wrongful;
- (ii) the wrongful conduct can only be censured by using criminal law²⁰.

In determining whether or not a conduct is wrongful, many commentators assert that it must cause harm or serious offence to others and be immoral²¹. This means that criminal sanctions only concern acts or omissions that might threaten or be harmful to others. In fact, it is argued that the prevention of harm becomes the central reason for the criminalization of conduct²².

In terms of protecting IPRs, Moohr, for example, points out that “three conceptions of harm are used to justify criminal sanctions: (i) an injury to the individual that (ii) implicates a societal interest or (iii) a direct injury to a government policy, in this case a national policy regarding IP”²³. In fact, “criminal convictions in the IP context tend to occur where defendants engage in wrongful conduct — awareness of the illegality of their actions and disregard for potential harm to the owners”²⁴.

In view of the conclusions of chapter three in particular, it is contended that trademark counterfeiting causes such harm. However, Lamond’s characterisation of crime shows that states may, in domestic law or treaty-making, simply choose to use criminal sanctions against conduct even where harm to the public is not (or not fully) established. This approach is often used to good effect, for example in environmental protection where precautionary principles **are** used to justify the discretionary decisions of policymakers in situations where there is the possibility of harm from taking a particular

¹⁹ Cartwright P, *Consumer protection and the criminal law: law, theory, and policy in the UK*, (Cambridge: CUP, 2001), p.123.

²⁰ Clarkson, Keating and Cunningham, (n.3), p.3-4; Bowles, Faure and Garoupa, (n.8), p.390.

²¹ Clarkson, Keating and Cunningham, (n.3), p.4.

²² See Stewart H, ‘The limits of the harm principle’, (2010) 4 *CrLP*17–35, p.18.

²³ Moohr GS, ‘The crime of copyright infringement: an inquiry based on morality, harm and moral theory’, (2003) 83 *BILR* 731, p.753. With regard to Moohr’s view, p.752: “a decision to criminalize conduct that was previously subject only to civil remedies depends on identifying some component of harmfulness or immorality”, Aplin and Davis, (n.2), p.832 comment that “The notion of harm is linked to consequentialism, in that the justification for criminalizing conduct is that it may prevent future harmful conduct through its potential deterrence value, whereas immorality is tied to retributivism, namely that it is appropriate to treat conduct as criminal when it is morally wrong”.

²⁴ Manta ID, ‘The puzzle of criminal sanctions for IP Infringement’, (2011) 24(2) *HJLT* 469-518, 480.

course or making a certain decision when extensive scientific knowledge on the matter is lacking²⁵.

As a method of social control, criminal law sets a framework specifying the standards and limitations of acceptable behaviour in society²⁶. Wilson, for example, stated that “the identifying characteristic of the criminal law, generally, is its coercive, controlling nature and its function as society’s formal method of social control. The criminal law sets boundaries both to our behaviour and to the power of the state to coerce and punish us²⁷”.

In order to prevent wrongful behaviour and to ensure compliance with the framework specified, criminal law also provides appropriate sanctions when the law is broken. Sanctions in this respect should be sought as a deserved response to culpable wrongdoing and also as a necessary institution to deter such wrongdoing. Ashworth argues that the fundamental reason for having criminal law backed by sanctions is its deterrent or preventive effect²⁸. It is for this reason that people have ultimate reliance on criminal law as an effective means to fight crime and to preserve social order in society. In this respect, criminal law therefore serves an important condemnatory function in social life²⁹.

It is apparent from the above arguments that the criminalisation of conduct is not an easy task. In considering whether criminalisation is appropriate in counterfeiting cases, one should therefore identify or establish the element of harm as required. Harm in this context could either be caused directly or indirectly to a person, such as in loss of life, bodily injury, loss of autonomy, and harm to or loss of property³⁰.

²⁵ See also discussion on precautionary principles at 4.3.2 on damage caused by counterfeiting.

²⁶ Clarkson, Keating and Cunningham, (n.3) p.1; Quinney R, ‘Is criminal behaviour deviant behaviour?’, (1965) 5 (2) *BJC* 132-142, p.133.

²⁷ Wilson, (n.10), p.4.

²⁸ Ashworth, (n.7), p.16.

²⁹ Saw CL, ‘The case for criminalising primary infringements of copyright – perspectives from Singapore’, (2010) 18(2) *IJL&IT* 95-126, p.100-101: “...criminal law is a coercive and condemnatory tool...to control the behaviour of its people....-- to conform to the State’s view of how society should behave -- certainly calls for proper justification, particularly when it is accompanied by punitive treatment for those who fail to comply as well as the social stigma that is associated with criminal liability”; Ashworth, (n.7), p.1; Lamond, (n.8), p.610: “The criminal law serves an important condemnatory function in social life - it marks out some behaviour as specially reprehensible, so that the machinery of the state needs to be mobilized against it”.

³⁰ See Gardner J, *Offences and defences: selected essays in the philosophy of criminal law*, (Oxford: OUP, 2007), p.213-214; Alexander L and Ferzan KK, *Crime and culpability: a theory of criminal law*, (Leiden: CUP, 2009), p.3.

As discussed in chapter three³¹, the harm caused by counterfeiting is well documented. It seems that no one can escape from this harm, be it right-holders or manufacturers, governments or consumers representing the public at large. The right-holders and manufacturers not only have to face the loss of profit, reputation and goodwill associated with their goods but also have to bear legal costs, investigative fees and the probability of product liability suits from customers³². However, the problem does not end there, as when businesses suffer losses this could also possibly destroy lawful jobs and thus affect government revenues, trade and foreign investment.

Counterfeit goods that reach consumers could harm them in many ways. When people use or consume counterfeit goods containing dangerous or poisonous ingredients, for example, this could result in serious injury and even death³³. It seems that the only party benefiting from this activity is the counterfeiter, as the profit gained is much higher than their production costs. This might then lead them to be involved in other illegal activities, and evidence also shows possible relevant harmful effects connecting counterfeiting with other organized crimes such as robbery, money-laundering and even terrorism³⁴. Despite the lack of convincing evidence linking organized crime, and particularly terrorism, with counterfeiting³⁵, it is argued that it is sensible to take precautions in this matter, at least to avoid the expected adverse effects of counterfeiting to the public at large.

Considering the potential harm and the seriousness of damage that it could cause, the interest in improving the deterrence of counterfeiting through the application of criminal proceedings is not only attractive to governments and right-holders who have been keen on this issue for a long time, but, according to Firth, it also indicates the interest of society at large³⁶. However, the decision to criminalize this activity must be thoroughly considered and carefully calibrated to ensure that the decision is not only fair and

³¹ See 3.5 on the effects of counterfeiting.

³² Jennings JS, 'Trademark counterfeiting: an unpunished crime', (1989) 80(3) *JCLC* 805-841, p.806: "Trademark counterfeiting...continues to harm manufacturers through damaging the reputation of goods, adverse product liability suits, legal and investigative fees, the loss of the legal rights in the mark, and lost revenue to counterfeit sales that range as high as an estimated twenty-five billion dollars a year for American companies";

³³ Forzley M, 'Counterfeit goods and the public's health and safety', (Research Report, July 2003), IIPi, Washington DC: "...the injuries...from counterfeit goods are no different than from injuries routinely seen in medical settings, such as burns, blindness, cuts, poisoning, allergic reactions, and other disease conditions". See also BASCAP report on the impact of counterfeiting on governments and consumers, (n.144 in chapter 3).

³⁴ See 3.5.

³⁵ See Pollinger, (n.5 in chapter 3), p.94-95: "While it may technically be appropriate to claim that the regression results evidence a positive relationship between counterfeiting and terrorism - considering that the coefficients on the seizures proxy are only significant when positive - such a claim is not entirely straightforward...Ultimately, this ambiguity makes it more or less impossible to put forth a confident claim about the effect of counterfeiting on aggregate international terrorism".

³⁶ Firth A, 'The criminalization of offences against IP' in Loveland I (ed), *Frontiers of Criminality*, (London: S&M, 1995), p.128.

justified, but also to avoid the excessive punishment of any particular conduct and the appropriateness of procedures³⁷.

In doing so, it is also worth considering what kind of benefit the criminalization of trademark counterfeiting could offer, compared to those from civil or administrative actions. In the US, for example, the Congress decision to criminalize trademark counterfeiting was grounded in both traditional and modern justifications for imposing criminal liability; that is, to prevent fraud, enforce commercial honesty, punish theft of property and enhance market reliability³⁸. However, it is argued that the major advantage of criminal proceedings can be attributed to their deterrent effect³⁹, particularly where they attract publicity. For example, for many people, the receipt of a summons to appear in court would be more alarming than the receipt of a writ, and it would become apparent to the company's staff that they may be prosecuted personally even though the offence was committed through the medium of a company⁴⁰. Choosing criminal proceedings would also spare the rights-owner costs but may still benefit society and also reduce overall costs since resolving the case is likely to be much quicker compared to civil proceedings⁴¹.

6.3 International and Regional Frameworks

As one of the classic conventions on IP, the international provisions concerning trademark protection were inserted in the Paris Convention (PC). This Convention, however, has not provided objective standards in protecting trademarks and merely requires member countries to provide the same degree of protection for nationals of other signatory nations that it grants its own citizens⁴². Neither has it provided any explicit obligations to introduce criminal sanctions against IP infringements. It is argued that the only thing approaching a criminal provision is Article 9, which, at the request of the public prosecutor, or any other competent authority, or any interested party in conformity with

³⁷ Goldstone DJ and Toren PJ, 'Criminalization of trademark counterfeiting', (1998-1999) 31(1) *CLRev* 1-76, p.8: "The determination to impose criminal sanctions for any activity—even one previously subject to civil liability—is never one that should be made lightly..."; Pendleton MD, 'The danger of protecting too much: a comparative analysis of aspects of IP in H.Kong, Britain and the US', (2000) 22(2) *EIPR* 69-78. See also the dissenting judgment of Kozinski J in *White v Samsung Electronics America Inc* (1993) W.L. 73915: "Overprotecting IP is as harmful as under-protecting it. Creativity is impossible without a rich public domain. ...Culture, like science and technology, grows by accretion, each new creator building on the works of those who came before. Overprotection stifles the very creative forces it's supposed to nurture".

³⁸ Goldstone and Toren, (n.37), p.9.

³⁹ See n.2.

⁴⁰ See Harbottle G, 'Criminal remedies for copyright and performers' rights infringement under the CDPA 1988', [1994] 12 *Ent.LR* 14-15 as cited in Aplin and Davis,(n.2), p. 834-836.

⁴¹ See Berwin's article (n.267 in chapter 4) on private criminal prosecution.

⁴² PC, Arts.2(1) and 9. See also 4.4.1(a) on PC.

the domestic legislation of each country requires the seizure of goods illegally bearing a trademark or a trade name⁴³. It is argued, however, that this provision has no mandatory effect because Article 9(5) indicates that seizure is to be effected on importation but, if the law of a country does not permit it, this may be replaced by prohibition of importation or by seizure inside the country if provided for by national legislation. The requirement of seizure is weakened further by Article 9(6), which indicates that these measures can even be replaced by the actions and remedies available in such cases to nationals under the law of the country. Thus, it is important for countries to overcome the limitations of PC by referring to the provisions of the TRIPS Agreement.

6.3.1 *TRIPS Agreement*

Part III of the TRIPS Agreement sets out detailed obligations for domestic IP enforcement regimes. The general objective of this Part is described in Article 41(1), which emphasizes that it should “permit effective action against any act of infringement of IPRs” including “remedies which constitute a deterrent to further infringements”⁴⁴. For this purpose, the TRIPS Agreement lays down minimum standards governing the criminal provisions for IP offences.

Article 61 of the Agreement stipulates that:

Members shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include imprisonment and/or monetary fines sufficient to provide a **deterrent**, consistently with the level of penalties applied for crimes of a corresponding gravity. In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. Members may provide for criminal procedures and penalties to be applied in other cases of infringement of IPRs, in particular where they are committed wilfully and on a commercial scale.

Trademark counterfeiting and copyright piracy in this regard refer to the definitions in Article 51 of the TRIPS Agreement, and hence other forms of violation against trademarks are excluded from the mandatory scope of this provision⁴⁵.

The obligations in Article 61 are straightforward and unambiguous, but in analysing its scope the meaning of ‘wilful’ and ‘on a commercial scale’ must be highlighted. These two requirements indicate that Article 61 does not require members to provide for criminal procedures and penalties to be applied to such counterfeiting and piracy cases unless

⁴³ Ibid, Art.9(1): “All goods unlawfully bearing a trademark or trade name shall be seized on importation into those countries of the Union where such mark or trade name is entitled to legal protection”; Art.9(3).

⁴⁴ Art.41(1) stated further that “these procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse”.

⁴⁵ See 3.2 on the definition of trademark counterfeiting.

they satisfy certain criteria. Both terms, however, are not clarified by the Agreement; hence interpretation is subject to national law as the Agreement only incorporates a minimum standard.

(a) Wilful

This term focuses on the infringer's intent while committing counterfeiting or piracy. It reflects the criminal nature of the enforcement procedures at issue. In terms of criminal liability, 'wilful' in a general sense requires intent or knowledge on the part of the infringer⁴⁶. Lord Russell of Killowen in *Senior*⁴⁷ described the term 'wilfully' to mean that 'the act is done *deliberately* and *intentionally*, not by accident or inadvertence, but so that the mind of the person who does the act goes with it'. In light of copyright infringement, Saw, for example, suggests that a 'wilful' act in this sense could mean either that:

- (i) the conduct was done voluntarily in the sense that it was an act of free will of one's own accord or volition, or
- (ii) the conduct was done with a consciousness of the evil which was likely to result (e.g. there was an intention to produce that evil)⁴⁸.

The requirement of 'wilful' in this respect clearly shows that the notion of *mens rea*, one of the essential elements of a crime, must exist⁴⁹. The principle of criminal law demands the two fundamental elements of a crime; *actus reus* and *mens rea*, must be present in establishing the guilt of a person. This concept is frequently stated in the form of the Latin maxim *actus non facit reum nisi mens rea*, which means that 'an act does not make a man guilty of a crime, unless his mind is also guilty'⁵⁰. The *actus reus* consists of the prohibited behaviour or conduct, including any specific consequences, while the *mens rea* is usually described as the state of mind, intention, knowledge, or recklessness on the part of a person in relation to the particular crime⁵¹. In this respect, a person is not criminally liable for his conduct unless the prescribed state of mind coincides with the

⁴⁶ See Correa CM, *TRIPS: a commentary on the TRIPS Agreement*, (Oxford: OUP, 2007), p.449; Condon BJ, 'China – IPRs and the criminalization of trademark counterfeiting and copyright piracy under the TRIPS Agreement', (2009) 4(9) *JIPLP* 618-619, p.618.

⁴⁷ [1899] 1 QB 283, p.290 as cited in Saw CL and Leong SHS, 'Defining criminal liability for primary acts of copyright infringement – the Singapore experience', (2008) 4 *JBL* 304-315, p.307. The authors in the same page also referred to several cases discussing the meaning of 'wilful'.

⁴⁸ Saw, (n.29), p.115.

⁴⁹ See Gervais, (n.47 in chapter 3), p.491 n.799: "wilful may be defined as 'voluntary' or 'intentional'. It seems to correspond to the *mens rea* element (criminal intent) of crimes in common law systems".

⁵⁰ See 6.2 above; Ormerod, (n.8), p.42; Saw and Leong, (n.47), p.306: "The Latin maxim *actus reus facit reum nisi mens sit rea* an act does not make a person guilty of his crime unless his mind be also guilty encapsulates the fundamental criminal law principle that crimes involve both a guilty act (*actus reus*) and an "evil-meaning mind" (*mens rea*)".

⁵¹ Ormerod, (n.8), p.95; Ashworth, (n.7), p.84.

prohibited *actus reus* also being present. Criminal liability, therefore, should only be imposed on persons who are sufficiently aware of what they are doing and of the consequences which may result from the act⁵². Turning to Article 61, the term *wilful* therefore indicates that trademark counterfeiting is not subject to criminal sanctions if it is committed without the requisite intent.

However, there is reason to highlight the difficulty in proving the existence of wilful conduct on the part of the defendant in trademark counterfeiting cases. As discussed in chapter three⁵³, the circulation of counterfeit goods across borders provides a potential excuse or denial on the part of a local defendant concerning the existence of knowledge that the goods were counterfeit. In many cases, those involved in the counterfeiting trade are unlikely to be co-operative and may choose not to look closely into the sources of the goods in an attempt to exploit the legal provisions for their own good. In the UK, this difficulty has been admitted, for example, in *R v Johnstone*⁵⁴ where the House of Lords emphasized that:

“Difficulties arose in practice in proving the necessary intent in cases where at point of sale the trader disclaimed the authenticity of his goods. The trader would describe his counterfeit products as ‘brand copies’ or ‘genuine fakes’⁵⁵”.

In order to avoid this problem and in considering the defence of reasonable belief, Lord Nicholls of Birkenhead at paragraph 43 held that section 92(5) of the TMA 1994 applies equally to situations whether or not the defendant is aware of the existence of the trade mark. In this connection, he held that section 92 imposes on the accused the burden of proving, on the balance of probabilities, the relevant facts that he honestly and reasonably believed the goods were genuine⁵⁶. According to his Lordship, the reason for this is that:

“Those who trade in brand products are aware of the need to be on guard against counterfeit goods. They are aware of the need to deal with reputable suppliers and keep records and of the risks they take if they do not. The section 92(5) defence relates to facts within the accused person's own knowledge: his state of mind, and the reasons why he held the belief in question. His sources of supply are known to him. Conversely, by and large it is to be expected that those who supply traders with counterfeit products, if traceable at all by outside investigators, are unlikely to be co-operative. So, in practice, if the prosecution must prove that a trader acted dishonestly, fewer investigations will be undertaken and fewer prosecutions will take place⁵⁷”.

⁵² See Ashworth, (n.7), p.75 and 155.

⁵³ See 3.4 on the causes of counterfeiting.

⁵⁴ [2003] 1 W.L.R. 1736.

⁵⁵ Ibid, para 26.

⁵⁶ Ibid, para 53: “Given the importance and difficulty of combating counterfeiting, and given the comparative ease with which an accused can raise an issue about his honesty, overall it is fair and reasonable to require a trader, should need arise, to prove on the balance of probability that he honestly and reasonably believed the goods were genuine”. See further discussion of this case at 6.4.2(a) below.

⁵⁷ Ibid, para 52.

In comparison, in the US, for example, the federal courts in *Louis Vuitton S.A v Lee*⁵⁸ held that ‘wilful blindness is knowledge enough’ to satisfy the knowledge requirement for a Lanham Act violation. In fact, the Lanham Act § 35 gives a court the discretionary power to award triple damages for ‘wilful’ infringement. Thus, where it can be shown, for example, that “the defendant failed to inquire further because he was afraid of what the inquiry would yield”, knowledge of counterfeiting can be established⁵⁹. Although a precise definition of wilful blindness remains elusive⁶⁰, it is argued that the doctrine has been established in both British and American criminal jurisprudence for over a century⁶¹. In *Roper v Taylor Garages (Exeter)*⁶², Lord Devlin emphasized wilful blindness as follows:

“a vast distinction between a state of mind which consists of deliberately refraining from making inquiries, the result of which a person does not care to have [wilful blindness], and a state of mind which is merely neglecting to make such inquiries as a reasonable and prudent person would make [constructive knowledge]⁶³”.

As there are many factors that determine what could be considered as a *wilful* act in counterfeiting cases, people involved in the business must bear in mind that they not only have to deal with reputable suppliers and manufacturers in order to ensure that goods are not counterfeit, but also have to keep records and receipts and see whether there is any substantial difference in the price of the goods since low prices could possibly suggest that goods are counterfeit⁶⁴.

(b) Commercial Scale

There appears to be no dictionary definition of "commercial scale" as a single term. In the IP field, the meaning of this phrase was a central issue in the recent determination of the WTO Dispute Settlement 362 between the US and China⁶⁵. In their report, the Panel stated that the term ‘commercial’ refers to the nature of an activity and includes at least *selling, manufacturing and production*, while the term *scale* refers to ‘relative size’ which could be small-scale or large-scale depending on the specific market and the specific product⁶⁶. The term ‘commercial scale’ requires a panel to examine specific conditions by product and by market. In this connection, the Panel found that counterfeiting on a

⁵⁸ 875 F.2d 584 (7th Cir.1989), at 590 as cited in Benschar TS, Kalow DA and Springut M, ‘Proving wilfulness in trademark counterfeiting cases’, (2003-2004) 27 *CJLA* 121-143, p.123.

⁵⁹ *Ibid.* Perhaps this approach is taken because US is a strong participant in TRIPS’ drafting. See Drahos P, *Global IPRs: knowledge, access and development*, (Basingstoke: Palgrave, 2002), p.166.

⁶⁰ Ormerod, (n.8), p.119.

⁶¹ Benschar, Kalow and Springut, (n.57), p.123; Ormerod, (n.8), p.119.

⁶² [1951] 2 TLR 284, as cited in Ormerod, (n.8), p.119.

⁶³ *Ibid.*, p.288.

⁶⁴ See for example decision in *Stockton-on-Tees BC v Frost* [2010] EWHC 1304.

⁶⁵ See WTO Panel Report on this dispute, issued on 26/01/2009, available at <http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds362_e.htm>.

⁶⁶ Condon, (n.46), p.618.

"commercial scale" in Article 61 refers to counterfeiting carried on at "the magnitude or extent of typical or usual commercial activity with respect to a given product in a given market"⁶⁷. Thus, what constitutes a commercial scale for the counterfeiting of a particular product in a particular market will depend on the magnitude or extent that is typical or usual with respect to such a product in such a market. This may be small or large, and such magnitude relates to profitability⁶⁸.

The interpretation adopted apparently shows that commercial scale does not necessarily have to be seen as high-volume or high-value, since small numbers of infringing articles with low individual monetary values may also be considered as having a 'commercial' scale⁶⁹. Gervais, for example, argued that "commercial scale" in this context requires that the activity has a demonstrable, significant commercial impact which usually involves professional infringers⁷⁰.

6.3.2 Proposed European Commission Directive on Criminal Sanctions

In 2004, the EU enacted the Enforcement Directive 2004/48/EC which provides for civil measures against counterfeiting and piracy. It has been deemed necessary to supplement these civil measures by criminal sanctions. In 2005, the European Commission proposed a Draft Directive aimed at ensuring the enforcement of all types of IPRs through criminal sanctions⁷¹. The original proposal has been amended⁷² and has gone to a first reading by the European Parliament⁷³. The Proposed Directive, however, both in its original and amended forms, has been subject to numerous criticisms⁷⁴ and has not thus far progressed any further.

⁶⁷ WTO Panel Report (n.64) para 7.577.

⁶⁸ Ibid.

⁶⁹ Sugden P, 'How long is a piece of string? The meaning of "commercial scale" in copyright piracy', (2009) 31(4) *EIPR* 202-212, p.212. In *Halawa v Federation against Copyright Theft* [1995] 1 Cr. App. R. 21 (as cited in the article), court decision confirms low numbers such as 7 video machines and 33 DVDs or low monetary values are also commercial scale.

⁷⁰ Gervais, (n.48), p.491-492.

⁷¹ COM (2005) 0276 final, Brussels, 12 July 2005.

⁷² COM (2006) 168 final, Brussels, 26 April 2006.

⁷³ COM (2006) 0168-C6-0233/2005-2005/0127(COD).

⁷⁴ Lowe V, 'The law of unintended consequences - a perspective on the draft Directive on criminal measures to enforce IPRs', (2006) 163 *Crim.L* 3-5; Hilty RM, Kur A and Peukert A, 'Statement of the Max Planck Institute on the Proposal for a Directive of the European Parliament on criminal measures aimed at ensuring the enforcement of IPRs', (2006) 970 *IIC* 973-976; Bonadio E, 'Remedies and sanctions for the infringement of IPRs under EC law', (2008) 30(8) *EIPR* 320-327.

6.3.3 Anti Counterfeiting Trade Agreement

On 23 October 2007, the US, the EU, Switzerland and Japan simultaneously announced that they would negotiate a new IP enforcement treaty, to be known as the Anti-Counterfeiting Trade Agreement (ACTA)⁷⁵.

The final text of ACTA was released on December 6, 2010, after a legal review was conducted on the draft⁷⁶. Before it can be adopted, ACTA must undergo its respective approval processes by each negotiating country. The European Commission, for example, adopted the ACTA in June 2011 and sent it to the Council and European Parliament for final approval⁷⁷.

Negotiating countries have described it as a response to the increase in counterfeiting in global trade intended to complement existing national laws or other international frameworks in addressing counterfeiting⁷⁸. There are five sections on the enforcement framework consisting of general obligations, civil enforcement, border measures, criminal enforcement and the enforcement of IPRs in the digital environment⁷⁹. Section 4 of the draft agreement addresses the issue of criminal enforcement. However, there is no attempt to clarify the meaning of 'wilful' and 'on a commercial scale'; hence it is argued that the ACTA in this context will not overcome the shortcomings of the TRIPS Agreement.

6.4 National Frameworks

In complying with the obligations under Article 61 of the TRIPS Agreement, most member countries including Malaysia and the UK have implemented such provisions in their national laws.

⁷⁵ Blakeney M, 'International proposals for the criminal enforcement of IPRs: international concern with counterfeiting and piracy', (2009) 1 *IPQ* 1-26, p.15; EFF, 'What is ACTA?', <<http://www.eff.org/issues/acta>> accessed 10/12/2010.

⁷⁶ ACTA Final Text (3 December 2010) available at <http://www.inta.org/Advocacy/Documents/FINALACTA_Text.pdf>.

⁷⁷ See the information at INTA official website at <<http://www.inta.org/Advocacy/Pages/AntiCounterfeitingTradeAgreement.aspx>>.

⁷⁸ ACTA Final Text (n.76); Leith E, 'ACTA: the anti-counterfeiting crack-down', [2011] 22(3) *Ent.LR* 81-84, p.81.

⁷⁹ ACTA Final Text (n.76).

6.4.1 Malaysia

(a) Trade Marks Act 1976 (TMA 1976)

In Malaysia, registered trademark owners have the exclusive right to use their marks in trading⁸⁰ and are entitled to take legal action for infringement under the TMA 1976 against others who use their marks without consent through civil redress⁸¹. In contrast with the UK TMA 1994, there are no express criminal remedies available under the Malaysian TMA 1976 in cases of trademark infringement. However, this does not mean that Malaysia is not complying with the requirement of Article 61 of the TRIPS Agreement: criminal sanctions can be pursued by lodging a complaint with the Enforcement Division of the MDTCC for appropriate action under the Trade Descriptions Act 2011.

(b) Trade Descriptions Act (TDA) 2011.

In an effort to reform the law on trade description, the Malaysian Parliament passed a new TDA 2011 which came into force on 1 November 2011⁸². The purpose of the Act is to protect consumers and to promote good trade practices by prohibiting false trade descriptions (FTD) and false or misleading statements, conduct and practices in relation to the supply of goods and services (Parts II and III). Both TDA 2011 and TMA 1976 are used by the Enforcement Division (Division) of the MDTCC which is responsible for the administration of the various IP statutes to detect, deter and detain counterfeiters⁸³. There is a special section of the Division devoted to trade description matters, run by the Controller of Trade Descriptions and assisted by a Deputy Controller. The enforcement officers are called Assistant Controllers who operate through various branches of the Division throughout Malaysia (section 3 of the TDA 2011).

A Special Task Force on Counterfeiting and Piracy was also created within the enforcement division to strengthen the IP enforcement mechanism. They have been tasked to work closely with other government agencies such as the police, customs,

⁸⁰ TMA 1976, s.35. See also 3.2.1.

⁸¹ Ibid, s.38. Zakaria Yatim J in *Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port* [1989] 1 CLJ 919 held that in establishing infringement under s.38(1)(a), the plaintiff has to satisfy five requirements:

- (a) the defendant uses the mark identical with the plaintiff's mark;
- (b) the offending mark is used by persons who have not been authorized or licensed by the plaintiffs;
- (c) the defendant was using the offending mark in the course of trade;
- (d) the defendant uses the offending mark in relation to goods in respect of which the trademark is registered;
- (e) the defendant uses the offending mark in such a manner as to render the use of the mark to be taken as being likely used as a trademark.

⁸² See 4.5.1(c).

⁸³ Ibid.

Attorney-General's Chambers (AGC) and MyIPO to spearhead IP enforcement actions⁸⁴. In this respect, it appears that the level of activity conducted by the Malaysian enforcement officers is much higher than that of the TSOs in the UK (England & Wales).

The right owners may initiate action by filing a complaint with the Division of the MDTCC giving full details of the ownership of the rights concerned in Malaysia and the details of the infringement⁸⁵. There was no formal procedure laid down for filing complaints in the previous TDA, although a complainant was expected to give complete co-operation to the Division prior to and during any raid that may have been undertaken⁸⁶. This created difficulty, as there were no clear guidelines on what relevant information needed to be furnished by the complainant and what action was expected to be taken by the authorities. This difficulty was indirectly highlighted by K.Lumpur High Court in *Comix Food Industries Sdn. Bhd. v A. Clouet & Co. (KL) Sdn. Bhd*⁸⁷:

“The officers of the Division are obliged, and the interested person is entitled to expect them, to investigate the complaint, seize goods A bearing trademark X wherever they may be sold or offered for sale and prosecute their retailers. That is in fact what would happen *if the officers are not too busy with other duties, have enough manpower at their disposal and have not succumbed to pleas to stay their hand in the event that there should be...*⁸⁸ (emphasis added)”.

In solving this difficulty, a new provision in section 31(2) of the TDA 2011 requires a complainant to specify the person against whom the complaint is made, the premises where the alleged offence was committed and details of the alleged offence under the Act to enable an investigation to be conducted. The investigation may be conducted once the requirement in section 31(2) is satisfied and if the authority “has reasonable grounds to suspect that any offence is or will be committed under this Act⁸⁹”. The result of the investigation may then be used in further actions.

In this regard, the TDA provides swift enforcement action in terms of the seizure and removal of counterfeit goods from the market (Part IV, Chapter 3). For this purpose, the enforcement officers have the power to enter premises (apart from dwellings) and

⁸⁴ See MDTCA Annual Report 2007, p.201; Interview with MDTCA, (n.104 in chapter 3).

⁸⁵ In *Johnson & Johnson* [1993] 3 MLJ 122, the court held that a TDO is not required when it involves a trade mark that is identical to the registered trademark, thus the MDTCC could take action without the proprietor of the trademark having to obtain a TDO. See the function of Enforcement Division in MDTCC Report 2009, (n.131 in chapter 4), p.95-107; Kandiah, (n.36 in chapter 1); Abraham K, 'Anti-counterfeiting 2010 – A Global Guide: Malaysia', WTR 2010 Special Report, 151-153, p.152, <<http://www.worldtrademarkreview.com/issues/Article.aspx?q=5e8854f9-cdlc4168-68ac-84355b95359a>> accessed 20/12/2010; ICC CIB, 'International Guide to IPRs Enforcement: Malaysia', 1st edn, (Essex: CIB, 2006), 103-189, p.107-108.

⁸⁶ Interview with MDTCA, (n.84).

⁸⁷ [1996] 2 BLJ 543.

⁸⁸ Ibid, p.551-552.

⁸⁹ TDA 2011, s.30.

inspect and seize goods and documents suspected to be related to any offence under the TDA⁹⁰. All documents and goods seized will be kept in the custody of the Division until such time as any criminal proceedings brought as a result of the seizures have been concluded.

Once the proceedings commence, the court has the power to make a trade description order (TDO) under section 9. The sole purpose of the TDO is to aid in the enforcement of the TDA 2011 by functioning as proof of an offence involving the application of an FTD in cases where there has been an unauthorized application to goods of a trademark⁹¹.

Section 5 provides that it is an offence for any person to apply an FTD to any goods or to supply or offer to supply any goods, or to expose for supply or has in his possession, custody or control for supply any goods to which a FTD is applied. A trade description is defined broadly in section 6 as an indication, direct or indirect, and by whatever means given, of various specific matters with respect to any goods or part of goods⁹². Section 5 defines the FTD as a trade description that is false to a material degree. Thus, the use of a trademark identical with or closely similar to the trademark of another without permission in relation to unauthorized goods is an FTD⁹³. In this situation, the MDTCC will commence and conduct raids upon receiving a complaint from the trademark proprietor.

⁹⁰ Ibid, ss.40-41.

⁹¹ *Thye Huat Chan Sdn Bhd v Thye Shen Trading Sdn Bhd* [2008] 6 CLJ 915, para 17 and 34. It is worth to note that other than the TDA, the Trade Descriptions (Original Label) Order 2001 (effective on 15/01/2003) as yet another attempt to address ever-increasing levels of piracy and counterfeiting in the film, music, games, software and audio recording industries. Under the order, all optical disc products are required to carry an original label, usually a hologram, granted by the MDTCC. The holograms must be conspicuously affixed inside the shrink wrap of all copies of works distributed in Malaysia (whether manufactured locally or abroad). This is a measure which is unknown in the UK although traders do use holographic identification and somewhere, artificial partitioning designed to prevent the removal of identification numbers used for monitoring free movement of goods (see *Frits Loendersloot v George Ballantine*, n.139 in chapter 3).

⁹² TDA 2011, ss.4(1)(k) and (m) respectively stated that 'approval by any person or conformity with a type approved by any person' and as to the 'person whom the goods are manufactured, produced, processed or reconditioned', and thus, the application of a trademark to goods in this respect, may be a false trade description.

⁹³ In *Cho Heng Rice Vermicelli Factory Co Ltd v Rifetra Sdn Bhd* [2000] 8 CLJ 85, p.89: the court held that a TDO will only be granted if an applicant can identify with certainty the infringing trademark, state what goods are involved and connect the infringing trademark with the genuine goods, by declaring that the infringing trademark is, for the purposes of the Act, a FTD in its application to the specified goods. Most importantly, an applicant would have to state and satisfy the court how his trade mark had been infringed and to this end he would have to show the material similarity between the registered trademark and the infringing trademark.

In cases where the offending trademark is not identical to the registered trademark, the proprietor has to obtain a TDO from the High Court under section 9 before lodging a complaint at the Division. Section 9(1) of the TDA 2011 provides that:

- (1) Where any person being a registered owner of a registered trademark under the TMA 1976 claim that his rights in respect of such trademark are being infringed in the course of trade, by any other mark or get-up used by any other person, which is not identical with his registered trademark but can be passed off as his registered trademark, he may apply to the High Court to declare that the infringing mark is a false trade description for the purpose of section 8⁹⁴.
- (2) ...the person referred to in subsection (1) in making the application shall identify specifically the infringing trade or other mark or get-up and the High Court may, on the application of such person, make an order declaring that the infringing trade or other mark or get-up is for the purposes of this Act a false trade description in its application to such goods as may be specified in the order”.

This means that in applying a TDO, the proprietor of a registered trademark must establish that his rights in respect of the trademark are being infringed within the meaning of section 38(1) of the TMA 1976⁹⁵. In *Re Chan Kuan Sang*⁹⁶, Abdul Aziz J said that:

“... an infringing trade mark capable of being the subject of a TDO must be a particular trade mark identified clearly and specifically: it must be the trade mark which is the subject of the applicant’s allegation, and cannot be understood or misunderstood as encompassing any other trade mark which was not the subject of the applicant’s allegation”.

This requirement is considered to be a cross-over mechanism which is protective of defendants. It is argued that, apart from providing a sufficient measure for the rights-holder, the TDO in this respect provides a balanced safeguard to the defendant. By comparison to the UK, it seems that the requirement in section 9 of the TDA 2011 already eliminates the difficulty in *R v Johnstone*⁹⁷ by introducing separate standards for civil and criminal proceedings.

An application for a TDO could be made either *inter partes* or *ex parte*⁹⁸. In *Thye Huat Chan Sdn Bhd*⁹⁹, the High Court held that an *ex parte* application may be made only in appropriate cases such as those involving the use of a trademark on counterfeit goods sold by night market traders or other petty traders. The aim here is to prevent these

⁹⁴ TDA 2011, s.8: “a trade description shall include an indication ..in respect of any goods or parts of goods relating to any rights in respect of trademark registered under the TMA 1976”.

⁹⁵ See Appendix 3.1 for the provisions of the Act.

⁹⁶ [1993] AIPR 360. See also *Tiga Gajah Cho Heng Sdn. Bhd.v Majuperak Tepung Beras Sdn. Bhd.* [1997] 1 CLJ Supp 52.

⁹⁷ See 6.3.1 at n.54 above.

⁹⁸ *Hu Kim Ai v Liew Yew Thoong* [2004] 5 CLJ 515, it was held that there was no requirement under s.16 of the Act which requires the proceedings to be made *inter partes*. It is now well settled that under the Act, applicants can elect to proceed *ex parte* or *inter partes* and that the court is not *functus officio* to review a TDO granted *ex parte* although perfected.

⁹⁹ See n.90, para 35.

traders from taking certain steps or avoiding action since they do not have fixed addresses to be contacted at afterwards¹⁰⁰.

It is also worth noting here that, in cases where a TDO has been granted, the applicant is not necessarily entitled to damages¹⁰¹. In *Parkson Corporation Sdn Bhd v. Fazaruddin Ibrahim*¹⁰², the Court of Appeal held that:

“If Parliament had wished to confer jurisdiction upon a court making an order under section 16 (TDA 1972) to also award damages, it would have said so expressly. It is therefore plain what Parliament intended was to only criminally punish the infringer of merchandising marks and the perpetrator of any other act or omission specifically proscribed by the Act...Additionally, we would observe that Parliament has left it to the parties to resort to the usual common law remedy, for example, the tort of passing-off. That is why it has not expressly barred the bringing of such action despite the TDO”.

However, a TDO is admissible in evidence in any proceedings under section 8 (prohibition of false trade description with a trademark) in which it is relevant as conclusive proof of an FTD¹⁰³. If a person is found guilty of an offence under the TDA 2011, the penalty is a fine not exceeding RM100,000 (approximately £20,000) and/or imprisonment for a term not exceeding 3 years¹⁰⁴. For a repeat offender, a maximum fine of RM250,000 and/or imprisonment for a term not exceeding 5 years applies. In cases where the infringer is a corporate body, the fine is up to RM250,000 (approximately £50,000), and double that amount for a subsequent offence¹⁰⁵ (see a comparison with the UK in Table 6.2 at 6.4.2 (b) below).

It is argued that such high minimum sentences may be counter-productive¹⁰⁶ in addressing counterfeiting problem without necessarily deterring the problem,¹⁰⁷ if offenders become more cautious about pleading guilty¹⁰⁸. In copyright cases involving small traders or individuals, for example, this would contribute to an increase in the backlog as most offenders would choose to be tried rather than to pay huge amounts of money¹⁰⁹. However, the TDA overcomes this difficulty by empowering the enforcement authority to ‘compound’ the offence.

¹⁰⁰ Ibid, para 32.

¹⁰¹ Malaysian Criminal Procedure Code (Act 593), s.426 provides compensation to the victim of crime in general but there is no specific provision providing for compensation to victims of economic crimes.

¹⁰² [2002] 4 CLJ 18, p.25. See also similar decisions for example in *Tan Chye Choo v. Chong Kew Moi* [1970] 1 MLJ 1; *Metal Industry Employees Union v Registrar of Trade Unions* [1976] 1 MLJ 220.

¹⁰³ TDA 2011, s.9(4).

¹⁰⁴ Ibid, s.5(B).

¹⁰⁵ Ibid, s.5(A).

¹⁰⁶ Harms L, “The enforcement of IPRs by means of criminal sanctions: An assessment”, WIPO Advisory Committee on Enforcement, 4th Session, Geneva, 1-2/11/2007, WIPO/ACE/4/3, para 178.

¹⁰⁷ Rahmatian A, ‘Trademark infringement as a criminal offence’, (2004) 67(4) *MLRev* 670-683, p.683.

¹⁰⁸ Interview with K.Lumpur IP Sessions Court Judge, (n.119 in chapter 3).

¹⁰⁹ Ibid.

In this regard, the Controller of Trade Descriptions may exercise discretion to compound the offence by offering to the offender the opportunity to pay a sum of money not exceeding the maximum fine within such a time as specified in the offer to compound¹¹⁰. Compounding provides an alternative to criminal prosecution where a suitable penalty is imposed¹¹¹. In fact, in certain circumstances, this might be the most efficient solution for the court in disposing cases, since offenders would be more easily convinced to plead guilty when the compound is rather low and reasonable for them to pay¹¹². However, the rights owner may still thereafter elect to commence civil proceedings based on the evidence collected in the raids. Based on the experience in the Malaysian IP Court, it is argued that the ACTA's provisions that require countries to heighten a minimum common standard for criminal enforcement would diminish the effectiveness of compounding the offence which may encourage small counterfeiters to resolve the case¹¹³.

Whilst providing adequate protection to the relevant parties, the TDA 2011 also introduced an important provision in section 44 prohibiting the conduct of tipping-off. This not only enhances the smoothness of an investigation or operation carried out by the enforcement authorities but also protects them, especially from thugs hired by counterfeiters to intrude upon and threaten the enforcement officers in the course of their duty, as mentioned in the introduction to Chapter 1. In contrast to the UK, the enforcement officer is also empowered under section 39 of the TDA to arrest any person whom they believe has committed or is attempting to commit an offence under section 8¹¹⁴.

(c) Anti-Money Laundering and Anti-Terrorism Financing Act (AMLATFA) 2001

It appears that, apart from drugs trafficking activities, counterfeiting has become one of the main sources of illegal proceeds in Malaysia which is considered by the authorities as a significant money laundering risk along with other major crimes such as illegal gambling, fraud, robbery, human trafficking, extortion and smuggling¹¹⁵. In addressing this problem, the AMLATFA was passed in 2001 and came into force on 15 January 2002. It was amended in 2003 to include measures to combat the financing of terrorism. The Act not only criminalizes money laundering and terrorism financing, but also

¹¹⁰ Ibid, s.63.

¹¹¹ See Trade Descriptions (Compounding of Offences) Regulations 1994.

¹¹² Interview with KL IP Judge, (n.108).

¹¹³ See discussion on ACTA in chap.8.

¹¹⁴ Table 6.1 at 6.4.2 (b) below.

¹¹⁵ Asia/Pacific Group on Money Laundering, 'APG mutual evaluation report on Malaysia 2007', 25 July 2007, <http://www.apgml.org/.../docs/17/MalaysianMER-FINAL_August_2007.pdf> accessed 08/03/2008, p.5.

imposes various obligations on reporting institutions. It includes measures for the investigation of money laundering and terrorism financing offences and the freezing, seizure and forfeiture of criminal proceeds¹¹⁶.

The AMLATFA provides that any person who engages in or attempts to engage in or abets the commission of money laundering, commits an offence and shall on conviction be liable to a fine not exceeding RM5 million or to imprisonment for a term not exceeding 5 years or both¹¹⁷. Convictions for such an offence may be made irrespective of whether there is a conviction in respect of a serious offence or foreign serious offence or that a prosecution has been initiated for the commission of a serious offence or foreign serious offence¹¹⁸. In this regard, considering the seriousness of counterfeiting offences, the Second Schedule of the AMLATFA was amended in 2007 to include an offence of giving false trade descriptions under the TDA as a “serious offence” in section 3(1) of the AMLATFA¹¹⁹.

(d) Remarks

Apart from these laws, the establishment of the IP Courts in 2007 also represents a positive development in improving criminal proceedings in IP matters in Malaysia¹²⁰. Criminal prosecution is generally preferred as an alternative remedy against counterfeiters. One reason for this is that it is thought to be a comparatively easier process which is quick to implement and offers tangible results, as well as entailing direct engagement with the perpetrators.

However, a few obstacles have been identified in criminal proceedings practice in Malaysia. It is believed that, for criminal prosecutions to run efficiently, prosecutors must be well-trained and experienced, particularly if counterfeiters are to face the wrath of the law. It seems that the Malaysian system falters in this area since most prosecuting officers in the MDTCC, although very experienced, generally do not have a formal background in and knowledge of law¹²¹. This increases the risk of them being outclassed by legal counsels employed by the offenders, and so all efforts of enforcement could come to naught. This would lead to a situation where cases registered in court might

¹¹⁶ See 7.2.1 and 7.3.

¹¹⁷ AMLATFA, s.4(1).

¹¹⁸ Ibid, s.4(2).

¹¹⁹ This offence was inserted through the amendment of the AMLATFA on 21/11/2007 [PU(A) 385/2007]. S.2(1) provides that the Act shall apply to any serious offence, foreign serious offence or unlawful activity whether committed before or after the commencement date.

¹²⁰ See 4.5.1(d) on the Malaysian court system.

¹²¹ Interview with KL IP Judge, (n.108); Interview with MyIPO, (n.172 in chapter 4).

remains stagnant if the prosecution process became less effective due to factors including inadequate investigative techniques and prosecutorial weaknesses¹²². This is an area that needs to be seriously addressed so that the expertise of the prosecution team coupled with improved laws may enhance the effectiveness of proceedings. In this context, it is argued that by strengthening the substantive law alone as proposed in the ACTA will not work unless the law enforcers themselves, the process, the institutions and the public are also improved¹²³.

Thus, after the establishment of IP Court, for example, and in particular during the transition period for this new system, about half of the cases had been transferred to the Deputy Public Prosecutor (DPP) who has a formal legal education and background and is well-versed in handling court proceedings¹²⁴. Courses and training are also being conducted from time to time to ensure that IP Court personnel are well-equipped and knowledgeable in an effort to expedite the disposal of IP cases in Malaysia¹²⁵.

In terms of compliance with the TRIPS obligations, it has been shown that Malaysia has an appropriate legislative structure thus far in protecting IPRs. However, this is not a sole determining factor in assessing the effectiveness of IP protection in Malaysia since in many situations this issue still depends heavily on enforcement¹²⁶. Therefore it can be said that the problem with the IP system in Malaysia actually lies in enforcement and not the law, as most if not all of the IP legislation in this country are in line with international standards.

It seems that enforcement actions conducted by the MDTCC are generally found to be fairly effective, but several problems faced by them have also been identified which prevent the effective implementation of available criminal procedures¹²⁷. These include lack of resources, inadequately trained and incompetent enforcement and prosecution personnel, corruption and the perception that the crimes are inoffensive. In many situations, enforcement officers are also exposed to threats and aggressive reactions by

¹²² Ibid.

¹²³ See discussion on ACTA in chap.8.

¹²⁴ Interview with KL IP Judge, (n.108).

¹²⁵ Interview with MyIPO, (n.120); ___ 'Judicial staff complete course', *Daily Express Monday*, 07/12/2009, <<http://www.dailyexpress.com.my/news.cfm?NewsID=69309>> accessed 23/01/2010, where it was reported that 47 judiciary and Attorney-General's Chambers officers completed the Certificate Course on IP Law organised by MyIPO which was to equip the officers of the IP Court with the necessary knowledge on IP Law. The first batch, comprising 34 officers was reported completed the programme in 2008.

¹²⁶ See ___ 'Protecting IP in Malaysia - law or enforcement', (Article) *Managing IP WEEK* - 20 Dec 2008, <[http://www.mirandah.com/Protecting Intellectual Property in Malaysia Law or Enforcement.aspx](http://www.mirandah.com/Protecting%20Intellectual%20Property%20in%20Malaysia%20Law%20or%20Enforcement.aspx)> accessed 28/03/2009.

¹²⁷ MDTCA Annual Report 2007, p.201-202.

offenders, particularly in high-risk areas while on duty¹²⁸. In such circumstances, the operations require the assistance and co-operation of the police. These factors also result in a tendency to compound the offences resulting in insubstantial fines as opposed to proper criminal prosecutions¹²⁹.

Political motivations are also one of the contributing factors in determining the efficiency of enforcement efforts. This is certainly true in Malaysia, where the extent to which the enforcement of IPRs is taken seriously depends on the minister responsible¹³⁰. Apart from these difficulties, nonblack of co-operation on the part of IP right-holders is also contributing to the inefficiency of enforcement efforts. The Malaysian authorities have pointed out that the failure of IP right-holders or their representatives to come forward to verify suspected infringing and their reluctance to testify in court in many cases weaken their efforts to effectively prosecute offenders¹³¹. In this respect, it can be said that the effectiveness of criminal enforcement therefore needs co-operation among all the parties concerned: the government, the industry and the public as a whole.

6.4.2 United Kingdom

(a) Trade Marks Act 1994 (TMA 1994)

In the UK, criminal provisions in relation to trademark infringement are contained in sections 92-96, 97-98 (forfeiture) and 101 (offences committed by partnerships and bodies corporate) of the TMA 1994. Among these, section 92 is the most relevant as it provides for a range of criminal offences relating to the manufacture and sale of counterfeit goods¹³². Trademark offences and penalties under section 92 are summarised in Table 6.1¹³³.

¹²⁸ Ibid, p.204. See also interview with MDTCA, (n.84); IIPA Special 301 Letter to USTR, 13th February 2004, <www.iipa.com/pdf/2004SPEC301COVERLETTER.pdf> where it was reported that in July 2001, the head of a municipal council in Malaysia was threatened with death because of his vigorous action against retailers selling illegal CD-Vs.

¹²⁹ EU Commission 'Enforcement Survey 2006: Malaysia', <<http://trade.ec.europa.eu/doclib/html/130425.htm>> accessed 12/01/2008.

¹³⁰ Interview with MDTCA, (n.84). See also 3.3.2 on the scale of counterfeiting in Malaysia.

¹³¹ EU Commission, (n.129); interview with KL IP Judge, (n.108); interview with MDTCA, (n.84); interview with MyIPO, (n.120); interview with Royal Malaysian Custom (n.33 in chapter 1).

¹³² See Appendix 3 for full provision of this section.

¹³³ See similar table at UKIPO website at <<http://www.ipo.gov.uk/ipenforce/ipenforce-resources/ipenforce-offenceguide/ipenforce-offenceguide-tmact.htm>>.

Table 6.1: Offences under section 92 of the TMA 1994

Offence	Sentence under s.92(6)	
	Summary conviction	Indictment
<p>Section 92</p> <p>(1) A person commits an offence who with a view to gain for himself or another, or with intent to cause loss to another, and without the consent of the proprietor-</p> <p>(a) applies to goods or their packaging a sign identical to, or likely to be mistaken for, a registered trade mark, or</p> <p>(b) sells or lets for hire, offers or exposes for sale or hire or distributes goods which bear, or the packaging of which bears, such a sign, or</p> <p>(c) has in his possession, custody or control in the course of a business any such goods with a view to the doing of anything, by himself or another, which would be an offence under paragraph (b).</p>	6 months imprisonment/fine not exceeding statutory maximum	10 years imprisonment and/or a fine
<p>(2) A person commits an offence who with a view to gain for himself or another, or with intent to cause loss to another, and without the consent of the proprietor-</p> <p>(a) applies a sign identical to, or likely to be mistaken for, a registered trade mark to material intended to be used-</p> <p>(i) for labelling or packaging goods,</p> <p>(ii) as a business paper in relation to goods, or</p> <p>(iii) for advertising goods, or</p> <p>(b) uses in the course of a business material bearing such a sign for labelling or packaging goods, as a business paper in relation to goods, or for advertising goods, or</p> <p>(c) has in his possession, custody or control in the course of a business any such material with a view to the doing to anything, by himself or another, which would be an offence under paragraph (b).</p>	6 months imprisonment/fine not exceeding statutory maximum	10 years imprisonment and/or a fine
<p>(3) A person commits an offence who with a view to gain for himself or another, or with intent to cause loss to another, and without the consent of the proprietor-</p> <p>(a) makes an article specifically designed or adapted for making copies of a sign identical to, or likely to be mistaken for, a registered trade mark, or</p> <p>(b) has such an article in his possession, custody or control in the course of a business,</p> <p>knowing or having reason to believe that it has been, or is to be, used to produce goods, or material for labelling or packaging goods, as a business paper in relation to goods, or for advertising goods.</p>	6 months imprisonment/fine not exceeding statutory maximum	10 years imprisonment and/or a fine

The elements of offences in section 92 can be classified as follows¹³⁴:

- (i) positive or negative commercial purpose ('with a view to gain for himself or another, or with intent to cause loss to another');

The phrase '*with a view*' which applies to all three parts of section 92(1), (2) and (3) seems the closest this section gets to the principle of *mens rea*¹³⁵. In *R. v Zaman*¹³⁶, '*with a view*' has been held to have a broad meaning. In this case, the defendant was charged with possession of jeans containing false designer labels as security for an unpaid debt. The defendant submitted that mere possession of the jeans for security was not possession "with a view to gain" from selling them. The Court of Appeal, however, held that this phrase simply means that the accused was contemplating something, not

¹³⁴ See discussion in Firth, Lea and Cornford, (n.8 in chapter 3), p.125.

¹³⁵ Ibid, p.124-127. See also Lindsey and Chacksfield, (n.63 in chapter 3).

¹³⁶ [2003] FSR 13.

necessarily something he wanted or intended to happen, but something that might realistically occur, and that this has to be contrasted with “with intent to”. In this regard, the court held that:

“The phrase “with a view to gain for himself or another or with intent to cause loss to another” is not unknown to the law and appears, at any rate, in ss.17, 20 and 21 of the Theft Act . That may account for their reappearance in s.92 of the TMA 1994 . However, in the context of the Theft Act , it is not usually material to differentiate between “with a view to gain” or “intent to cause loss” since the *mens rea* of the offences set out in those sections of the Theft Act is, in any event, one of dishonesty. The word “dishonestly” appearing in those sections does not appear in s.92(1) of the 1994 Act. We must therefore, in our judgment, proceed on the basis that, since a distinction is drawn between the phrase “with a view to” and the phrase “with intent to”, that that must be a deliberate distinction drawn by Parliament. On that basis the question then arises: what is the appropriate meaning to be given to the phrase “with a view to”, not only in the initial part of s.92(1) but also where it appears in s.92(1)(c) ? The word “intent” does, of course, carry a considerable amount of legal learning as to its meaning; indeed one can see, from para.20–16 of Mr Morcom’s book, reference to some of the many House of Lords’ decisions devoted to the concept of intent¹³⁷”.

This means that, “with a view to gain” may be established if the defendant’s acts in dealing with such goods are done for any commercial purpose, including selling or advertising goods bearing an offending mark, or keeping them with a view to selling them, or even keeping them for security for debt as in the above case ¹³⁸ .

(ii) without the consent of the trade mark proprietor;

The question of consent also forms a fundamental part of the element of the offence under section 92. In *Houghton v Liverpool City Council*¹³⁹ , the prosecution contended that it was for the defence to prove on the balance of probabilities that the defendant had the proprietor’s consent rather than for the prosecution to prove beyond reasonable doubt that he did not. This issue is actually arguable either way as to whether the burden is on the prosecution to prove lack of consent or upon the defendant to prove consent, lack of consent being on one view with rebuttability presumed¹⁴⁰ . The question, however, was cleared up following the House of Lords decision in *Johnstone*¹⁴¹ , from which it appears that if the defendant is under any burden, then such a burden can be shifted evidentially to the prosecution on the lightest of evidence ¹⁴² .

(iii) infringing acts including:

(a) application of sign to goods, packaging or materials - s 92(1)(a);

¹³⁷ Ibid, para 16-17.

¹³⁸ Kitchin and others, (n.4 in chapter 3), p.690; Morcom, Roughton and Malynicz, (n.2), p.706-708.

¹³⁹ [2000] Crim LR 574, as cited in Michaels, *TM law*, (n.198 in chapter 4), p.229.

¹⁴⁰ Morcom, Roughton and Malynicz, (n.2), p.709; Lindsey and Chacksfield, (n.133), p.390.

¹⁴¹ See n.54.

¹⁴² Morcom, Roughton and Malynicz, (n.2), p.709; Michaels (n.137), p.229.

In *Nottinghamshire County Council v Woolworths Plc*¹⁴³, the Trading Standards department of Nottinghamshire County Council brought an action against Woolworths Plc for infringement of s92(1)(a)(b) of the TMA 1994 for selling football shirts which carried a badge which was likely to be mistaken for the FA Crest during the final stages of the “UEFA European Championships 2004”. Woolworths claimed that their badge would not be mistaken for the FA Crest and furthermore they were not using their badge as a trademark. The issue arose as to whether or not Woolworths had “applied” the offending sign to the goods, thus contrary to section 92(1). The prosecution argued that the meaning of the word “applied” in s.92(1)(a) was so wide-ranging that it caught everyone in the chain through which the goods passed and included warehousing goods and selling and exposing them for sale, and relied on the wide definition of “applies” set out in s.4(1) of the TDA 1968.

In determining that Woolworths did not “apply” the sign to the shirts, Harris J observed that the word should be more narrowly interpreted or should be given its ordinary meaning. He held that:

“Parliament intended s.92(1)(a)...to be limited to the person who placed or caused to be placed the sign on the goods. “Applied” was an everyday word and should be given its ordinary meaning which did not include the sale or exposure for sale of goods. The TMA 1994 had not adopted the wide meaning of “applies” set out in s.4(1) of the TDA 1968 and there was no good reason for the court to read it into the 1994 Act. The word “affix” used in s.10(4) of the 1994 Act had a narrower meaning than the word “applies” and might not include processes such as stamping, engraving or weaving by which a sign can be placed on goods. The word “applies” could cover such processes and that alone would have been a good enough reason for Parliament to choose “applies” when creating the criminal offence under s.92(1)(a) of the Act. If the word “applies” were to be construed as widely as the prosecution contended, then no threats would be actionable under s.21(1) of the Act¹⁴⁴.”

(b) application to and use of business papers, labels, advertising – s 92(2);

The distinction between ‘goods’ and ‘material’ is dealt with in section 17 of the TMA 1994 and, though not exhaustively defined, tends to relate to things like posters, flyers and stickers or labels¹⁴⁵.

(c) commercial dealing or possession of marked goods or materials – s 92(1) (b), (2) (b);

The words ‘sells or lets for hire, offers or exposes for sale or hire or distributes’ are standard terms and are employed to cover not only dispositions by way of sale but

¹⁴³ [2007] FSR 19.

¹⁴⁴ Ibid, para 29(a)-(c) and (f).

¹⁴⁵ See also Morcom, Roughton and Malynicz, (n.2), p.718.

also the invitation to treat and most other forms of disposition. It is argued that the distribution of counterfeit goods is the ultimate evil in counterfeiting activities, and the evidence showed that counterfeiters organized themselves into distribution chains¹⁴⁶ whilst attempting to prevent the authorities from detecting them.

(d) making or commercially possessing tools (articles) for the above – s 92(3), (1)(c), (2)(c).

These provisions deal with a situation where a person makes or has in his possession an article which can be used for applying a mark, although that article must be specifically designed or adapted for making copies of the sign which is identical to or likely to be mistaken for a registered trade mark.

(iv) infringed goods are in relation to an identical registered mark – s 92(4)¹⁴⁷.

For all the above offences, the gain or loss must be read in the context of the use of a sign or mark which is registered or has a reputation in the UK. In *Johnstone*¹⁴⁸, the court held that section 92(5) presupposes that the conduct of the person charged was an infringement of a registered trademark, as it would make no sense for reasonable belief in non-infringement to provide a defence if infringement was irrelevant so far as the criminal offences are concerned.

All these elements must be proved in order to secure a conviction. In *Roger Sliney v Havering London Borough Council*¹⁴⁹, the Court of Appeal set out the elements of proof for the prosecution:

“By s.92 (1) the following are required to be proved by the prosecuting authorities:

(1) First, that the accused has acted with a view to gain for himself or another (or with intent to cause loss to another) — that is the only mental element set out in s.92 (1): indeed, it hardly is to be equated with *mens rea* in the way that phrase is usually understood.

(2) Second, that the accused has acted without the consent of the proprietor.

(3) Third, that the accused has done, by reference to a registered trade mark, one (or more) of the things set out in subsections (a) (b) or (c) in subsection (1).

The provisions of subsections (2) and (3) correspond to that approach. If those matters are all proved, then the offence is proved: although no offence is committed unless the matters contained in subsection (4) are satisfied. Finally, s.92 (5) provides, by way of exclusion, a statutory defence.

¹⁴⁶ See 7.2 on how the distribution is conducted; Morcom, Roughton and Malynicz, (n.2), p.717.

¹⁴⁷ See Appendix 3.

¹⁴⁸ See n.54, para 29.

¹⁴⁹ *R v S* [2003] 1 Cr.App.R. 35.

Nowhere in the section is there indicated any requirement of dishonesty or bad faith on the part of the accused as an element of the offence¹⁵⁰.

In terms of the defence in section 92(5)¹⁵¹, the accused must show that he believed on reasonable grounds that the use of the sign was not an infringement of the registered trade mark. This reverse burden of proof was assessed in *Roger Sliney v Havering London Borough Council*¹⁵², and later, in *Johnstone*¹⁵³. The Court of Appeal in *Sliney* considered that, though potentially contrary to Article 6(2) of the European Convention on Human Rights (ECHR) (right to a fair trial), it was not incompatible given the “compelling reasons, having regard not only to the interests of the accused but also to the public interest, why the imposition of a legal burden on the accused, as set out in s.92 (5) of the TMA 1994, is necessary, justified and proportionate¹⁵⁴”.

It is worth noting here that the Human Rights Act (HRA) 1998, which commenced operation on 2 October 2000, incorporates the ECHR into domestic law. Under section 6, courts should bring the common law into line with the Convention. This section directs courts to construe legislation, as far as is possible, in a way compatible with the Convention. If this is not possible, the legislation will still be enforced, but with a declaration of incompatibility under section 4. In terms of the compatibility of reverse burdens of proof with the Convention, article 6(2) provides that “Everyone charged with a criminal offence shall be presumed innocent until proved guilty according to law”. According to Hammer, the potential incompatibility here is clear, because rather than the prosecution proving guilt beyond reasonable doubt, a reverse persuasive burden requires the defendant to prove his innocence on the balance of probabilities¹⁵⁵.

In England and Wales all criminal proceedings begin in the magistrate’s courts, and criminal offences are classed as summary only¹⁵⁶, indictable¹⁵⁷, or triable either way¹⁵⁸.

¹⁵⁰ Ibid, para 28-29.

¹⁵¹ See Appendix 3.

¹⁵² *R v S*, n.146.

¹⁵³ See n.54; the judgment of L.Nicholls of Birkenhead, para 54: “For these reasons, which are substantially the same as those given by Rose LJ in *R v S* (Trademark defence) [2003] 1 Cr.App.R 602: “I consider the persuasive burden placed on an accused person by the section 92(5) defence is compatible with article 6(2). This being so, it becomes unnecessary to consider whether, if this interpretation of s.92(5) were incompatible with art.6(2), s.92(5) might be open to a different interpretation pursuant to s.3(1) of the HRA 1998”.

¹⁵⁴ *R v S* (n.146), para 47 and discussion in Smith V, ‘Knowledge and trademark offences and defences’, (2009) 173(38) *CL&J* 597-601.

¹⁵⁵ Hammer D, ‘The presumption of innocence and reverse burdens: a balancing act’, (2007) 66 *CambLJ* 142-171, p.142. See also discussion in Rahmatian, (n.107).

¹⁵⁶ A summary offence is a criminal offence that is tried summarily, in front of a magistrate. Most minor criminal offences such as assault, battery and minor theft are deemed to be summary offences – where the time limit for prosecution to charge or applying to the court is six months from the date of commission of the offence.

¹⁵⁷ An indictable offence is a serious criminal offence that requires trial by jury in a Crown Court. Most common law offences such as rape, murder, and grievous bodily harm are considered to be indictable. There are no time limits for commencement for indictable offences or “either way”.

Offences under section 92 are triable either way, with a maximum level of fine and/or six months' imprisonment on summary conviction¹⁵⁹, or a maximum of ten years' imprisonment and/or unlimited fine on conviction on indictment¹⁶⁰.

Section 93 of the TMA 1994 imposes a duty on local weights and measures authorities (trading standards officers - TSO)¹⁶¹ in England and Wales to enforce section 92. This power, however, is not given to the authorities in Scotland¹⁶² (as proceedings in Scotland are instituted by procurators fiscal on behalf of the Crown¹⁶³), where the authorities have powers to extend the time for summary proceedings as conferred by section 96. In Northern Ireland, the duty is on the Department of Economic Development¹⁶⁴.

For the purpose of enforcing the provisions of section 92, the authorities are given the same powers that they have under the TDA 1968¹⁶⁵, now replaced in part by the Consumer Protection from Unfair Trading Regulations (CPUTR) 2008¹⁶⁶. Sections 27-29 and 33 of the TDA 1968 give the local authority the power to make test purchases and the power to enter premises and inspect and seize goods and documents. Further offences are created of obstructing an officer of a local authority exercising his powers and provision is made for compensation where goods are seized and no conviction results, though this is subject to arbitration¹⁶⁷. Any enactment which authorises the disclosure of information for the purposes of enforcement of the TDA 1968 also applies in relation to section 92 of the TMA 1994¹⁶⁸.

Criminal courts have the power under sections 97 and 98 of the TMA 1994 to make forfeiture orders for counterfeit goods, materials, or articles, such as are described in section 92(1) to (3). In *Unic Centre Sarl v The London Borough of Brent & Harrow Trading Standards Office and Another*¹⁶⁹, the court explained that "the scheme and purpose of the forfeiture provisions (including ss.16–19) of the TMA is to prevent infringing articles entering into circulation in the market to the prejudice of the registered

¹⁵⁸ "Either way" - Triable either by a magistrate or in the Crown Court before a judge and jury.

¹⁵⁹ TMA 1994, s.92(6)(a).

¹⁶⁰ Ibid, s.92(6)(b).

¹⁶¹ See Firth, Lea and Cornford, (n.132), p.126 and chapter 20 in Kitchin and others, (n.136).

¹⁶² TMA 1994, s.93(5) (a).

¹⁶³ Weights and Measures Act 1985, s.52. As TSO in Scotland do not have the power to prosecute offences, they will report offences to the Crown Office and in doing so they will have to comply with the Crown Office's guidance for specialist reporting agencies – See explanation in 'Commencement of Criminal Justice and Public Order Act 1994 Provisions Relating to Copyright' at <<http://www.ipo.gov.uk/cjpo1994.pdf>>.

¹⁶⁴ TMA 1994, s.93(3)(a).

¹⁶⁵ Ibid, s.93(2).

¹⁶⁶ See 4.5.2(c) on enforcement authorities in the UK.

¹⁶⁷ TDA 1968, s.33.

¹⁶⁸ TMA 1994, s.93(4) which also related to ss.90 and 91.

¹⁶⁹ [2000] FSR 667.

trademark proprietor, traders and consumers, who may be induced to deal with the counterfeit items”¹⁷⁰. This case stressed that the right to forfeiture is important not only for the trading standards service of a local authority, but may also be exercised by any person, for example the registered trademark proprietor or the licensee of the trademark, so long as the qualifying circumstances set out by the section exist¹⁷¹.

This means that an application may be made whenever any person has come into the possession of goods in connection with the investigation or prosecution of a relevant offence or otherwise by complaint to a magistrates’ court¹⁷². In this respect, application may be made without having a prosecution to conviction or an existing prosecution since investigation will be a sufficient reason, if combined with possession, to make such an application¹⁷³. It is also not a requirement that the goods in question should be in the possession of the police or the prosecution. They could be in the possession of the trademark owner, or of the TSO, or anyone else, so long as they came into the possession of that person in connection with the investigation or prosecution of a relevant offence¹⁷⁴.

Once the application is satisfied, the court has powers to order either the forfeiture, destruction according to the court’s directions or release of the goods¹⁷⁵.

(b) Trade Description Act (TDA) 1968; The Consumer Protection from Unfair Trading Regulations (CPUTR) 2008

Although in many cases the provisions of the TDA and CPUTR may not involve trademark matters, as they typically cover misdescriptions so as to quality, in certain circumstances where resources permit¹⁷⁶ the TSO may exercise their powers under the Act against the misuse of trademarks. As discussed above¹⁷⁷, the provision of TDA 1968 has been largely repealed by CPUTR 2008 but remains relevant for comparison with the Malaysian TDA 2011 provisions. The CPUTR is introduced to implement Directive 2005/29/EC of the European Parliament and of the Council concerning unfair business-

¹⁷⁰ Ibid, para 21.

¹⁷¹ Ibid, para 11.

¹⁷² TMA 1994, s.97(2)(a)-(b). S.97(8): “relevant offence” includes any offence under s.92 or under the TDA 1968 or any offence involving dishonesty or deception.

¹⁷³ See *Unic*, (n.167), para11.

¹⁷⁴ TMA 1994, s.97(1).

¹⁷⁵ Ibid, ss.97(3), (6)-(7).

¹⁷⁶ For example, TDA 1968, s.2 broadly defined ‘trade description’ to include, *inter alia*, indications of ‘approval by any person or conformity with a type approved by any person’ and as to the ‘person by whom manufactured, produced, processed or reconditioned’. Thus, the application of trademark to goods might be a false trade description (s.34).

¹⁷⁷ See 6.4.2(a).

to-consumer commercial practices (the Directive)¹⁷⁸. Schedule 2 of the CPUTR makes amendments to other enactments, including the TDA 1968, in order to ensure that these enactments do not provide for requirements or prohibitions on commercial practices which exceed the level permitted by the Directive¹⁷⁹.

In complementing such amendments, Part 2 of the CPUTR sets out the prohibition on unfair commercial practices, which includes misleading actions that creates confusion with any products, trademarks, trade names or other distinguishing marks of a competitor regulation¹⁸⁰. Part 3 provides that, with limited exceptions, breaches of the prohibition on unfair commercial practices will be criminal offences¹⁸¹, punishable on summary conviction by a maximum fine not exceeding the statutory maximum, or on conviction on indictment by a maximum term of two years imprisonment and/or a fine¹⁸².

Similar powers as provided by the TDA 1968 are given by the CUPTR to the Office of Fair Trading (OFT), local weights and measures authorities and the Department of Enterprise, Trade and Investment (for Northern Ireland) to enforce the CUPTR¹⁸³. In this respect, both TDA 1968 and CUPTR 2008 allow enforcement officers to make test purchase, enter premises, inspect and seize goods and documents. Equally, the Malaysian TDA also provides similar powers to the enforcement officers but with the additional power of arrest which is not available under the UK TDA 1968 and CPUTR 2008¹⁸⁴.

A comparison of these three statutes is summarised in Table 6.2.

¹⁷⁸ (OJ No L 149, 11.6.2005).

¹⁷⁹ CUPTR 2008, explanatory note.

¹⁸⁰ Ibid, r.5(3)(a).

¹⁸¹ Ibid, r.8-12.

¹⁸² Ibid, r.13.

¹⁸³ Information about the role of OFT and other enforcement agencies is available at LACORS website. See 4.5.2(c) on UK enforcement authorities.

¹⁸⁴ See 6.4.1(b) above.

Table 6.2: Comparison of UK TDA 1968, UK CPUTR 2008 & Malaysian TDA 2011

Matters	UK TDA 1968	UK CPUTR 2008	Malaysian TDA 2011
Prohibition of false TD/misleading actions	s.4	r.5(1)&(3)(a)	s.5(1)(a)-(c)
Penalty for offences * Note: x > = not exceeding	s.18 - summary conviction: fine x > prescribed sum - conviction on indictment: fine/ imprisonment x > 2 years/both.	r. 8 & 12 & Sch.1 (offences relating to marks) r.13 -summary conviction: fine x > statutory maximum -conviction on indictment: fine/ imprisonment x > 2 years/both.	s.5A -Body corporate: fine x > RM250,000 (approx.£50,000) -2 nd /subsequent offence: fine x > RM500,000(approx.£100,000) s.5B -Other than body corporate: fine x > RM150,000 (approx.£30,000)/ imprisonment x > 3 years/ both -2 nd /subsequent offence: fine x > RM250,000/imprisonment x > 5 years/ both.
Penalty for a false trade description in relation to a trademark	X	x	s.8A -Body corporate: fine x > RM15,000 (approx.£3,000) -2nd/subsequent offence: fine x > RM30,000(approx.£6,000) <i>for each good</i> s.8B Other than body corporate: fine x > RM10,000 (approx.£2,000) <i>for each good/</i> imprisonment x > 3 years/ both 2nd/subsequent offence: fine x > RM20,000(approx.£4,000) <i>for each good/</i> imprisonment x > 5 years/ both
Power to make test purchase	s.27	r.20	s.52
Power to enter premises, inspect and seize goods and documents.	s.28	r.21	s.40, 41 (with warrant), 42 (without warrant), 54 (taking of samples)
Power of arrest, investigation and prosecution.	x	x	s.39

(c) Proceeds of Crime Act 2002 (POCA 2002)

It is argued that, if law is to impact upon people's behaviour, it should deliver coherent messages¹⁸⁵. This means that when a law is trying to prevent a particular form of behaviour, it must at the same time prevent someone who commits it from benefiting from such behaviour. In other words, people should not profit from unlawful activity in general and from crime in particular. There is good reason to believe that there is a trend

¹⁸⁵ Alldridge P, *Money laundering law: forfeiture, confiscation, civil recovery, criminal laundering and taxation of the proceeds of crime*, (Oxford: HPL, 2003), p.45.

among people involved in illegal activities to use the profits from one criminal activity to fund other crimes¹⁸⁶.

In terms of offences against IPRs, for example, it is also suggested that the activities of counterfeiting and piracy have motivated other crimes since the profits can be recycled and laundered or used to fund other activities, including organised crime and terrorism. Although most evidence linking these crimes is only anecdotal¹⁸⁷, it is argued that such associations have induced the enactments of specific laws such as the POCA in the UK and Australia with the primary objective of preventing organised criminals from benefiting from or furthering their criminal activities¹⁸⁸. In view of taking precautionary measures in this regard, it is argued that criminal organizations and their activities have to be disrupted and frustrated using any possible legal means, including intervention and confiscation. In *R v Waterfield*¹⁸⁹, Lawton LJ stated that:

“The first thing the law should do is to ensure that those who break it...should not make any money out of their wrongdoing.....This court is firmly of the opinion that if those who take part in this kind of trade know that on conviction they are likely to be stripped of every penny of the profit they make and a good deal more, then the desire to enter it will be diminished”.

Based on Lawton’s observation, it is argued that the POCA could effectively provide a deterrence mechanism as well as justice in controlling counterfeiting activities.

At the international level, it has been recognised for some time that effective strategies and laws on proceeds of crime are an important measure in counteracting crime, particularly organised crime¹⁹⁰. It is believed that depriving criminals of their assets can have a greater punitive effect on many of them than going to prison¹⁹¹ particularly for those criminals who have a “nest egg” representing the fruits of their crime that is ready to be enjoyed when they are finally released¹⁹². This is certainly the case with counterfeiting and piracy, where the rewards from criminality considerably outweigh the

¹⁸⁶ See 3.5 on the impacts of counterfeiting. See also Ulph J, ‘Confiscation orders, human rights and penal measures’, (2010) 126(Apr) *LQR*. 251-278, p.251: “The proceeds of crime can be used to finance a luxurious lifestyle, thereby encouraging others to follow suit, and there is a danger that the money will be used to finance further criminal activity”. Examples of counterfeiting cases under POCA 2002 can be found at <<http://www.a-cg.org?POCAcasesApril10.pdf>>.

¹⁸⁷ See 6.2, n.34 above.

¹⁸⁸ Bruce M, ‘Combating counterfeiting and piracy: the Commonwealth initiative’, (2009) 35(4) *CLB* 703-711, p.707. See also 3.5.

¹⁸⁹ (17 Feb 1975, unreported), as cited in Alldridge, (n.185), p.45.

¹⁹⁰ Blakeney L and Blakeney M(a), ‘Combating the trade in counterfeit and pirate goods’, (2007) 13(6) *Int.TLR* 155-135, p.130; Blakeney and Blakeney(b), ‘Counterfeiting - removing the incentives’, (n.171 in chapter 3), p.349.

¹⁹¹ See Gentle S, ‘Proceeds of Crime Act 2002: Update’, (2008) 56(May) *COB* 1-33, p.5; Blakeney(a), (n.190), p.130; Blakeney(b), (n.190), p.350.

¹⁹² Ulph J, (n.186), p.251.

risks, given the fairly low fines which are imposed¹⁹³. In this manner, confiscation of the illicit profits has the potential to become the most effective form of punishment and deterrence for those criminals, preventing them from not only enjoying the profits from their crimes but also laundering the money further.

The POCA 2002, which came into force on March 24, 2003, was enacted for this purpose¹⁹⁴. The Act deals with a wide range of matters relevant to UK law on proceeds of crime issues. These include confiscation orders against convicted individuals (requiring payment to the State based upon the benefit obtained from their crimes)¹⁹⁵, the civil recovery of proceeds of crime from un-convicted individuals¹⁹⁶, taxation of profits generated from crime¹⁹⁷, anti-money laundering legislation¹⁹⁸, powers of investigation into suspected proceeds of crime offences¹⁹⁹, and international co-operation by UK law enforcement agencies against money laundering²⁰⁰.

In terms of criminal confiscation, proceedings may be commenced under section 6 when two conditions are satisfied:

- (i) the defendant has been convicted for any offences that makes him/her liable to confiscation proceedings²⁰¹; and
- (ii) the prosecutor or the Director of the Assets Recovery Agency believes it is appropriate for the court to proceed to confiscation, or if the court believes that it is appropriate for it to do so²⁰².

The question of whether the person has a criminal lifestyle²⁰³ is central to the operation of the Act, because it determines whether the defendant is subject to the confiscation of benefit²⁰⁴ from his particular or general criminal conduct. A person has a criminal lifestyle if he satisfies one or more tests set out in section 75(2), which provides that a person has

¹⁹³ See 3.4.1 on causes behind counterfeiting activity; Interview with KL IP Judge, (n.108).

¹⁹⁴ POCA 2002 has been amended by the Serious Organised Crime and Police Act 2005 and the Serious Crime Act 2007. See Rees A, Fisher R and Bogan P, *Blackstone's guide to the POCA 2002*, 3rd edn, (Oxford: OUP, 2008).

¹⁹⁵ POCA 2002, Part 2 (England and Wales), Part 3 (Scotland), Part 4 (Northern Ireland).

¹⁹⁶ Ibid, Part 5.

¹⁹⁷ Ibid, Part 6.

¹⁹⁸ Ibid, Part 7.

¹⁹⁹ Ibid, Part 8.

²⁰⁰ Ibid, Part 11. See also Terry G, 'How to stay IP legal: advice for markets', Trading Standards Institute for the Real Deal campaign for fake-free market, <<http://www.realdealmarkets.co.uk>> accessed 28/06/2010: "The offence of money laundering can include for example receiving money in payment for counterfeit goods and can also include accepting some of the proceeds of the sale of counterfeit goods as payment for the rent of a stall at a market or car boot sale".

²⁰¹ POCA 2002, s.6(2)(a)–(c).

²⁰² Ibid, s.6(3)(a)–(b).

²⁰³ Ibid, s.6(4)(a); Ulph J, (n.186), p.271-273.

²⁰⁴ Ibid, s.6(4)(b)–(c).

a criminal lifestyle if either convicted of one of the offences specified in Schedule 2 of the POCA (which includes the CDPA 1988 and the TMA 1994²⁰⁵), or the offence constitutes “conduct forming part of a course of criminal activity”, or was committed over a period of at least six months and the defendant has benefited from the activity. If the court decides that the defendant has benefited from the conduct referred to, section 6(5) requires the court to decide the recoverable amount and make a confiscation order requiring the defendant to pay that amount. In counterfeiting cases, this means that the Act allows confiscation orders to be issued to remove illegal profits from rogue traders such as counterfeiters.

Thus, in *R. v Jhalman Singh*²⁰⁶, the Court of Appeal held that offences contrary to s.92 of the TMA 1994 were “lifestyle” offences by virtue of Schedule 2 of the POCA 2002. In this case, the appellant traded from various premises and market stalls, and a large number of items were seized, many of which were subsequently found to be counterfeit. He was convicted of a total of 33 offences contrary to sections 92(1)(b) or 92(1)(c) of the TMA 1994 and was sentenced to 100 hours community service with a confiscation order in the amount of £585,422. He claimed that some of his assets and receipts were derived from lawful activities but was unable to produce proper records showing the extent of his lawful trading. In dismissing his appeal, the court *inter alia* concluded that the appellant had engaged in off-record trading and had bought goods for sale without receipts. The appellant's evidence was entirely lacking in credibility and the judge was not obliged to take the invoices produced at face value. Consequently, it was impossible for the court to determine the extent of any legitimate trading because of the dishonest nature of the appellant's record keeping.

Confiscation orders are orders made by the Crown Court against a particular defendant to pay a sum equivalent to the benefit which it is deemed the convicted person derived from his criminal activity²⁰⁷. A failure to pay a confiscation order will result in a further substantial term of imprisonment²⁰⁸. This means that once a confiscation order is made, the offender is therefore under pressure to pay this sum from whatever assets are available to him even though he may end up bankrupt as a result²⁰⁹, since the court is not

²⁰⁵ For trademarks cases, clause 7(2) of the schedule refers to an offence under TMA 1994, ss.92(1), (2) or (3) (c.26) (unauthorised use, etc. of trade mark). Omitted from Sch.2 are offences concerning other categories of IP such as patents, industrial designs, layout designs of integrated circuits and plant variety rights.

²⁰⁶ [2008] EWCA Crim 243.

²⁰⁷ POCA 2002, s.7.

²⁰⁸ *Ibid*, s.38.

²⁰⁹ *Ibid*, s.23.

concerned with how the sum is paid. As discussed earlier, it seems that the harsh results of confiscation orders are likely to have a better deterrent effect on those involved in criminal activities²¹⁰.

Other than confiscation orders, the POCA 2002 deals with the issue of money laundering; the process of transforming the proceeds of illegal activities into legitimate capital which can be retained permanently or recycled into further criminal activities²¹¹. This process is legitimised through various mechanisms, such as property acquisition, underground banking, and the establishment of trusts. In principle, any financial transaction could be an act by which unlawfully acquired money is laundered, and for this purpose any significant laundering enterprise will use the banking system to its own end²¹².

The substantive money laundering offences are set out in sections 327-329 of the POCA 2002²¹³. The penalty for an offence under these sections is a maximum of 14 years imprisonment, an unlimited fine, or both. The offences addressed here relate to dealings with 'criminal property'. Section 340(3) provides that:

Property is criminal property is (a) it constitutes a person's benefit from criminal conduct or it represents such a benefit (in whole or part and whether directly or indirectly), and (b) the alleged offender knows or suspects that it constitutes or represents such a benefit.

Criminal conduct includes the accused's own criminal conduct and conduct abroad that is not an offence under any UK law but which would be such an offence if committed somewhere in the UK²¹⁴. The offence is very broad and criminalizes conduct involving not just money which is the product of criminality, but on dealing, acquiring, etc, any property related to criminality.

All these provisions clearly show that the principal objectives of the Acts are to deprive persons of the proceeds of offences, the instruments of offences, and benefits derived from offences, to punish and deter persons from breaching laws, to prevent the reinvestment of proceeds, instruments and benefits in further criminal activity, and to enable law enforcement authorities effectively to trace proceeds, instruments and benefits²¹⁵. Thus, the Act places a responsibility on all individuals to be on their guard

²¹⁰ See 3.3.2 and Chart 3 on the increasing seizure of counterfeit goods in 2009 and 2010 which is believed partly due to the effectiveness of confiscation orders under POCA 2002.

²¹¹ Alldridge, (n.185), p.2-3; Gentle, (n.191), p.14.

²¹² Ibid.

²¹³ These offences are commonly known as the "concealing" offence, the "arranging" offence and the "acquisition, use and possession" offence.

²¹⁴ POCA 2002, s.340(2).

²¹⁵ See discussion in Blakeney(a) and Blakeney(b), (n.190).

against criminal conduct, and in cases involving money laundering this responsibility includes intermediaries such as banks.

6.5 Conclusion

The deterrence characteristics of criminal processes are generally used to protect the public at large from harm and to prevent wrongdoing. This chapter argues that counterfeiting causes harm either directly or indirectly to persons or to property, thus justifying its criminalisation under the law.

Article 61 of the TRIPS Agreement requires that all 'wilful' counterfeiting on a commercial scale must be criminalized. As the term is not clarified by the TRIPS Agreement, the requirement of *mens rea* in proving counterfeiting is dealt with by governments in different ways, subject to the discretion of their national laws. In the UK, a person commits an offence under section 92 of the TMA 1992 if it is proven that the element "with a view to gain for himself or another, or with intent to cause loss to another" exists. However, it is a defence that the accused believed on reasonable grounds that the use of the sign in the manner in which it was used, or was to be used, was not an infringement of the registered trademark²¹⁶. By comparison, Malaysia does not have criminal provisions in its TMA 1976 but its TDA 2011 criminalizes the use of false trade descriptions relating to trademark. It is possible in Malaysia to obtain a TDO in the case of trademark infringement, and thus the use of a trademark *per se* in this sense counts as counterfeiting.

This chapter has identified several flaws on the part of the enforcement authority that need to be addressed in ensuring the effectiveness of criminal proceedings. It is submitted that both jurisdictions already have adequate laws for this purpose but there is still room for improvement. It is suggested that addressing the issue of resources is an important aspect of achieving effective enforcement. For Malaysia, it is recommended that adequate resources are necessary particularly in increasing the numbers and expertise of enforcement officers. This is because criminal conviction requires a thorough and complete process from the investigation stage through to prosecution.

Improvements in Malaysia should be made in the abilities of the investigating and prosecuting officers, since most of them may not have the necessary expertise or knowledge of the technical issues that is necessary in pursuing a case. Not only enforcement officers, but also members of the judiciary responsible for handling IP

²¹⁶ Johnstone (n.54).

matters may not necessarily be qualified to deal with “technical” IP matters. Although most of cases are now handled by a qualified DPP, given the complexity of prosecuting IP offences it is recommended that continuous training of enforcement officers is necessary so that the DPP will not be over-burdened in handling cases that may slow down the whole proceedings. Furthermore, an increase in expertise in this area will benefit the country economically in the long run, as successful prosecution and imprisonment not only serve as a useful deterrent for future behaviour, but also send out the right message to investors. In the UK, private prosecution seems to ease this difficulty as the rights-owners may hire an expert in prosecuting counterfeiters. This alternative, however, is not available in Malaysia.

It is also recommended that other available enforcement remedies, such as forfeiture and proceeds of crime, should be utilised in deterring counterfeiting. This is already proven in the UK where the national seizure statistics for the years 2009 and 2010 under its POCA 2002 showed a significant increase, as discussed in chapter three²¹⁷. Thus, Malaysian authorities may utilise its AMLATFA 2001 in addressing counterfeiting, as the Act thus far seems to have been neglected for use in fighting this offence. It is argued that such provisions can give teeth to the Article 61 obligations under the TRIPS²¹⁸.

As a whole, it is submitted that greater cooperation by all parties is also crucial in achieving effective enforcement, regardless of which approach is used in pursuing the case. In criminal action, the participation of the rights-owners is essential in assisting the authorities to complete an investigation or prosecution. Regardless of the fact that the state bears the cost of litigation, ignorance on their part will defeat enforcement efforts.

²¹⁷ See 3.3.2 on scale based on countries data.

²¹⁸ See Harms, (n.106), para 183.

CHAPTER 7:

KEY ISSUES FOR ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS: BORDER MEASURES

7.1 Introduction

The proliferation of counterfeit goods is not limited to the countries within which they are locally produced, because they are exported through multiple jurisdictions. As this activity evolves constantly in adapting to the authorities' control efforts, flows across borders have become one of the major challenges for enforcement bodies, and particularly customs authorities. Thus, this chapter attempts to examine the role of border control as one of the enforcement mechanisms used to deal with the proliferation of counterfeit goods. For this purpose, the discussion focuses on the distribution modes used by counterfeiters and attempts to identify the relevant challenges faced by the customs authorities. It then outlines the international, regional and national legal frameworks of border measures (BM). In analyzing the provisions of the TRIPS Agreement, a brief treatment is given of the Paris Convention (PC) as the origin of the international framework in this area. This is followed by a discussion of the regional and national development in implementing BM. At the domestic level, the UK and Malaysian provisions are analyzed, compared and discussed.

7.2 How is the Distribution of Counterfeit Goods Conducted?

Although the scale of the global problem has not been well-documented, seizure evidence from customs officials indicates the widespread existence of counterfeit goods worldwide¹. WCO statistics give valuable quantitative "raw data", but do not fully evidence how the consignments come into being and reach the borders in question². For this we have to rely on secondary sources to verify and explain the data³. The relevant authors' views may be coloured by their viewpoints, for example, as lobbyists, or practitioners advertising their services through their publications. But, equally, these are informed by the needs of their constituents and clients, who may be counterfeiters, rights-owners or legitimate traders whose patterns of activity the counterfeiters must inevitably mimic. Nevertheless, the assertions in secondary sources as to the scale of the counterfeiting trade do seem consistent with hard data from the WCO. The integration of opinion from these different perspectives suggests that, perhaps, it is legitimate to give serious, although sceptical, attention to specific sources. Thus, based

¹ See Table 3.1 at 3.3.1.

² See 3.3 which states limitations in obtaining precise data on counterfeiting.

³ See research methodologies at 2.2.2 on the benefit of combined approaches to enhance reliability of data.

on the figures available and other reports, plus the effects discussed earlier⁴, it can be said that counterfeit goods have geographically proliferated and pose a global challenge.

As goods in legitimate trade, counterfeit goods must be moved from production points to the end consumers. In this regard, along with general motivating factors alluring people into this business⁵, several other factors are also identified which contribute to the dissemination of counterfeit goods. These include the significant development and inter-connections of the following factors:

- (i) the globalization of the economy and international trade;
- (ii) advances in new communications technologies;
- (iii) efficient logistics and transportation;
- (iv) the development of parallel markets; and
- (v) the involvement of international organised crime networks.

7.2.1 Economic Globalization and International Trade

Economic globalization has become a trend which has accelerated in recent years. “Globalization” refers to the growing interdependence of countries resulting from their increased economic integration via trade, foreign investment, and the international migration of people and ideas; while international trade and cross-border investment flows are the main elements of this integration⁶. With openness in trade, finance, travel and communication, globalization creates massive opportunities to make businesses prosper through collaboration among multiple organizations, people and teams working in different parts of the world. It also provides an opportunity for businesses to reduce costs through outsourcing and moving manufacturing from one geographical region to another preferably to developing countries in the Asia region, looking for the most competitive edge to reduce production and distribution costs⁷. However, outsourcing also equally allows counterfeiters to exploit the situation by producing their products at various locations using the same materials and design as the originals and with the

⁴ See 3.5 on the impacts of counterfeiting.

⁵ See 3.4.

⁶ Soubbotina TP, *Beyond economic growth: an introduction to sustainable development*, 2nd edn, (Washington: TWB, 2004), p.83; Das DK, *Global trading system at the crossroads: a post-seattle perspective*, (London: Routledge, 2001) p.1; Nayar D, ‘Globalization and free trade: theory, history and reality’ in Shaikh A (ed), *Globalization and the myths of free trade: history, theory and empirical evidence*, (Hoboken: T&F, 2006), p.69; Jilberto AEF and Mommen A, *Regionalization and globalization in the modern world: perspectives on the Third World and transitional economies*, (London: Routledge, 1998), p.1-2.

⁷ See UNODC, ‘The globalization of crime - a transnational organised crime threat assessment’, (Report, June 2010), (Vienna: UNODC, 2010), p.173-181; Mankin D and Cohen SG, *Business without boundaries: an action framework for collaborating across time, distance, organization, and culture*, (Hoboken: JWSI, 2004), p.1-2; UNICRI, (n.4, chap.3), p.78 and 81; Soubbotina, (n.6), p.84-85; Koubek N, Weinert S and Meyer K, ‘Outsourcing and offshoring strategies of multinational companies in Asia’, in Ryan C and Suthiphand C (eds), *EU-Asean: facing economic globalisation*, (Dordrecht: Springer, 2008), p.205; Parsons M, ‘Offshoring to Asia: a legal and regulatory scorecard of the leading destinations’, [2010] 16(7) *CTLR* 196-202.

same skills as the 'legitimate' work force; thus allowing unlicensed counterfeit goods to be produced close to original quality and distributed for local consumption and for exports⁸ through the same channels as legitimate products.

The growth of international trade, which is an integral part of globalization⁹, has also created more open markets and free trade areas (FTAs) which increase import-export activities. As a result, FTAs have grown in size and number across the globe. Currently, there are about 3,000 FTAs in about 135 countries around the world, through which billions of dollars-worth of goods are transferred every year¹⁰. FTAs and free ports allow goods to be moved across borders with relative ease as they are designated as lying outside the customs jurisdictions of the economies concerned¹¹.

In order to stimulate economic activity in these areas, facilities and incentives are offered to support the development of exports, foreign direct investment, and local employment¹². These include providing international traders with a location where they can store goods in transit with further permitted activities in the assembling, packaging and manufacturing of goods, principally for export. They also enjoy certain exemptions from most customs duties and procedures that would otherwise apply to imported merchandise, such as exemptions from duty and taxes, simplified administrative procedures, and the duty free importation of raw materials, machinery, parts and equipment¹³.

All these characteristics have made these areas attractive locations and safe venues for parties engaging in illicit activities, including the trade in counterfeit products, as a hub for transshipment¹⁴. Transshipment is normally legitimate as part of the world's trade, reducing costs and total transit time when multiple modes are used to transport a shipment from its origin to its destination (intermodal transportation) without the contents being reloaded or disturbed¹⁵. This technique, which is also known as 'break-bulk transit',

⁸ UNODC, (n.7), p.173 and 176: "The situation is similar to that found around Naples, where a large number of cottage industries have traditionally produced the world's *haute couture* alongside the world's best counterfeits ; UNICRI, (n.7), p.78, 81, 112; ETH Zurich, (n.104, chap.3), p.14; Markovic V, 'Criminal trafficking and trade in counterfeit consumer products', in Shanty FG and Mishra PP (eds), *Organised crime: from trafficking to terrorism*, Vol.1, (California: ABC-CLIO, 2008), p.183.

⁹ See n.6 above.

¹⁰ FATF, 'Money Laundering vulnerabilities of FTZs', (FATF/OECD Report, March 2010), Paris, p.4, Shah A, 'Free-trade zones attract criminals', *The New York Times* 10/11/2010, <<http://www.nytimes.com/2010/11/11/world/middleeast/11ihtn11mtrade.html?r=1&ref=world>> accessed 11/02/2011.

¹¹ See Murphy PR and Wood DF, *Contemporary logistics*, 9th edn, (N.Jersey: Pearson, 2008), p.388.

¹² FATF, (n.10), p.4; Avery and others, (n.4, chap.3), p.85.

¹³ Ibid.

¹⁴ Ibid. See also Shah, (n.10); Chaudhry and Zimmerman, (n.108, chap.3), p.21; Schiffman S, 'Border enforcement in transit countries study guide', (IPI Report 2007), <<http://www.iipi.org/iipiforum/library/download.asp?LIBID=69&FileID=295&Shell=o&PC=X>> accessed 26/02/2009; Proff and Palladino, (n.143, chap.3); UNIFAB, (n.3, chap.1), p.8.

¹⁵ Murphy and Wood, (n.11), p.144-145; Kim KH and Gunther HO (eds), *Container terminals and cargo systems: design, operations management, and logistics control issues*, (Dordrecht: Springer, 2007), p.3.

is very widely used by professional infringers nowadays to confuse customs authorities in detecting the true origin of the goods¹⁶ which are “travelling through a confusing spaghetti of intermediaries”¹⁷, “crossing several borders or even continents, passing from port to port and from airport to airport, changing ships or planes, using free zones and sometimes even switching transport documents or containers”¹⁸. In fact, there is reason to believe that the modus operandi used to move counterfeit goods is the same as that used to transport drugs; and thus relatively few or almost no instances now exist of direct carriage from the country of production to the point of consumption¹⁹, as shown in Figure 7.1 below.

Transshipment usually takes place at transportation hubs and in designated customs areas which are exempted from customs checks or duties, thus providing a good platform to be exploited by counterfeiters not only to disguise the illegal origin of counterfeit goods but also to store, re-label, re-package or even manufacture significant volumes of counterfeit goods within these areas²⁰. Breaking up the shipments into small consignments, mixing genuine and counterfeit products in the same shipment and exporting unfinished goods that are then labelled and packaged elsewhere have also been used as tactics to outwit customs authorities²¹. The OECD, for example, reported that smugglers of counterfeit cigarettes produced in the Far East tried to deceive customs officials in the UK by concealing the cigarettes in a container of rice noodles, or by hiding them in consignments of pottery and ceramic items²².

¹⁶ UNODC, (n.7), p.179; Godart B, ‘IP crime: the new face of organised crime-from IP theft to IP crime’, [2010] 5(5) *JIPLP* 378-385, p.382; WCO, ‘Counterfeiting and piracy: crime of the 21st century?’, (WCO News No.54, Brussels, October 2007), p.13, <http://wcoomdpublishings.org/downloadable/download/sample/sample_id/18/> accessed 03/05/2010; Bonadio E, ‘Protecting IPRs through EU customs procedures’, [2008] 14(4) *Int.TLR* 80-88, p.81; UNIFAB, (n.14), p.7-8; Schiffman, (n.14); UNICRI, (n.7), 38-39, 107; Avery and others, (n.12), p.85-86.

¹⁷ Phillips T, (n.30, chap.3), p.3.

¹⁸ WCO News, (n.16), p.13; Hetzer, (n.119, chap.3), p.320: “Today, a very common type of cross-border transaction often involves what appears to be an erratic criss-crossing of consignments, enabling the true origins to be obscured, new (also fake) certificates of origin to be issued and the profits to be safely deposited through money laundering and other methods of concealment”; Paradise, (n.6, chap.1), p.25.

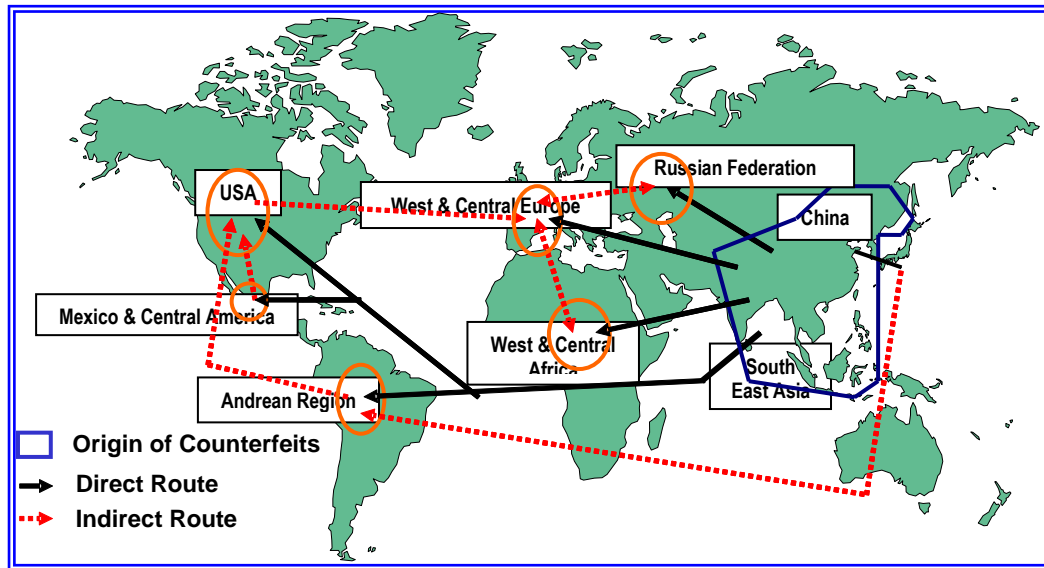
¹⁹ WTO(a), ‘Enforcing IPRs: BM – communication from the European Communities’, (IP/CW/471, 09/06/2006), <https://www.ige.ch/e/jurinfo/documents/_j110121e.pdf> accessed 12/03/2008, p.2; WCO News, (n.16), p.12.

²⁰ UNODC, (n.7), p.179; FATF, (n.10), p.45; Schiffman, (n.14); Markovic, (n.8), p.181-183; Shah, (n.10), WCO News, (n.16), p.12-13,

²¹ UNODC, (n.7), p.178, 188; Bonadio, (n.16), p.81; Avery and others, (n.12), p.52, 84-85, 66; UNICRI, (n.7), p.107; WCO News, (n.16), p.11; Markovic, (n.8), p.183; UNIFAB, (n.14), p.8; Engels S, ‘Counterfeiting and piracy: the industry perspective’, [2010] 5(5) *JIPLP* 1-5, p.2.

²² Avery and others, (n.12), p.84.

Figure 7.1: World Counterfeit Trafficking Route²³



All these tactics pose a significant challenge for customs authorities and detection is more difficult if counterfeit goods are shipped with licensed or “genuine” products. The goods may actually be entirely legal during transit if they do not contain any trademark or are only falsely labelled at a re-routing hub or at the destination²⁴. However, considering that there is a lack of international uniformity on the regulation of FTAs worldwide, the regimes on this issue vary significantly from country to country although member states of the EU and the WTO are still bound to comply with certain provisions including, for example, tariff and non-tariff barriers²⁵.

In *Nokia Corporation v Her Majesty’s Commissioners of Revenue & Customs* (Nokia)²⁶, for example, the UK High Court backed a decision by the HMRC not to continue to impound counterfeit telephones which were only in transit through the UK en route from Hong Kong to Colombia. The Court said that the fake phones could not be ‘counterfeit’ as defined by the EU’s Regulation 1383/2003 and the TM Directive unless they were placed on the market to be sold within the EU²⁷.

²³ Source: European Commission, “Customs’ battle against counterfeiting and piracy to protect IP”, <http://trade-info.cec.eu.int/doclib/docs/2005/march/tradoc_112031.pdf> as cited in Hisamitsu Arai, Japan’s perspective on combating counterfeiting and piracy, Presentation to the Third Global Conference on Counterfeiting and Piracy, 30/01/2007, p.4, <<http://www.ccapcongress.net/archives/Geneva/Files/Arai.pdf>> accessed 28/05/2008. See UNODC, (n.7), p.183.

²⁴ WCO(a), Customs and IPRs Report 2008, (n.78, chap.3), p.9-10; UNODC, (n.7), p.180. See also Kumar SP, ‘Border enforcement of IPRs against in-transit generic pharmaceuticals: an analysis of character and consistency’, [2010] 32(10) *EIPR* 506-519; Hutchinson S, ‘In transition ... when should in-transit goods be seized for IP infringement in the EU?’, [2010] 32(12) *EIPR* 614-621.

²⁵ See also Trampus F, ‘Customs and free zones’, WCO News February 2008, 31-33, p.31, <http://wcoomdpublishings.org/downloadable/download/sample/sample_id/21/> accessed 28/07/2009.

²⁶ [2009] EWHC 1903 (Ch).

²⁷ This case however had been brought to the ECJ to determine whether European customs authorities may confiscate counterfeit goods if they believe they would end up for sale in the EU, even if the goods are on their way to non member country. This case is also discussed at 7.4.4(a) on goods in transit.

In Malaysia, however, the court in *Philip Morris Products SA v Ong Kien Hoe*²⁸ took a different approach to this issue. The defendant in this case contended that the seizure of counterfeit cigarettes in two containers by the Malaysian customs authorities while they were in transit within a FTA, which is deemed to be a place outside Malaysia, was wrong. The defendant argued that, as there is no levy within this zone, the laws in Malaysia including the TMA 1967 therefore did not apply to such cases. Mary Lim JC in delivering her judgment, however, stressed otherwise:

“The purpose for the establishment of Free Zones (FZ) is clearly set out in the long title to the Free Zones Act - “... for promoting the economic life of the country and for related purposes”. As part of the efforts towards promoting economic life, s.4 of the Act provides that except for those specifically and absolutely prohibited by law, goods or services of any description may be brought into, produced, manufactured or provided in a FZ without payment of any customs duty, excise duty, sales tax or service tax. Where the goods fulfilled the conditions set under the Act, the goods are exempted from these payments. But that does not mean that the FZ is a free for all area, free of all laws or, that there is lawlessness in this zone. The enforcement agencies continue to hold jurisdiction over and in these FZs. This is evident from ss.18, 21, 23, 24 and 26 of Act 438 and the provisions of Parts XI and XII of Act 235. In any event the issue of the validity of the seizure is immaterial and irrelevant to the success or otherwise of the plaintiff’s claim²⁹”.

Another hindrance faced by customs authorities is the high volume of freight passing through ports, as the screening of cargo is often carried out by random selection rather than according to risk assessment or indicators³⁰. As random checks are practised by many customs authorities, including in the EU and Malaysia³¹, the ratio of cargo left uninspected is quite high. The WCO, for example, reported that customs authorities in 2008 only intercepted about half (54%) of all those shipments using transit routes to their destinations³². In this regard, as enforcement procedures for goods under transit are very important for customs in detecting counterfeit goods before entering the national market, it seems that they have to adapt their control techniques on this issue. For this purpose, the current approach taken by customs authorities in conducting controls on the movement of goods while facilitating international trade is to study the transport documents for each consignment in order to quantify the potential risks of counterfeiting

²⁸ [2010] 2 CLJ 106.

²⁹ Ibid, para 28. See similar decision by Singapore H/Court in *Ong Ah Tiong v PP* [2004] SGHC 11 where the defendant challenged the court sentence of 32 months’ imprisonment as excessive but Yong Pung How CJ emphasized on the importance of Singapore as a prominent business hub thus the authorities have to deter potential criminals who are inclined to use Singapore as a distribution centre or a base for transshipment of counterfeit products to neighbouring countries.

³⁰ Avery and others, (n.12), p.66, 72, 84, 86; Shah, (n.10); WCO(a), (n.24), p.10; Paradise, (n.18), p.29; Engels, (n.21), p.2.

³¹ Treverton and others, (n.106, chap.3), p.67; WCO News, (n.16), p.13: “Proof of this lies in the fact that the proportion of goods subjected to physical inspection at the EU borders stands at 3%, meaning that around 97% of goods are not inspected at all.”; Interview with Royal Malaysian Custom (RMC) (n.33, chap.1).

³² WCO(a), (n.24), p.10; ETH Zurich, (n.8), p.15.

activity³³. They should also shift their focus away from the origin of the suspect goods to the point of dispatch and the itinerary followed³⁴.

7.2.2 *New Technologies*

The remarkable advances in information and communications technology have also contributed to the extensive dissemination of counterfeit goods. The Internet, in particular, has changed traditional methods of the distribution of goods crossing normal borders of land, sea and air into a new paradigm of conducting business using online channels. Some counterfeiters have created their own websites while others use Internet auction sites to sell their products to consumers³⁵. The Internet has become an increasingly important vehicle for selling merchandise and has significantly aided counterfeiters' efforts to reach across national borders, providing them with an instantaneous worldwide market³⁶. In the US, for example, this fact was acknowledged by the court in *Tiffany (NJ) Inc. and Tiffany and Company v eBay Inc.*³⁷ when it was concluded that:

“The rapid development of the Internet and websites like eBay created new ways for sellers and buyers to connect to each other and to expand their businesses beyond geographical limits. These new markets have also, however, given counterfeiters new opportunities to expand their reach...”.

The key issue in this case was whether or not eBay was contributory liable for counterfeit sales by third parties on its website. Tiffany claimed that eBay knowingly facilitated the sales of counterfeit Tiffany goods on its site but continued to advertise that Tiffany goods were for sale or auction on the site. The plaintiffs' claim that eBay were liable was rejected; on the evidence they took down advertisements on notice from rights-holders and were held to be subject to no greater duty. The court held that, despite a general knowledge that a significant percentage of Tiffany goods sold on eBay were counterfeit, eBay did not have a duty to prevent any such sales unless and until a specific instance of fraud was brought to its attention. The fact that eBay did take prompt action after

³³ WCO News, (n.16), p.13.

³⁴ Ibid. See also Schiffman, (n.14).

³⁵ Markovic, (n.8), p.183. See also Bain A, 'Is it an infringement of trademark law for the operator of an online marketplace (such as eBay) to allow counterfeit goods to be sold? As a matter of policy, should it be?', [2011] 33(3) *EIPR* 162-168.

³⁶ See INTA Statement on counterfeiting to the US Senate Committee on Foreign Relations, 12/02/2002: "Counterfeiters have developed sophisticated cross-border networks, which is perhaps the best indication of the fact that trademark counterfeiting is a global problem. These networks supply the US market with fakes from every corner of the globe. They come by land, sea, and air..."; <http://www.inta.org/index.php?option=com_content&task=view&id=629&Itemid=152&getcontent=3> accessed 23/08/08; Godart, (n.16), p.381. See also Belson J, "Brand protection in the age of the Internet", (1999) 21(10) *EIPR* 481-484.

³⁷ 576 F. Supp. 2d 463 (S.D.N.Y. July 14, 2008).

reports of counterfeits and invested in quality control influenced the court to find that eBay was not wilfully blind to the existence of counterfeits³⁸.

It is argued that this case is in contrast to the general application of the concept of wilful blindness in establishing knowledge of the existence of counterfeiting³⁹. It is clear that this case involved underlying infringement, and thus it is argued that the ruling which did not attribute liability to eBay appears to conflict with mainstream efforts to combat counterfeit goods and to protect consumers⁴⁰.

As distribution has diversified, it is argued that counterfeit goods could possibly appear in either traditional or non-traditional distribution channels. This means that the distribution markets for these goods are no longer limited to night markets, side-walk vendors or 'fly-by-night' networks, but find their way into legitimate distribution systems and onto the shelves of established shops, involving large numbers of intermediaries and innovative methods in disseminating the goods⁴¹. This expansion has also created the possibility to easily and anonymously acquire different types of products, regardless of the location of the buyer, thereby allowing counterfeiters to exploit or create actual online "bazaars" that are specialized in the sale of replicated goods⁴², thus presenting another significant challenge for the authorities in monitoring the dissemination of counterfeit goods. However, it is argued that technology could also possibly be used against counterfeiters to detect their activity⁴³. Harsh punishment might also have a deterrent effect on the dissemination of counterfeit goods through the Internet. Thus, the Court of Appeal in *Regina v Lee Richard Bennett*⁴⁴, for example, held that 4 years imprisonment was not excessive for the defendant who had run an Internet website which *inter alia* provided a market for the sale and swapping of counterfeit material.

³⁸ Ibid, 513.

³⁹ See 6.3.3 on TRIPS Agreement.

⁴⁰ See Valencia F, 'Legal ambiguity in the digital economy: the case of eBay and the liability of online auction sites', [2011] 4 *IBLJ* 415-431, p.421.

⁴¹ BASCAP, Research report on consumer attitudes and perceptions on counterfeiting and piracy, November 2009, <http://www.iccwbo.org/uploadedFiles/BASCAP/Pages/BASCAP-Consumer%20Research%20Report_Final.pdf> accessed 21/03/2010, p.62-64; WCO News, (n.16), p.20, 26-27; Avery and others, (n.12), p.19 and 81; UNICRI, (n.7), p.7-9, 37, 77, 89-90.

⁴² UNICRI, (n.7), p.37.

⁴³ Reynolds D, 'Manipulating perceived risk to deter and disrupt counterfeiters', (2011) 18(1) *JFC* 105-118, p.111-112: While the internet, e-mail, and business-to-business (B2B) sites have become a core aspect of the business, and appear to provide anonymity, it is rare that counterfeiters take all the necessary steps required to fully hide their identities. In fact, an over-reliance on, and over-confidence in, e-mails is a key weakness in the trafficker business model, especially as they tend overtime to reveal key identifying details in their exchanges, including those with undercover investigators posing as buyers or sellers.

⁴⁴ [2007] EWCA Crim 2371.

7.2.3 Logistics and Transportations

Along with other factors contributing to the growth of world trade and more open borders, there is reason to believe that logistics and transportation have also played a major role in moving and distributing goods to almost all sectors of the global economy; thus being partially responsible for the spread of counterfeit goods worldwide⁴⁵. The combination of rapid transmission systems, modern transport facilities and logistics could be used as a fast and effective means of advertising, marketing and selling products.

Logistics is the management of the flows of goods, information and other resources between the point of origin and the point of consumption in order to meet the requirements of customers⁴⁶. In business, logistics may have either an internal focus (inbound logistics), or an external focus (outbound logistics) covering the flow and storage of materials from point of origin to point of consumption⁴⁷. It involves the integration of information, transportation, inventory, warehousing, material handling, and packaging, and occasionally security. However, just as the tremendous technological advances have had profound influences on business management and logistics, technological advances in computer hardware, software and capacity, for example, help logisticians to make faster, more informed, and more accurate decisions with respect to customer service, transportation, inventory management, and other logistics activities⁴⁸.

In a competitive business, logistics becomes an important function within firms requiring professional management to avoid errors in ensuring the efficiency of the delivery process to customers⁴⁹, particularly when involving illicit activities as such movements incur the risks of detection and prosecution. In this regard, the logistics of moving and distributing counterfeited goods to their markets highlights the resources and skills available to those who engage in these activities which thus create an opportunity for organised criminal gangs to become involved in the counterfeiting chains⁵⁰.

⁴⁵ Murphy and Wood, (n.11), p.9-10; Staake T and Fleisch E, *Countering counterfeit trade: illicit market insights, best-practice strategies, and management toolbox*, (Berlin: Springer, 2008), p.8: "The counterfeit market has also changed dramatically within the last decade and its development has affected not only the production capabilities of the illicit actors but also their logistics, sales and distributions activities". See also OECD, 'The role of changing transport costs and technology in industrial relocation', document submitted to delegates to the Maritime Transport Committee for examination at the meeting on 26-27/05/2005, (DSTI/DOT/MTC(2005)5/REV1, 09/05/2005).

⁴⁶ See Murphy and Wood, (n.11), p.5-7; Lowe D, *Dictionary of transport & logistics*, (London: Kogan, 2002), p.147: "Logistics is a total concept covering the planning and organizing of the supply and movement of materials/goods, etc from original source through stages of production, assembly, packing, storage, handling and distribution to final consumer. Distribution is but one element of whole logistics concept and transport a single element only of physical distribution".

⁴⁷ Murphy and Wood, (n.11), p.11; Avery and others, (n.12), p.49-50.

⁴⁸ Murphy and Wood, (n.11), p.9.

⁴⁹ Lowe, (n.45), p.147; Avery and others, (n.12), p.84; Mankin and Cohen, (n.7), p.101; Schechter D, *Delivering the goods: the art of managing your supply chain*, (N.York: JWISI, 2002), p.111.

⁵⁰ Avery and others, (n.12), p.263; UNICRI, (n.7), p.105.

7.2.4 Parallel Markets

Article 51 of the TRIPS Agreement leaves it to Members to decide whether or not to apply border enforcement procedures to parallel imports and goods in transit⁵¹. In the EU, Article 3.1 of the Regulation 1383/2003 excludes the application of BM on parallel trade but does apply to goods in transit, which causes a difficulty as demonstrated in *Class International BV v Colgate Palmolive Co*⁵².

Against this premise, although it should be noted that the dissemination of counterfeit goods has also expanded using networks established by parallel trade, this topic is beyond the scope of this chapter. However, the role of parallel trade in being misused for the sale of counterfeit goods should not be underestimated. It is recommended that further investigation of the relationship between parallel trade and counterfeiting could be developed in future research⁵³.

7.2.5 International Organised Crime

It is said that its association with organised crime is one of the main factors which has contributed to the growth of counterfeiting activities. While one can appreciate that rights-owners might wish to tap into international resources directed against organised crime, there is reason to believe that counterfeit producers and traders are often tied to local and international networks of organised crime due to their expansion of interest into various types of activities that generate high profits available for laundering⁵⁴. As a result, a number of countries, including the UK and Malaysia, and international bodies such as OECD and the Interpol IP Crime Action Group have taken note of this issue and are seeking to increase the attention given to crimes relating to IPRs⁵⁵.

Supported by a combination of many factors, such as self-reliance, substantial resources and organisational skills, easy access to international markets, the efficiency of transportation networks and advances in communications technology, organised criminal

⁵¹ TRIPS, footnote 13: "there shall be no obligation to apply such procedures to imports of goods put on the market in another country by or with the consent of the right-holder, or to goods in transit." See also 7.4.4(a)(i) on goods in transit below.

⁵² (C-405/03) [2006] 2 W.L.R. 507. See 7.4.4(a)(i).

⁵³ See Bonadio E, 'Parallel imports in a global market: should a generalised international exhaustion be the next step?', [2011] 33(3) *EIPR* 153-161.

⁵⁴ See Madsen F, *Transnational organised crime*, (Hoboken: T&F, 2009), p.73; UNIFAB, (n.14), p.6; chapter 3 in Treverton and others, (n.31); chapter 6 in UNICRI, (n.7), p.103-121; chapter 4 in Burgess C and Power R, *Secrets stolen, fortunes lost: preventing IP theft and economic espionage in the 21st century*, (Burlington: Elsevier, 2008)

⁵⁵ Treverton and others, (n.31), p.5,125-127. See also UNICRI, (n.7), p.103-121; Avery and others, (n.12), p.15, 66, 87-89, INTERPOL, 'The links between IP crime and terrorist financing', Text of public testimony of by Noble RK, Secretary General of INTERPOL, before the US House Committee on International Relations 108th Congress (16/07/2003), <<http://www.interpol.int/public/ICPO/speeches/SG20030716.asp>> accessed 28/06/2009.

groups are seen as increasingly involved in counterfeiting activity, benefiting significantly from highly profitable operations associates with low risk and weak legal enforcement⁵⁶.

Madsen, for example, argues that given the pure scale of counterfeit products available at street level nowadays one can easily imagine the managerial effort involved in the manufacturing and smuggling phase alone before even considering the highly complex distribution level⁵⁷. Indeed, the management effort involved is one of the many characteristics reflected the 'organised' part of organised crime, which imitates the characteristics of transnational enterprises including, for example, highly efficient, intercultural, networked cooperative capabilities comparable to the most efficient modern management techniques⁵⁸.

The importance of managerial skills is particularly clear in the case of counterfeiting, which involves several stages: from the manufacturing phase to the time goods are available for public consumption. In this process, some groups are involved in all stages of activities, while others specialize in capital, production, distribution, or the eventual sale of products⁵⁹. The network complexity of distribution makes it extremely difficult for the authorities to precisely identify counterfeiting supply chains, which is also due to the high level of skills among criminal groups in managing and modifying the trade routes of counterfeit trade, using false customs and other export documentation⁶⁰. Intimidation and corruption are also widely practised by organised crime networks, which are further facilitating factors in the distribution process for counterfeit goods, thus potentially undermining enforcement in many different ways, particularly if the enforcement authorities choose to ignore the offences⁶¹.

It is argued that the close relationship between counterfeiters and organised crime poses greater challenges for the enforcement authorities and has attracted the attention of governments who have perceived it as a threat extending to international security and

⁵⁶ Madsen, (n.54), p.73; Avery and others, (n.12), p.19; Cheung GCK, *IPRs in China: Politics of Piracy, Trade and Protection*, (Hoboken: T&F, 2009), p.31; Markovic, (n.8), p.169; Suzuki D and Brown TC, 'Counterfeit trade's links to organised crime', (the Pica Report, May/June 2009), *WIPR*, p.17, <http://www.pica.net/pdf/PICA_May_JuneWIPR.pdf> accessed 25/01/2010; AACP, 'Proving the connection: links between IP theft and organised crime', <<http://www.allianceagainstiptheft.co.uk/downloads/reports/Proving-the-Connection.pdf>> p.7; UNIFAB, (n.14), p.22. See 3.4 on motivations behind counterfeiting activity.

⁵⁷ Madsen, (n.54), p.17.

⁵⁸ Ibid, p.19-20; UNICRI, (n.7), p.38-39.

⁵⁹ Markovic, (n.8), p.181; UNIFAB, (n.14), p.8.

⁶⁰ UNICRI, (n.7), p.39; UNIFAB, (n.14), p.8; Avery and others, (n.12), p. 263. See a discussion on the management talents of organised crime in Madsen, (n.54), p.19-21.

⁶¹ Hanser R and Moran N, 'Economic, political, and social impact of transnational organised crime' in Shanty and Mishra, (n.8), p.280-284; UNICRI, (n.7), p.67, 105-109; Madsen, (n.54), p.21-24; Avery and others, (n.12), p.15, 52, 87-89, p.88.

stability⁶². In this regard the OECD, for example, has reported that the enforcement measures to address counterfeiting and piracy in many countries have therefore been linked to efforts to also fight organised crime⁶³.

7.3 The Role of Border Measures in Combating Counterfeiting Activities

The ongoing challenge posed by counterfeiters, as discussed above, demands that customs authorities respond accordingly⁶⁴. In this regard, the customs' traditional roles (focusing on the control of goods for revenue collection, industry assistance, and community protection) have widened to include *inter alia* the facilitation of legitimate trade and the enforcement of IP laws at the borders⁶⁵.

It is argued that defence at entry points is crucial to stop counterfeit goods from leaving or entering the target markets, because such restriction is more effective than apprehending them once they are circulating within these markets⁶⁶. Although there may be issues as to which is the correct law to apply in assessing the status of products, BM are believed to be a more efficient approach which could offer expeditious remedies at a lower cost compared to cases being brought in judicial proceedings. The importance of the role of customs in obstructing the international movement of counterfeit goods at the borders can be seen in the worldwide seizure statistics, where existing data show that they are responsible for the majority of all seizures made globally⁶⁷.

7.4 International and Regional Frameworks

There are various international and regional agreements on BM. At the international level, the concept of BM was first introduced in the Paris Convention (PC), and was then improved in the TRIPS Agreement. At the European level, Council Regulation

⁶² Madsen, (n.54), p.95. See also Blakeney M, 'Policy responses to the involvement of organised crime in IP offences', Document prepared for WIPO Advisory Committee on Enforcement, 5th Session, Geneva, (2-4/11/2009), WIPO/ACE/5/5, <http://www.wipo.int/edocs/mdocs/enforcement/en/wipo_ace_5/wipo_ace_5_5.pdf> accessed 16/02/2011.

⁶³ Avery and others, (n.12), p.189.

⁶⁴ Engels, (n.21), p.1: "like the global financial crisis, counterfeiting puts the legal effectiveness of state borders to the test".

⁶⁵ Mclinden G and others (eds), *Border management modernization*, (Washington: WBP, 2010), p.2; Widdowson D, 'The changing role of customs: evolution or revolution?', [2007] 1(1) *WCJ* 31-37, p.31; Trampus, (n.25), p.31; Schendel W and Abraham I (eds), *Illicit flows and criminal things: states, borders, and the other side of globalization*, (Bloomington: IUP, 2005), p.14; Keen M (ed), *Changing customs: challenges and strategies for the reform of customs administration*, (Washington: IMF, 2003), p.2; Robinson W, 'The World Customs Organization', (1999) 476-477 *ICPR* 81-86.

⁶⁶ Clark A, 'The use of BM to prevent international trade in counterfeit and pirated goods: implementation and proposed reform of Council Reg.3295/94', [1998] 20(11) *EIPR* 414-425, p.414; Daele K, (n.147 in chap.3), p.214; Triton G and others, *IP in Europe*, 3rd edn, (London: S&M, 2008), p.1139-1140; Gervais D, 'The international legal framework of BM in the fight against counterfeiting and piracy', in Vrins and Schneider, (n.33, chap.3), p.62; Schmitz M, 'Cooperation, collaboration and coordination of anti-counterfeiting enforcement actions are key to address the problems of counterfeiting and piracy', (March 2010) *WCR* 46-47, <http://www.worldcommercereview.com/publications/article_pdf/250> accessed 20/02/2011, p.46.

⁶⁷ See 3.3 on the scale of counterfeiting.

No.1383/2003⁶⁸ requires EU members to improve existing regulations dealing with customs operations and border controls. The ASEAN, for example, also has its own framework to improve the administration of IP matters generally and to increase public awareness, including the recent initiative on BM through the ASEAN Project on the Protection of IPRs (ECAP I, ECAP II and III)⁶⁹.

7.4.1 *The Paris Convention (PC)*

Articles 9⁷⁰ and 10⁷¹ of the PC deal with the seizure of goods bearing a 'false trademark or trade name' and 'false indication of source'⁷² upon importation into member countries or within the country where the unlawful affixation occurred or within the country of importation.

Although Article 9 provides for seizure action at the time of import, prohibiting the importation of counterfeit goods and allowing the seizure of imported goods inside the country, it is argued that the provisions as a whole are weak⁷³ in addressing counterfeiting issues since member countries are not obliged to comply with the Convention's requirements. In this respect, while Articles 9(1) and (2) in principle provide that counterfeit goods are subject to seizure in the country of origin or in the importation

⁶⁸ Council Regulation (EC) No.1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain IPRs and the measures to be taken against goods found to have infringed such rights [2003] OJ L 196/7 (2.8.2003).

⁶⁹ See ASEAN Framework Agreement, (n.47, chap.1). Information on ASEAN ECAP Project is available at <<http://www.ecaproject.org/>>.

⁷⁰ PC, Art.9:

- (1) All goods unlawfully bearing a trademark or trade name shall be seized on importation into those countries of the Union where such mark or trade name is entitled to legal protection.
- (2) Seizure shall likewise be effected in the country where the unlawful affixation occurred or in the country in to which the goods were imported.
- (3) Seizure shall take place at the request of the public prosecutor, or any other competent authority, or any interested party, whether a natural person or a legal entity, in conformity with the domestic legislation of each country.
- (4) The authorities shall not be bound to effect seizure of goods in transit.
- (5) If the legislation of a country does not permit seizure on importation, seizure shall be replaced by prohibition of importation or by seizure inside the country.
- (6) If the legislation of a country permits neither seizure on importation nor prohibition of importation nor seizure inside the country, then, until such time as the legislation is modified accordingly, these measures shall be replaced by the actions and remedies available in such cases to nationals under the law of such country.

⁷¹ PC, Art.10:

- (1) The provisions of the preceding Article shall apply in cases of direct or indirect use of a false indication of the source of the goods or the identity of the producer, manufacturer, or merchant.
- (2) Any producer, manufacturer, or merchant, whether a natural person or a legal entity, engaged in the production or manufacture of or trade in such goods and established either in the locality falsely indicated as the source, or in the region where such locality is situated, or in the country falsely indicated, or in the country where the false indication of source is used, shall in any case be deemed an interested party.

⁷² Since Art.10(1) provides that in cases of "direct or indirect use of a false indication of the source of the goods or the identity of the producer, manufacturer, or merchant", provisions in Art.9 therefore should also be applicable to cases involving the use of false indications of source. See Hopperger M, 'International protection of geographical indications', in 'WIPO Symposium on the international protection of geographical indications, 1-2 September 1999, Somerset West, S.Africa', (Geneva: WIPO, 2000), p.13-14.

⁷³ Gervais, (n.66), p.39.

country, Article 9(5) puts national law under no obligation to provide for such a seizure. In cases where none of the specified measures (seizure on importation, seizure in the country and prohibition of importation) are available under national legislation, Article 9(6) provides that these measures can be replaced with actions and remedies that are available under national legislation. In addition, there is also no mechanism for the detection of goods and prosecution of trademark counterfeiters in transit or exports.

The weaknesses identified in the Paris Convention led to the establishment of the TRIPS Agreement to fully address this matter.

7.4.2 TRIPS Agreement

Section 4 (Articles 51 to 60) of the TRIPS Agreement highlights the important role of customs administrations and requires member countries to prevent counterfeit goods at the borders from being released into the market.

Article 51 provides procedures for rights-holders who have valid grounds for suspecting the importation of counterfeit trademarked or pirated goods to apply for the suspension of release of those goods by customs authorities. This requirement is only mandatory in cases involving the imports of counterfeit trademarked or pirated copyright goods (as defined in footnote 14 to Article 51), but is optional in matters involving the infringement of other IPRs, parallel imports and goods in transit or to be exported⁷⁴. The exclusion of BM in respect of export goods was reaffirmed by the WTO Panel in the US/China Dispute Settlement 362 where, in interpreting Article 51, the panel found that Article 59 does not apply to goods suspended on export⁷⁵.

When submitting applications for this purpose, the right-holder is required under Article 52 to satisfy the competent authorities of the following:

- (a) there is prima facie of an infringement of an IPR under the laws of the country of importation, providing adequate evidence as required; and
- (b) there is a sufficiently detailed description of the goods to enable the customs authorities to identify the goods in question.

By leaving export and goods in transit as optional, the TRIPS Agreement avoids the laws of the country of importation in the case where the assessment is made. It is argued that to apply the law of the country of export might undermine effectiveness but this is the

⁷⁴ Gervais, (n.66), p.49; WTO(a), (n.19), p.1; Gervais, (n.47, chap.3), p.474-476; Seuba X, 'BM concerning goods allegedly infringing IPRs: the seizures of generic medicines in transit', Working Paper, (Switzerland: ICTSD, 2009), p.10.

⁷⁵ See n.64, chap.6.

only rational choice in the US/China dispute. For goods in transit, some EU courts have looked at the law of the country of ultimate destination, although the national courts have used the law of the country of transit ('fictive manufacture')⁷⁶.

The decision of the competent authorities should be communicated to the applicant within a reasonable time, indicating the acceptance of the application and the period during which the customs authorities will take action. There is no definition of what 'reasonable time' means, although some commentators suggest that it would normally take a few days⁷⁷. It is argued that the absence of a clear time-frame may affect the applicant's case if suspected goods are already about to cross the border. It is suggested that clear guidelines should be established in this matter to enhance the effectiveness of communication between parties which is crucial to ensure the success of this measure.

The competent authorities shall require the applicant to provide a security or an equivalent assurance to protect the defendant and the competent authorities and to prevent abuse under Article 53(1). Such a security or equivalent assurance may not be necessary in cases where the court is quite certain that an infringement has taken place or in cases where there is no defendant and none of the infringing material has been found⁷⁸.

Where suspension by customs involves goods infringing rights other than copyright or trademarks, these goods may be released on the posting of a sufficient security as required under Article 53(2). Once these requirements are met, the owner, importer, or consignee of such goods shall be entitled to the release of the goods without prejudice to any other remedy available to the right-holder. However, the security shall be released to the owner if the right-holder fails to pursue the matter within a reasonable period.

The customs or border authority shall promptly notify the importer and applicant of the suspension of the release of goods under Article 54. 'Promptly' in this context should be interpreted in accordance with Articles 41(1), (2) and (5) which are similar to 'without undue delay'⁷⁹. Although not necessarily the case, notification given to the importer should preferably be in writing⁸⁰; while for the applicant, notice must be served⁸¹.

⁷⁶ See 7.4.4(a) (i) below.

⁷⁷ Gervais, (n.66), p.52; Gervais, (n.74), p.478; Reichman JH, 'Universal minimum standards of IP under the TRIPS component of the WTO Agreement' in Yusuf AA and Correa CM (eds), *IP and international trade: the TRIPS Agreement*, 2nd edn, (London: Kluwer, 2007), p.67.

⁷⁸ Gervais, (n.66), p.52-53.

⁷⁹ Ibid, p.54; Gervais, (n.74), p.481.

⁸⁰ TRIPS, Art.43(1): Decisions on the merits of a case shall *preferably be in writing* and reasoned. They shall be made available at least to the parties to the proceeding without undue delay.

⁸¹ Ibid, Art.55.

The duration of suspension should not exceed 10 working days after the notice of the suspension is served to the applicant (Article 55). The applicant is therefore responsible for informing the customs authorities that proceedings leading to a decision on the merits of the case have been initiated by a party other than the defendant, or that the duly empowered authority has taken provisional measures to prolong the suspension of the release. Otherwise, the goods should be released.

In appropriate cases, the authority may extend this period by another 10 working days. In cases where proceedings leading to a decision on the merits of the case have been initiated, the defendant may request a review under Article 50(4) as to whether these measures shall be modified, revoked or confirmed. Where suspension of the release of goods is carried out or prolonged by a provisional judicial measure, proceedings leading to the next stage and eventually to a decision on the merits of the case must be initiated within a reasonable period as determined by the judicial or administrative authority ordering such provisional measures, which is not to exceed 20 working days or 31 calendar days, whichever is the longer⁸².

In cases involving wrongful detention or detention followed by a release due to inaction within the time period laid out in Article 55, the relevant authorities have powers under Article 56 to order the applicant to pay the importer, consignee and the owner of the goods appropriate compensation for injury caused to them.

Article 57 requires member countries to provide the power for the competent authorities to give the right-holder sufficient opportunity to inspect the goods detained in order to substantiate his claims. The importer is given an equivalent opportunity, but the owner or consignee is not. The inspection could be carried out by an expert as agreed by the parties concerned and should not necessarily be conducted by the right-holder or importer themselves⁸³. Where a positive determination is made on the merits of a case, members may also provide the power for the competent authorities to order the infringers to disclose certain information such as the names and address of the consignor, importer, and consignee and the quantity of goods in question. Gervais argued that, by requiring information, for example concerning the upstream or downstream of the channels of production and distribution, this provision could offer an effective tool in combating counterfeiting activities⁸⁴.

⁸² Ibid, Art.50(6).

⁸³ Gervais, (n.66), p.56; Gervais(b), (n.74), p.486;

⁸⁴ Gervais, (n.66), p.56. This requirement is considered as a useful adjunct to Norwich Pharmacal jurisdiction, [see](#) 5.4.1(a)(iii).

Article 58 of the TRIPS provides a framework for customs authorities to take ex officio measures. In this regard, members are required to allow the competent authorities to seek from the right-holder any information that may assist them in exercising their powers, and to promptly notify the importer and the right-holder of the suspension.

Article 59 provides that the competent authorities shall:

- (a) have the authority to order the destruction of or disposal of infringing goods in accordance with the principles set out in Article 46⁸⁵; and
- (b) not allow counterfeit goods to be re-exported in an unaltered state or subjected to a different customs procedure, except in exceptional circumstances.

Any order to destroy or dispose of the goods, however, is still subject to a right to review by the defendant and without prejudice to other rights of action open to the right-holder.

Member countries may exclude from the application of the BM procedures small quantities of goods of a non-commercial nature in the traveler's personal luggage or sent in small quantities under Article 60. It is argued, however, that the potential damage caused by such imports should not be underestimated, particularly where infringing materials may be further reproduced after importation⁸⁶. There are also cases where counterfeiters have learned to break up their shipments into small consignments in order to avoid a penalty imposed by national law, thus encouraging repeat offenders to operate profitably for extended periods without fear of incarceration⁸⁷.

One must bear in mind that the TRIPS Agreement only provides a minimum standard which requires member countries to implement measures in national legislation⁸⁸. In this respect, the WTO will monitor member countries' compliance with their obligations and provide a mechanism for the settlement of disputes between governments regarding such compliance.

7.4.3 EU Regulation 1383/2003

The importance of BM as one of the most effective instruments for preventing counterfeit goods from crossing external borders and thus circulating freely within the EU community is best evidenced by annual statistics which show that millions items of

⁸⁵ In regard to counterfeit trademark goods, Art.46 provides that **simple removal** of the trademark unlawfully affixed **shall not be sufficient**...to permit release of the goods into the channels of commerce. In US/China Dispute 362, (see discussion on Art.51, n.75 above), the Panel concluded that the way in which China's customs auctions these goods was inconsistent with Art.59, because it permits the sale of goods after the simple removal of the trademark in more than just exceptional cases.

⁸⁶ Gervais, (n.66), p.59.

⁸⁷ UNODC, (n.7), p.178. See 7.2.1 above.

⁸⁸ TRIPS, Art.1(1).

infringing goods are seized every year at its borders⁸⁹. Currently, the EU comprises 27 Member States of whom 12 have joined since 2004, while Norway, Liechtenstein and Iceland, form the 'European Economic Area' (EEA) together with the EU. In terms of entry points, large sea ports such as Hamburg in Germany, Rotterdam in the Netherlands and Antwerp in Belgium are identified as particular hotspots for the importation of infringing goods into the EEA⁹⁰. Because the EEA is a Customs Union, goods are imported by being cleared through customs at any one location, and are then free to move around the EEA without further hindrance from customs authorities. Therefore, customs detention procedures can only be effective at the place in the EEA where the goods are presented for customs clearance⁹¹.

The relevant instruments governing BM in the EU are Regulation 1383/2003⁹², its implementing regulation, Commission Regulation No. 1891/2004 of 21 October 2004⁹³, and Council Regulation No. 2913/92 of 12 October 1992 establishing the Community Customs Code (CCC)⁹⁴, where customs operation under Regulation 1383/2003 is directly defined by reference to the CCC⁹⁵. Regulation 1383/2003 superseded its predecessor the Customs Regulation 3295/94, and took effect on 1 July 2004 and is directly applicable to all member states of the European Community⁹⁶. This Regulation and its predecessors from 1994 onwards represent compliance by the EU with its TRIPS obligations, although nowhere in the Regulation or its recital is reference to the TRIPS to be found⁹⁷.

The system put in place by Regulation 1383/2003 relies on national law for its effective functioning in determining the rules and procedures to be applied in the proceedings initiated to establish whether or not IPRs have been infringed⁹⁸. National law also applies in cases where customs intervention is requested when the scope of protection of

⁸⁹ See the annual statistics of customs detentions recorded at the external borders of the EU at <http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/statistics/index_en.htm>.

⁹⁰ Morton J, 'Customs detention: A cost-effective method of enforcing IP in Europe', <<http://www.fasken.co.uk>> accessed 04/03/2011.

⁹¹ Ibid.

⁹² See n.68 above.

⁹³ Commission Regulation (EC) No. 1891/2004 of 21 October 2004 laying down provisions for the implementation of Council Regulation (EC) No. 1383/2003 concerning customs action against goods suspected of infringing certain IPRs and the measures to be taken against goods found to have infringed such rights, OJ [2004] L 328/16.

⁹⁴ OJ [1992] L 302/1, as last amended by Regulation (EC) No 2700/2000 of the European Parliament and the European Council, OJ [2000] L 311/17.

⁹⁵ Reg.1383/2003, Art.1(1)(a).

⁹⁶ See Art.110(2), first indent of the EC Treaty (Consolidated Version of the Treaty Establishing the European Community): "A regulation shall have general application. It shall be binding in its entirety and directly applicable in all Member States".

⁹⁷ See Firth A, 'Customs measures to detain infringing goods at UK borders', in Millet RW, *Encyclopedia of forms and precedents*, Vol.21(3) (UK: LexisNexis, 2010).

⁹⁸ Reg.1383/2003, see 8th Recital.

national IPRs has to be determined⁹⁹. However, given the principle of the supremacy of Community law over national law¹⁰⁰, Regulation 1383/2003 sets aside provisions of national law that conflict with the rules laid down by it¹⁰¹. This means that national laws are free to enact measures as long as they are not contrary to the provisions in the Regulation, which is meant to harmonize and fill in the applicable laws and enforcement standards of individual Member States¹⁰².

The aim of Regulation 1383/2003 is to prevent the trade in goods infringing IPRs, particularly counterfeit and pirated goods, from entering the EU Community market by establishing barriers at its external frontiers¹⁰³. In dealing with this matter, the discussion is divided into two parts:

- (a) subject matter and scope of the Regulation
- (b) customs procedures under the Regulation

(a) Subject Matter and Scope of Regulation 1383/2003

Chapter I of the Regulation deals with situations where customs authorities may act when goods are suspected of infringing IPRs. Although Regulation 1383/2003 covers almost all types of IPRs¹⁰⁴, and moulds and matrices under conditions defined in Article 2(3), this chapter however only focuses on counterfeit goods, consistent with the premise of this study as emphasized in chapter one where there is a direct impact of counterfeit goods on the public and also statistics which indicate the increasing importance of trademark (Table 1.1).

Article 2(1)(a)(i) defines counterfeit goods as:

“goods, including packaging, bearing without authorization a sign identical to a trademark validly registered in respect of the same type of goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the trademark-holder’s rights under Community law, or the law of the Member State in which the application for action by the customs authorities is made”.

⁹⁹ Ibid, see 8th Recital, Art.2(1)(b) and (c), and Art.10, first indent.

¹⁰⁰ See Declaration 17 concerning primacy in Declarations Annexed to the Final Act of the Intergovernmental Conference which Adopted the Treaty of Lisbon, signed on 13 December 2007, available at <<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2008:115:0335:0359:EN:PDF>> accessed 25/02/2011.

¹⁰¹ See ECJ Case 11/70, *Internationale Handelsgesellschaft mbH v. Einfuhr- und Vorratsstelle für Getreide und Futtermittel* [1970] ECR 1125, 1134, as cited in Albi A, ‘Supremacy of EC Law in the New member states: bringing Parliaments into the equation of ‘co-operative constitutionalism’, [2007] 3(1) *ECLR* 25-67: “It is well established in the case-law of the ECJ that Community law is supreme over the national law of the member states, including the fundamental norms of their national constitutions”.

¹⁰² Benczek, (n.9, chap.1), p.126.

¹⁰³ Reg.1383/2003, 2nd Recital.

¹⁰⁴ Ibid, Art.2(b) and (c).

Article 2(1)(a) (ii) and (iii) include the following objects as counterfeit goods, even if presented separately, on the same conditions as the goods referred to in point (i):

- any trademark symbol (including a logo, label, sticker, brochure, instructions for use or guarantee document bearing such a symbol);
- packaging materials bearing the trademarks of counterfeit goods, presented separately, on the same conditions as the goods referred to in point (i);

In view of this provision, it is argued that the definition in Article 2 of Regulation 1383/2003 is broader than the one provided by footnote 14 of Article 52 of the TRIPS Agreement¹⁰⁵. The requirement that counterfeit goods must infringe a trademark renders the term counterfeit as a subset of trademark infringement.

However, it is argued that the implementation and interpretation of the definition in Article 2 of Regulation 1383/2003 cause a problem with regard to fake goods in transit, as demonstrated in *Nokia*¹⁰⁶. It is argued in this case that, for products bearing trademarks to be 'counterfeit goods' under that Regulation, they must infringe a trademark in the territory in question (i.e the goods being put on the market). The court held that, as the goods are in transit through the EU from a non-Member State (Hong Kong) to another non-Member State (Colombia), and in the absence of evidence that they will be diverted into the market in a Member State, the goods therefore were not counterfeit in the sense of the Regulation¹⁰⁷.

As counterfeit goods in the context of this definition only refer to validly registered trademarks, unregistered trademarks or any trademarks whose application is pending registration may not therefore be the basis for BM¹⁰⁸. The exclusion also applies to parallel imported goods¹⁰⁹ manufactured with the consent of the right-holder for marketing in one country but imported into another without his consent, goods which have been manufactured under conditions other than those that have been agreed with the right-holder such as 'overruns'¹¹⁰, and goods of a non-commercial nature contained in travelers' personal baggage¹¹¹.

When goods are suspected of infringing IPRs, customs authorities may enforce BM on application or ex officio to stop them entering the national or EU single market. For this

¹⁰⁵ See 3.2.2 (i) on the definition of counterfeiting under TRIPS.

¹⁰⁶ See n.26 above.

¹⁰⁷ This case is also discussed at 7.4.3 (a) below. See also Schneider, (n.52, chap.3).

¹⁰⁸ See 3.2.

¹⁰⁹ Reg.1383/2003, Art.3(1).

¹¹⁰ Ibid. See also Jones and others, 'Q208 – AIPPI', (n.94, chap.2).

¹¹¹ Reg.1383/2003, Art.3(2).

purpose, both Regulations 1383/2003 and 2913/92¹¹² must be read together in dealing with this issue. The Third Recital of Regulation 1383/2003 enables customs authorities generally to take actions where goods suspected of infringing IPRs originate in or come from third countries or are destined for a non-member country of the European Community in almost every customs situation¹¹³ (that is transshipment, release for free circulation in the EU, placing under suspensive procedure and placing in a free zone and warehouse).

Article 1.1 of the Regulation 1383/2003 empowers customs authorities in most cases to take action if they discover the goods suspected of infringing IPRs in the following situations:

- (a) when goods are entered for release for free circulation, export or re-export;
- (b) when goods are found during checks on goods entering or leaving the Community customs territory or placed under a suspensive procedure¹¹⁴, or re-exported or placed in a free zone or free warehouse.

Article 1(1)(a) indicates situations where goods are subject to customs declaration or clearance; that is, entry for release for free circulation, export and re-export, while Article 1(1) (b) applies to goods in all other situations such as, for example, transshipment other than for internal Community transit¹¹⁵. This means that customs authorities are empowered to take action whether or not the goods are subject to customs procedures and whether the goods are found on a plane or a lorry, on board a ship, at the quayside, or in a free zone or free warehouse¹¹⁶. By contrast, section 70D (8) of the Malaysian TMA 1976 provides clearly that BM do not apply to goods in transit, which is in consistent with the spirit of TRIPS Agreement.

The availability of customs powers under Regulation 1383/2003 could be simplified as follows:

¹¹² See n.94 above.

¹¹³ Customs procedures according to Reg.2913/92, Art.4(16): release for free circulation, transit, customs warehousing, inward processing, processing under customs control, temporary importation, outward processing, and exportation.

¹¹⁴ Reg.2913/92, Art.84(1)(a): non-Community goods under suspensive procedures include goods: during external transit; customs warehousing; inward processing in the form of a system of suspension; processing under customs control; temporary importation.

¹¹⁵ Schneider M and Vrins O, 'Regulation (EC) 1383/2003', in Vrins and Schneider, (n.66), p.75-76. See also Reg.2913/92, Art.4(17): 'Customs declaration' means the act whereby a person indicates in the prescribed form and manner a wish to place goods under a given customs procedure.

¹¹⁶ Schneider and Vrins, (n.115), p.76.

DESTINATION	ORIGIN	
	EU	3 rd COUNTRY
EU	X [parallel imports, over-runs, travellers' personal baggage] *Art.3(1) & (2)	√ [unauthorised goods] X [parallel imports] *3 rd Recital, Art.1.1(a) and (b)
3 rd COUNTRY	√ [unauthorized goods] *Art.1.1(a) and (b)	√ [import & export] *3 rd Recital, Art.1.1(a) and (b) X [goods in transit – subject to ECJ]

In this regard, Article 9(1) of the Paris Convention which only provides for an obligation to seize suspect goods on importation, and the requirement of Article 51 of the TRIPS Agreement limits the obligation to cases involving importation only. In contrast, the Regulation apparently goes beyond both provisions¹¹⁷ and extends to cases involving export, import, transshipment and external transit. This addresses the issue in practice, since a substantial proportion of BM cases as seen in seizure statistics actually relates to transit and transshipment.

Article 1 and the 3rd Recital of Regulation 1383/2003 describe four categories of goods that may fall under the customs status¹¹⁸.

(a) goods entered for release for free circulation;

This refers to goods which are introduced into the Community to be circulated freely within its territory, and thus the meaning is equivalent to importing the goods into the single market. This situation is explained by the European Court of Justice (ECJ) in *Donckerwolcke*¹¹⁹:

“Products in free circulation are to be understood as meaning those products which, coming from third countries, were duly imported into any one of the member states in accordance with the requirements laid down by Article 10”.

Article 24 of the EC Treaty¹²⁰ states that:

“Products coming from a third country shall be considered to be in free circulation in a Member State if the import formalities have been complied with and any customs duties or charges having equivalent effect which are payable have been levied in that Member State, and if they have not benefited from a total or partial drawback of such duties or charges”.

¹¹⁷ See Schneider M, ‘Enforcement of IPRs: The choice of weapons - The draft Directive aimed at ensuring the enforcement of IPRs through criminal sanctions - The Council Reg.1383/2003, ECTA Annual Conference, Warsaw 08/06/2006, <http://www.ecta.org/warsaw/docs/Schneider_text.pdf> accessed 10/01/2008: “Art.1(1) considered as “TRIPS plus” provision as it goes beyond the TRIPS’s requirement”; Gervais, (n.66), p.38-39.

¹¹⁸ Reg.2913/92, Art.4(6): “Customs status means the status of goods as Community or non-Community goods”.

¹¹⁹ Case 41/76, *Suzanne Criel nee Donckerwolcke v.The Procureur De La Republique Au Tribunal De Grande Instance, Lille, and The DG of Customs, Paris*, [1976] ECR 1921 para.16-17.

¹²⁰ Previously in EEC Treaty, Art.10 (also known as Treaty of Rome as it was then).

This means that, once customs procedures are complied with, non-Community goods will obtain the customs status of Community goods and thus be entitled for release for free circulation in the Community¹²¹. While it is true that customs procedures must be satisfied for this purpose, given the fact that customs authorities in practice only do random checks to the actual container¹²², it is argued here that by solely relying on the documentation provided by the applicants, there is still a possibility for counterfeit goods to enter the single market through this process. In order to overcome this challenge, along with the use of technological detection devices, it is also suggested that the customs authorities increase their resources especially at busy or larger points of entry.

- (b) goods entered for export or re-export, and goods found during checks on goods in the process of being re-exported subject to notification;

‘Export’ refers to situations where Community goods leave the Community customs territory which will be subject to customs controls relating to the completion of exit formalities and the charging of any duties¹²³. In this regard, the export procedure under Article 161 of Regulation 2913/92 is obligatory with very few exceptions. ‘Re-exportation’ refers to situations of the customs treatment of non-Community goods that are taken out of the customs territory¹²⁴ without ever having been conferred the customs status of Community goods¹²⁵.

Although Schneider and Vrins argue that customs control on exportation or re-exportation might be used as a universal solution in fighting counterfeiting activity at the worldwide level¹²⁶, it is argued here that the effectiveness of such approaches is still subject to two conditions: firstly, strict compliance with such procedures on the part of customs authorities is a must, as any leniency could lead to bribery and thus defeat the purpose of this measure, and secondly, the difficulty in screening cargos as mentioned earlier must also be dealt with by the customs authorities.

- (c) goods found during checks on merchandise entering or leaving the Community customs territory;

This kind of goods refers to situations as described in Article 1(1)(b) of Regulation 1383/2003 where suspect goods are found during checks on goods entering or leaving the Community customs territory which, from the time of their entry should be subject to

¹²¹ Reg.2913/92, Art.4(8) however states that, once leaving the Community customs territory, goods release for free circulation, like goods manufactured in the Community, lose their status as Community goods.

¹²² See 7.2.1 and 7.5.2; Interview with RMC (n.31).

¹²³ Reg.2913/92, Art.4(4c), (4d), (11).

¹²⁴ Ibid, Art.161, 182, 183.

¹²⁵ See Schneider and Vrins, (n.115), p.78.

¹²⁶ Ibid, p.79.

customs supervision or customs controls in accordance with Articles 37 and 183 of the Regulation 2913/92.

- (d) goods found during checks on merchandise placed under a suspensive procedure.

"Customs suspensive procedure or arrangement" means any one of the special procedures as provided for under Regulation 2913/92 relating to the customs supervision to which non-Community goods are subjected upon their entry into the Community customs territory, temporary storage, free zones or free warehouses, as well as any of the arrangements referred to in Article 84(1)(a) of that Regulation¹²⁷.

(i) Goods in Transit

Regulation 1383/2003 empowers the customs authorities to retain counterfeit goods while they are subject to the external transit procedure, which is generally concerned with goods which come from third countries and are not in free circulation in the Community¹²⁸. External transit procedures allow the movement of goods from one point to another within the Community customs territory without being subject to Customs duty, to be exported afterwards in the case of Community goods, or re-exported in the case of non-Community goods outside the internal market¹²⁹.

This means that customs authorities may seize suspected goods in transit at the borders of the EU where there is clear evidence that the goods are likely to come onto its market. In the absence of such evidence or in cases where such goods originate from and are destined for countries in which there are no existing IPRs, it seems that the customs status of goods in transit remains unclear as can be seen from the inconsistencies among several court decisions¹³⁰.

There are two different approaches taken by customs authorities and courts across the EU as to whether or not goods suspected of infringing IPRs fall under the definition of "counterfeit goods" pursuant to Regulation 1383/2003 (and its predecessor, Regulation 3295/94) to enable the customs to seize them:

- (a) in transit seizure is permitted (*Polo/Lauren Company and Rolex* cases); and
- (b) in transit seizure is not permitted (*Class International* and *Montex* cases).

¹²⁷ Directive 2008/118/EC, Art.4(6).

¹²⁸ Art.1(1)(b), read together with 2nd–4th and 10th Recitals. The extended application to goods in transit is beyond the TRIPS requirement, Art.51.

¹²⁹ Reg.2913/92, Art.91.

¹³⁰ See the decision in *Nokia* and *Philips* below.

In *Polo/Lauren Company, L.P. v PT. Dwidua Langgeng Pratama International Freight Forwarders*¹³¹, the ECJ held that unlicensed goods imported from and destined to a non-member country but in transit through an EU Member State could be detained under Regulation 3295/94 on the ground that the external transit of non-Community goods can still have a direct effect on the internal market as there is a risk that such goods may be fraudulently brought on to the Community market¹³².

In *Rolex*¹³³, the ECJ held that Articles 2 and 11 of Regulation 3295/94 were applicable to goods in transit between two non-Member States which are temporarily detained in a Member State by the customs authorities of that State. The ECJ further explained that if counterfeit goods are allowed to be transported across Community territory without incurring any effective penalties by virtue of a mere declaration that the final destination of those goods is in a non-member country, there would be a high risk of shipments declared as being in transit in fact ending up on the Community market as a result of exploitation of the weaknesses in the Community transit system¹³⁴.

Different views, however, were taken in subsequent cases. In *Class International BV v Colgate Palmolive Co*¹³⁵, a consignment of genuine trade-marked ('Aquafresh') toothpaste was shipped from South Africa to Rotterdam and had been stored in a customs warehouse under the external transit procedure. The container was detained by customs under Regulation 3295/94 upon the application of the trademark owner who had not consented to their entry into the EEA. In the claimant's action for the release of the goods, the ECJ was asked whether goods imported under the transit procedure could infringe a trademark under Article 5(1) of the TM Directive 89/104 and Article 9(1) and (2)(c) of the Community TM Regulation.

The ECJ held that that the mere physical introduction of goods into the territory of the Community without their release for free circulation did not constitute "importing" under the meaning of Article 5(3)(c) of the Directive and Article 9(2)(c) of the Regulation and did not entail "using in the course of trade" under the meaning of Articles 5(1) and 9(1). Thus, in cases where original goods bearing a trademark are placed under an external transit or customs warehousing procedure and as long as such goods conserve their status as non-Community goods, a trademark proprietor can not oppose the mere entry of such goods into the EU. However, the trademark proprietor could oppose the offering for sale or sale of original goods bearing a trademark and having the customs status of

¹³¹ (C-383/98) [2000] ECR I-2519.

¹³² *Ibid*, para 33-34.

¹³³ (Case C-60/02) [2004] ECR I-651, also known as *Criminal Proceedings against X*.

¹³⁴ *Ibid*, para 41.

¹³⁵ (C-405/03) [2006] Ch.154.

non-Community goods, when the offering was made and/or the sale was effected while the goods were placed under the external transit procedure or the customs warehousing procedure, and this necessarily entailed their being put on the market in the Community¹³⁶.

In *Montex Holdings Ltd v Diesel SpA*¹³⁷, the issue involved was whether or not trademark owners have a right to object to the mere transit of goods that they consider to infringe their trademark rights through the territory of an EU Member State in which the trademark enjoys protection, to the destination country of another Member State where the trademark is not registered. The ECJ held that Articles 5(1) and (3) of Directive 89/104 were to be interpreted as meaning that the proprietor of a trademark could prohibit the transit through a Member State in which that mark was protected (Germany) of goods bearing the trademark and placed under the external transit procedure, the destination of which was another Member State where the mark was not so protected (Ireland), only if those goods were subject to the act of a third party while they were placed under the external transit procedure that necessarily entailed their being put on the market in that Member State of transit. It was irrelevant whether the goods destined for a Member State came from an associated state or another third country, or those goods had been manufactured in the country of origin lawfully or in infringement of the existing trademark rights of the proprietor in that country.

Based on the above decisions, it is clear that the *Polo/Lauren* and *Rolex* decisions reinforced the BM provisions which empower the customs authorities to detain counterfeit goods at the border. In cases involving genuine goods as eventually appeared in *Class International*, customs authorities do not have such a power since the basis of this is not provided in either the TM Directive, Regulations 1383/2003 or the TRIPS Agreement¹³⁸. *Montex*, however, as argued by Hezewijk, may in fact have concerned counterfeit goods but was interpreted and treated by the court as a normal, non-counterfeiting case and therefore went in the “*Class International* box” and not in the “*Polo/Lauren and Rolex* box”¹³⁹. Both *Class* and *Montex* have nevertheless been criticised further for not addressing the question as to whether or not trademark owners can claim trademark infringement in the country of transit, or at least seek an injunction in that country in order to prevent the occurrence of an infringement in the country of

¹³⁶ Ibid, para 44. See Vrins O and Schneider M(a), ‘Trademark use in transit: EU-phony or cacophony?’, [2005] *JIPLP* 43-50; Vrins O and Schneider M(b), ‘*Class Actions* from Jacobs to Jacob’, [2008] *WIPR* 38-43; Hutchinson, (n.24), p.617.

¹³⁷ (C-281/05) [2006] E.C.R. I-10881.

¹³⁸ Hezewijk, (n.52, chap.3), p.788.

¹³⁹ Ibid.

destination, where the distribution of the goods would be unlawful in the country of destination¹⁴⁰.

The absence of a definitive decision on this issue has caused difficulty and confusion on the part of national courts, thus forcing them to continue referring such matters to the ECJ. Among the recent cases are the joined cases of *Koninklijke Philips Electronics NV v Lucheng Meijing Industrial Company Ltd, Far East Sourcing Ltd, Röhlig Hong Kong Ltd and Röhlig Belgium NV* (Philips)¹⁴¹, referred by the Belgium Court of First Instance, and *Nokia*¹⁴², referred by the Court of Appeal of England and Wales. Both cases concern allegedly counterfeit or pirated goods which were in the customs situation of 'external transit' which, according to *Polo/Lauren*¹⁴³, is based on a legal fiction since the whole procedure unfolds as if the non-Community goods concerned had never entered the territory of a Member State.

In *Philips*, Belgian customs authorities detained a consignment of shavers on suspicion that they infringed Philips' international design registrations and copyright. The goods had originated in China and the Belgian customs authorities informed Philips that a number of China/Hong Kong-based companies were involved in the manufacture of or trade in the detained goods.

Philips subsequently brought an action before the Court of First Instance, Antwerp, seeking a ruling that its IPR had been infringed and claiming that, in accordance with Article 6(2)(b) of Regulation 3295/94 (the 'old' Customs Regulation), the Court should use as its starting point the fiction that the shavers seized had been manufactured in Belgium (the so-called 'production fiction') and should then apply Belgian law in order to rule on the question of infringement.

The Court referred to the ECJ the question of whether or not Article 6(2)(b) implies that it is open to national courts to disregard the temporary storage/in transit status of such goods and whether or not national courts must apply the production fiction¹⁴⁴. The Advocate General (AG) noted that the most important consequence of the production fiction is the possibility of a national court holding that non-Community goods in transit have infringed an IPR in the same way as if they were goods which had been unlawfully

¹⁴⁰ Vrins and Schneider(b), (n.135), p.42; Vrins O, 'The real Story of a fiction: transit after Montex under Regulation (EC) 1383/2003' [2010] 5(5) *JIPLP* 358.

¹⁴¹ (C-446/09).

¹⁴² (C-495/09). This case is also discussed at 7.2.1, n.26 above.

¹⁴³ See n.131, para 34, as cited in Opinion of AG Cruz Villalón, para 2.

¹⁴⁴ See Stephens K, Fuller Z and Brueton G, 'Case report', 01/03/2011, <http://www.twobirds.com/English/NEWS/CASEREPORTS/Pages/March_2011.Aspx#phillips> accessed 29/05/2011.

manufactured in the Member State, regardless of whether or not those goods were destined for the EU market¹⁴⁵.

Thus, it is concluded that Article 6(2)(b) does not contain such a production fiction and therefore the Belgian law (where the goods were detained) should not apply for the purpose of establishing the infringement. The AG also stresses that substantive rules on the protection of IPR are based on the principle of territoriality and use in the course of trade. Given that transit does not amount to use in the course of trade, applying the production fiction would constitute a significant exception to these principles and would mean that the customs legislation had increased the protection awarded by substantive IP legislation¹⁴⁶.

In *Nokia*, the question referred to ECJ was:

Are non-Community goods bearing a Community trademark which are subject to customs supervision in a Member State and in transit from a non-Member State to another non-Member State capable of constituting “counterfeit goods” within the meaning of Article 2(l)(a) of Regulation 1383/2003 if there is no evidence to suggest that those goods will be put on the market in the EC, either in conformity with a customs procedure or by means of an illicit diversion?

In his opinion, the AG proposes that non-Community goods bearing a Community trademark which are in transit from one non-member country to another non-member country may be seized by the customs authorities provided that there are sufficient grounds for suspecting that they are counterfeit goods and that they are to be put on the market in the EU, either in conformity with a customs procedure or by means of an illicit diversion.

In distinguishing between counterfeit trademark goods and pirated copyright goods, the AG also suggests that the terms must also refer to the criteria laid down in the substantive legislation on trademarks and other IPRs¹⁴⁷.

This opinion has been criticized, particularly by practitioners¹⁴⁸ who have argued that the problematic “sufficient grounds for suspecting” requirement which may cause difficulty for the trademark proprietor in persuading customs officials to seize allegedly counterfeit goods without evidence. In view of this point, it is argued here that not only may this influence the use of bogus documents in applying customs measures, but it may also

¹⁴⁵ Ibid.

¹⁴⁶ Opinion of AG Cruz Villalón, (n.143), para 65. See also Schneider M(b), ‘Fake goods in transit: the AG’s opinion on fictions and suspicions’, [2011] 6(7) *JIPLP* 437-440, p.439.

¹⁴⁷ Opinion of AG Cruz Villalón, (n.143), para 104.

¹⁴⁸ See Herbert Smith LLP, ‘AG’s Opinion: “sufficient grounds for suspecting” danger of fraudulent entry of goods into the EU required for seizure by Customs of goods in transit’, (IP Newsflash, 08/02/2011), <<http://www.herbertsmith.com/NR/rdonlyres/0B4A4F6D-374C-440C-A41A2FEBA3CC00A5/0/20110207AGsOpinionDavidWilsonandRachelMontagnon.html>> accessed 12/02/2011; Hutchinson, (n.24), p.621; Schneider(b), (n.146), p.440.

encourage corruption particularly in countries where such practices are rampant. Thus, until clear guidelines are established on this issue, it is argued that the current legal loopholes may be exploited by counterfeiters to use external transit as one of their safe routes in moving and distributing counterfeit goods.

Based on the ECJ decisions thus far, whilst Regulation 1383/2003 was intended to contribute in harmonising legal frameworks on BM in the EU, it seems that it has not yet resulted in the desired clarity amongst EU national courts. Therefore a further review of the adequacy of the existing measures as recognised by Kitchin J in *Nokia* may be necessary to provide clear guidance on goods in transit¹⁴⁹.

(b) Customs Procedures under Regulation 1383/2003

(i) Application Procedure

Customs authorities may take action for BM under two premises:

- (i) on their own initiative; or
- (ii) at the request of a rights-holder.

If there is no application by a right-holder, or the application has not yet been granted, Article 4(1) enables customs authorities to detain goods or suspend their release on their own initiative if they have sufficient grounds to suspect that those goods infringe IPRs. For this purpose, customs authorities may ask the right-holder to provide any necessary information to confirm their suspicions¹⁵⁰ and customs authorities are not liable in cases involving wrongful *ex officio* detention¹⁵¹. This procedure is in line with Article 58 of the TRIPS Agreement requirement and is believed to be highly relevant in assisting right-holders in protecting their rights despite the short official time limit of three days for them to submit applications under Article 5 of Regulation 1383/2003¹⁵².

Other than an *ex-officio* procedure, the right-holder may apply for customs action. Article 2(2) of the Regulation defined 'right-holder' as including the followings:

- (i) the holder of a one of the IPRs to which the Regulation applies;
- (ii) any person authorized to use those rights; or
- (iii) an authorized representative of the right-holder or authorized user.

It is argued that, by including the *authorized user*, the definition therefore extends to cover producers of goods protected by designations of origin and geographical

¹⁴⁹ See Hutchinson, (n.24), p.621 and Nokia (n.26), p.1113.

¹⁵⁰ Reg.1383/2003, Art.4(2).

¹⁵¹ Ibid, Art.6(1), 19(2).

¹⁵² See also 7th Recital.

indications, licensees, distributors and commercial agents, all of whom are entitled to make such applications for customs action¹⁵³, even if some would not be entitled to bring a civil suit for infringement (eg: s.12(4) TMA 1994).

The application must be made in writing and, if it involves Community rights, the application may also request customs actions in two or more Member States¹⁵⁴. EU Member States, along with other countries (Canada, Croatia, Japan, New Zealand, Panama, Peru, Philippines, Korea, South Africa, Switzerland, and the US), provide for a centralized system for managing multiple applications for customs action through a single contact point¹⁵⁵. This means that the procedure used in forwarding the relevant applications and documents is run centrally although the applicant under Article 5(4) must still specify the customs offices where it is seeking intervention.

The right-holder must provide sufficient and appropriate information and documentation to establish the infringement in assisting customs authorities to identify the goods in question. For this purpose, he must furnish mandatory information under Article 5(5)(i)-(iii) and submit proof that he holds the relevant rights to the goods in question¹⁵⁶. Otherwise, the customs authorities may not process the application although it may be re-submitted when duly completed¹⁵⁷. The chances of finding the goods also depend on how much is information supplied on the suspected channels of counterfeiting trade, including, for example, details on how to spot counterfeits or likely infringing parties from past experience, or information on the channels of trade used for the original goods so that the customs authorities will be aware enough to distinguish them from counterfeit ones¹⁵⁸. In Malaysia, Louis Vuitton Malletier (LVMH) for example, had instructed customs authorities that their goods for use in the Malaysian market will only be sent from their logistics office in Singapore via flights to Kuala Lumpur International Airport¹⁵⁹. In other words, this means that customs authorities may automatically detain LVMH products if they found that the goods had been transported using other channels.

¹⁵³ Schneider and Vrins, (n.115), p.120.

¹⁵⁴ Reg.1383/2003, Art. 5(1) and (4).

¹⁵⁵ ___, 'Question Q208 BM and other measures of Customs intervention against infringers', Summary Report prepared for AIPPI, <<http://www.aippi.ch/system/files/SR208English.pdf>> accessed 12/09/2009.

¹⁵⁶ i.e: accurate and detailed technical description of the goods; any specific information the right-holder may have concerning the type or pattern of fraud and the name and address of the contact person appointed by the right-holder.

¹⁵⁷ Ibid, Art.5(8).

¹⁵⁸ Weidenfeller AE and McCulloch AJ, 'Border control measures in the EU', IP Frontline 13/05/2010, <<http://www.ipfrontline.com/depts/article.aspx?id=24266&deptid=6>> accessed 06/03/2011; Nagasawa S, 'Luxury brand strategy of LV', <<http://www.iasdr2009.org/ap/Papers/Orally%20Presented%20Papers/Design%20Management/Luxury%20Brand%20Strategy%20of%20Louis%20Vuitton.pdf>> accessed 05/03/2011.

¹⁵⁹ Interview with RMC (n.31)

The right-holder must also declare his acceptance to pay the costs and liabilities incurred as a result of the action taken¹⁶⁰. In practice, however, the stage where such liability might be assessed is unlikely to be reached due to either the alleged infringer disappearing or the parties settling¹⁶¹. There is no official fee for filing the application but, wherever possible, the application form should be submitted at least 30 working days before the right-holder expects the infringing goods to be imported or exported, within which time the competent customs department shall process the application and notify its decision to the applicant in writing¹⁶².

Where an application is granted, the information will be communicated from the national customs head office responsible for decisions regarding the request for BM to all customs offices across that country so that they have at hand all the information on the suspected goods¹⁶³. A customs detention order is valid for one year and can be renewed thereafter¹⁶⁴. Customs authorities do not themselves examine whether the goods infringe the IPRs: in practice, they will usually liaise with the right-holder in identifying the goods and whether further action should be taken¹⁶⁵.

(ii) Post-grant Procedure

In situations where customs authorities detect goods suspected to infringe IPRs and those goods are covered by a valid application, they may suspend release of the goods or detain them¹⁶⁶ and inform the right-holder and the declarant or holder of the goods of the action¹⁶⁷. In determining whether the goods infringe IPRs, customs authorities shall under Article 9(3) offer the right-holder or his representative (which could be an expert, or even the importer if requested) the opportunity to inspect the goods. For this purpose, product samples and relevant information may be forwarded at the request of and to the right-holder strictly for the purposes of analysis and to facilitate the subsequent procedure, while in some circumstances the samples must be returned on completion of the technical analysis¹⁶⁸.

Article 11(1) provides that the right-holder has 10 working days to inspect the goods and inform the customs authorities in writing as to whether the goods are genuine or counterfeit. If the goods are genuine, including parallel imports, or if he decides not to

¹⁶⁰ Reg.1383/2003, Art.5(5) and (6).

¹⁶¹ See Morton, (n.90).

¹⁶² Reg.1383/2003, Art.5(7).

¹⁶³ Ibid, Art.8(3).

¹⁶⁴ Ibid, Art.8(1).

¹⁶⁵ Ibid, Art.9(3). See also Jones and others, (n.110), question 6; Weidenfeller and McCulloch, (n.158).

¹⁶⁶ Reg.1383/2003, Art.9(1).

¹⁶⁷ Ibid, Art.9(2).

¹⁶⁸ Ibid, Art.9(3).

bring any further action, customs will be informed so that the goods may be released. If counterfeit, customs will also be informed accordingly and the right-holder must within 10 working days start legal proceedings for infringement. The right-holder must then contact the infringer and seek an agreement for destruction of the detained goods within the 10 working days deadline.

Article 11(1) also provides that, if the simplified procedure¹⁶⁹ for destruction has been implemented by a Member State, and if the declarant or holder or owner of the goods does not respond within the prescribed period, his consent will be presumed. The simplified procedure provides a quick and cost-efficient resolution for the destruction of counterfeit goods at the right-holder's expense. In *Schenker SIA v Valsts ienemumu dienests*¹⁷⁰, the ECJ ruled that the initiation of the simplified procedure laid down in Article 11 of Regulation 1383/2003 did not deprive the competent national authorities of the power to impose on the parties responsible for importing those goods into the Community customs territory a penalty, within the meaning of Article 18 of that Regulation, such as an administrative fine. In this regard, the ECJ also recalled that Member States were supposed to introduce penalties in cases in which the Regulation is infringed which were to be effective, proportionate, and dissuasive¹⁷¹.

If the declarant or holder or owner of the goods objects to their destruction¹⁷², the right-holder will have to initiate court proceedings to establish an actual infringement of his rights within the 10 working days deadline pursuant to Article 13. At this point, depending on the legal framework in the respective Member State, action may be brought either under civil, criminal or administrative proceedings¹⁷³. The serving of a writ of summons before the courts, for example, will in principle fulfill the requirement of Article 13(1). In most countries, interlocutory proceedings, interim measures, and proceedings on the merits will all be considered satisfactory by customs authorities in the framework of the Article 13 provision¹⁷⁴. In deciding whether or not the goods infringe IPRs in the context of proceedings provided for in Article 13(1), reference shall be made to the national law within which the goods at issue have been intercepted¹⁷⁵.

¹⁶⁹ Simplified procedure in the context of Reg.1383/2003 means litigation is unnecessary if the owner of the goods agrees to their destruction.

¹⁷⁰ (Case C-93/08), [2009] E.C.R. I-903 (ECJ (2nd Chamber)).

¹⁷¹ Schneider M, 'Complicating the simplified procedure', [2009] 4(6) *JIPLP* 394-396; __, 'Destruction of counterfeit goods does not preclude fine', Case Comment, [2009] 249 *EU Focus* 12-13.

¹⁷² Reg.1383/2003, Art.11(2).

¹⁷³ See Schneider and Vrins, (n.115), p.149-151; Weidenfeller and McCulloch, (n.158); Jones and others, (n.110), question 8.

¹⁷⁴ See Schneider and Vrins, (n.115), p.150.

¹⁷⁵ Reg.1383/2003, Art.10.

If goods are found to infringe IPRs, customs authorities will act according to the court order. Under Article 16, infringing goods shall not be allowed to enter into the Community customs territory, be released for free circulation, removed from the Community customs territory, exported, re-exported, placed under a suspensive procedure or placed in a free zone or free warehouse.

It seems that, although Regulation 1383/2003 on the whole provides an effective regime for the protection of IPRs at the border, there are still a few shortcomings that can be improved. These include, for example, the uncertainty about customs powers concerning the status of goods in transit, the issue of the practice of the simplified procedure whereby the goods may be destroyed without any need to determine whether infringement has taken place, and also whether the cost of destruction may create an obstacle to the right-holder in enforcing his rights¹⁷⁶. In an effort to ensure customs authorities effectively address counterfeiting issues, the European Commission recently, in close collaboration with the Member States, carried out a review of Regulation 1383/2003. In September 2008, the Council¹⁷⁷ invited the Commission and the Member States to review this regulation and evaluate the improvements needed to the legal framework regarding action against counterfeit products considered to be dangerous to consumers. The European Commission also created the European Counterfeiting and Piracy Observatory (the Observatory)¹⁷⁸ to encourage greater collaboration between consumers, public administration and industry, which provides a platform to join forces, to exchange experiences and information and to share best practice on enforcement. For this purpose, its Legal Sub-group has studied several issues in assessing IPRs legal framework.

In terms of BM, in their study on 'Corrective Measures in IPRs', the Sub-group *inter alia* discussed and considered the issue of the destruction of goods, to see whether any differences or overlap exists in customs, civil and criminal proceedings and also who is responsible for bearing the cost of destruction and storage¹⁷⁹. They noted that, in principle, a court decision confirming an infringement is normally necessary in both civil and criminal proceedings while this is not required in customs procedures since the parties have a possibility to opt for destruction within the simplified procedure rules. In

¹⁷⁶ See also Jones and others, (n.110), Jaeger and others, 'Statement of the Max Planck Institute for IP, competition and tax law on the review of EU legislation on customs enforcement of IPRs', [2010] 41(6), IIC 674-695; Kumar, (n.24).

¹⁷⁷ Council Resolution of 25 September 2008 on a comprehensive European anti-counterfeiting and anti-piracy plan (2008/C 253/01), available at: <<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2008:253:0001:0002:EN:PDF>>.

¹⁷⁸ See Council Resolution of 25.9.2008, (n.170), point 15. Further information about the Observatory can be found at <http://ec.europa.eu/internal_market/iprenforcement/observatory/index_en.htm>.

¹⁷⁹ The document is available at <http://ec.europa.eu/internal_market/iprenforcement/docs/corrective_measures_en.pdf>.

criminal proceedings, destruction is performed by state officials, mainly by the police, and thus the general rule seems to be that the state bears the cost of storage and destruction. In civil proceedings, the cost of destruction, including bailiff services and storage costs have to be paid first by the rights-owner, who then has a claim for reimbursement from the infringer. However, this reimbursement is very hard to obtain, and practice has shown that the infringers are often companies which are liquidated very shortly after an initiation of proceedings¹⁸⁰.

In 2009, the Council requested that a new customs action plan be developed to combat IPRs infringements for the years 2009-2012. This plan¹⁸¹ was developed to tackle four main challenges: dangerous counterfeit goods, organised crime, the globalisation of counterfeiting and the sale of counterfeits over the internet. A key element of this plan is to review the Regulation 1383/2003 'with the aim to clarify and harmonise interpretation', *inter alia* relating to external transit and transshipment, a potential extension of the definition of counterfeit goods, and the simplified procedure for the destruction of seized goods¹⁸². Until 2012, if considered appropriate in the light of this review and after completion of public consultation, the European Commission shall prepare a proposal for a regulation to replace Regulation 1383/2003¹⁸³.

7.5 National Frameworks

7.5.1 The United Kingdom

In the UK, although the Customs office at Southend-on-Sea deals with the receipt of notices under Regulation 1383/2003, customs operations are carried out at major airports such as London, Manchester, Prestwick, lesser airports, sea ports and at the terminus of the Channel Tunnel¹⁸⁴ and postal officer in Birmingham.

Regulation 1383/2003 was given effect in the UK by The Goods Infringing Intellectual Property Rights (Customs) Regulations 2004 (SI 2004 No 1473) as amended by The Goods Infringing Intellectual Property Rights (Customs) (Amendment) Regulations 2010 (SI 2010 No 324)¹⁸⁵ which came into force on 10 March 2010, and The Goods Infringing Intellectual Property Rights (Customs) (Amendment) (No 2) Regulations 2010 (SI 2010

¹⁸⁰ Ibid.

¹⁸¹ Council Resolution of 16/03/2009 on the EU Customs Action Plan to combat IPR infringements, 2009-2012 OJ (2009/C 71/01), available at: <<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2009:071:0001:0007:EN:PDF>>.

¹⁸² Ibid, p.4. See also Ruse-Khan HG, Jaeger T and Kordic R, 'The role of Atypical Acts in EU external trade and IP policy', [2011] 21(4) *EJIL* 901-939, p.926-927.

¹⁸³ Further information is available at: <http://ec.europa.eu/taxation_customs/common/consultations/customs/ipr_2010_03_en.htm>.

¹⁸⁴ Firth A and Phillips J, 'United Kingdom', in Vrins and Schneider, (n.66), p.1082.

¹⁸⁵ The document is available at <http://www.bailii.org/uk/legis/num_reg/2010/uksi_20100324_en_1.html>.

No 992)¹⁸⁶ which came into force on 16 April 2010. This later amendment inserted a simplified procedure to bring it fully into line with EU Regulation 1383/2003.

Regulation 1383/2003 provides a facility for owners of IPRs to apply to customs administrations for action to help them protect their rights in respect of consignments of goods crossing the European Community's external frontier. In the UK, Her Majesty's Revenue & Customs (HMRC) is responsible for national Customs policy governing IPRs enforcement at its external border¹⁸⁷. Any right-holder applying for customs action is required under Regulation 1891/2004 to provide any proof showing the existence and interest in the right under which the application is submitted. For this purpose, proof of registration of a trademark in the UK may be used as proof of entitlement to file such an application¹⁸⁸. Since the UK courts have not yet construed the meaning of the 'right-holder' in the context of Regulation 1383/2003, licensees, distributors and commercial agents may therefore fall within the categories of persons entitled to make an application as 'authorized users'¹⁸⁹.

In situations where the right-holder does not have prior knowledge of infringing products arriving in the UK, if HMRC discovers suspected infringing goods they will detain the goods by exercising the ex-officio action for 3 working days without any extension and request that the right-holder submits the relevant application¹⁹⁰. For this purpose, HMRC may disclose to the right-holder the actual or supposed number of items and their nature, but if a valid application is not submitted by the right-holder within 3 working days the goods shall be released¹⁹¹. If an application is submitted, the procedure in Notice 34 para 5.2.1 shall apply, but the 10 working days period shall begin on the day following the acceptance of the application for action. Ex-officio action, however, is not permitted in cases involving perishable goods¹⁹².

The application for customs action may be submitted to the HMRC by the applicant in Form C1340, which covers action in relation to the UK only, or Form C1340A, where the rights-holder requires Customs action in two or more Member State. This action then prohibits entry into the Community and the export or re-export from the Community of infringing goods¹⁹³. The requisite application forms are available from HMRC.

¹⁸⁶ The document is available at <http://www.bailii.org/uk/legis/num_reg/2010/uksi_20100992_en_1.html>.

¹⁸⁷ See HM Customs Notice 34 IPRs: (June 2010), para 1.4, <http://customs.hmrc.gov.uk/channelsPortalWebApp/downloadFile?contentID=HMCE_CL_000244> accessed 12/01/2011.

¹⁸⁸ Ibid, para 3.2.

¹⁸⁹ See Firth and Phillips, (n.184), p.1075.

¹⁹⁰ Notice 34, para 3.4.

¹⁹¹ Ibid, para 5.2.2.

¹⁹² Ibid.

¹⁹³ Firth and Phillips, (n.184), p.1078: "Both forms actually duplicate the forms annexed to Reg.1891/2004 which is important to assure consistency with Art.5(5) first indent of Reg.1383/2003".

The application must be accompanied by a completed declaration (Annex IB or Annex IIB of the application form) in compliance with Article 6 of the Regulation 1383/2003 stating the applicant's undertaking to pay all costs and liabilities incurred under Regulation 1383/2003 in the event that any procedure initiated by him should be discontinued owing to his own action or omission or when the goods are subsequently found not to infringe IPRs¹⁹⁴. If the application is submitted in Form C1340A in respect of IPRs arising under a Community law, the applicant must also agree to bear any translation cost¹⁹⁵.

The application must contain core information which identifies the IPRs, the status of the applicant whether as right-holder, authorized user or representative, contact details of a person appointed by the applicant and essential data on the authentic goods¹⁹⁶. Further information which is specific to the type of IPRs referred to in the application may also be required by the customs authorities under Article 5(6) of Regulation 1383/2003. In addition, the applicant may also be requested to provide as much specific information about the expected shipment as possible to customs authorities to ensure the success of the customs action¹⁹⁷. However, Article 5(8) of Regulation 1383/2003 allows an appeal if the customs authorities decline to process the application form, but there is no specific appeal provision in the UK. Nevertheless a general two-stage appeal procedure was established by the Finance Act 1994 as amended; with further appeal matters being added under the Customs Reviews and Appeals (Tariff and Origin) Regulations 1997¹⁹⁸.

Application forms should be lodged with HMRC by the rights-holder 30 working days prior to when he expects the infringing goods to be imported or exported, or before he wants the monitoring process to begin¹⁹⁹. HMRC does not charge the right-holder an administration fee for processing his application²⁰⁰. If successful, the application will remain valid for a period of twelve months and can be extended for further twelve-month periods upon subsequent application²⁰¹. The applicant will then be informed as to whether or not his application is accepted, usually within 30 working days as under Regulation 1383/2003²⁰².

When HMRC detains suspected goods, they will notify both the rights-holder and the alleged infringer of such action and provide them with the estimated or actual quantity

¹⁹⁴ See also Notice 34, para 3.7.

¹⁹⁵ Reg.1383/2003, Art.6(2).

¹⁹⁶ Ibid, Art.5(5), Forms C1340 and C1340A; Firth and Phillips, (n.197), p.1079.

¹⁹⁷ Notice 34, para 4.3.

¹⁹⁸ Firth and Phillips, (n.184), p.1080.

¹⁹⁹ Notice 34, para 3.4.

²⁰⁰ Ibid, para 3.6.

²⁰¹ Reg.1383/2003, Art.8(1); Notice 34, para 3.6 (a).

²⁰² Notice 34, para 5.1.

and nature of the goods²⁰³. Where the right-holder has a valid application in force, HMRC will also, at his request, provide him with the name and address of the declarant, consignee, consignor, importer or exporter and manufacturer²⁰⁴. This information, however, is provided only to help the applicant to determine if the goods may infringe a protected right for the purpose of contacting the declarant, holder or owner of the goods to seek their abandonment or to initiate proceedings to determine whether an IPR has been infringed²⁰⁵. It must also be borne in mind that the disclosure provisions in Regulation 1383/2003 do not permit this information to be used for any other purposes or to be disclosed by the right-holder to any other person²⁰⁶.

In determining whether or not the goods are infringing IPRs, the right-holder is allowed to examine a sample and, if requested, the importer or exporter will also be allowed to do the same. The right-holder then has 10 working days (which can be extended for another 10 working days) from the date he is notified of the goods' detention to submit a written opinion to HMRC, setting out the reasons as to whether or not the goods are infringing or to confirm their abandonment under Article 11 of Regulation 1383/2003 and Regulation 7 of Customs Regulations 2004 SI No 1473 (Customs Regulation 2004)²⁰⁷. As Regulation 2(1) of Customs Regulations 2004 defines 'goods infringing an intellectual property right' in terms of Article 2(1) of Regulation 1383/2003, the definitions therefore coincide exactly²⁰⁸. Counterfeit goods in this regard are defined as goods (including packaging) bearing, without the owner's consent, a trademark which is identical or cannot be distinguished in its essential aspects from validly registered UK or EC trademarks for the same type of goods²⁰⁹. Sections 9 and 10 of the Trade Marks Act 1994 (TMA 1994), however, provide a wider definition of infringement where the use of a mark in the course of trade, or use of a similar mark, may infringe if the goods are identical²¹⁰, similar²¹¹, or dissimilar²¹².

Once HMRC is satisfied that the goods are indeed infringing, they will detain or seize in accordance with the relevant EC or UK legislation²¹³. For this purpose, any detention or subsequent seizure of goods at the UK frontier will be carried out under the Customs and Excise Management Act 1979 (CEMA 1979)²¹⁴.

²⁰³ Ibid, para 3.8; Reg.1383/2003, Art.9(1)–(2).

²⁰⁴ Notice 34, para 3.8; Reg.1383/2003, Art.9(3).

²⁰⁵ Notice 34, para 3.8.

²⁰⁶ Reg.1383/2003, Art.12 and Customs Reg.2004, Reg.11.

²⁰⁷ Notice 34, para 5.2.1.

²⁰⁸ Firth and Phillips, (n.184), p.1065.

²⁰⁹ Notice 34, para 2.2.1.

²¹⁰ TMA 1994, s.10(1).

²¹¹ Ibid, s.10(2).

²¹² Ibid, s.10(3). See also Firth and Phillips, (n.184), p.1067, para 28.26.

²¹³ Notice 34, para 5.2.

²¹⁴ Ibid, para 4.3.

In cases where the goods are found to be counterfeit, the right-holder should refer the matter to the relevant UK court and provide HMRC with evidence that he has begun proceedings before the expiry of 10 working days²¹⁵. HMRC will deal with the goods in accordance with any relevant order made by the Court²¹⁶. The right-holder is then under an obligation to actively pursue proceedings, otherwise the detained goods will be released, subject to the satisfactory completion of all Customs formalities²¹⁷.

The right-holder may also apply for the destruction of goods under a simplified procedure. Under Article 11 of Regulation 1383/2003 and Regulation 7 of Customs Regulation 2004, a simplified procedure has been provided for a quick and effective procedure for the destruction of infringing goods provided that the right-holder has within a specified time period demonstrated that the goods are indeed infringing and reached an agreement with the interested parties (consignee or importer) to destroy the goods without bringing the matter to be determined by court proceedings whether or not an IPR has been infringed under national law²¹⁸.

For this purpose, Regulation 7(1) of Customs Regulation 2004 requires the right-holder to inform the HMRC in writing within a specified period (within 10 days of receiving notification by HMRC that the goods have been suspended or three days for perishable goods) that the goods are in fact infringing goods and either of the following conditions applies:

- (a) the right-holder has provided HMRC with the written agreement of the declarant, holder or owner of the goods (the interested parties) that the goods may be destroyed; or
- (b) no interested party has opposed the destruction of the goods within the specified period.

However, where there is more than one interested party, HMRC will not be able to destroy the infringing goods if any of them specifically oppose the destruction²¹⁹. The right-holder must also, within the initial 10 days period, write to the importer requesting its consent to treat the goods as abandoned for destruction and specify a deadline of 10 days from the date of the letter to respond²²⁰. The right-holder or an interested party may request that the prescribed period be extended by a further 10 working days but the entire period shall not exceed a total of 20 working days. If the interested party does not agree to their abandonment then he should confirm this in writing within a one-month

²¹⁵ Ibid, para 5.2.1.

²¹⁶ Ibid, para 5.2.3.

²¹⁷ Ibid.

²¹⁸ Ibid, para 5.3; Reg.2004, Reg.7(1) and (2).

²¹⁹ Reg.2004, Reg.7(2).

²²⁰ Ibid, Reg.5; Notice 34, para 5.3.

period to the right-holder or his representative explaining the reason for not agreeing to abandon the goods²²¹. In this situation, HRMC will institute condemnation proceedings under Schedule 3 of the CEMA 1979 and the contestant will be liable for the costs incurred for this purpose²²².

If a response has not been received once the 10 days deadline has expired, the right-holder may request that the HRMC proceeds to destroy the goods on the basis that the importer or the interested party is presumed to consent under Article 7 of the Customs Regulation 2004²²³. Where goods are treated as abandoned for destruction, the proprietor will bear the expense and the responsibility for the destruction unless otherwise specified by HMRC²²⁴.

Before the amendment of Customs Regulation 2004 in 2010, the simplified procedure was only available for counterfeit or pirated goods, but the new Regulations apply to all goods infringing IPRs as defined in Article 2(1) of Regulation 1383/2003 to include patents, plant variety rights, trademarks, copyright and related rights, design rights and geographical indications. This means that in certain circumstances such goods might be seized by Customs on the basis of a witness statement alone²²⁵. This amendment was made following the decision in *HMRC v Penbrook Enterprises Ltd*²²⁶, whereby the court decided that the procedure as practiced previously where suspected goods could be permanently seized at UK borders simply on the basis of a witness statement provided by the right-holder did not fulfill the requirements of Article 13 of Regulation 1383/2003. Since the Regulations have direct effect in the UK, the Court held that no departure from the Article 13 process could be justified. Accordingly, on 22 June 2009, HMRC wrote to businesses to notify them of an immediate change of policy. As a result, HMRC requires that no allegedly counterfeit or pirated goods would be formally seized by Customs unless court proceedings were initiated by the right-holder within 10 days of notification, and that there could be no destruction of the goods without a court order unless consent was received from the consignee or importer of the goods. The simplified procedure before and after the *Penbrook*²²⁷ case therefore could be simplified as follows:

²²¹ CEMA 1979, Sch.3, para 3.

²²² Notice 34, para 5.4. See also Firth and Phillips, (n.184), p.1086: "Condemnation proceedings are themselves court proceedings to determine the status of the suspected goods".

²²³ CEMA 1979, Sch.3, para 5.

²²⁴ Reg.2004, Reg.7(4)(a).

²²⁵ See Wilson D and Montagnon R, 'IP: HMRC issues new "simplified procedure" for the seizure and destruction of goods infringing intellectual property rights', [2010] 32(8) *EIPR* N72-75.

²²⁶ [2008] NCMag2, unreported 9 December 2008.

²²⁷ *Ibid.*

Procedure pre <i>Penbrook</i>	Procedure post <i>Penbrook</i>
<ul style="list-style-type: none"> - Suspect goods detained - Right- holder informed - Suspect goods assessed and deemed counterfeit by rights-holder - Witness statement provided to HMRC - Goods destroyed (subject there is no objection by consignee or importer) 	<ul style="list-style-type: none"> - Suspect goods detained - Rights-holder informed (<i>notification date</i>) - Rights-holder has 10 days (which may be extended to 20 days) to issue proceedings or goods will be released - Court order required for destruction unless importer consents to destruction

It is clear that, the procedure post-*Penbrook* put the burden of proof upon the right-holder, who must confirm the infringing nature of the goods by taking legal proceedings and no longer by merely providing a witness statement. In most situations, initiating court proceedings is likely to be expensive, and thus very unfavourable to the right-holder who may be discouraged from pursuing the action further. If this is the situation, this procedure may indirectly influence the flow of counterfeit goods into the national market.

However, a new simplified procedure is set out in the Goods Infringing Intellectual Property Rights Customs (Amendment) (No. 2) Regulations 2010²²⁸ (Regulations 2010) which amend Customs Regulation 2004 and would enable the right-holders to issue less costly court proceedings and introduce a summary disposal procedure²²⁹. As EU Customs Action Plan for the years 2009-2012 is still ongoing, it is hoped that this issue will be taken into consideration in order to improve the effectiveness of Regulation 1383/2003 as a whole. In terms of the cost and responsibility that the right-holder must bear under the simplified procedure²³⁰, the EU Sub-group in their study on 'Corrective Measures in IPRs' had *inter alia* discussed and considered the issue of the destruction of goods in terms of whether or not any differences or overlaps existed in customs, civil and criminal proceedings and also who is responsible to bear the cost of destruction and storage²³¹. In the meantime, right-holders must consider each case individually as to whether or not a reported consignment is significant enough to merit issuing court proceedings²³².

²²⁸ The document is available at <http://www.legislation.gov.uk/ukxi/2010/992/pdfs/ukxi_20100992_en.pdf>. See also comment in Herbert Smith, 'HMRC issues new "simplified procedure" for the seizure and destruction of goods infringing IPRs', (IP newsflash, 29 March 2010), <<http://www.herbertsmith.com/NR/rdonlyres/6405CBE4-FAE5-4B8E-9CBA-AD5DFE60BE56/15256/290310CustomsSeizureDavidWilsonandRachelMontagnonv.html>> accessed 12/02/2011.

²²⁹ Hertzog J and Nuna P, 'Anti-counterfeiting 2010 – a global guide: United Kingdom', (Country Report), p.232, <<http://www.worldtrademarkreview.com/issues/Articles.aspx?g=9d700a1e-3549-41e7881bb670a394df3a>> accessed 25/01/2011; Jones and others, (n.110), addendum.

²³⁰ Reg.2004, Reg.7(4)(a).

²³¹ See n.179 above.

²³² Ibid. See also The IPKat, 'UK customs procedures and the burden of proof', <<http://ipkitten.blogspot.com/2009/06/uk-customs-procedures-and-burden-of.html>> accessed 10/09/2010.

7.5.2 Malaysia

In fulfilling the obligations under the TRIPS Agreement, Malaysia has enacted various border provisions, particularly in its TMA 1976 where a whole new provision in Part XIVA (sections 70C to 70P) has been inserted through the amendment in 2000 (which came into force on 1 August 2001²³³). Pursuant to these provisions, customs authorities are empowered to prohibit any person from importing counterfeit trademark goods into Malaysia. This allows the customs authorities to seize goods suspected to bear infringing trademarks at the point of entry into Malaysia and provides for the conditions and procedures to be met.

Under section 70C of the TMA 1976, "counterfeit trademark goods" are defined to mean any goods, including packaging, bearing marks which are identical or so nearly resembling or marks which cannot be distinguished in these essential aspects from the registered trademark and which infringe the right of the proprietor of the trademark. This provision appears to provide BM protection only for registered trademark goods, and thus is not available in cases involving trademarks pending registration.

When counterfeit goods are suspected of being imported into Malaysia, application for customs action in Form TM30 supported by an affidavit and a fee of RM300²³⁴ can be submitted to the Registrar of Trade Marks by the proprietor of a registered trademark or his agent pursuant to section 70D. Commencing from 15 February 2011, a fee of RM300 is charged if the application is filed electronically and RM330 if done manually²³⁵. The imposition of fees here is in contrast to what the practice in the UK, where fees were abolished in 2003 by the Goods Infringing IPRs (Customs) Regulation 2003 (SI 2003 no.1316)²³⁶ and with the provision of Article 5(7) of Regulation 1383/2003. However, no international requirement is violated as the TRIPS Agreement is silent about this issue.

The affidavit must identify the registered trademark of the applicant, and that counterfeit goods are expected to be imported and that he objects to such importation²³⁷. Further information required includes particulars of the importer, the expected arrival time of the counterfeit goods, the registration number of the shipment, vehicle or aircraft and place of origin of the counterfeit goods²³⁸. Upon approval of the application, the Trade Marks Registrar will inform the applicant and the authorised officer who is usually a Customs

²³³ Malaysian TMA (Amendment) 2000.

²³⁴ TMR 1997, Reg.83A(1).

²³⁵ See TMR (Amendment) 2011, P.U. (A) 47/2011, 1st.Sch.

²³⁶ Firth and Phillips, (n.184), p.1061.

²³⁷ TMA 1976, s.70D(1) (a)-(c).

²³⁸ Form TM30.

officer or any public officer²³⁹. The applicant is required to deposit a payment as security to reimburse the Registrar for any liability, expenses or compensation ordered against them²⁴⁰. The amount of security is decided by the Registrar taking into account various factors including the estimated value of the imported goods objected to by the applicant. The Registrar's approval lasts for 60 days from the day it was given²⁴¹. This is also in contrast with the 12 months period in the UK and Article 8(1) of Regulation 1383/2003. When approval has been given and has not lapsed or been withdrawn, the importation of any counterfeit trademark goods into Malaysia shall be prohibited²⁴².

Section 70D(8) also provides that customs action in this regard does not cover goods in transit²⁴³. This is, however, in contrast with the decision in the *Philip Morris* case, as mentioned earlier²⁴⁴, where the court decided that Malaysian customs authorities have the power and continue to hold jurisdiction over and in the free zones areas, thus allowing them to seize counterfeit goods even when they are in transit.

If imported goods are detained, the Customs office must notify the Registrar, importer and applicant, including the place where the detained goods are stored²⁴⁵. The notice will also state that the goods will be released unless an action for infringement is instituted by the applicant within a specified period from the date of the notice²⁴⁶. The period specified is extendable upon the applicant's application²⁴⁷. Seized goods shall be taken to such a secure place as the Registrar may direct or as the authorized officer deems fit²⁴⁸. If they are stored on the direction of the authorized officer, the latter shall inform the Registrar of the whereabouts of the seized goods²⁴⁹.

Similar to Article 9(3) of Regulation 1383/2003, section 70H of the TMA 1976 also allows the applicant or the importer to inspect the seized goods subject to the submission of written undertakings stating that reasonable care will be exercised to prevent damage to the sample and that it will be returned to the Registrar within a specified time²⁵⁰. In this situation, the Registrar is not liable for damage to any of the seized goods incurred during that inspection²⁵¹.

²³⁹ TMA 1976, s.70D(7).

²⁴⁰ Ibid, s.70E.

²⁴¹ Ibid, s.70D(5).

²⁴² Ibid, s.70D(6).

²⁴³ This is in compliance with TRIPS, Art.51.

²⁴⁴ See n 28.

²⁴⁵ Ibid, s.70G(1)

²⁴⁶ Ibid, s.70G(2).

²⁴⁷ Ibid, s.70G(3).

²⁴⁸ Ibid, s.70F(1).

²⁴⁹ Ibid, s.70F(2).

²⁵⁰ Ibid, s.70H(1)-(4).

²⁵¹ Ibid, s.70H(5).

In cases where there is an infringement and the applicant has instituted an action to court, the Court may, depending on the circumstances of the case and pursuant to section 70L(1), order the following relief in addition to that applied for in the action:

- (a) to release the goods on condition;
- (b) to release the goods at the end of the specified period; or
- (c) to forfeit the goods and direct their disposal in a suitable manner²⁵².

If no action is taken by the applicant or the action is dismissed or discontinued²⁵³, the detained goods are released and the defendant or person aggrieved by the applicant's action may seek compensation²⁵⁴.

In situations where customs authorities had acquired *prima facie* evidence showing that the goods are counterfeit trademark goods, they may apply ex-officio action to detain or suspend the release of such goods²⁵⁵ and after that inform the Registrar, the importer and the proprietor of the trademark of such action²⁵⁶. Any authorised officer who conducted an ex-officio action will only be exempted from liability such as wrongful detention if he acted in good faith²⁵⁷. *Prima facie* in general denotes evidence that, unless rebutted by other evidence, would be sufficient to prove a particular proposition or fact²⁵⁸. There is no provision in the TMA 1976 explaining the meaning of *prima facie* evidence in this respect, except in section 36 which states that a registration of a person as a registered proprietor of the trademark shall be *prima facie* evidence of the validity of the original registration of that trademark.

By contrast, Article 4(1) of Regulation 1383/2003 requires the existence of *sufficient grounds* for suspecting that goods infringe an IPR to enable the customs authorities to take ex-officio action. It is argued that, if *prima facie* evidence in section 70O(1) is equivalent to *sufficient grounds* in Article 4(1), thus any specific information or detailed description of the goods involved which appears to infringe a registered trademark may be regarded as *prima facie* evidence that would be sufficient to be used as proof that the goods are counterfeit in this respect. If this is the case, it is argued further that the words *prima facie evidence*, which often invite arguments in determining the standard of proof in Malaysia²⁵⁹, may be replaced by *sufficient grounds* to be more clear for this purpose.

²⁵² Ibid, s.70M.

²⁵³ Ibid, s.70J.

²⁵⁴ Ibid, s.70K.

²⁵⁵ Ibid, s.70O(1). See also TRIPS, Art.52.

²⁵⁶ Ibid, s.70O(2).

²⁵⁷ Ibid, s.70O(3).

²⁵⁸ See Robillard WG, *Evidence and procedures for boundary location*, 4th edn, (Hoboken: JW SI, 2002), p.21.

²⁵⁹ In *Tan Ah Ting v PP* [1974] 2 MLJ 38 for example, Wan Sulaiman FJ observed that the terms 'prima facie case' and prima facie evidence' have suffered from lack of uniformity in their meaning. He said: "Prima facie evidence: first sense...where a party's evidence in support of an issue is sufficiently weighty to

As argued by Firth and Phillips, in the absence of authoritative case law clarifying these terms it is not possible to define with confidence the standard by which 'sufficient grounds for suspecting that the goods infringe an IPR' must be measured²⁶⁰. In this regard, it is reasonable to suppose that grounds for suspecting infringement will be taken to be a far wider term than grounds for establishing liability. The fact that a suspected infringer may have a defence under civil law in an action for infringement may exonerate him from both civil and criminal liability, but will not prevent his actions from being prima facie suspicious²⁶¹.

In Malaysia, there has been little or no use of the BM provisions to date under the TMA 1976. This is due to the difficulty in obtaining information required to be provided when making the application (i.e Form TM30: the name and address of the importer, the name and registration number of the ship, aircraft and/or vehicle number and the place of origin of the counterfeit goods) which in most cases is simply not available to the trademark owner²⁶². The limited power of customs in enforcing IPRs may also contribute to this situation. It is to be noted that, whilst the customs is empowered to seize infringing goods at port, the application must first go through the Registrar of Trade Marks, which is a time-consuming and cumbersome task²⁶³.

7.6 Conclusion

The implementation of BM is generally in compliance with the international standards imposed by the TRIPs and other relevant legislations by both countries, the UK and Malaysia. It reflects keenness of the governments to provide preventative measure to avert any potential infringement of an IPR at the earliest possible point before the goods enter the national market. It seems that the best alternative is for the right-holders to use this approach as a pre-emptive strike when they have reason to believe that their IPRs have been or will be infringed. The effectiveness of this approach, however, depends in most situations on good cooperation and communication among the parties involved,

entitle a reasonable man to decide the issue in his favour, although, as a matter of common sense, he is not obliged to do so. Prima facie evidence: second sense (presumptive evidence)...where a party's evidence in support of an issue is so weighty that no reasonable man could help deciding the issue in his favour in the absence of further evidence". See also Dusuki FN, 'The standard of proof at the close of the prosecution case: is the question finally resolved?' [2006] 3 *CLJ* lxxxv; Rubin MPH, 'Standard of proof relating to sufficiency of evidence at criminal trial: mental gymnastics since Haw Tua Tau', [1996] 2 *CLJ* lxiv.

²⁶⁰ Firth and Phillips, (n.184), p.1073.

²⁶¹ Ibid.

²⁶² Interview with RMC (n.31); Tay and Partners, 'Malaysia', in ICC Commercial Crime Services, CIB, International Guide to IPRs Enforcement, 1st edn, 2006, p.111 <<http://www.icccs.org/images/stories/pdfs/ccs%20ip%20rights%20guide%202006.pdf?phpMyAdmin=F5XY3CeBeymbElbQ8jr4qlxK1J3>> accessed 05/05/2010; See also Kohli V and others, 'Border control measures and the interface with private international law, ZEUS Law Associates, <http://www.zeus.firm.in/Journals/border_control.pdf> accessed 20/12/2010, p.7.

²⁶³ Interview with RMC (n.31).

and particularly between the customs authorities and the right-holders. The existing provisions of BM in both countries thus far may be considered as sufficient to address current problems but there is still room for improvement, especially involving issues of goods in transit. With regard to the role of government, particularly in the Malaysian context, it seems important to lobby for changes in the law since political will in most cases will support the enforcement of IPRs²⁶⁴.

In terms of goods in transit, it is argued that in the EU the uncertainty in the decisions of *Nokia* and *Philips* may create confusion in the national courts in Member States as to whether or not customs authorities have the power to detain such goods. By contrast, Malaysia in *Philip Morris* took a different approach by allowing customs authorities to detain such goods even while they were in transit within a free zone. Since transshipment processes in many situations could offer a comfortable platform for the operation of counterfeiting activities, such as in re-packaging and re-labelling without interference or hindrance from the authorities, it is suggested that the law governing this issue should facilitate trade activities while at the same time being capable of monitoring and curbing counterfeiting activities. Otherwise, exploiting transshipment will defeat the purpose of BM legislation. Thus, taking into consideration Kitchin J's observation in *Nokia*, perhaps a better solution could be reached when the EU Customs Action Plan²⁶⁵ ends in 2012.

The above discussion also shows the importance of close cooperation and effective communication between the right-holders and the customs authorities in ensuring the effectiveness of BM. This approach will not work if either party is ill-informed or does not take the necessary actions when informed. In certain situations, the right-holders also do not have all the information requested, which hence renders them unable to proceed further. This is certainly the situation in Malaysia which, as a result, has seen very little or no use of this approach thus far²⁶⁶. Despite the fact that BMs have not been well-received among rights-holders, it is argued that their use should not be under-utilized by the customs authorities. Taking into account that Malaysia has two important ports²⁶⁷, the customs authorities should enhance the use of their ex-officio power in detecting goods which are suspected of infringing IPRs. Although the government should increase the resources in this context, it is argued that early detection may prevent the goods from reaching consumers and the government can still earn revenue from the fines and compounds imposed on the parties concerned.

²⁶⁴ Jewell C, 'Country focus: where there's a will, there's a way!', WIPO magazine, September 2009, <http://www.wipo.int/wipo_magazine/en/2009/05/article_0010.html> accessed 29/03/2010.

²⁶⁵ See n.181.

²⁶⁶ See n.262 above.

²⁶⁷ See Table 1.2 in chap.1.

It is also noted that the current legal regimes are focused on and implemented only with respect to the import procedures and laws, thus devoting very little attention to issues involving the export of counterfeit goods. As distribution activities are conducted using both import and export, it is suggested that procedures concerning exports must also be adopted to ensure that the overall mechanisms are appropriate in this regard.

CHAPTER EIGHT: CONCLUDING REMARKS

The tragic death of Connor O'Keefe was only one example that demonstrated the breadth and gravity of counterfeiting problems. It reinforces the hypothesis of this study that the harm associated with counterfeiting unjustly impacts on public safety and health, legitimate industries and the economy of a country, thus emphasising the need for effective mechanisms to address the problem. Stemming from this concern, the purpose of this study, as explained in Chapter 1, has been to examine whether or not the existing legal enforcement mechanisms of IP laws at the international level and also as practised in Malaysia and the UK are comprehensively adequate for fighting counterfeiting, and to see whether each country's experience could assist the other in achieving this. Chapter 1 also highlights how Malaysia is more vulnerable than the UK to counterfeiting activities, given its location within the manufacturing region for such goods and the fact that two of its ports are among the world's top 20 busiest container ports, thus contributing to the increase of counterfeit goods entering the country.

The objectives and research questions of this study have been addressed by employing a combination of doctrinal, socio-legal and comparative legal approaches as discussed in Chapter 2. Doctrinal analysis is corroborated by interviews with key figures in this area (official, judicial and practitioner) in Malaysia and Europe. The findings of this study are intended to provide policymakers with an effective available enforcement framework without resulting in drastic structural changes, yet conforming to international standards. Proper implementation and effective enforcement not only assist the country in question by meeting international requirements, but importantly, benefit the public at large as they will be better protected from the risk caused by counterfeit goods.

Returning to the research questions posed in Chapter 1:

RQ1: What global data sources exist on the issue of counterfeiting to bring them to the attention of the national enforcement authorities, how may they usefully be assessed and what do they tell us of the characteristics of the problem?

As one of the world's fastest growing and most profitable industries, counterfeiting does indeed appear to be attractive. Many studies have been undertaken investigating the problem, including by the relevant IP industries, anti-counterfeiting organizations and

enforcement authorities. The discussion in Chapter 3 identifies the relevant range of data sources on counterfeiting which are classified into three main categories:

- Enforcement and judicial agencies
- Companies and industry bodies
- Economic impact studies by research consultancies

As each category has its strength and weaknesses, the data used must be interpreted with caution. Chapter 3 also reveals the difficulty in obtaining precise data on the scale of counterfeiting given the illicit nature of this activity, and identified the following limitations in this regard:

- Data from the enforcement authorities may be understated as the estimated figures are only based on reported cases; and
- Almost all data reports seizures on all types of IP infringement due partly to the absence of international uniformity in defining the term “counterfeiting”.

Recognising these difficulties, the chapter argues for and justifies the use of a combination of data from the industry and the enforcement authorities in reducing the weaknesses and bias of the study. This is in line with the discussion of the importance of combined data and approaches employed in this study in Chapter 2. It is submitted that the purpose is not only to counterbalance the deficiency of a single strategy, but also to contribute to understanding the phenomenon. In this regard, Chapter 3 argues that, although the data used is selective, it serves the purpose of this study by revealing the scope and extent of counterfeiting. The data is then supplemented and corroborated by interviews with key figures among the official, judicial and practitioner sectors in Malaysia and Europe who confirmed that ineffective enforcement is one of the key factors contributing to the increasing trend of counterfeiting. Their role in this context is analogous to expert witness whose opinion is also admissible in terms of proving evidence in court. It follows that, in legal research *per se*, the interview technique is certainly necessary to discover the characteristics of practical application and to learn the views of experts in respect of certain legislation.

In terms of the unclear definition of “counterfeiting”, Chapter 3 suggests that a standardised universal definition which limits the term to apply to trademarks only is essential, particularly in obtaining more precise data for future study on this subject.

Since the term “counterfeiting” is a subset of trademark “infringement”, the discussion on both terms in Chapter 3 is summarised in Appendix 4 and Appendix 5 respectively.

For the term “counterfeiting”, it is clear that all respective provisions define the term to cover the unauthorised use of a trademark to goods which is identical or similar to the trademark validly registered without requiring the existence of the element “confusion”¹. On the other hand and in particular in Malaysia, the requirement of showing confusion or deception is a key ingredient in proving infringement of a trademark. In this respect, it must also be highlighted that whilst section 10(3) of the UK TMA 1994 clearly extended the protection against the use of identical sign to dissimilar goods if the trademark has a reputation in the UK, such provision is not provided in section 38(1) of the Malaysian TMA 1976². Instead, prohibition of such use may be inferred from section 57(1) which indicates that the use of well-known mark on dissimilar goods or services without the consent of registered proprietor of a trademark will count to infringement. Thus, it is recommended that the provision of infringement for all categories of goods that are "identical", "similar" and "dissimilar" in the TMA 1976 should be improved and assembled in one main provision in order to facilitate references to infringement provision in Malaysia. It is argued that clear provisions on the use of infringed mark on dissimilar goods is important especially if there is possibility of harm from such use through dilution or tarnishment or the taking of unfair advantage of the registered trademark even if no one is confused.

Based on the international data issued by the WCO and the OECD as well as data from Malaysia, the UK, EU and US, this chapter concludes that there is an increasing trend and scale of counterfeiting, consistent with most of the previous reports on this subject. The problem does not appear to be limited to particular product types or the luxury sector, but is quite general. The chapter then examines how industries and legitimate businesses, governments, employees and consumers representing the public at large are affected by counterfeiting. Counterfeiting is also expected to remain prevalent for a relatively long time, and therefore needs serious attention and action from the enforcement authorities.

RQ2: What are the main problems encountered with the existing legal measures and procedures for fighting counterfeiting in general? Are they efficient and effective enough to address the problem and if so, which are the most effective?

Competent IP legal systems require both the enactment of appropriate legislation and the effective enforcement of rights. Chapter 3 recognises that the weakness in the IP legal system is actually found in a combination of these elements, thus contributing to

¹ See comparison table ‘Definition of counterfeiting’ at Appendix 4.

² See comparison table ‘Definition of infringement’ at Appendix 5.

the increasing trend of counterfeiting. This is despite most WTO member countries already having implemented the necessary legislation that conform to at least the minimum standards of the TRIPS Agreement.

The most significant deficiencies in enforcement appear to be: non-deterrent penalties compared to other type of offences; low priority given by the government; and insufficient resources that affect the way enforcement is carried out. The chapter also submitted that there is a direct connection between the enforcement regime and the prevalence of counterfeiting activities. As the chances of counterfeit products being on the market are lower in places where enforcement is convincing, Chapter 3 suggests that governments should immediately address the flaws in this area by improving the enforcement capacity and allocating sufficient resources.

Chapter 4 strengthens the assessment in Chapter 3 by indicating that appropriate legislation, management mechanisms and enforcement are the essential elements in ensuring the efficiency of IP systems. These elements are basically consistent with the characteristics of a law which, among other things, stresses that any law will only be meaningful if it is enforceable and complied with. This chapter also highlights that the relationship between compliance and effective enforcement is like a game theory in which compliance with the law represents the lowest cost for any individual and non-compliance the highest. Applying this concept to counterfeiting problem, Chapter 4 argues that effective enforcement will increase the counterfeiters' cost of doing business, thus reducing the motivation for producing the products and making it harder for consumers to find and purchase them. The reduction in supply of counterfeit goods would cause an increase in demand for genuine products and perhaps encourage producers of high-end products (with medium to long commercial life) to provide consumers with an extended range of choice. The incentive to innovate may also enable producers to offer goods at cheaper prices as an alternative for consumers, which in the long term will be beneficial for the economic development of a country.

Chapter 4 then examines the existing enforcement measures at the international and national levels. Given the fact that there are a lot of international measures available in this respect, Chapter 4 only discusses treaties dealing with enforcement that either Malaysia or the UK are signatories to. At the national level, this chapter also provides a historical background to the development of trademark law in both countries and *highlights the influence of English common law in the Malaysian legal system generally,*

thus justifying the choice of comparative jurisdictions in this study as discussed in Chapter 1.

This chapter also examines the general court systems in both jurisdictions and identifies differences in the procedures practiced in the Malaysian IP Court and the UK Patents and Patents County Courts (PC and PCC). It then briefly explains how civil and criminal remedies, administrative action and border measures can be used to enforce trademark rights in combating counterfeiting. In terms of IP matters, the most significant difference between the UK's PCC and Malaysian IP Sessions Court concerns the jurisdiction of the courts. Whilst the PCC has greater power in hearing civil matters (including preliminary and final injunction, damages, asset freezing, etc), the actions in Malaysia, must however be initiated in the High Court. The IP Sessions Court only handles criminal matters and does not have the jurisdiction to hear injunction matters. It is suggested that, if wider power is to be given to the Sessions Court judges, they should be trained and have adequate experience before being tasked with more complex cases. Clearly, the effectiveness of the judicial process plays an important role in achieving effective enforcement.

The chapter also identifies that legal provisions in protecting IPRs are basically adequate in fighting counterfeiting problems both at the international and national level, but one serious concern relates to the capability of the enforcement authorities in carrying out their duties. It finally suggests that continuous and joint efforts by government agencies and industry are important to identify weaknesses and to enhance the effectiveness of enforcement efforts.

It is submitted that both of these chapters contribute to answering RQ2 by assessing available legal measures, identifying the key problem that hinders effective enforcement and making recommendations to solve the problem. The IP Court system in Malaysia has been a helpful development and should consider adopting PCC practices.

RQ3: Are the national and international provisions concerning measures and procedures for enforcing IPRs up to the task of preventing and punishing infringements? If not, what improvements should be made? How can the punishments for IP offences be made more severe to provide a stronger deterrent?

RQ4: How effective are the international, regional and inter-governmental legal rules concerning the enforcement mechanisms implemented in Malaysia and the United

Kingdom (UK)? What options should be explored to improve the legal enforcement framework systems?

RQ5: What do legislative comparisons suggest for national legislative reform?

These three research questions are inter-related, and thus in answering them the details of each type of proceeding which is available, that is, civil, criminal and border measures (BM), are considered in Chapters 5, 6 and 7 respectively.

Civil remedies are assessed at pre-trial and full-trial stages in Chapter 5. At the pre-trial stage, the chapter identifies that the initial remedies for right holders include a trap purchase and sending a letter of demand to the suspected counterfeiter. However, where there is a strong basis to believe that counterfeit goods and other important evidence may be destroyed before the case is heard, the chapter identifies that ex-parte interim orders could be the best solution. For three types of interim orders - search orders, freezing injunctions and disclosure orders - application procedures and the principles applied by the court for granting them are examined and analyzed. Although Malaysia closely follows English common law principles in this regard, it is recommended that the powers of the Malaysian IP Sessions Court be enhanced.

At full trial stage, the chapter examines and compares final injunction, delivery up or destruction, damages and accounts of profits. In assessing civil remedies as a whole, this chapter suggests that the existence of specific procedures as provided and practiced by the UK PCC may provide a good lesson for the Malaysian IP Court, particularly in expediting the proceeding in court. It also suggests that, since most provisions in the Malaysian TMA 1976 have not been amended for quite some time, improved provisions are necessary to ensure that Malaysian trademark law is updated and meets current needs, particularly in addressing counterfeiting problems. It finally suggests that civil proceedings should only be pursued if right holders can clearly identify the defendant's financial situation and ability to compensate them. Otherwise, criminal proceedings could be a better choice at least in acting as deterrence for the defendant from continuing his illegal activity.

Criminal actions are evaluated in Chapter 6 which first clarifies the scale of counterfeiting and the harm it causes to qualify for criminal sanctions, and explains the scope of the criminalization of conduct. The chapter argues that the major advantage of criminal

actions is their deterrent effect in preventing further infringement on the part of counterfeiters.

Relevant international provisions, particularly the TRIPS Agreement, are analyzed and the chapter identifies the difficulty in proving the existence of wilful conduct on the part of the defendant in establishing the offence of counterfeiting as required in Article 61 of the TRIPS Agreement. It also identifies that, as the TRIPS Agreement itself does not clarify the meaning of 'wilful' and 'on a commercial scale' and leaves interpretation to national laws, the resulting ambiguity provides difficulties for the national courts to set up suitable parameters in this regard.

Chapter 6 also examines and compares the criminal provisions on counterfeiting in Malaysia and the UK and discusses the powers given to the relevant authorities to take action against counterfeiters. Apart from powers to order search and/or seizure of goods, it also argues that the forfeiture of the assets derived from or obtained directly or indirectly through counterfeiting activities has the potential to become the most effective form of punishment and deterrence for counterfeit operators. *It identifies that both Malaysia and the UK already have the relevant provisions on this matter through their Anti-Money Laundering and Anti-Terrorism Financing Act 2001 and Proceeds of Crime Act 2002 respectively, which could be used more often to fight counterfeiting.*

In general, this chapter finds that both jurisdictions have appropriate legislative structures in protecting and enforcing IPRs, but that the Malaysian legislation still needs further improvement. *The chapter finally suggests that all enforcement officers must be well-trained in handling counterfeiting issues to ensure that the effectiveness and fairness of criminal actions are achieved, and the importance of political motivation is stressed in realizing this aim.*

A brief discussion on Anti Counterfeiting Trade Agreement (ACTA) is also covered in Chapter 6. ACTA arises as a response to the increase of counterfeiting in global trade by introducing and attempts to provide strong enforcement of IPRs, including through accessible, expeditious, and effective civil, administrative, and criminal enforcement mechanisms. This means that ACTA attempts to raise and strengthen the global protection and enforcement of IPRs in both developed and less-developed countries higher than the minimum standards set up by the TRIPS Agreement.

In this regard, taking into account its dynamic discussion to date, it must be noted that this thesis is not intended to discuss in detail the appropriateness of ACTA's stronger enforcement provisions that may be imposed on all countries or criticisms against it particularly on negotiation process that bypassed the established multilateral fora for intellectual trade agreements, including the WIPO and the WTO³. Instead, the ACTA is discussed in a light of one of the most important conclusions of this thesis which showed that effective enforcement is likely to be more important in addressing counterfeiting, as opposed to drafting stronger provisions of substantive law⁴.

It is argued that most of the provisions of ACTA do not overcome the shortcomings of the TRIPS Agreement. For example, there is no significant difference on the definition of "counterfeiting" as already provided in the TRIPS Agreement except that it replaces the TRIPS provision "the law of the country of importation" with "the law of the country in which the procedures ...are invoked". In terms of criminal enforcement, the ambiguity of the words "willful" and "commercial scale" in Article 61 of the TRIPS Agreement that leave room for flexible interpretations by member countries is not being clarified but Article 23 ACTA broadens the notion "commercial scale" as "commercial activities for direct or indirect economic or commercial advantage". Footnote 9 of this Article also expands the scope of counterfeiting from unauthorized use of the mark to the act of importation, thus, it would be sufficient for anyone who intentionally importing a good with a counterfeit mark even if it was unknown that the mark was counterfeit.

In this respect, it is argued that existing international standard required by the TRIPS Agreement is sufficient in protecting rights-holders, if not all, at least to the majority of the WTO member countries. In fact, an adequate IPRs protection is one of the requirements to be complied with by any countries to become a member of WTO, otherwise trade sanctions may be imposed on them. Although it has been suggested that criminal proceedings are most useful against smaller operators⁵ who may be dealt with by devices such as compounding the offence⁶, it is proposed that, rather than formulating new substantive law, member countries may concentrate on the existing provisions and explore how they can be improved effectively. This may include by allocating sufficient budget for the enforcement authorities to train their staff and supply them with appropriate equipments in carrying out their duties, educating the public on the harm of

³ See for example Yu PK, 'Enforcement, economics and estimates', (2010) 2(1) *The WIPO Journal* 1; Yu PK, 'Six secret (and now open) fears of ACTA', (2011) 64(3) *SMU Law Review* 975. See also Mercurio B, 'Beyond the text: the significance of the Anti-Counterfeiting Trade Agreement', (2012) *Journal of International Economic Law*, 1–30.

⁴ See discussion at 6.4.1(d) at p.173.

⁵ See discussion at the last three paragraphs at 6.4.1(b) on Malaysian TDA 2011.

⁶ Ibid.

counterfeit goods and also obtaining the government support on the issue of enforcement.

The role of BM is assessed in Chapter 7. It first analyses the inter-connected factors contributing to the global distribution of counterfeit goods. The chapter identifies that convenient free-trade zones were originally intended to facilitate international trade but have turned into an ideal platform for counterfeiters to store, assemble, re-pack and transship counterfeit goods. International and regional frameworks providing the law on BM are examined and analyzed. Apart from the TRIPS Agreement and the WCO Model Law, EU Regulation 1383/2003 is also discussed in detail. The scope and procedures outlined in the Regulation are examined and analyzed and the provisions and practices in both jurisdictions are compared.

The chapter identifies the difficulty in the TRIPS Agreement and Regulation 1383/2003 on goods in transit, as there is no clear provision or guideline that empowers the customs authorities to take action in free trade zones. While this issue remains uncertain, at least at the European level, the chapter also identifies the different approach taken by the Malaysian court in *Philip Morris Products SA v Ong Kien Hoe*⁷. Here it was held that, while the free trade zones were established to facilitate trade, this does not mean that these areas are lawless and hence the enforcement agencies continue to hold jurisdiction over and in these areas. *It is recommended that the EU should adopt this approach to overcome the 'goods in transit' difficulty.*

This chapter also identifies the limitations faced by the customs authorities in carrying out their duties, especially in screening cargoes, and suggests the use of technological detection equipment to overcome the problem. Complicated procedures in the application process for customs action are also highlighted, and the chapter *suggests that simplified procedures should introduce expedient processes to rights-holders, such as a quick and cost efficient resolution for the destruction of counterfeit goods without the need of a litigation process.* It finally suggests that BM have the potential to become the most effective measure in preventing the flow of counterfeit goods, but *close cooperation and effective communication between rights holders and the customs authorities are crucial in ensuring their effectiveness.*

It is submitted that the overall evaluations in chapters 5 - 7 succeed in answering RQ3 – RQ5. The assessment in each chapter identifies the relevant existing measures,

⁷ [2010] 2 CLJ 106; [2009] 1 LNS 498.

highlights and compares the strengths and weaknesses of every procedure, and suggests improvements where the issue is relevant and necessary. Accordingly, it is submitted that all of the objectives posed earlier in this study have been achieved.

With regard to both countries, this study found that the UK has a comprehensive and updated legal framework in protecting the IPRs. Malaysia in this context has also significantly reformed its IP laws from time to time in order to comply with the relevant international treaties requirements. Taking into account the historical ties between these countries, the question at this point is that whether the UK IP laws system should be implemented into Malaysian domestic IP laws? It is argued that common legal history alone is not sufficient to totally implement one country's legal norms, rules and principles into another country since the process of implementation must also be based on the needs and limitations of the local society and the construction of domestic law. Thus, it is argued that at this stage of its development in IP field, Malaysian IP legal framework should be improved in stages concentrating on enforcement without necessarily rushing to implement higher levels of protection than required under TRIPS and other relevant treaties where Malaysia is a member.

In this regard, this study identified some important learning points for policy makers in Malaysia that:

- (1) Based on the literature review, findings and analysis presented in this thesis, the study provides a new understanding and shifts the perspective on counterfeit goods. Its harmful effects to all the parties concerned and in particular to the public at large change the common assumption of counterfeiting as a victimless crime to a crucial problem to the public health and safety. It is recommended that Malaysian authorities should make counterfeiting and piracy as one of priority offences and to view them as social problems along with their strategies to combat other serious crimes to protect the public and not the business or economic alone. This is fundamental to the success of any strategy on combating counterfeit goods.
- (2) Based on the finding in Chapter 3 that there is a direct connection between the enforcement regime and the prevalence of counterfeiting activities, it is recommended that consistent enforcement from all relevant authorities that strengthens their co-operation at all levels, from tracing production and distribution chains of counterfeit goods to conducting raids to prosecuting cases, must be improved by providing appropriate training to the officers and sharing information and intelligence with industry. Competency of officers and collaboration with industry will be necessary in order to achieve success in addressing counterfeiting.

- (3) The above points lead to another key finding in Chapter 6 that effective enforcement can be achieved by increasing political will of Malaysian government to commit resources to the IPRs issues.
- (4) In assessing legal tools to address counterfeiting problems in Malaysia, this study has also found that some provisions in Malaysian TMA 1976 must be revised. In particular, provisions on remedies must be clearly stated since this is one of fundamental aspects for foreign investors to know what kind of legal protection available for them in considering whether or not to invest in Malaysia.

As for policy makers in the UK and EU, it is recommended that:

- (1) The UK judiciary may consider allowing the UK Patents Court or PCC to hear both civil and criminal matters in the same proceedings as it is argued that this approach may save time and reduce the cost of proceedings⁸.
- (2) With regard to status of goods in transit, it is recommended that the courts in the UK and EU may consider Malaysian approach in *Phillip Morris*⁹ case by conferring powers to customs authorities to seize counterfeit goods once they are entering the member states' border, whether or not they will go into the EU market. It is argued that this approach may help the authorities in their fight particularly against potentially dangerous counterfeit goods entering the market.

Based on the above discussion, it is also submitted that further research could be useful and relevant in this area, including ascertaining a standardized definition of counterfeiting, obtaining and measuring precise data and the extent of counterfeiting problems. It is shown in the study that the absence of a universally accepted definition creates difficulties for the enforcement authorities in providing essential protection which may cause delays in detecting infringement. Only by drafting and agreeing upon a universal definition that can be implemented in all jurisdictions will the authorities be fully equipped to identify and respond to the problems at the outset and cooperate to the fullest extent consistent with due process.

Another future possibility is to investigate how courts' jurisdiction in both countries may improve the effectiveness of judicial procedures, such as by reducing litigation costs. In Malaysia, for example, the IP Sessions Court only handles criminal cases while the general Sessions Court actually has the jurisdiction to hear both civil and criminal matters. If sufficient resources are available in this regard, further research could be

⁸ See discussion at 4.5.1(d) on the Malaysian Court System and IP Court, 4.5.2(b) on English Court System and Patents County Court and 5.6.3 on Expensive Procedures

⁹ See n.7 above.

meaningfully carried out in suggesting and considering amendments in the relevant legislation, thus realizing this aim. Equally, in the UK, perhaps further research may be carried out in assessing whether or not it is appropriate for the UK Patents Court or PCC to have jurisdiction to hear both civil and criminal matters simultaneously, thus marrying IP expertise with the power of criminal courts.

Future research could also be profitably carried out in determining the status of counterfeit goods in transit by drafting a clear provision that can be implemented by at least all WTO member countries. The ambiguity over this issue shown to exist in the study could possibly be exploited by counterfeiters using countries where the laws on this issue are rather loosely formulated.

BIBLIOGRAPHY:

Statutes

International

Agreement on Trade-Related Aspects of Intellectual Property Rights 1994.

Paris Convention of 20 March 1883, as last revised at Stockholm on 14 July 1967, as amended on 28 September 1979, and came into effect on 7 July 1884.

Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks 1973

European

Commission Regulation (EC) No. 1891/2004 of 21 October 2004 laying down provisions for the implementation of Council Regulation (EC) No. 1383/2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights, OJ [2004] L 328/16.

Council Directive 2008/118/EC of 16 December 2008 concerning the general arrangements for excise duty and repealing Directive 92/12/EEC.

Council Regulation (EC) No. 1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights, [2003] OJ L 196/7 (2.8.2003).

Council Regulation (EC) No. 2913/92 of 12 October 1992 establishing the Community Customs Code (CCC) OJ [1992] L 302/1, as last amended by Regulation (EC) No 2700/2000 of the European Parliament and the European Council, OJ [2000] L 311/17.

Council Resolution of 16 March 2009 on the EU Customs Action Plan to combat Intellectual Property Rights infringements for the years 2009 to 2012 OJ (2009/C 71/01).

Council Resolution of 25 September 2008 on a comprehensive European anti-counterfeiting and anti-piracy plan (2008/C 253/01).

Directive 2005/29/EC of the European Parliament and of the Council concerning unfair business-to-consumer commercial practices (OJ No L 149, 11.6.2005).

European Communities Act 1972.

European Trade Mark Directive No. 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks.

European Union Council Regulation (EC) No.1383/2003 of 22 July 2003 concerning customs action against goods suspected of infringing certain intellectual property rights and the measures to be taken against goods found to have infringed such rights.

First Directive 89/104/EEC of the Council, of 21 December 1988, to Approximate the Laws of the Member States Relating to Trade Marks (OJ EC No L 40 of 11.2.1989).

Malaysia

Anti-Money Laundering and Anti-Terrorism Financing Act 2001.

Civil Law Act 1956.

Consumer Protection Act 1999.

Contracts Act 1950.

Criminal Procedure Code (Act 593).
Customs Act 1967.
Dangerous Drugs Act 1952.
Evidence Act 1956.
Penal Code (Act 574).
Rules of the High Court 1980.
Specific Relief Act 1950.
Subordinate Courts (Amendment) Act 2010 (D.R. 21/2010).
Trade Description Act 2011.
Trade Descriptions (Compounding of Offences) Regulations 1994.
Trade Descriptions (Original Label) Order 2001.
Trade Mark Act 1976.
Trade Marks (Amendment) Act 2002, Act A1138.
Trade Marks Regulations 1997.
Trademarks (Amendment) Regulations 2007.
Trademarks (Amendment) Regulations 2011.

United Kingdom

Administration of Justice Act 1969.
Civil Procedure Rules 1998.
Civil Procedures Rules 1998.
Consumer Protection from Unfair Trading Regulations 2008.
Copyright, Designs and Patents Act 1988.
Courts and Legal Services Act 1990.
Criminal Justice Act 2003.
Customs and Excise Management Act 1979.
High Court and County Courts Jurisdiction (Amendment) Order 2005.
HM Customs Notice 34 Intellectual Property Rights.
Human Rights Act 1998.
Magistrates' Court Act 1980.
Patents County Court (Designation and Jurisdiction) Order 1990.
Patents County Court Guide 2011.
Proceeds of Crime Act 2002.
Senior Courts Act 1981.
Serious Crime Act 2007.
Serious Organised Crime and Police Act 2005.
The Goods Infringing Intellectual Property Rights (Customs) Regulations 2004 (SI 2004 No 1473).
Trade Description Act 1968.
Trade Marks Act 1994
Weights and Measures Act 1985.

Cases

Acushnet Company v Metro Golf Manufacturing Sdn Bhd [2006] 7 CLJ 557.
Adam Opel AG v Autec AG [2007] ECR I-1017.
Allen v Jambo Holdings Ltd. [1980] 2 AER 502.
American Cyanamid Co v Ethicon Ltd [1975] AC 396); [1975] 1 AER 504.
Anton Piller KG. v Manufacturing Processes Ltd [1976] F.S.R. 129.
Arsenal Football Club Plc v Matthew Reed [2003] Ch. 454.
Asmth Sdn Bhd v Pentadbir Tanah Daerah Johor Bahru [2007] 8 CLJ 445.
Aspatra Sdn. Bhd. v Bank Bumiputera Malaysia Bhd. [1988] 1 MLJ 97.
Associated Tractors Sdn Bhd v Chan Boon Heng [1990] 2 MLJ 408.
Athletes Foot Marketing Associates Inc v Cobra Sports Ltd [1980] RPC 343.
Aventis Farma Sa (Malaysia) Sdn Bhd v Rohibul Sabri Abas [2008] 7 CLJ 525.

Barnsley Brewery Company v RBNB [1997] FSR 462.

Blinkx UK Ltd v Blinkbox Entertainment Ltd [2010] EWHC 1624 (Ch).
 Bloomsbury Publishing Plc and Another v Newsgroup Newspapers Ltd [2003] EWHC 1087 (Ch).
 Blunt v Park Lane Hotel Ltd [1942] 2 KB 253.
Bristol-Myers Squibb v Paranova A/S, [1996] E.C.R. 1-3514.
 British Sugar Plc v James Robertson & Sons Ltd [1997] E.T.M.R. 118.

Caljan Rite-Hite Ltd v Sovex Ltd [2011] EWHC 669 (Ch); [2011] F.S.R. 23 (Ch D).
 Cantor Gaming v Gameaccount Global Ltd [2007] EWHC 1914 (Ch).
 Caterpillar Tractor Co. v Hock Guan (1960) Sdn. Bhd. [1988] 1 CLJ (Rep) 424.
 Celanese International Corp v BP Chemicals Ltd [1999] R.P.C. 203.
 Céline SARL v Céline SA [2007] ECR I-7041.
 Chappel v United Kingdom [1989] FSR 617 (ECHR).
 Cho Heng Rice Vermicelli Factory Co Ltd v Rifetra Sdn Bhd [2000] 8 CLJ 85.

Chocosuisse Union des Fabricants Suisses de Chocolat (a co-operative society formed under title XXIX of the Swiss Code of Obligations) v Maestro Swiss Chocolate Sdn. Bhd. [2010] 3 MLJ 676; [2010] 5 CLJ 794.

Chocosuisse Union des Fabricants Suisses de Chocolat v Cadbury Ltd [1999] RPC 826.
 Citibank Berhad v Mohamed Khalid bin Farzalur Rahaman [2000] 3 CLJ 739.
 Class International BV v Colgate Palmolive Co (C-405/03) [2006] Ch. 154.
 Class International BV v Colgate-Palmolive Co (C-405/03) [2006] E.T.M.R. 12.
 Coflexip SA v Stolt Comex Seaway MS Ltd [1999] FSR 473; [2001] 1 All ER 952.
 Colbeam Palmer Ltd v Stock Affiliates Pty Ltd [1972] RPC 303.
 Columbia Picture Industries v Robinson [1986] FSR 367.
 Comix Food Industries Sdn. Bhd. v A. Clouet & Co. (KL) Sdn. Bhd [1996] 2 BLJ 543.
 Consitex SA v TCL Marketing Sdn Bhd [2008] 8 CLJ 444.
Consitex SA v TCL Marketing Sdn Bhd [2008] 8 CLJ 444.
 Cowshed Products Ltd v Island Origins Ltd [2010] EWHC 3357 (Ch).
 Cream Holdings Ltd v Banerjee and the Liverpool Post and Echo Ltd [2004] UKHL 44.
Customglass Boats Ltd v Salthouse Brothers Ltd [1976] RPC 589.

Diageo North America Inc v Intercontinental Brands (ICB) Ltd [2010] EWHC 17 (Ch).

East India Company v Kynaston (1821) 3 Bli.153.
 EMAP National Publications v Security Publications [1997] FSR 891.
 EMI Ltd. v Pandit [1975] 1 WLR 302.
 EMI v Sarwar [1976] F.S.R. 146.
 Esure Insurance Limited v Direct Line Insurance plc [2008] EWCA Civ 842.
 Ex Parte Island Records Ltd [1978] Ch 122.

Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port [1989] 1 CLJ 919; [1989] 1 CLJ (Rep) 537.
 First Malaysia Finance Berhad v Dato' Mohd Fathi Bin Haji Ahmad [1993] 3 CLJ 329.
 Frits Loendersloot v George Ballantine & Son [1997] ECR I-6227.

Garden Cottage Foods Ltd v. Milk Marketing Board [1984] AC 130.
 General Tire v Firestone [1975] F.S.R. 273.
 Gerber Garment Technology v Lectra Systems Ltd [1997] R.P.C. 443; [1995] R.P.C. 383.
 Golden Palmolina Sdn Bhd v Lai Yang Chee [2007] 5 CLJ 238.
 Government of Malaysia v Lim Kit Siang [1988] 2 MLJ 12.
 Group Lotus Plc v 1Malaysia Racing Team Sdn Bhd [2011] EWHC 1366 (Ch).

Halawa v Federation against Copyright Theft [1995] 1 Cr. App. R. 21.
 Hermes International v FHT Marketing Choice BV (C53/96) [1998] E.C.R. I-3603 (ECJ).
 Hickman v Peacey [1945] AC 304.
 HMRC v Penbrook Enterprises Ltd [2008] NCMag2, unreported 9 December 2008.
 Home Box Office Inc v Channel 5 Home Box Office Ltd [1982] FSR 449.

Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd [2010] EWCA Civ 110.
Houghton v Liverpool City Council [2000] Crim LR 574.
Hu Kim Ai v Liew Yew Thoong [2004] 5 CLJ 515.
Hytrac Conveyors Ltd. v Conveyors International Ltd. [1983] 1 WLR 44.

IEV International Pty Limited v Sadacharamani Govindasamy; Pendaftar Paten (Intervener) [2008] 1 LNS 35.
Illinois Tool Works, Inc v Pendaftar Cap Dagangan, Malaysia [2009] 1 LNS 507.
Imperial Group v Philip Morris Limited & Another [1984] RPC 293.
In the goods of Abdullah (1853) 2 Ky Ecc 8.
Intel Corporation v Intelcard Systems Sdn Bhd [2004] 1 CLJ 550.
International Electronics Ltd v Weigh Data Ltd [1980] FSR 423.
Internationale Handelsgesellschaft mbH v. Einfuhr- und Vorratsstelle für Getreide und Futtermittel Case 11/70, [1970] ECR 1125.

Isaac Penhas v Tan Soo Eng [1953] MLJ 73.
Island Records Ltd v Tring International plc [1995] EWHC 8 (Ch).
Izzap Limited v Sanmaru Overseas Marketing Sdn. Bhd. [2010] 1 LNS 1171.
Jean Christian Perfumes Ltd v Thakrar (t/a Brand Distributor and/or Brand Distributors Ltd) [2011] EWHC 1383 (Ch).

John Grey v William Pearson [1857] 6 H.L. Cas 61.
Johnson & Johnson [1993] 3 MLJ 122.
Johnson v Moreton [1980] AC 37, HL.

Keet Gerald Francis Noel John v Mohd Noor Bin Abdullah [1995] 1 CLJ 293.
Koninklijke Philips Electronics NV v Lucheng Meijing Industrial Company Ltd, Far East Sourcing Ltd, Röhlig Hong Kong Ltd and Röhlig Belgium NV (C-446/09).

L'Oréal SA v eBay International AG [2009] EWHC 1094, [2009] R.P.C. 21.
Leo Pharmaceutical Products Ltd v Kotra Parma (M) Sdn. Bhd. [2002] 6 CLJ 465.
Lian Keow Sdn Bhd v Paramjothy [1982] 1 MLJ 217.
Lim Yew Sing to Sanbos (M) Sdn Bhd v Tiong Mak Liquor Trading (M) Sdn Bhd [2008] 3 MLJ 100.
Lim Yew Sing v Hummel International Sports & Leisure A/S [1996] 3 MLJ 7.
L'Oréal S.A v eBay International AG [2009] EWHC 1094 (Ch).
Louis Vuitton S.A v Lee 875 F.2d 584 (7th Cir.1989).

Makonka Electronic Sdn Bhd v Electrical Industry Workers' Union [1997] MLJU 93.
Mareva Compania Naviera SA v International Bulkcarriers SA [1975] 2 Lloyd's Rep. 509; [1980] 1 AER 213.
Mclaren International Ltd v Lim Yat Meen [2009] 4 CLJ 749.
Metal Industry Employees Union v Registrar of Trade Unions [1976] 1 MLJ 220.
Minsterstone Ltd v Be Modern Ltd [2002] FSR 53.
Mitsui Ltd. V Nexen Petroleum UK [2005] EWHC 625 Ch.
Montex Holdings Ltd v Diesel SpA (C-281/05) [2006] E.C.R. I-10881.
Montex Holdings Ltd v Diesel SpA (C-281/05) [2007] ETMR 13.

National Guild of Removers & Storers Ltd v Christopher Silveria [2010] EWPC 015.
Ngee Tai Shipping Sdn Bhd v Ketua Pengarah Hasil Dalam Negeri [2007] 6 CLJ 724.
Nokia Corp v Revenue & Customs Commissioners [2009] EWHC 1903 (Ch); Case C-495/09 (ECJ).

Nokia Corporation v Her Majesty's Commissioners of Revenue & Customs (HMRC) [2009] EWHC 1903 (Ch).

Nokia Corporation v Her Majesty's Commissioners of Revenue and Customs (C-495/09).
Norwich Pharmacal Order v Commissioner of Customs and Excise [1974] AC 133.
Nottinghamshire County Council v Woolworths Plc [2007] F.S.R. 19.

Novelty Pte Ltd v Amanresorts Ltd [2009] F.S.R. 20.

Ong Ah Tiong v Public Prosecutor [2004] SGHC 11.

Pacific Centre Sdn. Bhd. v United Engineers (Malaysia) Bhd. [1984] 2 MLJ 143.

Papparoti (M) Sdn Bhd v Roti Roti International Sdn Bhd [2009] 1 LNS 683.

Parker-Knoll Limited v Knoll International [1962] RFC 265, at 273.

Parkson Corporation Sdn Bhd v Fazaruddin Ibrahim [2002] 4 CLJ 18.

Philip Morris Products SA v Ong Kien Hoe [2010] 2 CLJ 106; [2009] 1 LNS 498.

Pneumatic Tyre v Puncture Proof Pneumatic Tyre (1899), 16 R.P.C. 209.

Polo/Lauren Company, L.P. v PT. Dwidua Langgeng Pratama International Freight Forwarders (C-383/98) [2000] E.C.R. I-2519; [2000] E.T.M.R. 535.

Powell's Trade Mark [1893] 2 Ch 388.

PP v Lee Eee Teong [1953] MLJ 244.

PP v Muhamed Bin Sulaiman [1982] 2 MLJ 320.

PP v Yuvaraj [1969] 2 MLJ 89.

Quiksilver Pty Ltd v Charles Robertson (Developments) Ltd (t/a Trago Mills) [2005] 1 C.M.L.R. 36 [2005] F.S.R. 8.

R v Herman (1879) 4 QBD 284.

R v Johnstone [2003] 1 W.L.R. 1736.

R v S (Trademark defence) [2003] 1 Cr.App.R 602.

R v S [2003] 1 Cr. App. R. 35.

R v Waterfield (17 Feb 1975, unreported).

R v Zaman [2003] F.S.R. 13.

R. v Brayford [2010] EWCA Crim 2329; [2011] 1 Cr. App. R. (S.) 107)

R. v Jhalman Singh [2008] EWCA Crim 243.

Re Chan Kuan Sang [1993] AIPR 360.

Re Loh Toh Met, Deceased; Kong Lai Fong & Ors v Loh Peng Heng [1961] 1 LNS 109.

Recent Decorators (M) Sdn. Bhd. v Michael Chee [1984] 2 MLJ 78.

Reckitt & Coleman Products Limited v Borden Inc [1990] 1 W.L.R. 491.

Reg. v Willans (1856) 3 Ky 16.

Regina v Johnstone [2003] UKHL 28.

Regina v Lee Richard Bennett [2007] EWCA Crim 2371; 2007 WL 3001755.

Roger Sliney v Havering London Borough Council [2002] EWCA Crim 2558.

Roger Sliney v Havering London Borough Council, R v S [2003] 1 Cr. App. R. 35.

Rolex (Case C-60/02) [2004] ECR I-651, [2004] E.T.M.R. 37, also known as Criminal Proceedings against X.

Roper v Taylor Garages (Exeter) [1951] 2 TLR 284.

S & F International Ltd. v Trans-con Engineering Sdn. Bhd. [1985] 1 MLJ 62.

Sanmaru Overseas Marketing Sdn Bhd v Pt Indofood Interna Corp [2009] 3 CLJ 10.

Sara Lee Meats Europe BV v Ladyberg SpA [2006] E.T.M.R. 87.

Schenker SIA v Valsts ienemumu dienests (Case C-93/08), [2009] E.C.R. I-903 (ECJ (2nd Chamber)).

Scopelight Ltd v Chief Constable of Northumbria [2009] EWCA Civ 1156; [2010] 1 Cr. App.R. 19.

Senior [1899] 1 QB 283.

Series 5 Software v Clarke [1996] 1 AER 853.

Sim Ah Song v Rex [1951] 1 LNS 83.

Siskina v Distos Compania Naviera SA [1979] AC 210.

Socooil Corporation Bhd v Ng Foo Chong [1980] 1 LNS 170.

South Bucks District Council v Porter [2003] UKHL 26.

Stockton-on-Tees BC v Frost [2010] EWHC 1304.

Sussex Peerage Case [1884] II CI & Fin 85.

Suzanne Criel nee Donckerwolcke v The Procureur De La Republique Au Tribunal De Grande Instance, Lille, and The Director General of Customs, Paris Case 41/76, [1976] ECR

1921, <<http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:61976J0041:EN:HTML>> accessed 25/02/2011 .

Syarikat Zamani Hj Tamin Sdn Bhd v Yong Sze Fun [2006] 5 MLJ 262.

Taiping Poly (M) Sdn Bhd v Wong Fook Toh [2011] 3 CLJ 837.

Tan Ah Ting v Public Prosecutor [1974] 2 MLJ 38.

Tan Chye Choo v Chong Kew Moi [1970] 1 MLJ 1.

Television Broadcasts Ltd v Mandarin Video Holdings Sdn Bhd [1983] 1 LNS 32.

Third Chandris Shipping Corporation v Unimarine S.A. [1976] QB 645.

Thye Huat Chan Sdn Bhd v Thye Shen Trading Sdn Bhd [2008] 6 CLJ 915.

Tien Ying Hong Enterprise Sdn Bhd v Beenion Sdn Bhd [2009] 1 LNS 1409.

Tiffany (NJ) Inc. and Tiffany and Company v eBay Inc. 576 F. Supp. 2d 463 (S.D.N.Y. July 14, 2008).

Tiga Gajah Cho Heng Sdn. Bhd.v Majuperak Tepung Beras Sdn. Bhd. [1997] 1 CLJ Supp 52.

Tohtonku Sdn Bhd v. Superace (M) Sdn Bhd[1992] 2 CLJ 1153; [1992] 1 CLJ Rep 344.

Uda Holdings Bhd v Melewar Leisure Sdn Bhd [2008] 10 CLJ 622.

Unic Centre Sarl v The London Borough of Brent & Harrow Trading Standards Office and Another [2000] 1 W.L.R. 2112, [2000] F.S.R. 667.

United Horse Shoe v Stewart (1888) 5 RPC 260.

Universal Thermosensors v Hibben [1992] FSR 361.

White v Samsung Electronics America Inc (1993) W.L. 73915.

Wong Pot Heng v Hj Zainal Abidin Putih [1990] 2 CLJ 174.

Yeap Cheah Neo v Ong Cheng Neo (1875) LR 6 PC 381.

York Pacific Holdings Ltd v U-Re Auto Sdn Bhd [1998] 5 MLJ 84.

Z Ltd. v A [1982] QB 558.

Zainal Abidin v Century Hotel Sdn. Bhd. [1982] 1 MLJ 260.

Books, chapters in books and monographs

___, *WIPO Intellectual Property Handbook: Policy, Law and Use*, 2nd edn, (Geneva: WIPO Publication No.489(E), 2004), <<http://www.wipo.int/export/sites/www/aboutip/en/iprm/pdf/ch4.pdf>> accessed 05/04/2011.

Abbot C, *Enforcing Pollution Control Regulation: Strengthening Sanctions and Improving Deterrence*, (Oxford: Hart, 2009).

Alexander L and Ferzan KK, *Crime and Culpability: A Theory of Criminal Law*, (Leiden: Cambridge University Press, 2009).

Alldrige P, *Money Laundering Law: Forfeiture, Confiscation, Civil Recovery, Criminal Laundering and Taxation of the Proceeds of Crime*, (Oxford: Hart Publishing Ltd, 2003).

Andaya BW and Andaya LY, *A History of Malaysia*, 2nd edn, (Basingstoke: Palgrave, 2001).

Anton C, 'Malaysia', in Goldstein P, *Intellectual Property in Asia*, (Dordrecht: Springer, 2008).

Aplin T and Davis J, *Intellectual Property Law: Text, Cases and Materials*, (Oxford: Oxford University Press, 2009).

Arksey H and Knight P, *Interviewing for Social Scientists: An Introductory Resource with Examples*, (London: Sage Publications, 1999).

Ashworth A, *Principles of Criminal Law*, 6th edn, (Oxford: Oxford University Press, 2009).

- Avery P and others, *The Economic Impact of Counterfeiting and Piracy*, (Paris: OECD Publishing, 2008).
- Azmi IMAG, 'Development of law in Asia: divergence versus convergence. Copyright piracy and the prosecution of copyright offences and the adjudication of IP cases: is there a need for a special IP court in Malaysia?', in Torremans P (ed), *Copyright Law: A Handbook of Contemporary Research*, (Cheltenham: Edward Elgar Publishing Ltd, 2007).
- Babbie E, *The Practice of Social Research*, 10th edn, (USA: Thomson Wadsworth, 2004).
- Bahrin K, 'Insolvency law in Malaysia', in Tomasic R, *Insolvency Law in East Asia*, (Farnham: Ashgate Publishing Ltd, 2007).
- Bainbridge DI, *Intellectual Property*, 7th edn, (Essex: Pearson Longman, 2009).
- Bainbridge DI, *Intellectual Property*, 8th edn, (New York: Longman Pearson, 2010).
- Banakar R and Travers M (eds), *Theory and Method in Socio-Legal Research* (Oxford: Hart Publishing, 2005).
- Bently L and Sherman B, *Intellectual Property Law*, 3rd edn, (Oxford: Oxford University Press, 2009).
- Bently L, Ginsburg JC and Davis J (eds), *Trade Marks and Brands: An Interdisciplinary Critique*, (Leiden: Cambridge University Press, 2008).
- Berg BL, *Qualitative Research Methods for the Social Sciences*, 6th edn, (Boston: Pearson, 2007).
- Bernitz U, 'Misleading packaging, copycats, and look-alikes: an unfair commercial practice?', in Ezrachi A and Bernitz U (eds), *Private Labels, Brands, and Competition Policy: The Changing Landscape of Retail Competition*, (New York: Oxford University Press Inc, 2009).
- Bird RC, 'Intellectual property enforcement in a global economy: lessons from the BRIC nations' in Yueh L (ed), *The Law and Economics of Globalisation: New Challenges for a World in Flux*, (Cheltenham: Edward Elgar Publishing Limited, 2009).
- Blair RD and Cotter TF, *Intellectual Property: Economic and Legal Dimensions of Rights and Remedies*, (Cambridge: Cambridge University Press, 2005).
- Blakeney M, 'The phenomenon of counterfeiting and piracy in the European Union: factual overview and legal and institutional framework', in Vrins O and Schneider M (eds), *Enforcement of Intellectual Property Rights Through Border Measures: Law and Practice in the EU*, (Oxford: Oxford University Press, 2006).
- Brown GW, *Legal Terminology*, 3rd edn, (Upper Saddle River: Prentice-Hall Inc, 1998).
- Bryman A, *Social Research Methods*, 3rd edn, (Oxford: Oxford University Press, 2008).
- Buang S, *Malaysian Legal History: Cases and Materials*, (Kuala Lumpur: Dewan Bahasa dan Pustaka, 1993).
- Burgess C and Power R, *Secrets Stolen, Fortunes Lost: Preventing Intellectual Property Theft and Economic Espionage in the 21st Century*, (Burlington: Elsevier, 2008).
- Burton WC, *Legal Thesaurus*, Regular Edition, (New York: MacMillan Publishing Co. Inc, 1980).

- Busche J, *WTO - Trade-Related Aspects of Intellectual Property Rights*, (Leiden: BRILL, 2009).
- Cabrillo F and Fitzpatrick S, *The Economics of Courts and Litigation*, (Cheltenham: Edward Elgar Publishing Limited, 2008).
- Cane P and Conaghan J, *The New Oxford Companion to Law*, (Oxford: Oxford University Press, 2008).
- Cartwright P, *Consumer Protection and the Criminal Law: Law, Theory, and Policy in the UK*, (Cambridge: Cambridge University Press, 2001).
- Chatterjee C, *Methods of Research in Law*, 2nd edn, (London: Old Bailey Press, 2000).
- Chaudhry P and Zimmerman A, *The Economics of Counterfeit Trade: Governments, Consumers, Pirates and Intellectual Property Rights*, (Berlin: Springer, 2009).
- Chaudhry P and Zimmerman A, *The Economics of Counterfeit Trade: Governments, Consumers, Pirates and Intellectual Property Rights*, (Berlin: Springer, 2009).
- Cheung GCK, *Intellectual Property Rights in China: Politics of Piracy, Trade and Protection*, (Hoboken: Taylor & Francis, 2009).
- Clarkson CMV, Keating HM and Cunningham SR, *Clarkson and Keating Criminal Law: Text and Materials*, 7th edn, (London: Sweet & Maxwell, 2010).
- Collis J and Hussey R, *Business Research: A Practical Guide for Undergraduate & Postgraduate Students*, 3rd edn, (Basingstoke: Palgrave Macmillan, 2009).
- Colston C and Galloway J, *Modern Intellectual Property Law*, 3rd edn, (Oxon: Routledge, 2010).
- Colston C and Middleton K, *Modern Intellectual Property Law*, 2nd edn, (London: Cavendish Publishing Limited, 2005).
- Conser JA and others, *Law Enforcement in the United States*, 2nd edn, (Massachusetts: Jones and Bartlett Publishers, Inc., 2005).
- Cook C, *Patents, Profits and Power: How Intellectual Property Rules the Global Economy*, (London: Kogan Page, 2003).
- Cornish WR and Llewelyn D, *Intellectual Property: Patents, Copyrights, Trademarks and Allied Rights*, 6th edn, (United Kingdom: Sweet & Maxwell, 2007).
- Cornish WR, *Intellectual Property: Omnipresent, Distracting, Irrelevant?*, (Oxford: Oxford University Press, 2004).
- Correa CM, *Trade Related Aspects of Intellectual Property Rights: A Commentary on the TRIPS Agreement*, (Oxford: Oxford University Press, 2007).
- Cownie F, *Legal Academics: Culture and Identities*, (Oxford: Hart Publishing, 2004).
- Cragg W, *Practice of Punishment: Towards A Theory of Restorative Justice*, (London: Routledge, 1992).
- Creswell JW, *Research Design: Qualitative, Quantitative and Mixed Methods Approaches*, 3rd edn, (Thousand Oaks, California: Sage Publication Inc, 2009).
- Cunningham-Hill S and Elder K, *Civil Litigation Handbook 2010-11*, (Oxford: OUP, 2010).

- Das DK, *Global Trading System at the Crossroads: A Post-Seattle Perspective*, (London: Routledge, 2001).
- Davis J, 'Between a sign and a brand: mapping the boundaries of a registered trade mark in European Union trade mark law', in Bently L, Davis J and Ginsburg J (eds), *Trade Marks and Brands: An Interdisciplinary Critique*, (Leiden: Cambridge University Press, 2008).
- Denzin NK and Lincoln YS (eds), *The SAGE Handbook of Qualitative Research*, 3rd edn, (London: Sage Publications, 2005).
- Dobinson I and Johns F, 'Qualitative legal research' in McConville M and Wing HC (eds), *Research Methods for Law*, (Edinburgh: Edinburgh University Press, 2007).
- Drahos P and Braithwaite J, *Information feudalism: who owns the knowledge economy?*, (London: Earthscan Publications Ltd., 2002).
- Drahos P, *Global Intellectual Property Rights: Knowledge, Access and Development*, (Basingstoke: Palgrave Macmillan, 2002).
- Dutfield G and Suthersanen U, *Global Intellectual Property Law*, (Cheltenham: Edward Elgar Publishing Limited, 2008).
- Dworkin G and Taylor RD, *Blackstone's Guide to the Copyright, Designs & Patents Act 1988: The Law of Copyright and Related Rights*, (London: Blackstone, 1989).
- EC-ASEAN Intellectual Property Rights Co-operation Programme (ECAP II), Regional Handbook on IPR Enforcement for Customs in ASEAN, March 2007, <http://www.ecaproject.org/Regional_Handbook_on_IP_Enforcement_for_Customs_April_2_007> accessed 15/12/2007.
- Elias S, *Legal Research: How to Find & Understand the Law*, 15th edn, (USA: Nolo, 2009).
- Fawcett JJ and Torremans P, *Intellectual Property and Private International Law*, (Oxford: Clarendon Press, 1998).
- Firth A and Phillips J, 'United Kingdom', in Vrins O and Schneider M (eds), *Enforcement of Intellectual Property Rights Through Border Measures: Law and Practice in the EU*, (Oxford: Oxford University Press, 2006).
- Firth A, 'Signs, surfaces, shapes and structures – the protection of product design under trade mark law', in Dinwoodie G and Janis MD (eds), *Trademark Law and Theory: A Handbook of Contemporary Research*, (Cheltenham: Edward Elgar Publishing Limited, 2008).
- Firth A, 'The criminalization of offences against intellectual property' in Loveland I (ed), *Frontiers of Criminality*, (London: Sweet and Maxwell, 1995).
- Firth A, Lea G and Cornford P, *Trade marks: Law and Practice*, 2nd edn, (Bristol: Jordans, 2005).
- Firth A, 'Customs measures to detain infringing goods at UK borders', in Millet RW, *Encyclopedia of Forms and Precedents*, Vol.21(3) (UK: LexisNexis Butterworths, 2010).
- Fox M and Bell C, *Learning Legal Skills*, 3rd edn, (London: Blackstone, 1999).
- Gardner J, *Offences and Defences: Selected Essays in the Philosophy of Criminal Law*, (Oxford: Oxford University Press, 2007).
- Gardner TJ and Anderson TM, *Criminal Law*, 10th edn, (Belmont: Thomson Wadsworth, 2009).

- Garner BA and others (eds), *Black's Law Dictionary*, 9th edn, (St. Paul, MN: West, 2009).
- Geary R, *Understanding Criminal Law*, (London: Routledge-Cavendish, 2002).
- Gee S, *Commercial Injunctions*, 5th edn, (London: Sweet & Maxwell, 2004).
- Gervais D, 'The international legal framework of border measures in the fight against counterfeiting and piracy', in Vrins O and Schneider M (eds), *Enforcement of Intellectual Property Rights Through Border Measures: Law and Practice in the EU*, (Oxford: Oxford University Press, 2006).
- Gervais D, *The TRIPS Agreement: Drafting History and Analysis*, 3rd edn, (London: Sweet & Maxwell, 2008).
- Gervais DJ (ed), *Intellectual Property, Trade and Development: Strategies to Optimize Economic Development in a TRIPS-Plus Era*, (Oxford; New York: Oxford University Press, 2007).
- Gervais DJ, *The TRIPS Agreement: Drafting History and Analysis*, 3rd edn, (London: Sweet & Maxwell, 2008).
- Gillespie AA, *The English Legal System*, 2nd edn, (Oxford : Oxford University Press, 2009).
- Griffiths A, 'A law-and-economics perspective on trade marks', in Bently L, Davis J and Ginsburg J (eds), *Trade Marks and Brands: An Interdisciplinary Critique*, (Leiden: Cambridge University Press, 2008).
- Griffiths A, 'An economic perspective on shared name issues in trademark law', in Simon Fhima I (ed), *Trade Mark Law and Sharing Names: Exploring Use of the Same Mark by Multiple Undertakings*, (Cheltenham: Edward Elgar Publishing Limited, 2009).
- Hallenborg L, Ceccagnoli M and Clendenin M, 'Intellectual Property Protection in the Global Economy', in Libecap GD and Thursby M (eds), *Technological Innovation: Generating Economic Results*, (Bradford: Emerald Group Publishing, 2008).
- Hanks P and others (eds), *Collins Dictionary of the English Language*, 2nd edn, (London, Glasgow: Collins, 1986).
- Hanser R and Moran N, 'Economic, political, and social impact of transnational organized crime', in Shanty FG and Mishra PP (eds), *Organized crime: from trafficking to terrorism*, Volume 1, (California: ABC-CLIO, Inc, 2008).
- Hanson S, *Legal Method and Reasoning*, 2nd edn, (London: Cavendish Publishing Limited, 2003).
- Hartmann M, *The Sociology of Elites*, (Oxon: Routledge, 2007).
- Hay D, *Word and Phrase Legally Defined*, (London: LexisNexis Butterworths, 2007).
- Henn M, Weinstein M, and Foard N, *A Short Introduction to Social Research*, (London: Sage, 2006).
- Hodge G, *New Global Frontiers in Regulation: The Age of Nanotechnology*, (Cheltenham: Edward Elgar Publishing Limited, 2008).
- Ibrahim A and Joned A, *The Malaysian Legal System*, (Kuala Lumpur: Dewan Bahasa danPustaka, 1987).

ICC Counterfeiting Intelligence Bureau (CIB), 'International Guide to IP Rights Enforcement: Malaysia', 1st edn, (Essex: CIB, 2006), <<http://www.iccccs.org/images/stories/pdfs/ccs%20ip%20rights%20guide%202006.pdf?phpMyAdmin=F5XY3CeBeymbElbQ8jr4qlxK1J3>> accessed 05/05/2010.

Jacobstein JM, Mersky RM and Dunn DJ, *Fundamentals of Legal Research*, 7th edn, (New York: Foundation Press, 1998).

Jilberto AEF and Mommen A, *Regionalization and Globalization in the Modern World: Perspectives on the Third World and Transitional Economies*, (London: Routledge, 1998).

Keen M (ed), *Changing customs: challenges and strategies for the reform of customs administration*, (Washington: International Monetary Fund, 2003).

Kim KH and Gunther HO (eds), *Container Terminals and Cargo Systems: Design, Operations Management, and Logistics Control Issues*, (Dordrecht: Springer, 2007).

Kitchin D and others, *Kerly's Law of Trade Marks and Trade Names*, 14th edn, (London: Sweet & Maxwell, 2005).

Koubek N, Weinert S and Meyer K, 'Outsourcing and Offshoring Strategies of Multinational Companies in Asia', in Ryan C and Suthiphand C (eds), *EU-Asean: Facing Economic Globalisation*, (Dordrecht: Springer, 2008).

Kvale S and Brinkman S, *Interviews: Learning the Craft of Qualitative Research Interviewing*, 2nd edn, (Thousand Oaks, California: Sage Publications, Inc., 2009).

Kvale S, *Interviews: An Introduction to Qualitative Research Interviewing*. (Thousand Oaks, CA: Sage, 1996).

Landes WM and Posner RA, *The Economic Structure of Intellectual Property Law*, (Cambridge: Harvard University Press, 2003).

Li X, 'Ten general misconceptions about the enforcement of intellectual property rights' in Li X and Correa CM, *Intellectual Property Enforcement: International Perspectives*, (Cheltenham: Edward Elgar Publishing Limited, 2009).

Lippoldt D, 'Can stronger intellectual property rights boost trade, foreign direct investment and licensing in developing countries?', in Pugatch MP (ed), *The Intellectual Property Debate: Perspectives from Law, Economics, and Political Economy*, (Cheltenham: Edward Elgar Publishing, 2006).

Lowe D, *Dictionary of Transport & Logistics*, (London: Kogan Page, 2002).

MacQueen H and others, *Contemporary IP: Law and Policy*, 2nd edn, (Oxford: Oxford University Press, 2010).

MacQueen H, Waelde C and Laurie G, *Contemporary Intellectual Property: Law And Policy*, (Oxford: Oxford University Press, 2008).

Madsen F, *Transnational Organized Crime*, (Hoboken: Taylor & Francis, 2009).

Mankin D and Cohen SG, *Business Without Boundaries: An Action Framework for Collaborating Across Time, Distance, Organization, and Culture*, (Hoboken: John Wiley & Sons, Inc., 2004).

Markovic V, 'Criminal trafficking and trade in counterfeit consumer products', in Shanty FG and Mishra PP (eds), *Organized crime: from trafficking to terrorism*, Volume 1, (California: ABC-CLIO, Inc, 2008).

- Matthews D, *Globalising Intellectual Property Rights: The TRIPS Agreement*, (London: Routledge, 2002).
- May C, *The WIPO: Resurgence and the Development Agenda*, (London: Routledge, 2007).
- May T, *Social Research: Issues, Methods and Process*, 3rd edn, (Buckingham: Open University Press, 2001).
- McConville M and Wing HC (eds), *Research Methods for Law*, (Edinburgh: Edinburgh University Press, 2007).
- McDermott PM, *Equitable Damages*, (Sydney: Butterworths, 1994).
- Mclinden G and others (eds), *Border Management Modernization*, (Washington: World Bank Publications, 2010).
- Michaels A, *A Practical Approach to Trade Mark Law*, 4th edn, (Oxford: Oxford University Press, 2010).
- Miller JC and others, *The Handbook Of Nanotechnology: Business, Policy, and Intellectual Property Law*, (Hoboken: John Wiley & Sons, 2005).
- Morcom C, *A Guide to the Trade Marks Act 1994*, (London: Butterworths, 1994).
- Morcom C, Roughton C and Malynicz S, *The Modern Law of Trade Marks*, 3rd edn, (London: LexisNexis, 2008).
- Murphy PR and Wood DF, *Contemporary Logistics*, 9th edn, (Upper Saddle River, NJ: Pearson Prentice Hall, 2008).
- Nayar D, 'Globalization and free trade: theory, history and reality' in Shaikh A (ed), *Globalization and the Myths of Free Trade: History, Theory and Empirical Evidence*, (Hoboken: Taylor & Francis, 2006).
- Neuman WL, *Basics of Social Research: Qualitative and Quantitative Approaches*, 2nd edn, (USA: Pearson Education Inc, 2007).
- Nghia PD, 'Transplanted Law – An Ideological and Cultural Analysis of Industrial Property Law in Vietnam', in Antons C, Blakeney M and Heath C (eds), *Intellectual Property Harmonisation within ASEAN and APEC*, Max planck Series on Asian Intellectual property Law, (Netherlands: Kluwer Law International, 2004).
- Ormerod D, *Smith and Hogan Criminal Law*, 12th edn, (Oxford: Oxford University Press, 2008).
- Paradise PR, *Trademark counterfeiting, product piracy, and the billion dollar threat to the US economy*, (Westport: Greenwood Publishing Group, Inc, 1999).
- Patton MQ, *Qualitative Evaluation and Research Methods*, 3rd edn, (Thousand Oaks, CA: Sage Publications, 2002).
- Peczenik A, *On Law and Reason*, 2nd edn, (USA: Springer, 2008).
- Pfluger M, 'Paris Convention' in Cottier T and Veron P (eds), *Concise International and European IP Law: TRIPS, Paris Convention, European Enforcement and Transfer of Technology*, (Alphen aan den Rijn: Kluwer Law International, 2008).
- Phillips T, *Knockoff: The Deadly Trade in Counterfeit Goods – The true story of the World's fastest growing Crime Wave*, (London: Kogan Page, 2005).

- Rees A, Fisher R and Bogan P, *Blackstone's Guide to the Proceeds of Crime Act 2002*, 3rd edn, (Oxford: Oxford University Press, 2008).
- Reichman JH, 'Universal minimum standards of intellectual property under the TRIPS component of the WTO Agreement' in Yusuf AA and Correa CM (eds), *Intellectual property and international trade: the TRIPS Agreement*, 2nd edn, (London: Kluwer Law International, 2007).
- Robillard WG, *Evidence and Procedures for Boundary Location*, 4th edn, (Hoboken: John Wiley & Sons, Inc., 2002).
- Rowell R, *Counterfeiting and Forgery: A Practical Guide to the Law*, (London: Butterworths, 1986).
- Rubin HJ and Rubin IS, *Qualitative Interviewing: The Art of Hearing Data*, 2nd edn, (Thousand Oaks, California: Sage Publications, Inc, 2005).
- Samuel G, *Epistemology and Method in Law*, (Hampshire, England: Ashgate Publishing Ltd., 2003).
- Schechter D, *Delivering the Goods: The Art of Managing Your Supply Chain*, (New York: John Wiley & Sons, Inc., 2002).
- Schendel W and Abraham I (eds), *Illicit flows and criminal things: states, borders, and the other side of globalization*, (Bloomington: Indiana University Press, 2005).
- Schneider M and Vrins O, 'Regulation (EC) 1383/2003', in Vrins O and Schneider M (eds), *Enforcement of Intellectual Property Rights Through Border Measures: Law and Practice in the EU*, (Oxford: Oxford University Press, 2006).
- Schutt RK, *Investigating the Social World: The Process and Practice of Research*, 5th edn, (Thousand Oaks, California: Sage Publications, 2009).
- Sekaran U, *Research Methods for Business: A Skill Building Approach*, 4th edn, (USA: John Wiley & Sons Inc, 2003).
- Shorter Oxford English Dictionary on Historical Principles*, 5th edn, Volume 1: A-M, (Oxford: OUP, 2002).
- Slapper G and Kelly D, *The English Legal System*, 12th edn, (Oxon: Routledge, 2011).
- Smith ATH, *Property Offences: The Protection of Property through the Criminal Law*, (London: Sweet & Maxwell, 1994).
- Soubbotina TP, *Beyond Economic Growth: An Introduction to Sustainable Development*, 2nd edn, (Washington DC: The World Bank, 2004), <http://www.worldbank.org/depweb/english/beyond/beyondco/beg_all.pdf> accessed 10/02/2011.
- Staake T and Fleisch E, *Countering Counterfeit Trade: Illicit Market Insights, Best-Practice Strategies, and Management Toolbox*, (Berlin: Springer, 2008).
- Stahelin A, 'TRIPS Agreement', in Cottier T and Veron P (eds), *Concise International and European IP Law: TRIPS, Paris Convention, European Enforcement and Transfer of Technology*, (Alphen aan den Rijn: Kluwer Law International, 2008).
- Strowel A and Hanley V, 'The Anton Piller case and its legacy: in search of a balance in civil search' in Heath C and Kamperman Sanders A (EDS), *Landmark IP Cases and Their Legacy*, (The Netherlands: Kluwer Law International BV, 2011).

- Suthersanen U, 'Technology, time and market forces: the stakeholders in the Kazaa era', in Pugatch MP(ed), *The Intellectual Property Debate: Perspectives From Law, Economics And Political Economy*, (Cheltenham: Edward Elgar, 2006).
- Taplin R, *Intellectual Property and the New Global Japanese Economy*, (Hoboken: Taylor & Francis, 2009).
- Tay and Partners, 'Malaysia', in ICC Commercial Crime Services, Counterfeiting Intelligence Bureau (CIB), *International Guide to IP Rights Enforcement*, 1st edn, 2006, <<http://www.iccccs.org/images/stories/pdfs/ccs%20ip%20rights%20guide%202006.pdf?phpMyAdmin=F5XY3CeBeymbE1bQ8jr4qlxK1J3>> accessed 05/05/2010.
- Teddlie C and Tashakkori A, *Foundations of Mixed Methods Research: Integrating Quantitative and Qualitative Approaches in the Social and Behavioral Sciences*, (London: Sage Publication Ltd, 2009).
- Teo BK, *Trade Mark Law and Practice in Malaysia*, (Kuala Lumpur: Butterworths Asia, 2001).
- Torremans P, *Holyoak & Torremans Intellectual Property Law*, 6th edn, (New York: University of Oxford, 2010).
- Torremans P, *Holyoak and Torremans Intellectual Property Law*, 5th edn, (Oxford: Oxford University Press, 2008).
- Treverton GF and others, *Film Piracy, Organized Crime, and Terrorism*, (Santa Monica: RAND Corporation, 2009).
- Triton G and others, *Intellectual Property in Europe*, 3rd edn, (London: Sweet & Maxwell, 2008).
- UNCTAD-ICTSD, *Resource book on TRIPS and Development*, (New York: Cambridge University Press, 2005).
- Urbina S, *Legal Method and the Rule of Law*, (The Hague, Netherlands: Kluwer Law International, 2002).
- Vandoren P and Martins PV, 'The enforcement of intellectual property rights: an EU perspective of a global question', in Pugatch MP (ed), *The Intellectual Property Debate: Perspectives from Law, Economics, and Political Economy*, (Cheltenham: Edward Elgar Publishing, 2006).
- Veljanovski CG, 'The economics of regulatory enforcement', in Hawkins K and Thomas JM, *Enforcing Regulation*, (Boston: Kluwer-Nijhoff, 1984).
- Vrins O and Schneider M (eds), *Enforcement of Intellectual Property Rights Through Border Measures: Law and Practice in the EU*, (Oxford: Oxford University Press, 2006).
- Wacks R, *Understanding jurisprudence: An introduction to legal theory*, (Oxford: Oxford University Press, 2005).
- Walker DM, *The Scottish Legal System*, 8th edn, (Edinburgh: W. Green/Sweet & Maxwell, 2001).
- Warwick DP and Osherhon S, *Comparative Analysis in the Social Sciences*. (New Jersey: Prentice-Hall, 1973).
- Weinberger O, 'The norm as thought and as reality', in MacCormick N and Weinberger O, *An institutional theory of law: new approaches to legal positivism*, (Holland: D.Reidel Publishing Company, 1986).

Weinrib EJ, 'Two conception of remedies', in Rickett CEF, *Justifying Private Law Remedies*, (Oxford: Hart Publishing Ltd, 2008).

Wells C and Quick O, *Reconstructing Criminal Law: Text and Materials*, 4th edn, (New York: Cambridge University Press, 2010).

Williams G, *Learning the Law*, 13th edn, (London: Sweet & Maxwell, 2006).

Wilson W, *Criminal Law: Doctrine and Theory*, 3rd edn, (Essex: Pearson Education Limited, 2008).

World Trade Organization, *Understanding the WTO*, 5th edn, (Geneva: WTO Publications, 2010), <http://www.wto.org/english/thewto_e/whatis_e/tif_e/understanding_e.pdf> accessed 20/01/2011.

Yaqin A, *Legal Research and Writing*, (Malaysia: LexisNexis, 2007).

Yin RK, *Case Study Research: Design and Methods*, 4th edn, (Los Angeles, California: Sage Publications, 2009).

Zahraa M, *Research Methods for Law Postgraduate Overseas Students*, (Kuala Lumpur: Univision Press, 1998).

Journal articles

___, 'Destruction of counterfeit goods does not preclude fine', Case Comment, [2009] 249 EU Focus 12-13.

Aberbach JD and Rockman BA, 'Conducting and coding elite interviews', (2002), 35(4) *PS: Political Science and Politics* 673-676, <<http://www.jstor.org/stable/1554807>> accessed 27/03/2009.

Albi A, 'Supremacy of EC Law in the New Member States: Bringing Parliaments into the Equation of 'Co-operative constitutionalism'', [2007] 3(1) *European Constitutional Law Review* 25-67.

Allen CK, 'The nature of a crime', (1931) *Journal of Society of Comparative Legislation*, Feb, reprinted in *Legal Duties* 221.

Almut Pfluger 'Legal research in practice - empirical legal research and research into legal facts' [2008] *IIC* 198.

Altman JB and Whitlock JP, 'Intellectual Property Border Enforcement Measures Come of Age', (2006) 8(9) *GIPAMR*, <<http://www.wtexecutive.com>> accessed 10/12/2007.

Amaratunga D and others, 'Quantitative and qualitative research in the built environment: application of "mixed" research approach', (2002) 51(1) *Work Study* 17-31.

Anderson J, 'The Campaign against dangerous counterfeit goods', (1999) 476-477 *International Criminal Police Review* 56-59.

Angen MJ, 'Evaluating interpretive inquiry: reviewing the validity debate and opening the dialogue', (2000) 10(3) *Qualitative Health Research* 378-395, <<http://qhr.sagepub.com/cgi/content/abstract/10/3/378>> accessed 01/05/2008.

Antons C, Intellectual Property Law in Southeast Asia: Recent Legislative and Institutional Developments, 2006 (1) *Journal of Information Law & Technology* Special Issue, <http://www2.warwick.ac.uk/fac/soc/law/elj/jilt/2006_1/antons/#a4> accessed 10/12/2007.

- Arnold R, 'Case management, judicial specialisation and IP litigation', [2010] 29(4) *CJQ* 478-490 at p.487-488.
- Ashworth A, 'Is The Criminal Law A Lost Cause?', (2000) 116 *L.Q.R.* 225-256.
- Bain A, 'Is it an infringement of trade mark law for the operator of an online marketplace (such as eBay) to allow counterfeit goods to be sold? As a matter of policy, should it be?', [2011] 33(3) *E.I.P.R.*162-168.
- Bari AA, 'The indigenous roots of the Malaysian constitution - the provisions and the implications', [2008] 6 *Current Law Journal* xxxiii.
- Barnes PJ, 'Adulteration and Fraud Threaten Safety', (1996) 4 *Nutrition and Food Science* 23-26.
- Beck-Dudley CL and Conry EJ, 'Meta-jurisprudence: the epistemology of law', (1996) 33(3) *American Business Law Journal* 373-450.
- Becker GS and Stigler GJ, 'Law enforcement, malfeasance, and compensation of enforcers', (1974) 3(1) *The Journal of Legal Studies* 1-18.
- Belson J, "Brand protection in the age of the Internet", (1999) 21(10) *EIPR* 481-484.
- Benczek A, 'EU: Intellectual Property - Recent Initiatives at EU Level against Counterfeiting and Piracy', [2003] 25(8) *E.I.P.R.* 126-128.
- Benschar TS, Kalow DA and Springut M, 'Proving wilfulness in trademark counterfeiting cases', (2003-2004) 27 *Columbia Journal of Law & The Arts* 121-143.
- Bergquist J and Curley D, 'Shape trade marks and fast-moving consumer goods', [2008] *European Intellectual Property Review* 17-24.
- Berman B, 'Strategies to detect and reduce counterfeiting activity', (2008) 51 *BH* 191-199.
- Blakeney L and Blakeney M, 'Combating the trade in counterfeit and pirate goods', (2007) 13(6) *Int. T.L.R.* 155-135.
- Blakeney L and Blakeney M, 'Counterfeiting and piracy – removing the incentives through confiscation', (2008) 30 (9) *EIPR* 348-356.
- Blakeney L and Blakeney M, 'Counterfeiting and piracy - removing the incentives through confiscation', (2008) 30(9) *EIPR* 348-356.
- Blakeney M, 'International proposals for the criminal enforcement of intellectual property rights: international concern with counterfeiting and piracy', (2009) 1 *I.P.Q* 1-26.
- Bogdandy AV, 'The past and promise of doctrinal constructivism: a strategy for responding to the challenges facing constitutional scholarship in Europe', (2009) 7(3) *International Journal of Constitutional Law* 364-400.
- Bonadio E, 'Parallel imports in a global market: should a generalised international exhaustion be the next step?', [2011] 33(3) *EIPR* 153-161.
- Bonadio E, 'Protecting intellectual property rights through EU customs procedures', [2008] 14(4) *Int. T.L.R.*80-88.
- Bonadio E, 'Remedies and sanctions for the infringement of intellectual property rights under EC law', (2008) 30(8)*EIPR* 320-327.

- Bowles R, Faure M and Garoupa N, 'The scope of criminal law and criminal sanctions: an economic view and policy implications', (2008)35(3) *Journal of Law and Society* 389-416.
- Brinkhof JJ, 'The enforcement of patent rights in the Netherlands', [2000] 31(6) *IIC* 706-722.
- Brown DK, 'Can Criminal Law Be Controlled?', (2010) 108 *Michigan Law Review* 971-992.
- Brown RS, 'Civil Remedies for Intellectual Property Invasions: Themes and Variations', [1992] 55(2) *Law and Contemporary Problems* 45-78.
- Bruce M, 'Combating counterfeiting and piracy: the Commonwealth initiative', (2009) 35(4) *Commonwealth Law Bulletin* 703-711.
- Brut JP, 'Car parts counterfeiting: a crime against intellectual property rights which threatens the economy and people's safety', (1999) 476-477 *ICPR* 7-13.
- Bush RF and others, 'Remedies for product counterfeiting', (1989) *Business Horizons* 56-66.
- Cahn TR and Floum JR, 'Applying the Safe Distance Rule in Counterfeiting Cases: A Call for the Use of Broad Equitable Power to Prevent Black and Gray Marketeering', [2006] 8 *Fordham IPMELJ* 487-503.
- Carter SM and Little M, 'Justifying kynowledge, justifying method, taking action: epistemologies, methodologies, and methods in qualitative research', (2007) 17(10) *Qualitative Health Research* 1316-1328, <<http://qhr.sagepub.com/cgi/content/abstract/17/10/1316>> accessed 13/04/2009.
- Chaudhry PE and Walsh MG, 'An assessment of the impact of counterfeiting in international markets: the piracy paradox persists', (1996) (31)3 *CJWB* 34-48.
- Cheyne I(a), 'Gateways to the precautionary principle in WTO law', [2007] 19(2) *J.Env.L* 155-172.
- Cheyne I(b), 'The precautionary principle in EC and WTO law: searching for a common understanding', [2006] 8(4) *Env.L.Rev* 257-277.
- Chorvat T and McCabe K, 'Law and the brain', (2004) 359(1451) *Philosophical Transactions: Biological Sciences* 1727-1736.
- Chow DCK, 'Enforcement against Counterfeiting in the People's Republic of China', (1999-2000) 20 *Nw. J. Int'l L. & Bus.* 447-474.
- Chynoweth P, 'Legal scholarship: a discipline in transition', (2009) 1(1) *International Journal of Law in the Built Environment* 5-8.
- Clark A, 'The use of border measures to prevent international trade in counterfeit and pirated goods: implementation and proposed reform of Council Regulation 3295/94', [1998] 20(11) *E.I.P.R.* 414-425.
- Cohen Jand Haugaard AM, 'Monetary compensation for trade mark infringement in the European Union', [2010] 5(5) *JIPLP* 372-377.
- Condon BJ, 'China – Intellectual property rights and the criminalization of trade mark counterfeiting and copyright piracy under the TRIPS Agreement', (2009) 4(9) *JIPLP* 618-619.
- Cregan Q, 'Roving injunctions and John Doe orders against unidentifiable defendants in IP infringement proceedings', [2011] 6 (9) *JIPLP* 623-631.

- Crouch M and McKenzie H, 'The logic of small samples in interview-based qualitative research', (2006) 45(4) *Social Science Information* 483-499, <<http://ssi.sagepub.com/cgi/content/refs/45/4/483>> accessed 08/04/2009.
- Daele K, 'Regulation 1383/2003: a new step in the fight against counterfeit and pirated goods at the borders of the European Union', [2004] 26(5) *E.I.P.R.* 214-225.
- Dailey MA, 'Interim measures available to US litigants: the early bird gets the worm', [1988] 10(6) *E.I.P.R.* 178-183.
- Davis J, 'Locating the Average Consumer: His judicial origins, intellectual influences and current role in European trade mark law', [2005] 2 *IPQ* 183-203.
- Defer A, 'Product counterfeiting: the issues and police countermeasures in France', (1999) 476-477 *ICPR* 54-55.
- Desmond M, 'Methodological challenges posed in studying an elite in the field', (2004) 36(3) *Area* 262-269.
- Dratler J, 'IP law, commercial, creative and industrial property', (1999) *Law Journal Press* 1A-115.
- Dusuki FN, 'The standard of proof at the close of the prosecution case: is the question finally resolved?' [2006] 3 *CLJ* lxxxv.
- Eisend M and Schuchert-Güler P, 'Explaining Counterfeit Purchases: A Review and Preview', (2006) 12 *AMSR* 1-25 <<http://www.amsreview.org/articles/eisend12-2006.pdf>> accessed 02/02/2010.
- Eko L, 'Trademark parody and the mass media: Going beyond survey evidence in the determination of "a likelihood of confusion"', (1998) 3(4) *Communication Law and Policy* 589-608, <http://pdfserve.informaworld.com/459453_751320496_909768778.pdf> accessed 14/03/2010.
- Eldabi T and others, 'Quantitative and qualitative decision-making methods in simulation modelling', (2002) 40(1) *Management Decision* 64-73, <<http://www.emeraldinsight.com/10.1108/00251740210413370>> accessed 15/04/2009.
- Enchelmaier S, 'The inexhaustible question - free movement of goods and IP in the European Court of Justice's case law, 2002-2006', [2007] 38(4) *IIC* 453-470.
- Engels S, 'Counterfeiting and piracy: the industry perspective', [2010] 5(5) *JIPLP* 1-5.
- Firth A, 'Damages/Monetary Remedies for Trade Mark Infringement', [2008] 1 *Anuario de la Facultad de Derecho – Universidad de Alcalá* 73-90.
- Gentle S, 'Proceeds of Crime Act 2002: Update', (2008) 56(May) *COB* 1-33.
- Gielen C, 'Netherlands: procedure', [1999] 21(1) *EIPR* N9-10.
- Godart B, 'IP crime: the new face of organized crime-From IP theft to IP crime', [2010] 5(5) *JIPLP* 378-385.
- Goldstein GK, 'Getting in the door: sampling and completing elite interviews', (2002), 35(4) *PS: Political Science and Politics* 669-672, <<http://www.jstor.org/stable/1554806>> accessed 27/03/2009.

- Goldstone DJ and Toren PJ, 'Criminalization of Trademark Counterfeiting', (1998-1999) 31(1) *Connecticut Law Review* 1-76.
- Griffiths A, 'The trade mark monopoly: an analysis of the core zone of absolute protection under Art.5(1)(a)', [2007] *IPQ* (3) 312-349.
- Griffiths A, 'Trade marks plus? The role of trade marks in the global economy and the danger of over-protection', (2007) 28 *Liverpool Law Review* 107-141.
- Grossman GM and Shapiro C(a), 'Counterfeit-product trade', [1988] 78(1) *American Economic Review* 59-75.
- Grossman GM and Shapiro C(b), 'Foreign counterfeiting of status goods', [1988] *The Quarterly Journal of Economics* 79-100.
- Hammer D, 'The presumption of innocence and reverse burdens: a balancing act', (2007) 66 *The Cambridge Law Journal* 142-171, at p.142.
- Harbottle G, 'Criminal remedies for copyright and performers' rights infringement under the Copyright Designs and Patents Act 1988', [1994] 12 *Ent.LR* 14-15.
- Harbottle G, 'Private prosecutions in copyright cases: should they be stopped', [1998] 20(8) *EIPR* 317-320.
- Harvey M, 'A new way to combat product counterfeiting', (1988) 31(4) *B* 19-28.
- Harvey MG, 'Industrial product counterfeiting: problems and proposed solutions', (1987) 2(4) *JBIM* 5-13.
- Hetzer W, 'Godfathers and Pirates: Counterfeiting and Organized Crime', [2002] 10(4) *European Journal of Crime, Criminal Law and Criminal Justice* 303-320.
- Hezewijk JK van, 'Montex and Rolex - irreconcilable differences? A call for a better definition of counterfeit goods' (2008) 39(7) *IIC* 775-795, 787.
- Hilty RM, Kur A and Peukert A, 'Statement of the Max Planck Institute for Intellectual Property, Competition and Tax Law on the Proposal for a Directive of the European Parliament and of the Council on criminal measures aimed at ensuring the enforcement of intellectual property rights', (2006) 970 *IIC* 973-976.
- Hoffmann L, 'Tax avoidance', [2005] 2 *BTR* 197-206.
- Holloway I and Fullbrook P, 'Revisiting qualitative inquiry: interviewing in nursing and midwifery research', (2001) 6(1) *Nursing Times Research* 539-550, <<http://jrn.sagepub.com/cgi/reprint/6/1/539>> accessed 27/03/2009.
- Holmes OW, 'The path of the law', [1896-1897] 10 *Harvard Law Review* 457-478.
- Hopperger M, 'International Protection of Intellectual Property Rights', (1999) 476-477 *ICPR* 78-80.
- Hutchinson S, 'In transition ... when should in-transit goods be seized for intellectual property infringement in the European Union?', [2010] 32(12) *E.I.P.R.* 614-621.
- Imam M, 'Making laws Islamic in Malaysia: a constitutional perspective', [1994] 3 *Current Law Journal* vii.
- Imam M, 'Malaysian common law: reality and feasibility', [1997] 1 *Current Law Journal* cv.

- Imam M, 'Malaysian common law: reality and feasibility', [1997] 1 *CLJ* cv.
- Jaeger and others, 'Statement of the Max Planck Institute for Intellectual Property, Competition and Tax Law on the review of EU legislation on customs enforcement of intellectual property rights', [2010] 41(6), *IIC* 674-695.
- Jennings JS, 'Trademark counterfeiting: an unpunished crime', (1989) 80(3) *J.Crim.L.&Criminology* 805-841.
- Johnson RB, Onwuegbuzie AJ and Turner LA, 'Toward a definition of mixed methods research', (2007) 1(2) *Journal of Mixed Methods Research* 112-133, <<http://mmr.sagepub.com/cgi/content/abstract/1/2/112>> accessed 13/04/2009.
- Joseph ALR, 'Anton Piller Orders and the Privilege against Self-Incrimination in Malaysia and Singapore: Revisited', [1992] 2 *MLJ* xliii.
- Keay A, 'Whither American Cyanamid?: interim injunctions in the 21st century', [2004] 23 (Apr) *C.J.Q.* 133-151.
- Kelbrick R, 'Damages against the innocent infringer', [1996] 18(4) *EIPR* 204-212.
- Kelliher F, 'Interpretivism and the pursuit of research legitimisation: an integrated approach to single case design', (2005) 3(2) *The Electronic Journal of Business Research Methodology Volume* 123-132, <www.ejbrm.co> accessed 09/04/2008.
- Kezar A, 'Transformational Elite Interviews: Principles and Problems', (2003) 9 *Qualitative Inquiry* 395-415.
- Kingston W, 'Improving patents for smaller firms: insurance, incontestability, arbitration', [2007] 1 *IPQ* 1-18.
- Krauss SE, 'Research paradigms and meaning making: a primer', (2005) 10(4) *The Qualitative Report* 758-770, <<http://www.nova.edu/ssss/QR/QR10-4/krauss.pdf>> accessed 28/03/2009.
- Kumar SP, 'Border enforcement of intellectual property rights against in-transit generic pharmaceuticals: an analysis of character and consistency', [2010] 32(10) *E.I.P.R.* 506-519.
- Kunstadt RM, 'Trade marks: not just for the rich and famous', (2008) 3(7) *JIPLP* 451-456.
- Lamond G, 'What is a crime?', (2007) 27(4) *Oxford Journal of Legal Studies* 609-632.
- Lea G, 'Masters of all they survey? Some thoughts upon official attitudes to market survey evidence in U.K. trade mark practice', [1999] 2 *IPQ* 191-227.
- Leith E, 'ACTA: the anti-counterfeiting crack-down', [2011] 22(3) *Ent.LR* 81-84.
- Lim HG, Azmi IM and Alavi R, 'Reforms Towards Intellectual Property-Based Economic Development in Malaysia', (2009) 12(4) *The Journal of World Intellectual Property* 317-337.
- Lindsey M and Chacksfield M, 'Exhaustion of rights and wrongs: section 92 of the TMA 1994: recent developments and comments', [2003] 25(9) *EIPR* 388-396.
- Ling YY, 'The ambit of s. 34(1) of the Arbitration Act 1952 and its interpretation by the Malaysian courts: literal or purposive?', 2004] 3 *Current Law Journal* lxxvii.
- Lowe V, 'The law of unintended consequences - a perspective on the draft Directive on criminal measures to enforce intellectual property rights', (2006) 163 *Crim.Law.* 3-5.

- MacDougall C and Fudge E, 'Planning and recruiting the sample for focus group and in-depth interviews', (2001) 11(1) *Qualitative Health Research* 117-126, <<http://qhr.sagepub.com/cgi/content/refs/11/1/117>> accessed 08/04/2009.
- Mallinson R, 'Coflexip and injunctions: make the punishment fit the crime', [1999] 4 *I.P.Q.* 499-508.
- Manta ID, 'The Puzzle of Criminal Sanctions for Intellectual Property Infringement', (2011) 24(2) *Harvard Journal of Law & Technology* 469-518.
- Marinova Y, 'The European Court of Justice on external parallel trade: interpreting the law or constructing an implied trade mark infringement', [2009] 2 *IPQ* 254-280.
- Matthews D, 'The Lisbon Treaty, trade agreements and the enforcement of intellectual property rights', 2010, 32(3) *EIPR* 104-112.
- McDonald G and Roberts C, 'Product piracy: the problem that will not go away', (1994) 3(4) *Journal of Products and Brand Management* 55-65.
- McQuade W and others, 'Will you miss me when I'm gone: a study of the potential loss of company knowledge and expertise as employees retire', (2007) 31 (9) *Journal of European Industrial Training* 758-768.
- Mengistie G, 'Intellectual property as a tool for development: the Ethiopian Fine Coffee designations and trade marking and licensing experience', [2010] 16(1) *Int. TLR* 1-24.
- Mercer J, 'A mark of distinction: branding and trade mark law in the UK from the 1860s', (2010) *Business History* 52(1) 17-42.
- Mercurio B, 'Beyond the text: the significance of the Anti-Counterfeiting Trade Agreement', (2012) *Journal of International Economic Law*, 1-30.
- Mitchell VW and Kearney I, 'A critique of legal measures of brand confusion', (2002) 11(6) *Journal of Product & Brand Management* 357-379.
- Mitchell VW and Papavassiliou V, 'Exploring consumer confusion in the watch market', (1997) 15(4) *MIP* 164-172.
- Mitchell VW and Papavassiliou V, 'Marketing causes and implications of consumer confusion', (1999) 8(4) *JPBM* 319-339.
- Moohr GS, 'The crime of copyright infringement: an inquiry based on morality, harm and moral theory', (2003) 83 *Boston University Law Review* 731.
- Nelson GF, 'Anton Piller Order - Equity's Commando Remedy Against Illicit Traders & Ors.', [1993] 3 *CLJ* i (July).
- Ni Shuilleabhain M, 'Common-law protection of trade marks - the continuing relevance of passing off', [2003] 34(7) *IIC* 722-750.
- Nia A and Zaichkowsky JL, 'Do counterfeits devalue the ownership of luxury brands?', (2000) 9(7) *JPBM* 485-497.
- Olsen JE and Granzin KL, 'Gaining retailers' assistance in fighting counterfeiting: conceptualization and empirical test of a helping model', (1992) 68(1) *JR* 90-112.
- Parsons M, 'Offshoring to Asia: a legal and regulatory scorecard of the leading destinations', (2010) 16(7) *C.T.L.R.* 196-202.

- Pendleton MD, 'The danger of protecting too much: a comparative analysis of aspects of intellectual property in Hong Kong, Britain and the United States', (2000) 22(2) *E.I.P.R.* 69-78.
- Phillips J, 'Analysis: pariah, piranha or partner? The new view of intellectual property in Europe', [1998] 1 *IPQ* 107-112.
- Phillips J, 'How to win at Monopoly: applying game theory to the enforcement of IP rights', [2007] 2(8) *JIPLP* 540-552.
- Phillips J, 'Interlocutory injunctions and intellectual property: a review of *American Cyanamid v Ethicon* in the light of Series 5 Software', [1997] (Sep) *J.B.L.* 486-492.
- Plack MM, 'Human nature and research paradigms: Theory meets physical therapy practice', (2005) 10(2) *The Qualitative Report* 223-245, <<http://www.nova.edu/ssss/QR/QR102/plack.pdf>> accessed 21/04/2008.
- Pollinger ZA, 'Counterfeit goods and their potential financing of international terrorism', [2008] 1(1) *MJB* 85-102, <<http://michiganjb.org/issues/1/article4.pdf>> accessed 25/02/2010.
- Porter H, 'Lawyers as bloodhounds: Proceeds of Crime Act 2002 and its application to intellectual property practitioners in the UK', [2007] 29(2), *EIPR* 70-73.
- Prendergast G and others, 'Understanding consumer demand for non-deceptive pirated brands', (2002) 20(7) *MIP* 405-416.
- Prescott P, '*American Cyanamid v Ethicon*' (1975) 91 *LQR* 168.
- Quinney R, 'Is Criminal Behaviour Deviant Behaviour?', (1965) 5 (2) *British Journal of Criminology* 132-142.
- Rahmatian A, 'Trade mark infringement as a criminal offence', (2004) 67(4) *The Modern Law Review* 670-683.
- Reid AS, 'RFID tags and the European Union: really free internal distribution?' [2005] 4(1/2) *JITL & P* 1-30.
- Reynolds D, 'Manipulating perceived risk to deter and disrupt counterfeiters', [2011] 18(1) *J.F.C.* 105-118.
- Richards D, 'Elite interviewing: approaches and pitfalls', (1996) 16(3) *Politics* 199-204.
- Richards T, 'Trade marks - a round up of some recent developments', [2008] 13(5) *Communications Link* 151-154.
- Robinson W, 'The World Customs Organization', (1999) 476-477 *ICPR* 81-86.
- Rogers D and Moss G, 'Damages for loss of profits in intellectual property litigation', [1997] 19(8) *E.I.P.R.* 425-434.
- Romeu FR, 'An economic theory of the regulation of preliminary measures', [2010] 30(3) *E.J.L.&E.* 267-300.
- Rosler H, 'Anti-counterfeiting in online auctions from the perspective of consumers' interests', [2006] 37(7) *IIC* 771-778.
- Rosler H, 'The rationale for European trademark protection', [2007] 29(3) *EIPR* 100-107.

- Roth WD and Mehta JD, 'The Rashomon effect: combining positivist and interpretivist approaches in the analysis of contested events', (2002) 31(2) *Sociological Methods & Research* 131-173.
- Rubin MPH, 'Standard of proof relating to sufficiency of evidence at criminal trial: mental gymnastics since Haw Tua Tau', [1996] 2 *CLJ* lxiv.
- Ruse-Khan HG, Jaeger T and Kordic R, 'The Role of Atypical Acts in EU External Trade and Intellectual Property Policy', [2011] 21(4) *Eur J Int Law* 901-939.
- Sahay S and Bora N, 'Perspectives of Anton Piller Injunctions in IP Infringement Cases', [2008] 1(1) *The GNLU Law Review* available at <http://www.gnluc.ac.in/03_Notes_&Comments.pdf>.
- Samuel G, 'Is law really a social science? A view from comparative law', [2008] 67(2) *Cambridge Law Journal* 288-321.
- Santos JF and Ribeiro JC, 'International Counterfeiting in the European Union: A Host Country Approach', (2007) 16(1) *JEM* 165-176, <http://dx.doi.org/10.1300/J037v16n01_12> accessed 30/04/2010.
- Saw CL and Leong SHS, 'Defining criminal liability for primary acts of copyright infringement – the Singapore experience', (2008) 4 *J.B.L.* 304-315, at p.307.
- Saw CL, 'The case for criminalising primary infringements of copyright – perspectives from Singapore', (2010) 18(2) *I.J.L. & I.T.* 95-126.
- Schmitz M, 'Cooperation, Collaboration and Coordination of Anti-Counterfeiting Enforcement Actions Are Key to Address the Problems of Counterfeiting and Piracy', (March 2010) *World Commerce Review* 46-47, <http://www.worldcommercereview.com/publications/article_pdf/250> accessed 20/02/2011.
- Schneider M, 'Fakes in transit would not be counterfeits', [2010] 5(1) *JIPLP* 19-22.
- Schneider M, 'Fake goods in transit: the AG's opinion on fictions and suspicions', [2011] 6(7) *JIPLP* 437-440.
- Schneider M, 'Complicating the simplified procedure', [2009] 4(6) *J.I.P.L.P.* 394-396.
- Schneider M, 'Fakes in transit would not be counterfeits', [2010] 5(1) *JIPLP* 19-22.
- Scott IR, 'Re-assessing American Cyanamid', [2002] 21(Jul) *C.J.Q.* 190-193.
- Shair Mohamed MA, 'The Meaning of "Forthwith" in an Anton Piller Order', [1991] 2 *CLJ* lxv.
- Shair Mohamed MA, 'A Critical Appraisal of the Anton Piller Order', [1987] 1 *CLJ* 517.
- Shuaib FS, 'Towards Malaysian Common Law: Convergence Between Indigenous Norms And Common Law Methods', [2011] 1 *LNS(A)* ix.
- Siems MM, 'Legal originality', (2008) 28(1) *Oxford Journal of Legal Studies* 147–164.
- Smith A, 'Thailand - Fighting the fakes in Thailand', *World Trademark Review* (24 March 2009, London), <<http://www.worldtrademarkreview.com/daily/Detail.aspx?g=e7bbec95-f08c-45c5-852a-cc9b95dba325>> accessed 20/05/2010. .
- Smith V, 'Knowledge and Trade Mark Offences and Defences', (2009) 173(38) *C.L.&K* 597-601.

- Stephens K, Fuller Z and Brueton G, 'Determination of the balance of injustice in an interim injunction application to restrain trade mark infringement and passing-off', [2011] 40(1) *C.I.P.A.J.* 48-49.
- Stephens N, 'Collecting data from elites and ultra elites: telephone and face-to-face interviews with macroeconomists' (2007) 7(2) *Qualitative Research* 203-216, <<http://qrj.sagepub.com/cgi/content/refs/7/2/203>> accessed 08/04/2009.
- Stewart H, 'The Limits of the Harm Principle', (2010) 4 *Criminal Law and Philosophy* 17–35.
- Stiel M and Dwyer J, 'Developing an IP enforcement', [2005] 154 *M.I.P.* 80-83.
- Stothers C, 'State of the Art: Parallel trade and free trade agreements', [2006] 1(9) *JIPLP* 578- 592.
- Stuart TM, 'Quantum in accounts of profits', [1999] 21(3) *E.I.P.R.* 147-149.
- Sugden P, 'How long is a piece of string? The meaning of "commercial scale" in copyright piracy', (2009) 31(4) *E.I.P.R.* 202-212.
- Suzuki D and Brown TC, 'Counterfeit trade's links to organized crime', The Pica Report: Counterfeit Good, (2009) May/June *World Intellectual Property Review* 16-18, <http://www.pica.net/pdf/PICA_May_JuneWIPR.pdf> accessed 25/01/2010.
- Szalewski JS, 'The International Protection of Trademarks after the TRIPS Agreement', [1998] 9 *DJCL* 189-212.
- Tan KMR, 'Mareva Injunction', [1989] 2 *CLJ* 764.
- Teo BK, 'The case for specialised IP Courts: A perspective from a Malaysian IP practitioner', [2007] 2 *MLJ* civiii.
- Tollington T, 'The Separable Nature of Brands as Assets: The United Kingdom Legal and Accounting Perspective' [2001] *EIPR* 6.
- Ulph J, 'Confiscation orders, human rights and penal measures', (2010) 126(Apr) *L.Q.R.* 251-278.
- Vadi VS, 'Trade mark protection, public health and international investment law: strains and paradoxes', [2009] 20(3) *EJIL* 773-803.
- Vagg J and Harris J, 'False Profits: Why Product Counterfeiting is Increasing', [2000] 8(1) *European Journal on Criminal Policy and Research* 107-115.
- Valencia F, 'Legal ambiguity in the digital economy: the case of eBay and the liability of online auction sites', [2011] 4 *IBLJ* 415-431.
- Vrins O and Schneider M, 'Trade Mark Use in Transit: EU-Phony or Cacophony?', [2005] *JIPLP* 43-50.
- Vrins O and Schneider M, 'Class Actions from Jacobs to Jacob', [2008] *WIPR* 38-43.
- Vrins O, 'The real Story of a fiction: transit after Montex under Regulation (EC) 1383/2003' [2010] 5(5) *JIPLP* 358.
- Wadlow C, "Including trade in counterfeit goods": the origin of TRIPS as a GATT anti-counterfeiting code', [2007] 3 *IPQ* 350-402.

Wattanapruttipaisan T, 'Trademarks and Geographical Indications: Policy Issues and Options in Trade Negotiations and Implementation', (2009) 26(1) *Asian Development Review* 166-205.

Widdowson D, 'The Changing Role of Customs: Evolution or Revolution?', [2007] 1(1) *World Customs Journal* 31-37.

Williams G, 'The Definition of a Crime', [1955] *Current Legal Problems* 107.

Wilson D and Montagnon R, 'Intellectual property: HMRC issues new "simplified procedure" for the seizure and destruction of goods infringing intellectual property rights', [2010] 32(8) *E.I.P.R.* N72-75.

Wooldridge F, 'Provisional measures and Article 50 of TRIPs: the ECJ's decision in Hermes International', [1999] 1 *IPQ* 124-131.

Yaacob SN, 'Administration of justice - procedural reforms on court congestion', [1981] *CLJ* 16.

Yar M, 'A deadly faith in fakes: trademark theft and the global trade in counterfeit automotive components', (2005) *Internet Journal of Criminology*, <<http://www.internetjournalofcriminology.com>> accessed 30/04/2010.

Yu PK, 'Enforcement, economics and estimates', (2010) 2(1) *The WIPO Journal* 1; Yu PK, 'Six secret (and now open) fears of ACTA', (2011) 64(3) *SMU Law Review* 975.

Reports and other official documents

___, 'Trade Sustainability Impact Assessment for the FTA between the EU and ASEAN', (Phase 2 – Interim Report, [Ref:TRADE07/C1/C01 – Lot 2], Rotterdam, 3 April 2009), <http://trade.ec.europa.eu/doclib/docs/2009/may/tradoc_143167.pdf> accessed 30/04/2010.

Abraham K, 'Anti-counterfeiting 2010 – A Global Guide: Malaysia', *World Trademark Review* 2010 Special Report, 151-153, <<http://www.worldtrademarkreview.com/issues/Article.ashx?g=5e8854f9-cdlc-4168-68ac-84355b95359a>> accessed 20/12/2010.

Annual Report of the Superior and Subordinate Courts in Malaysia 2006/2007.

ASEAN Framework Agreement on Intellectual Property Cooperation, Bangkok, Thailand, 15 December 1995.

Asia/Pacific Group on Money Laundering, 'APG Mutual Evaluation Report on Malaysia 2007', 25 July 2007, <http://www.apgml.org/.../docs/17/Malaysian_MER_-_FINAL_August2007.pdf> accessed 08/03/2008.

Bank Negara Malaysia Annual Report 2010, <http://www.bnm.gov.my/files/publication/ar/en/2010/ar2010_book.pdf> accessed 02/06/2011.

BASCAP, Research Report on Consumer Attitudes and Perceptions on Counterfeiting and Piracy, November 2009, <http://www.iccwbo.org/uploadedFiles/BASCAP/Pages/BASCAP_Consumer%20Research%20Report_Final.pdf> accessed 21/03/2010.

Bich NTN, 'International Registration of Trademark Under Madrid Protocol & Madrid Agreement: Vietnam's Approach in reference to the Japanese Experience', JPO- (Japan Patent Office,) sponsored Fellowship Study-cum-Research on Madrid System, 1st October 2007 – 31st March 2008, (Final Report, March 2008), <http://www.jpo.go.jp/torikumi_e/kokusai_e/pdf/ipcoop_asiapacific_e/vietnam.pdf> accessed 21/05/2011.

Blakeney M, 'Policy Responses to the Involvement of Organized Crime in Intellectual Property Offences', Document prepared for World Intellectual Property Organization (WIPO) Advisory Committee on Enforcement, Fifth Session, Geneva, (2 - 4 November 2009), WIPO/ACE/5/5, <http://www.wipo.int/edocs/mdocs/enforcement/en/wipo_ace_5/wipo_ace_5_5.pdf> accessed 16/02/2011.

Breitkreuz G, 'Counterfeit Goods in Canada – A Threat to Public Safety', (Report of the Standing Committee on Public Safety and National Security, 1st. session of 39th Parliament, May 2007) <<http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=2985081&Language=E&Mode=1&Parl=39&Ses=1&File=18>> accessed 28/03/2008.

Bryce J, 'COUNTER State of the Art Report', <<http://www.counter2010.org/wpcontent/uploads/2010/02/COUNTER-SofA-Report-D3.pdf>> accessed 29/04/2010.

Business Action to Stop Counterfeiting and Piracy (BASCAP), 'The Impact of Counterfeiting on Governments and Consumers', (A Report Commissioned by BASCAP: Executive Summary, May 2009), Frontier Economics Ltd. London.

Business Action to Stop Counterfeiting and Piracy (BASCAP), 'The Impact of Counterfeiting on Governments and Consumers', (A Report Commissioned by BASCAP: Executive Summary, May 2009), Frontier Economics Ltd. London.

Centre for Economics and Business Research (CEBR), 'Counting counterfeits: defining a method to collect, analyse and compare data on counterfeiting and piracy in the Single Market', (Final report for the European Commission Directorate-General, 15 July 2002), London, <http://ec.europa.eu/internal_market/indprop/docs/piracy/finalreport-cebr_en.pdf> accessed 28/01/2008.

Centre for Economics and Business Research (CEBR), 'The Impact of Counterfeiting on Four Key Sectors in the European Union', (London, 2000), <http://www.gacg.org/Content/Upload/Documents/eucebr_Final.doc> accessed 10/12/2007.

Commission of the European Communities (CEC), 'Green Paper: Combating Counterfeiting and Piracy in the Single Market', (Final Report, Brussels, 15 October 1998), <http://europa.eu/documents/comm/green_papers/pdf/com98_569_en.pdf> accessed 15/12/2007.

Debate of Subordinates Court Act (Amendment) Bill, 2010 by Wong Ho Leng at Dewan Rakyat on Wednesday 7th July 2010, <<http://www.dapmalaysia.org/english/2010/jul10/bul/bul4222.htm>> accessed 12/01/2011.

Declaration 17 concerning primacy in Declarations Annexed to the Final Act of the Intergovernmental Conference which adopted the Treaty of Lisbon, signed on 13 December 2007.

European Commission Directorate-General for Trade ECDGT, 'Strategy for the Enforcement of IPRs in Third Countries', (Report: Malaysia, 2005), <http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc_130407.pdf> accessed 12/12/2007.

Enforcement Division, Ministry of Domestic Trade and Consumer Affairs, 'Biennial Report 2006-2007', Putrajaya, Malaysia.

ETH Zurich, SAP Research, 'Problem-Analysis Report on Counterfeiting and Illicit Trade', (BRIDGE Report, 11 July 2007), <www.bridgeproject.eu/.../BRIDGE%20WP05%20%20AntiCounterfeiting%20Problem%20Analysis.pdf> accessed 06/11/2009.

EU-Malaysia Chamber of Commerce & Industry (EUMCCI), 'EUMCCI Trade Issues and Recommendations 2010', (Report), <<http://www.eumcci.com/pdffiles/TIR2010/EUM-TIR2010-ijr.pdf>> accessed 22/01/2011.

European Commission Directorate-General for Trade (ECDGT), 'Evaluation of the Intellectual Property Rights Enforcement Strategy in Third Countries', (Final Report, November 2010), <http://trade.ec.europa.eu/doclib/docs/2010/november/tradoc_147053.pdf> accessed 23/01/2011.

European Commission Enterprise and Industry Directorate-General (ECEIDG), 'Public Consultation in Preparation of a Legal Proposal to Combat Counterfeit Medicines for Human Use', Brussels, 11 March 2008.

European Commission Taxation and Customs Union (TAXUD) Annual Report on EU Customs Enforcement of Intellectual Property Rights, available at <http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/statistics/index_en.htm>.

European Commission Taxation and Customs Union (TAXUD)(a), 'Results at the European Border–2010', (Report on EU Customs Enforcement of Intellectual Property Rights, 22 July 2010), <http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/statistics/statistics_2010.pdf> accessed 15/08/2010.

European Commission Taxation and Customs Union (TAXUD), 'Results at the European Border–2009', (Report on EU Customs Enforcement of Intellectual Property Rights, 22 July 2010), <http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/statistics/statistics_2009.pdf> accessed 15/08/2010.

European Commission Trade, 'Malaysia', (Country Report), <http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc_130425.pdf> accessed 23/01/2011.

European Commission, 'Analysis of the application of Directive 2004/48/EC of the European Parliament and the Council of 29 April 2004 on the enforcement of intellectual property rights in the Member States', Brussels, 22.12.2010, SEC(2010) 1589 final.

European Commission, "Customs' Battle Against Counterfeiting and Piracy to Protect Intellectual Property", <http://tradeinfo.cec.eu.int/doclib/docs/2005/march/tradoc_112031.pdf> as cited in Hisamitsu Arai, Japan's Perspective on Combating Counterfeiting and Piracy, Presentation to the Third Global Conference on Counterfeiting and Piracy, 30 January 2007, <<http://www.ccapcongress.net/archives/Geneva/Files/Arai.pdf>> accessed 28/05/2008.

European Union's Strategy for the Enforcement of Intellectual Property Rights in Third Countries, (OJ C129 of 26.5.2005).

Financial Action Task Force (FATF), 'Money Laundering vulnerabilities of Free Trade Zones', (FATF/OECD Report, March 2010), Paris, <<http://www.fatfgafi.org/dataoecd/45/47/44888058.pdf>> accessed 11/02/2011.

Forzley M, 'Counterfeit Goods And The Public's Health And Safety', (Research Report) (July 2003), International Intellectual Property Institute, Washington DC.

Genn DH, Partington M and Wheeler S, 'Law in the Real World: Improving Our Understanding of How Law Works', (Final Report and Recommendations) (London: The Nuffield Foundation, 2006).

Global Business Leaders Alliance Against Counterfeiting (GBLAAC), 'Global Counterfeiting' (Background Document, 27 Jan 2003), <<http://www.gblaac.org/pdfs/backgrounder-2003.pdf>> accessed 12/03/2008.

Harms L, "The enforcement of IPRs by means of criminal sanctions: An assessment", WIPO Advisory Committee on Enforcement, 4th Session, Geneva, 1-2 November 2007, WIPO/ACE/4/3.

Hertzog J and Nuna P, 'Anti-counterfeiting 2010 – A Global Guide: United Kingdom', (Country Report), <<http://www.worldtrademarkreview.com/issues/Articles.aspx?q=9d700a1e-3549-41e7-881b-b670a394df3a>> accessed 25/01/2011.

Heymann E, 'Container shipping: Overcapacity inevitable despite increasing demand', Deutsche Bank Research, Current Issues, 25 April 2006, <http://www.dbresearch.com/PROD/DBR_INTERNET_DEPROD/PROD000000000198081.PDF> accessed 20/02/ 2011.

HM Treasury, 'Gowers Review of Intellectual Property', (Report, 6 December 2006), <www.hm-treasury.gov.uk/gowers_review_index.htm> accessed 12/01/2008.

Hopperger M, 'International protection of geographical indications', in World Intellectual Property Organization (WIPO), 'Symposium on the international protection of geographical indications, 1-2 September 1999, Somerset West, South Africa', (Geneva: WIPO, 2000).

ICC-BASCAP, 'Global Survey on Counterfeiting & Piracy' (Survey findings report, 29 January 2007), <www.iccwbo.org/bascap> accessed 16/01/2008.

ICC-BASCAP, 'Global Survey on Counterfeiting & Piracy' (Survey findings report, 29 January 2007), <www.iccwbo.org/bascap> accessed 16/01/2008.

INTA, 'The Economic Impact of Trademark Counterfeiting and Infringement: Estimation of the Impact of Trademark Counterfeiting and Infringement on Worldwide Sales of Apparel and Footwear', (Report, April 1998), <www.inta.org/downloads/tap_economic_impact1998.pdf> accessed 10/12/2007.

International Anti Counterfeiting Coalition (IACC), 'The Negative Consequences of International Intellectual Property Theft: Economic Harm, Threats to the Public Health and Safety, and Links to Organized Crime and Terrorist Organizations', (White Paper, January 2005), <[http://www.iccwbo.org/uploadedFiles/BASCAP/Pages/IACC.WhitePaper\[1\].pdf](http://www.iccwbo.org/uploadedFiles/BASCAP/Pages/IACC.WhitePaper[1].pdf)> accessed 12/12/2007.

International Bar Association (IBA), IP and Entertainment Law Committee, 'International Survey On Anti-Counterfeiting And Piracy Report', London, September 2008.

International Intellectual Property Alliance (IIPA), '2009 Special 301 Report on Copyright Protection and Enforcement: Malaysia', (Report, 30 April 2009), <<http://www.iipa.com/rbc/2009/2009SPEC301MALAYSIA.pdf>> accessed 27/04/2010.

INTERPOL, 'The links between intellectual property crime and terrorist financing', Text of public testimony of by Ronald K. Noble, Secretary General of INTERPOL, Before the United States House Committee on International Relations 108th Congress (July 16th 2003), <<http://www.interpol.int/public/ICPO/speeches/SG20030716.asp>> accessed 28/06/2009.

Jackson LJ, 'Review of Civil Litigation Costs: Final Report', 21st December 2009, <<http://www.judiciary.gov.uk/NR/rdonlyres/8EB9F3F3-9C4A-4139-8A93-56F09672EB6A/0/jacksonfinalreport140110.pdf>> accessed 27/07/2011.

Judiciary of England and Wales Intellectual Property Court Users' Committee, 'Working Group's Final Report on Proposals for Reform of the Patents County Court', 31 July 2009, available at <<http://www.judiciary.gov.uk/JCO/Core/CrawlerResourceServer.aspx?resource=24e06162-8f8f-4117-92d2-3446cd75eca1>>.

Keri SJ, 'Regional Anticounterfeiting Agreements', International Trademark Association (INTA) Counterfeiting Special Report, New York, September 2004.

Kirk R, '2011 National Trade Estimate Report on Foreign Trade Barriers', (Report, March 2011), <http://www.ustr.gov/webfm_send/2751> accessed 08/04/2011.

Malaysian Ministry of Domestic Trade, Co-operatives and Consumerism, Enforcement Division, 'Statistics for the Eradication of counterfeit products', <http://www.kpdnkk.gov.my/index.php?option=com_content&task=view&id=12234&Itemid=492> accessed 12/04/2010.

Matthews D, 'The fight against counterfeiting and piracy in the bilateral trade agreements of the EU', the briefing paper requested by the European parliament's Committee on International Trade, 26 June 2008, (Brussels: European Parliament, 2008).

MDTCC Annual Report 2007.

MDTCC Annual Report 2009.

Michelsen L, 'The Economic Impact of Counterfeiting', INTA Counterfeiting Special Report, September 2004.

National White Collar Crime Center, 'Intellectual Property and White-collar Crime: Report of Issues, Trends, and Problems for Future Research', Research funded by the National Institute of Justice, U.S. Department of Justice, December 2004, <http://www.ncjrs.gov/pdf/files1/nij_grants_208135_pdf_ipandwcc> accessed 12/07/2007.

OECD(a), 'Magnitude of Counterfeiting and Piracy of Tangible Products: An Update', A Short Report (November 2009), <<http://www.oecd.org/dataoecd/57/27/44088872.pdf>> accessed 28/02/2010.

OECD(b), 'The Economic Impact of Counterfeiting', Report by the ICC Counterfeiting Intelligence Bureau, for the Industry Division of the OECD's Directorate for Science, Technology and Industry (1998), <<http://www.oecd.org/dataoecd/11/11/2090589.pdf>> accessed 18/01/2008.

OECD(c), 'The Economic Impact of Counterfeiting and Piracy', (Executive Summary Report, 4 June 2007), <<http://www.oecd.org/dataoecd/13/12/38707619.pdf>> accessed 15/12/2007.

OECD, 'The Economic Impact of Counterfeiting and Piracy', (Executive Summary Report, 4 June 2007), <<http://www.oecd.org/dataoecd/13/12/38707619.pdf>> accessed 15/12/2007.

Office of the United States Trade Representative, '2010 Special 301 Report', 30 April 2010, <<http://www.mppa.org/Resources/a12d0045-7f7b-4c46-9264814be5855cd9.pdf>> accessed 20/03/ 2011.

Olsen K, 'Counterfeiting and Piracy: Measurement Issues', (Background report for the WIPO/OECD Expert Meeting on Measurement and Statistical Issues, Geneva, 17-18 October 2005), <<http://counterfeiting.unicri.it/docs/Counterfeiting%20and%20Piracy%20Measurment%20Issues.WIPOOECD2005.pdf>> accessed 18/01/2008.

Organisation for Economic Co-operation and Development (OECD), 'The Role of Changing Transport Costs and Technology in Industrial Relocation', document submitted to delegates to the Maritime Transport Committee for examination at the meeting on 26 and 27 May 2005, (DSTI/DOT/MTC(2005)5/REV1, 9 May 2005).

Schiffman S, 'Border Enforcement in Transit Countries Study Guide', (International Intellectual Property Institute Report, 2007), <<http://www.iipi.org/iipforum/library/download.asp?LIBID=69&FileID=295&Shell=o&PC=X>> accessed 26/02/2009.

Schneider M, 'Enforcement of IP Rights: The choice of weapons - The draft Directive aimed at ensuring the enforcement of intellectual property rights through criminal sanctions - The Council Regulation EC/1383/2003 of July 22, 2003 on border measures', ECTA (European Communities Trade Mark Association) Annual Conference, Warsaw 8 June 2006, <http://www.ecta.org/warsaw/docs/Schneider_text.pdf> accessed 10/01/2008.

Seuba X, 'Border Measures Concerning Goods Allegedly Infringing Intellectual Property Rights: The Seizures of Generic Medicines in Transit', Working Paper, (Switzerland: International Centre for Trade and Sustainable Development (ICTSD), 2009).

Supnik PD, 'Consumer demand for Counterfeiting', International Trademark Association (INTA) Counterfeiting Special Report, September 2004, <http://www.inta.org/downloads/SpecialRpt_counterfeiting_2004.pdf> accessed 20/01/2008.

TAXUD(b), 'Results at the EU border – 2009', (Report on EU customs enforcement of IPRs), <http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/statistics/statistics_2009.pdf> accessed 21/03/2010.

TAXUD(c), 'Results at The European Border - 2008', (Report on EU Customs Enforcement of Intellectual Property Rights, 9 July 2009), <http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/statistics/2009_statistics_for_2008_full_report_en.pdf> accessed 25/10/2009.

TAXUD(d), 'Success in the fight against counterfeiting: results of ASEM joint customs operation', <http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/commission_initiatives/index_en.htm> accessed 10/08/2010.

The Canadian Anti-Counterfeiting Network, 'Report on counterfeiting and piracy in Canada: A road map for change', (March 2007), <http://www.cacn.ca/PDF/CACN%20Releases/Roadmap_for_Change.pdf> accessed 15/03/2010.

The Office of the United States Trade Representative (USTR), '2007 National Trade Estimate Report on Foreign Trade Barriers: Malaysia', <http://www.ustr.gov/sites/default/files/uploads/reports/2007/NTE/asset_upload_file760_10963.pdf> accessed 28/01/2008.

The Patent Office (UK), 'Counter Offensive: An IP Crime Strategy, (November 2006), <www.ipo.gov.uk/ipcrimestrategy.pdf> accessed 12/01/2008.

The Patent Office, 'National Intellectual Property Enforcement Report 2005', available at <<http://www.patent.gov.uk>>.

Tilly N and others, 'Business Views of Organised Crime', 2nd edn, (UK Home Office, December 2008), <<http://rds.homeoffice.gov.uk/rds/pdfs08/horr10c.pdf>> accessed 23/05/2010.

UK Ministry of Justice, 'Proposed EU Regulation creating a European Account Preservation

Order to facilitate cross-border debt recovery in civil and commercial matters - How should the UK approach the Commission's proposal?', Consultation Paper CP 14/2011, (Duration of consultation: 3 August - 14 September 2011), <<http://www.justice.gov.uk/downloads/consultations/eu-cross-border-debt-recoveryconsultation.pdf>> accessed 15/09/2011.

UKIPO Crime Group (a), '2010-2011 IP Crime Report', (Newport, 9 August 2011), <<http://www.ipo.gov.uk/ipcreport10.pdf>> accessed 10/09/2011.

UKIPO Crime Group (b), '2008-2009 IP Crime Report', (Newport, 25 June 2009), <<http://www.ipo.gov.uk/ipcreport08.pdf>> accessed 08/02/2010.

UNICRI, 'Counterfeiting: A Global Spread A Global Threat', Report of the Anti-Human Trafficking and Emerging Crimes Unit (14 December 2007), <<http://counterfeiting.unicri.it/report2008.php>> accessed 15/03/2010.

Union des Fabricants (UNIFAB), 'Counterfeiting and organized crime report', 2nd edn, (Paris, 2004).

United Nations Office on Drugs and Crime (UNODC), 'The Globalization of Crime - A Transnational Organized Crime Threat Assessment', (Report, June 2010), (Vienna: UNODC, 2010).

US Customs and Border Protection (a), 'IPRs: Fiscal Year 2010 Seizure Statistics', (Final Report, 16 March 2011), <http://www.cbp.gov/linkhandler/cgov/trade/priority_trade/ipr/pubs/seizure/seizure_stats_fy2010.ctt/seizure_stats_fy2010.pdf> accessed 10/09/2011.

US Customs and Border Protection (b), 'Yearly Comparisons Seizure Statistics for Intellectual Property Rights', (13 January 2010), <http://www.cbp.gov/xp/cgov/trade/priority_trade/ipr/pubs/seizure/seizure_stats.xml> accessed 21/03/2010.

WCO(a), 'Global Review of Counterfeiting and Piracy in 2008: Customs and IPRs Report', <<http://www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/Enforcement/IPR%202008%20EN%20web.pdf>> accessed 27/01/2010.

WCO(b), 'Global Review of Counterfeiting and Piracy in 2010: Customs and IPRs Report', <http://www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/EnforcementWCO_Customs_IPR_2010_public_en.pdf> accessed 10/09/2011.

Weatherall K, Webster E and Bently L, 'IP Enforcement in the UK and Beyond: A Literature Review', (SABIP Report (Number EC001), 18th May 2009, London) <www.sabip.org.uk> accessed 05/02/2010.

World Trade Organization (WTO)(a), 'Enforcing intellectual property rights: border measures – communication from the European Communities', (IP/CW/471), 9 June 2006), <<https://www.ige.ch/e/jurinfo/documents/j110121e.pdf>> accessed 12/03/2008.

WTO Dispute Settlement 362 website on 'China — Measures Affecting the Protection and Enforcement of Intellectual Property Rights', (WTO Panel Report, 26 January 2009), <http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds362_e.htm> accessed 14/07/2009.

Interviews

Interview with Schneider M, Partner at EEMAN & Partners, Attorneys-at-Law, (Brussels, Belgium, 27 April 2009).

Interview with Senior Assistance Director of Royal Malaysian Custom (Intelligent Unit), (Putrajaya, 9 July 2009).

Interview with Kuala Lumpur IP Sessions Court Judge, (K.Lumpur Courts Complex, 21 July 2009).

Interview with Deputy Director General for Industrial Property, Intellectual Property Corporation of Malaysia (MyIPO), (K.Lumpur, 22 July 2009).

Interview with Director, Trade Description (Development) Unit, Director, Direct Selling (Development) Unit, Senior Principal Assistant Director, Special Task Force 1 (Copyright) and Assistant Director, Copyright (Development) Unit of the Ministry of Domestic Trade and Consumers Affairs (MDTCA, as it was then) (Putrajaya 23 July 2009).

Theses

Azmi IM, 'Intellectual property laws and Islam in Malaysia', (PhD thesis, Queen Mary and Westfield College, University of London, 1995).

Dziyauddin H, 'A comparative study of freedom of expression and right to privacy in relation to the press in Malaysia and the United Kingdom', (PhD thesis, University of Newcastle upon Tyne, 2006).

Lee YS, 'Damages in patent infringement cases: a consideration of the balance between the reward to the patentee and the benefits of society', (PhD thesis, Newcastle University, 2008).

Sodipo B, 'Piracy and counterfeiting: The freedom to copy v intellectual property rights', (PhD thesis, Queen Mary and Westfield College, University of London, 1995).

Conference and other papers

Anti-Counterfeiting Group (ACG) and the British Brands Group, 'Gowers Review of IP: Consumers, Brands and IP in 21st Century', (Presentation, 21 April 2006), <http://www.hm-treasury.gov.uk/d/british_brands_group_and_anti_counterfeiting_group_232_8018kb.pdf> accessed 20/02/2008.

ASEAN Framework Agreement on Intellectual Property Cooperation, Bangkok, Thailand, 15 December 1995, the details available at <<http://www.aseansec.org/6414.htm>>.

Asia Pacific Economic Cooperation (APEC), 'APEC Anti-Counterfeiting and Piracy Initiative', Meeting of APEC Ministers Responsible for Trade, Jeju, Korea, 2-3 June 2005, (2005/MRT/006anx5).

Blakeney M, 'Enforcement of intellectual property rights: challenges, remedies and public awareness', WIPO National Seminar on Intellectual Property for Faculty Members and Students of Ajman University, Yemen, 5-6 May 2004, <http://www.wipo.int/edocs/mdocs/arab/en/wipo_ip_uni_dub_04/wipo_ip_uni_dub_04_7.doc> accessed 12/01/2008.

Blakeney M, 'Guide on Enforcement of Intellectual Property Rights, 2005', at p.5-6, <http://trade-info.cec.eu.int/doclib/docs/2005/april/tradoc_122641.pdf> accessed 15/07/2007.

Bosworth DL, 'Counterfeiting and piracy: the state of the art', (Intellectual Property in the New Millennium Seminar, Intellectual Property Research Centre, St. Peter's College, Oxford, 9th. May 2006), <<http://www.derekbosworth.com>> accessed 27/12/2007.

Brilliant M, 'U.S. Chamber of Commerce Views on China's Enforcement of IPRs and the Dangers of the Movement of Counterfeited and Pirated Goods into the United States', Testimony before the US-China Economic and Security Review Commission, 7 June 2006, <http://www.uscc.gov/hearings/2006hearings/written_testimonies/06_06_07wrts/06_06_7_8_brilliant_myron.pdf> accessed 19 June 2007.

Chynoweth P, 'Legal scholarship in the built environment: epistemological considerations and cultural challenges', Proceedings of the Annual Research Conference of the Royal Institution of Chartered Surveyors (COBRA 2006), 7 - 8 September 2006, University College London, London, UK, <http://www.rics.org/site/download_feed.aspx?fileID=3258&fileExtension=PDF> accessed 31/03/2008.

Correa CM, 'The Push for Stronger Enforcement Rules: Implications for Developing Countries', in ICTSD, *The Global Debate on the Enforcement of Intellectual Property Rights and Developing Countries*, Programme on IPRs and Sustainable Development, Issue Paper No.22, (Geneva, Switzerland: International Centre for Trade and Sustainable Development, 2009).

Dordi C, *Impact of counterfeiting on international trade: comments on Anti-Counterfeiting Trade Agreement (ACTA)*, (Brussels: European Parliament, 2008), <www.ip-watch.org/files/PE406968EN.pdf> accessed 12/02/2010.

EC-ASEAN Intellectual Property Rights Cooperation Programme, (ECAP II), the details available at <<http://www.ecap-project.org/>>.

Ekawati A, 'Counterfeits Cost Indonesia \$4 Billion Annually: Study', <<http://www.thejakartaglobe.com/business/counterfeits-cost-indonesia-4-billionannually-study/375903>> accessed 20/05/2010.

European Union, '2006 Customs Seizures of Counterfeit Goods - Frequently Asked Questions,' (Press Release, 31 May 2007), <<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/214&format=HTML&aged=0&language=EN&guiLanguage=en>> accessed 18 January 2008.

Harm I, 'Intellectual Property Crime—A Victimless Crime?' 27 February 2010, <<http://www.iacinvestigations.co.uk/intellectual-property-crime-%e2%80%93-victimless-crime/>> accessed 28/03/2011.

ICTSD, *The Global Debate on the Enforcement of Intellectual Property Rights and Developing Countries*, Programme on IPRs and Sustainable Development, Issue Paper No.22, (Geneva, Switzerland: International Centre for Trade and Sustainable Development, 2009).

Ilardi A, 'Origin and Development of the International Protection of IP', Seminar Paper, St. Peter's College, Oxford University, 1 February 1 2005, <<http://www.oiprc.ox.ac.uk/papers/EJWP0205.pdf>> accessed 12/10/2008.

Isaac B and Osmond C, 'The Need for Legal Reform in Canada to Address Intellectual Property Crime', (Position Paper, January 2006), Canadian Anti-Counterfeiting Network (CACN).

Karunaratna DM, 'Issues related to the enforcement of IP rights: National efforts to improve awareness of decision makers and education of consumers', WIPO Advisory Committee on Enforcement, 26 April 2006, (WIPO/ACE/3/5).

Khalid RRS, 'IP Law and Administration in Malaysia', Presentation at WIPO Training of Trainers Program on Effective Intellectual Property Asset Management by Small and Medium-Sized Enterprises (SMEs), Kuala Lumpur, 22 February 2011, <http://www.wipo.int/edocs/.../en/.../wipo_smes_kul_11_ref_theme_08_01.pptx> accessed 30/04/2011.

Kovacs L, 'The Fight Against Counterfeit and Piracy – A Customs Response', Warsaw Mentor Group Conference, 26 July 2006.

Macdonald S and Turpin T, 'Fair Copy? A Look at the Anti-Counterfeiting Lobby', Paper presented to the Creative Industries and Intellectual Property Conference, London, 22-23 May 2008.

Noordin SM and Lim PK, 'An overview of Malaysian Legal System and Research', February 2008, <<http://www.nyulawglobal.org/globalex/malaysia.htm>> accessed 11/05/2008.

Olsson H, 'Fighting piracy in the field of copyright and related rights: action and remedies', Paper presented at WIPO National Seminar on Copyright, Related Rights and Collective Management, Khartoum, Sudan, 28 February – 2 March 2005, WIPO/CR/KRT/05/5.

Progoff S and Palladino VN, 'Brands in the Boardroom 2006: Combating the Sale of Counterfeit Products in the United States', <<http://www.iam-magazine.com>> accessed 10/02/2008.

Salmon F, 'All counterfeiting statistics are bullshit', (9 June 2005), <<http://www.felixsalmon.com/000363.php>> accessed 28/02/2010.

Schiffman S, 'Border Enforcement in Transit Countries', (Study Guide, International Intellectual Property Institute, 2007), <<http://www.iipi.org/iipforum/library/download.asp?LIBID=69&FileID=295&Shell=o&PC=X>> accessed 28/02/2008.

Staake T, 'Extending the EPC Network –The Potential of RFID in Anti-Counterfeiting', Public Safety User Requirements & Technology Solutions Workshop, Sophia Antipolis, Zurich, 24 February 2005, <http://portal.etsi.org/workshopp/Presentations/0304Thorsten_Staake.pdf> accessed 27/12/2007.

Stewart C, 'Brand Piracy: A Victimless Crime?' 1 March 2005, <<http://www.gallup.com/poll/15088/brand-piracy-victimlesscrime.aspx>> accessed 28/03/2011.

TAXUD(f), 'Combating counterfeit and piracy', <http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/combating/index_en.htm>, accessed 12/01/2008.

The Anti-Counterfeiting Trade Agreement: Summary of Key Elements Under Discussion, Status November 2009, <<http://www.ustr.gov/about-us/press-office/factsheets/2009/november/acta-summary-key-elements-under-discussion>> accessed 08/05/2010.

Thomas K, Wang P and Yang F, 'Recent WTO Disputes Involving The Protection and Enforcement of IPRs in China: Legal and Political Analysis', Briefing Series – Issue 24, August 2007, China Policy Institute, University of Nottingham.

Toma JD, 'Scholars and their inquiry paradigms: exploring a conceptual framework for classifying inquiry and inquirers based upon paradigmatic assumptions', Paper presented at the Annual Meeting of the American Educational Research Association (New York, April, 1996).

Woolley JL, 'Improving Entrepreneurship and Emergence Research by Using Longitudinal Data from Multiple Levels and Sources', SSRN Working Paper Series, (27 October 2009), <<http://ssrn.com/abstract=1495367>> accessed 03/01/2010.

Xiao SH, 'Trick or Treat? An Examination of Marketing Relationships in a Non-Deceptive Counterfeit Market', (Working Paper Series, 11 May 2007), <<http://ssrn.com/abstract=985886>> accessed 12/03/2010.

Yeow CC and Balan S, 'Class Actions in Malaysia: Principles and Procedural Obstacles', The Globalization of Class Actions Conference, Oxford, England, 12-14 December 2007, <http://globalclassactions.stanford.edu/sites/default/files/documents/Malaysia_National_Report.pdf> accessed 12/06/2011.

Newsletters

___, 'Counterfeit Colgate toothpaste recalled - Antifreeze chemical found in tubes in 4 states; no injuries reported', (Health news, 14 June 2007), <<http://www.msnbc.msn.com/id/19214360/>> accessed 05/05/2008.

___, 'Counterfeit goods in daily Malaysian lives – How Malaysia fights back', (News, 29 May 2007), <http://www.mirandah.com/Counterfeit_goods_in_daily_Malaysian_lives_How_Malaysia_fights_back.aspx> accessed 24 Jan 2008.

___, 'Enforcement officers advised to be on guard', Malay Mail, 9 July 2005, p.11; ___, 'DVD 'pirate' bites officer in the face', New Straits Times, 3 August 2005.

___, 'INTERPOL applauds Southeast Asia Operation Storm II's success in disrupting trade of counterfeit medical products', (INTERPOL media release, 27 January 2010), <<http://www.interpol.int/Public/ICPO/PressReleases/PR2010/PR007.asp>> accessed 20/05/2010.

___, 'iPhoney: Fake Apple Store Exposed In China', <<http://news.sky.com/skynews/Home/Strange-News/Fake-Apple-Store-In-China-Found-By-Blogger-Living-In-Kunming---And-Even-Staff-Are-Taken-In/Article/201107316034452?f=rss>> accessed 22/07/2011.

___, 'Kunming launches inspection on fake 'Apple Stores'', Xinhua, 23 July 2011, <http://www.china.org.cn/china/2011-07/23/content_23052668.htm> accessed 24/07/2011.

___, 'Changes to laws will boost justice system', New Straits Times, 2 January 2011, <www.nst.com.my/nst/articles/7lawn/Article/art_pos.html> accessed 12/01/2011.

___, 'Colgate-Palmolive Issues Warning About Counterfeit Products - Anti-freeze Ingredient Found in Fake Colgate', (14 June 2007), <http://www.associatedcontent.com/article/281323/colgatepalmolive_issues_warning_about.html> accessed 05/05/2008.

___, 'Judicial staff complete course', *Daily Express* Monday, December 07, 2009, <<http://www.dailyexpress.com.my/news.cfm?NewsID=69309>> accessed 23/01/2010.

___, 'The Piracy Goes On', *The Star Online*, (10 January 2009), <<http://biz.thestar.com.my/news/story.asp?file=/2009/1/10/business/2984527&sec=business>> accessed 12/06/2009.

Ahmad M, 'Penguatkuasa tak gentar cabaran', *Berita Minggu*, 20 July 2008.

Barron J, 'Tough Competition: Regulators Look to Crackdown on Counterfeit Goods as Statistics Rise', *Business Credit*, (Article, April 2008) <<http://www.britannica.com/bps/additionalcontent/18/31584948/Tough-Competition-Regulators-Look-to-Crackdown-on-Counterfeit-Goods-as-Statistics-Rise>> accessed 12/03/2010.

BASCAP, '1.2m jobs to be lost to piracy', News, 17 March 2010, available at <<http://www.iccwbo.org/bascap/index.html?id=35393>>.

Business Week 16 December 1985.

Elias S, 'Shafie: Penguatkuasa KPNDHEP jangan cuba jadi hero', MStar Online, 5 September 2007, <http://mstar.com.my/berita/cerita.asp?file=/2007/9/5/TERKINI/Mutakhir/Shafie_Penguatkuasa_KPNDHEP_jangan_cuba_jadi_hero&sec=mstar_berita> accessed 28/03/2011.

Geist M, 'Misleading data undermine counterfeiting claims' *The Star* (Toronto 17 September 2007) Article, <<http://www.thestar.com/Business/article/257218>> accessed 01/03/2010.

Ghaibour G, '7m fake pills seized', *The Gulf Today* (Local 01 June 2010), <<http://gulftoday.ae/portal/3f3bd086-9b41-4801-9821-ca9fac9df914.aspx>> accessed 10/08/2010.

Kamarudin K, 'Combating counterfeit goods in local market', (News, 11 April 2006), <<http://web10.bernama.com/kpdnhep/newsBm.php?id=191104&>> accessed 07/05/2008.

Lanong J, 'Mahkamah Harta Intelek Capai Matlamat', 15 April 2008, <<http://web10.bernama.com/hpm08/newsbm.php?id=326846>> accessed 21/06/2009.

Malaysian Ministry of Domestic Trade and Consumer Affairs, 'Using Nanotechnology to Tackle Diesel Subsidy Abuse', (News, 04 April 2006), <<http://www.bernama.com/kpdnhep/news.php?id=190036&lang=en>> accessed 20/05/2010.

Mustafa M, 'Tontos outnumber raiding party', *Malay Mail*, 9 March, 2007.

Narain J, 'The Persil plot: Trader 'tried to flood UK with fake washing powder', Mail Online, News, 13 April 2010, <<http://www.dailymail.co.uk/news/article-1265585/Gangfacing-jail-plot-smuggle-25-tons-fake-SOAP-POWDER-UK.html>> accessed 23/05/2011.

Shah A, 'Free-trade zones attract criminals', *The New York Times* 10 November 2010, <http://www.nytimes.com/2010/11/11/world/middleeast/11ihtn11mtrade.html?_r=1&ref=world> accessed 11/02/2011.

SJ Berwin's Intellectual Property Department, 'A Renaissance or not: will the private criminal prosecution become more popular?', Anticounterfeiting Newsletter, 15 December 2008, available at <<http://www.sjberwin.com/publicationdetails.aspx?mid=1&rid=1&ast=4&adv=1&y=2008&cid=2204>>.

Socio-Legal Studies Association Response To: Joint Academic Stage Board Consultation on the Relationship of Foundation Degrees to the Law Qualifying Degree, <www.kent.ac.uk/nlsa/images/slsdownloads/slsaexec/responses/nrcm.doc> accessed 26/01/2010.

The Star online, 'Setting up IP Courts shows commitment, says Shafie', 18 July 2007, <<http://thestar.com.my/news/story.asp?file=/2007/7/18/nation/18333876&sec=nation>> accessed 12/01/2008.

Trampus F, 'Customs and free zones', WCO News, February 2008, 31-33 <http://wcoomdpublishings.org/downloadable/download/sample/sample_id/21/> accessed 28/07/2009.

US Immigration and Customs Enforcement, '2 Miami-based aircraft parts suppliers plead guilty in procurement fraud scheme, 4 others previously convicted for their roles in counterfeit airplane parts scheme', News Releases, 12 April 2010, <http://www.ice.gov/news/releases/1004/1004_12miami.htm> accessed 28/03/2011.

Vrins O, 'Look-alikes, counterfeits in disguise?', p.41-44, in WCO News No.54, 'Counterfeiting and Piracy: Crime of the 31st Century?', October 2007.

Wan Ahmad WA, 'Time to Malaysianise common law system', (Kuala Lumpur 18 September 2007) <<http://thestar.com.my/news/story.asp?file=/2007/9/18/focus/18907359 &sec=focus>> accessed 21/02/2008.

WCO, 'Counterfeiting And Piracy: Crime of the 21st century?', (WCO News No.54, Brussels, October 2007), <http://wcoomdpublishings.org/downloadable/download/sample/sample_id/18/> accessed 03/05/2010.

Yeoman F, 'Boy, 7, killed by fake Gameboy charger bought on holiday', *The Times*, 12 October 2007, available at <<http://www.timesonline.co.uk/tol/news/uk/article2641861.ece>>.

Zulkifli S, 'Kenderaan dirempuh tonto', *Harian Metro*, 5 Februari 2009.

Speeches

Apdal MS, Keynote Address at the Third Global Congress on Combating Counterfeiting and Piracy, Geneva, Switzerland, 30 January 2007, <<http://www.ccapcongress.net/archives/Geneva/Files/APDAL.pdf>> accessed 12/01/2009.

First Keynote Address by The Right Honourable Tan Sri Arifin bin Zakaria, Chief Justice of Malaysia, at the 5th China-ASEAN Forum (26-27/09/2011), available at <http://www.malaysianbar.org.my/speeches/first_keynote_address_by_the_right_honourable_tan_sri_arifin_bin_zakaria_chief_justice_of_malaysia_at_the_5th_china_asean_forum_26_27_sept_2011.html>.

Noble RK, 'The Links between intellectual property crime and terrorist financing', (Text of public testimony before the United States House Committee on International Relations, 108th Congress, 16 July 2003), <<http://www.interpol.int/Public/ICPO/speeches>> accessed 12/01/2008.

Yassin M, Speech delivered at Majlis Anugerah Harta Intelek Negara 2010 on 26/04/2010, <<http://www.pmo.gov.my/tpm/?frontpage/speech/detail/1575>> accessed 28/03/2011.

Other materials

___, 'Dogs Tackle IP Crimes', 1 May 2007, Patrick Mirandah Co., <<http://www.mirandah.com/en/categories/item/119-dogs-tackle-ip-crimes.html>> accessed 12/09/2009.

___, 'What's in a name?', UKIPO Press releases, 30 March 2007, <<http://www.ipo.gov.uk/about/press/press-release/press-release-2007/press-release-20070330.htm>> accessed 20/05/2011.

___ 'Protecting Intellectual Property in Malaysia - Law or Enforcement', Managing IP WEEK - 20 Dec 2008, (Article), <http://www.mirandah.com/Protecting_Intellectual_Property_in_Malaysia_Law_or_Enforcement.aspx> accessed 28/03/2009.

'Fake Britain' Series 2 Episode 6 Broadcasts on 23 May 2011, 09:15 BBC One, presented by Dominic Littlewood and produced by Mark Jordan.

Abnett R and others, 'Damages for infringement, counterfeiting and piracy of trademarks', Question Q203 United Kingdom Group, 31 March 2008, <https://www.aippi.org/download/committees/203/GR203united_kingdom.pdf> accessed 28/03/2010.

Abraham K (Shearn Delamore & Co), 'Copyright Litigation – Malaysia', 27 November 2010, <http://www.europeanlawyer.co.uk/referencebooks_21_373.html> accessed 27/07/2011.

AIPPI Working Guidelines for 'Q219: The availability of injunctions in cases of infringement of IPRs' available at <<https://www.aippi.org/download/committees/219/WG219English.pdf>>.

Alliance Against Counterfeiting and Piracy (AACP), 'Proving the connection: links between intellectual property theft and organised crime', <<http://www.allianceagainstiptheft.co.uk/downloads/reports/Proving-the-Connection.pdf>> accessed 15/05/2008.

Amine LS and Magnusson P, 'Targeting Buyers of Counterfeit Goods', WIPO Magazine, September 2008, <http://www.wipo.int/wipo_magazine/en/2008/05/article_0008.html> accessed 28/03/2011.

Association of South East Asian Nations (ASEAN), 'ASEAN Framework Agreement on Intellectual Property Cooperation', 15 December 1995, <<http://www.aseansec.org/2193.htm>> accessed 20/12/2007.

Bird & Bird, 'The Netherlands – trade mark litigation and enforcement', 3 June 2005, <http://www.twobirds.com/Swedish/News/Articles/Sidor/trade_mark_litigation_and_enforcement.aspx> accessed 30/09/2011.

Calame T and others, 'The availability of injunctions in cases of infringement of IPRs', Working Guidelines for Q219 AIPPI, <<https://www.aippi.org/download/committees/219/WG219English.pdf>> accessed 05/08/2011.

Electronic Frontier Foundation (EFF), 'What is ACTA?', <<http://www.eff.org/issues/acta>> accessed 10/12/2010.

EU Commission 'Enforcement Survey 2006: Malaysia', <<http://trade.ec.europa.eu/doclib/html/130425.htm>> accessed 12/01/2008.

European Commission Trade, 'Bilateral relations: Malaysia', <<http://ec.europa.eu/trade/creatingopportunities/bilateralrelations/countries/malaysia/>> accessed 02/06/2011.

Herbert Smith LLP, 'AG's Opinion: "sufficient grounds for suspecting" danger of fraudulent entry of goods into the EU required for seizure by Customs of goods in transit', (IP newflash, 8 February 2011), <<http://www.herbertsmith.com/NR/rdonlyres/0B4A4F6D-374C-440C-A41A2FEBA3CC00A5/0/20110207AGsOpinionDavidWilsonandRachelMontagnon.html>> accessed 12/02/2011.

Herbert Smith, 'HMRC issues new "simplified procedure" for the seizure and destruction of goods infringing intellectual property rights', (IP newflash, 29 March 2010), <<http://www.herbertsmith.com/NR/rdonlyres/6405CBE4-FAE5-4B8E-9CBA-AD5DFE60BE56/15256/290310CustomsSeizureDavidWilsonandRachelMontagnonv.html>> accessed 12/02/2011.

Hertzog J and Nuna P, 'Anti-counterfeiting 2010—A Global Guide: United Kingdom', <http://www.worldtrademarkreview.com/issues/Articles.aspx?g=9d700a1e-3549-41e7881_bb670a394df3a> accessed 25/01/2011.

Kandiah P, 'IP Enforcement in Malaysia', <<http://www.21coe-wincls.org/activity/pdf/2/90-94.pdf>> accessed 28/06/2009.

Khairul Fazli Abdul Kadir, 'The Establishment of the Intellectual Property Court in Malaysia', (2008) Azmi & Associates Publication, <<http://www.azmilaw.com.my/Article/TheEstablishmentoftheIntellectualPropertyCourtinMalaysia.pdf>> accessed 20/02/2009.

Khoo A, 'Can justice be all things for all purposes?', 19 August 2010, <http://www.malaysianbar.org.my/human_rights/can_justice_be_all_things_for_all_purposes_.html> accessed 12/01/2011.

Kohli V and others, 'Border control measures and the interface with private international law, ZEUS Law Associates, <http://www.zeus.firm.in/Journals/border_control.pdf> accessed 20/12/2010.

Lambert J, 'Trade Marks: Infringement Overview, March 2004, <<http://www.ipitupdate.com/oldnipclaw/nipclaw/nipclaw/tm/infringe.htm>> accessed 25/06/2011.

Middlemiss S (Slaughter and May), 'Trade Mark Litigation - United Kingdom', 22 August 2011, <http://www.europeanlawyer.co.uk/referencebooks_12_256.html> accessed 22/08/2011.

Mirandah P, 'Interlocutory injunctions in trade mark cases – is the American Cyanamid test still applicable in Malaysia', 24 April 2007, <<http://www.mirandah.com/en/categories/item/121-interlocutory-injunctions-in-trade-mark-cases-is-the-american-cyanamid-test-still-applicable-in-malaysia.html>> accessed 12/01/2010.

Morton J, 'Customs detention: A cost-effective method of enforcing intellectual property in Europe', <<http://www.fasken.co.uk>> accessed 04/03/2011.

Nagasawa S, 'Luxury Brand Strategy of Louis Vuitton', <<http://www.iasdr2009.org/ap/Papers/Orally%20Presented%20Papers/Design%20Management/Luxury%20Brand%20Strategy%20of%20Louis%20Vuitton.pdf>> accessed 05/03/2011.

Paroussis M, 'Europe IP rights enforcement through border measures', Building and enforcing intellectual property value 2011, <<http://www.iplawconsulting.biz/mediaupload/>>

[Contributions/Various/2011_Building_and_Enforcing_IP_Value_Greece.pdf](#)> accessed 04/03/2011.

Port of Hamburg: Container port throughput in a global comparison, <<http://www.hafen-hamburg.de/en/content/container-port-throughput-global-comparison>> accessed 20/02/2011.

Stephens K, Fuller Z and Brueton G, 'Case report', 01/03/2011, <http://www.twobirds.com/English/NEWS/CASEREPORTS/Pages/March_2011.aspx#phillips> accessed 29/05/2011.

Terry G, 'How to stay IP Legal: Advice for markets', Trading Standards Institute for the Real Deal campaign for fake-free market, <<http://www.realdealmarkets.co.uk>> accessed 28/06/2010.

The IPKat, 'UK customs procedures and the burden of proof', 24 June 2009, <<http://ipkitten.blogspot.com/2009/06/uk-customs-procedures-and-burden-of.html>> accessed 10/09/2010.

The Patent Office, 'Counter Offensive: An IP Crime Strategy', November 2006, <http://www.ipo.gov.uk/ipcrimestra_tegy.pdf>.

The UKIPO IP Crime Group Secretariat, 'Supply Chain Toolkit: Protecting Your IP Rights', June 2010, <<http://www.ipo.gov.uk/ipctoolkit.pdf>> accessed 25/11/2010.

Velaigam M, 'New Malaysia courts to clear IP backlog', 16 July 2007, <<http://www.thelawyer.com/new-malaysia-courts-to-clear-ip-backlog/127244.article>> accessed 12/01/2008.

Weidenfeller AE and McCulloch AJ, 'Border control measures in the European Union', IP Frontline 13 May 2010, <<http://www.ipfrontline.com/depts/article.aspx?id=24266&deptid=6>> accessed 06/03/2011.

WTO Council for TRIPs, 'Review of Legislation: Malaysia', IP/Q/MYS/1, 13 May 2003, available at: <www.wto.org.tw/SmartKMS/fileviewer?id=31406>.

APPENDIX 1:

INTERVIEW GUIDELINE, WITH A SUMMARY OF RESPONSES

INTERVIEW:

Name of expert:

Date/time of interview:

Venue of interview:

Duration:

Section I: Interviewee Information

[This section is to learn about the expert. This section will represent the general question including respondent's background, their qualification (training or experiences), their divergent of disciplines, their role at the organisation and their responsibilities]

1. What is your **post**?
2. How long have you been in this **current position**?
3. Would you like to tell me something about **your work** and **your responsibilities**? (Please comment on how far your responsibilities extended throughout the organisation).
4. How did you **qualify**? Did you qualify by training or by experiences?
5. What is your **area of interest**?
6. Other than your official duty, have you become a member in any other professional bodies involving with IP matters?

Section II: Expert Views

This section is to learn about the view of the experts based on their expertise and experience about the nature and consequences of counterfeiting activities. The goal is to examine and identify the effectiveness of border measures as one of the enforcement mechanisms in combating with counterfeiting. It is also to discuss the obstacles they faced and their needs and concerns to overcome with the problem in enforcing counterfeiting through the border controls.

Part I: Own perception on counterfeiting issues

[This part is to get their own perception on the impact of counterfeiting and to identify the potential consequences of counterfeiting]

7. The statistics from various studies showed that counterfeiting activities are increasing nowadays. What do you think about this?

Most of the interviewees generally agreed that there is an increasing trend of counterfeiting activities at the international level and within Malaysia (this is based on seizure statistics issued by the MDTCC).

8. **Follow up:** Do you think that the effectiveness in addressing the IP infringement cases needs a co-operation among the agencies?

All interviewees agreed that co-operation among agencies is one of the important factors in determining the effectiveness of enforcement efforts in addressing IP infringement cases. They admitted that it was indeed an inter-related effort among the court, the police, the prosecution and the enforcement agencies. In Malaysia, for example, the assistance of the police will be asked for when the enforcement officers conduct raids at recognised high-risk areas. However, majority of the interviewees in Malaysia were of the opinion that the participation of the IP rights-holders was not sufficient, particularly in assisting the authorities to complete an investigation or prosecution. Their failure to come forward to verify suspected infringing works and their reluctance to testify in courts are, in many cases, weakening the authorities' efforts to effectively prosecute offenders. In this regard, one of the interviewee suggested that the country may strengthen or improve the use of ex-officio function to resolve this problem.

Besides a good co-operation, the interviewees also agreed that the prosecution team and the judges must also have appropriate knowledge and experience in handling cases involving IPRs. For this purpose, they have been trained and attended courses on IP matters organized by the MyIPO and Malaysian Judicial and Legal Training Institute (ILKAP) from time to time.

Apart from this, the interviewees pointed out that political motivation is also one of the contributing factors in determining the efficiency of enforcement efforts. This is certainly true in Malaysia, where the extent to which the enforcement of IPRs is taken seriously depends on the minister responsible.

Follow up: Do you think that enforcement effort in the international, regional and national level is timely?

Most of the interviewees generally agreed that enforcement effort at all levels for addressing counterfeiting problem is generally satisfactory. In Malaysia and the EU, the relevant legal instruments are well adapted by national law that allows the right-holders to enforce their IPRs in a good and satisfaction manner. In Malaysia, for example, 16 new positions of the Sessions Court Judges had been introduced when the new IP Courts had been established in 2007. The interviewees also agreed that effective enforcement not only contributes to the growth of economy of a country but also reflects a good image of its government and nation.

Part II: Intellectual property rights

[This part is to confirm whether trademark is the IPR being infringed most frequently, as reported in the literature, and thus to test the importance of the study]

9. Based on your experience in handling infringement/counterfeiting cases, which is the most type of **intellectual property rights** that had been infringed? (eg: trademark, copyright, patent – *to confirm whether there is similar trends with customs seizure statistics*)

Based on their experience, a majority of the interviewees agreed that in most cases, trademark is generally the type of IPRs that had been infringed most. In Malaysia, for example, this is also due to a fact that some genuine items such as cigarette and vehicle parts are very expensive thus encouraging the public to use counterfeit ones.

However, in Malaysian IP Sessions Court, about 80% of the cases being prosecuted were actually copyright cases due to the fact that most offenders caught during the raids conducted by enforcement officers were street sellers selling pirated CDs.

Part III: Border Measures: Regulation (EC) 1383/2003

[This part is to examine whether border measures give significant impact in curbing with

the counterfeiting problems]

10. Do you have any experience handling cases involving border measures provisions?

For this part, since the border measure mechanism has only recently been introduced in Malaysia and there are no cases yet on this issue being litigated at the time the interviews were conducted, the questions asked were mainly based on the provisions of border measures in the Trade Marks Act 1976. For this reason, Mr. Marius Schneider from Belgium was chosen as a participant from the legal practice category who possesses more than ten years experience in conducting IP matters including anti-counterfeiting work and border measures in the EU. Based on his working experience and co-operation with various parties including the right-holders, the police, the Europol and national enforcement agencies, he agreed that there is substantial development on type of goods being counterfeited in the last ten years that need serious attention of the enforcement authorities. In this regard, he emphasised that Customs authorities are only one side to the enforcement efforts in curbing the flow of counterfeit goods and thus co-operation among agencies is crucial to ensure the effectiveness of the enforcement process as a whole.

In Malaysia, it has been highlighted by the interviewees that this measure was not well-received among rights-holders due partly to the difficulty in obtaining information required to be provided when making the application (Form TM30: the name and address of the importer, the name and registration number of the ship, aircraft and/or vehicle number and the place of origin of the counterfeit goods) which in most cases is simply not available to the trademark owner.

The limited power of customs in enforcing IPRs may also contribute to this situation. It is to be noted that, whilst the customs is empowered to seize infringing goods at port, the application must first go through the Registrar of Trade Marks, which is a time-consuming and cumbersome task. Despite identified limitations, some of the interviewees were on the opinion that border measures can be an effective alternative in addressing counterfeiting problem.

11. In your opinion, among civil, criminal and border measures, which proceeding is considered to be the most effective in addressing counterfeiting?

Most interviewees agreed that all proceedings have their own strengths and weaknesses in addressing counterfeiting but, regardless of its identified limitations and compared to judicial proceedings, border measures have potential to become the most effective measures in preventing the flow of counterfeit goods. However, one of the interviewee suggested that since IPRs are private rights, the participation of the rights-holders in taking actions through civil proceedings should also be encouraged to show their serious concern in protecting their rights.

Section III: Closing

12. Do you think that the current statutes are sufficient in handling IP matters?

Most interviewees were of the opinion that the legal provisions are generally sufficient in protecting IPRs but improvement must be emphasised on the way those provisions are enforced. One of the interviewees also stressed that effectiveness of enforcement is not necessarily achieved by imposing higher sentence if offenders become more cautious about pleading guilty. In certain situations, compounding the offender might be the most efficient solution for the court in disposing cases since offenders would be more easily convinced to plead guilty when the compound is rather low and reasonable for them to pay.

APPENDIX 2:

MALAYSIA
Trademark Act
(Act 175) ENTRY INTO FORCE: March 3, 2003

TABLE OF CONTENTS

PART I PRELIMINARY

1. Short title, commencement and application.
2. Extent of application.
3. Interpretation.

PART II ADMINISTRATION

4. Registrar, Deputy Registrars and Assistant Registrars.
- 4A. Protection of officers.
5. Central and regional trade marks offices.

PART III THE REGISTER OF TRADE MARKS

6. The Register.
7. Notice of trust.
8. Inspection of Register.
9. False entries in Register.

PART IV REGISTRABLE TRADE MARKS

10. Registrable trade marks.
11. (Deleted)
12. Use by proposed registered user to be considered for the purpose of determining distinctiveness, etc.
13. Colour of trade mark.
14. Prohibition on registration.
- 14A. Where registration shall not be refused.
15. Where registration may be refused.
16. Use of name of another person.
17. Registration for particular goods or services.
18. Disclaimer.
19. Identical trade marks.
20. Concurrent use.
21. Jointly owned trade mark.
22. Association of trade marks.
23. Assignment of associated trade marks.
24. Series of trade marks.

PART V APPLICATION FOR REGISTRATION

25. Registration.
26. Application may be accepted where trade mark is to be used by assignee or registered user.
27. Advertisement of acceptance of application.
28. Opposition to registration.
29. Non-completion of registration.

PART VI REGISTRATION AND EFFECT OF REGISTRATION

30. Registration of trade mark.
31. Time for registration.
32. Duration of registration.
33. Words used as name or description of article, substance or service.
34. Powers of registered proprietor.
35. Rights given by registration.
36. Registration prima facie evidence of validity.
37. Registration conclusive.
38. Infringement of a trade mark.
39. Infringement of trade mark by breach of certain restriction.
40. Acts not constituting infringement.

PART VII RENEWAL OF REGISTRATION

41. Renewal of registration.
42. Status of unrenewed trade mark.

PART VIII CORRECTION AND RECTIFICATION OF REGISTER

- 43. Correction of Register.
- 44. Alterations of registered trade mark.
- 45. Rectification of the Register.
- 46. Provisions as to non-use of trade mark.
- 47. Registration of assignment.

PART IX REGISTERED USER

- 48. Registered users.
- 49. Powers to vary, extend or cancel registration of a registered user.
- 50. (Deleted)
- 51. Infringement proceeding.
- 52. Registered user not to assign.
- 53-54. (Deleted)

PART X ASSIGNMENT OF TRADE MARKS

- 55. Assignment and transmission of trade marks.

PART XI CERTIFICATION TRADE MARKS

- 56. Certification trade marks.

PART XII DEFENSIVE TRADE MARKS

- 57. Defensive registration of well known trade marks.
- 58. Defensive trade mark deemed to be associated trade mark.
- 59. Rectification of Register.
- 60. Application of Act.

PART XIII LEGAL PROCEEDINGS, COST AND EVIDENCE

- 61. Certificate of validity.
- 62. Hearing of Registrar.
- 63. Costs.
- 64. Mode of giving evidence.
- 65. Sealed copies to be evidence.
- 66. Minister may declare documents of foreign state pertaining to trade marks to be admissible.
- 67. Discretionary power.
- 68. (Deleted)
- 69. Appeal from Registrar.

PART XIV CONVENTIONS AND INTERNATIONAL ARRANGEMENTS

- 70. Right of priority under Convention, etc.
- 70A. Temporary protection of trade marks in respect of goods or services which are the subject matters of international exhibitions.
- 70B. Protection of well-known trade marks.

PART XIVA BORDER MEASURES

- 70C. Interpretation.
- 70D. Restriction on importation of counterfeit trade mark goods.
- 70E. Security.
- 70F. Secure storage of seized goods.
- 70G. Notice.
- 70H. Inspection, release, etc., of seized goods.
- 70I. Forfeiture of seized goods by consent.
- 70J. Compulsory release of seized goods to importer.
- 70K. Compensation for failure to take action.
- 70L. Actions for infringement of registered trade mark
- 70M. Disposal of seized goods ordered to be forfeited.
- 70N. Insufficient security.
- 70O. Ex-officio action.
- 70P. Regulations relating to border measures.

PART XV MISCELLANEOUS

- 71. Use of trade mark for export trade.
- 72. Use of trade mark where form of trade changes.
- 73. Preliminary advice by Registrar.
- 74. Powers of Registrar to amend document.
- 75. Other powers of Registrar.
- 76. Exercise of discretionary power.
- 77. Extension of time.

78. Extension of time by reason of error in trade marks office etc.
79. Address for service.
80. Agent.
81. Falsely representing a trade mark as registered.
82. Unregistered trade marks.
83. Regulations.
84. Repeal and saving.

PART I PRELIMINARY

1. Short title, commencement and application.

- (1) This Act may be cited as the Trade Marks Act 1976, and shall come into force on such date as the Minister may, by notification in the Gazette, appoint.
- (2) This Act shall apply throughout Malaysia.

2. Extent of application.

- (1) This Act shall apply to applications for trade marks made after the commencement of this Act and to the registrations of trade marks made on such applications.
- (2) Subject to subsection (4) of section 6, this Act shall also apply to trade marks registered under the respective repealed Ordinances. [Subs. Act A881]
- (3) Notwithstanding their repeal, the repealed Ordinances shall apply to applications for trade marks made before the commencement of this Act and to the registrations of trade marks made on such applications after the commencement of this Act.

3. Interpretation.

- (1) In this Act, unless the context otherwise requires -

“appointed date” has the same meaning as is assigned to that expression in the Intellectual Property Corporation of Malaysia Act 2002; [Ins. Act A1138]

“assignment” means assignment by act of the parties concerned;

“Assistant Registrar” means the person appointed or deemed to have been appointed to be an Assistant Registrar under subsection (2) or (3) of section 4; [Ins. Act A1138]

“component regions of Malaysia” means the regions of West Malaysia, Sabah and Sarawak;

“Convention country” means a country which is a party to any multilateral treaty relating to trade marks to which Malaysia is also a party; [Ins. Act A881]

“Corporation” means the Intellectual Property Corporation of Malaysia established under the Intellectual Property Corporation of Malaysia Act 2002; [Ins. Act A1138]

“Court” means the High Court;

“Deputy Registrar” means the person appointed or deemed to have been appointed to be a Deputy Registrar under subsection (2) or (3) of section 4; [Ins. Act A1138]

“geographical indication” means an indication which identifies any goods as originating in a country or territory or a region or locality in that country or territory, where a given quality, reputation or other characteristic of the goods is essentially attributable to their geographical origin; [Ins. Act A1078]

“in the course of trade”, in relation to the provision of services, means in the course of business; [Ins. Act A881]

“limitations” means limitations of the right to the exclusive use of a trade mark given by the registration of the trade mark including limitations of that right as to -

- (a) mode of use;
- (b) use within a territorial area within Malaysia; or
- (c) use in relation to goods to be exported to a market outside Malaysia or use in relation to services to be provided in a place outside Malaysia; [Am. Act A881]

“mark” includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral or any combination thereof;

“Minister” means the Minister for the time being charged with the responsibility for intellectual property; [Ins. Act A1138]

“Paris Convention” means the Paris Convention for the Protection of Industrial Property of 20 March, 1883 as revised at Stockholm on 14 July 1967; [Ins. Act A1078]

“permitted use” in relation to a registered trade mark means the use of the trade mark by a registered user thereof in relation to goods or services with which he is connected in the course of trade and in respect of which the trade mark remains registered and he is registered as a registered user, being use which complies with any conditions or restrictions to which his registration is subject;

“prescribed” means, in relation to proceedings before the Court or preliminary thereto or connected therewith, prescribed by rules of court made by the Rules Committee constituted under the Courts of Judicature Act 1964, and in other cases, prescribed by this Act or any regulations made thereunder;

“prescribed foreign country” means a country declared by the Minister, by order published in the Gazette, as having made arrangements with Malaysia for the reciprocal protection of trademarks; [Ins. Act A881]

“previous registers” means the registers of trademarks kept under the repealed Ordinances;

“Register” means the Register of Trade Marks kept under this Act;

“registered proprietor” in relation to a trade mark means the person for the time being entered in the Register as proprietor of the trade marks;

“registered trade mark” means a trade mark which is actually upon the Register;

“registered user” means a person who is registered as such under Part IX;

“registrable trade mark” means a trade mark which is capable of registration under the provisions of this Act;

“Registrar” means the Registrar of Trade Marks designated in subsection (1) of section 4; [Subs. Act A1138]

“repealed Ordinances” means the Trade Marks Ordinance 1950, the Trade Marks Ordinance of Sabah and the Trade Marks Ordinance of Sarawak;

“specification” means the designation of goods or services in respect of which a trade mark or a registered user of a trade mark is registered or proposed to be registered; [Ins. Act A881]

“trade mark” means, except in relation to Part XI, a mark used or proposed to be used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services and a person having the right either as proprietor or as registered user to use the mark whether with or without an indication of the identity of that person, and means, in relation to Part XI, a mark registrable or registered under the said Part XI;

“transmission” means transmission by operation of law, devolution on the personal representatives of a deceased person and any other mode of transfer not being assignment;

“TRIPS Agreement” means the Agreement on Trade-Related Aspects of Intellectual Property Rights 1994 which constitutes Annex 1C to the Agreement Establishing the World Trade Organization; [Ins. Act A1078]

“word” includes an abbreviation of a word.

(2) In this Act –

(a) references to the use of a mark shall be construed as references to the use of a printed or other visual representation of the mark;

(b) references to the use of a mark in relation to goods shall be construed as references to the use thereof upon, or in physical or other relation to, goods; and

(c) references to the use of a mark in relation to services shall be construed as references to the use thereof as a statement or as part of a statement about the availability or performance of services. [Ins. Act A881]

PART II ADMINISTRATION

4. Registrar, Deputy Registrars and Assistant Registrars. [Subs. Act A1138]

(1) The Director General of the Corporation shall be the Registrar of Trade Marks.

(2) The Corporation may appoint, on such terms and conditions as it may determine, from amongst persons in the employment of the Corporation, such number of Deputy Registrars of Trade Mark, Assistant Registrars of Trade Marks and other officers as may be necessary for the proper administration of this Act, and may revoke the appointment of any person so appointed or deemed to have been so appointed under subsection (3).

- (3) The persons holding office as Deputy Registrars, Assistant Registrars and other officers under this Act before the appointed date who were given an option by the Government of Malaysia to serve as employees of the Corporation and have so opted shall on the appointed date be deemed to have been appointed as Deputy Registrars, Assistant Registrars and such other officers under subsection (2).
- (4) Subject to the general direction and control of the Registrar and such conditions or restrictions as may be imposed by the Registrar, a Deputy Registrar or an Assistant Registrar may exercise any function of the Registrar under this Act, and anything by this Act appointed or authorized or required to be done or signed by the Registrar may be done or signed by any Deputy Registrar or Assistant Registrar and the act or signature of a Deputy Registrar or an Assistant Registrar shall be as valid and effectual as if done or signed by the Registrar.
- (5) The Registrar shall have a seal of such device as may be approved by the Corporation and the impressions of such seal shall be judicially noticed and admitted in evidence.

4A. Protection of officers. [Ins. Act A1078]

No action or prosecution shall be brought, instituted or maintained in any Court against –

- (a) the Registrar of Trade Marks;
- (b) a Deputy Registrar of Trade Marks; or
- (c) an Assistant Registrar of Trade Marks,

for any act or omission done in good faith in the performance of his functions and the exercise of his powers under this Act.

5. Central and regional trade marks offices.

- (1) For the purposes of this Act there shall be established a Central Trade Marks Office which shall be located at Kuala Lumpur.
- (2) In each of the States of Sabah and Sarawak there shall be established one regional trade marks office.
- (2A) In addition to the regional trade marks office established in the States of Sabah and Sarawak, there may be established such number of trade marks offices as may be necessary for the purposes of this Act. [Ins. Act A881]
- (3) A document required or permitted by this Act to be submitted at the Central Trade Marks Office may be submitted at any trade marks office and reference in this Act to the submission at the Central Trade Marks Office includes reference to the submission at a trade marks office. [Am. Act A881]

PART III THE REGISTER OF TRADE MARKS

6. The Register.

- (1) There shall be kept and maintained at the Central Trade Marks Office a Register of Trade Marks which shall contain -
 - (a) all registered trade marks with the names, addresses and descriptions of their proprietors, notifications of assignments and transmissions, the names, addresses and descriptions of all registered users, disclaimers, conditions, limitations; and
 - (b) such other matters relating to the trade marks as the Minister may from time to time prescribe.
- (2) (Deleted) [Act A1078]
- (3) The previous registers of trade marks kept under the repealed Ordinances shall be incorporated with and form part of the Register in accordance with the entries in the previous registers immediately before this Act comes into force. [Am. Act A1078]
- (4) The incorporation of the previous registers into the Register shall have the following effect:
 - (a) where a trade mark has been registered and entered in all the previous registers by a proprietor for all three component regions of Malaysia, such a trade mark shall in its incorporation into the Register be deemed to be a registered trade mark in the name of such proprietor under this Act;
 - (b) where a trade mark has been registered and entered in any of the previous registers by a proprietor for any one or two of the component regions of Malaysia, such a trade mark shall in its incorporation into the Register be deemed to be a registered trade mark in the name of such proprietor under this Act if on the date on which this Act comes into force
 - (i) no identical trade mark or trade mark so nearly resembling the first-mentioned trade mark in respect of the same goods or same description of goods as is likely to deceive or cause confusion has been registered and entered in the remaining previous register or registers prior to the date of the coming into force of this Act by a different proprietor or proprietors for any of the remaining component regions of Malaysia; and
 - (ii) no application for the registration of an identical trade mark or trade mark so nearly resembling the first-mentioned trade mark in respect of the same goods or same description of goods as is likely to deceive or cause confusion has been made prior to the date of the coming into force of this Act by another person for any of the remaining component regions of Malaysia or, where it has been made, it is subsequently refused, abandoned or successfully opposed;
 - (c) where a trade mark has been registered and entered in any of the previous registers by a proprietor for any one or two of the component regions of Malaysia and an identical trade mark or trade mark so nearly resembling the first-mentioned trade mark in respect of the same goods or same description of goods as is likely to deceive or cause confusion has been registered and entered in any of the previous registers by a different proprietor or proprietors for all or any one of the remaining component regions of Malaysia, both the first-mentioned trade mark and the identical trade mark or trade mark so nearly resembling the

- first-mentioned trade mark in their incorporation into the Register shall be deemed to be registered trade marks in the names of the respective proprietors under this Act subject to concurrent use of the trade marks by their respective proprietors in accordance with subsection (1) of section 20;
- (d) where a trade mark has been registered and entered in any of the previous registers by a proprietor for any one or two of the component regions of Malaysia and only an application or applications for the registration of an identical trade mark or trade mark so nearly resembling the first-mentioned trade mark in respect of the same goods or same description of goods as is likely to deceive or cause confusion has been made prior to the date of the coming into force of this Act by another person for any of the remaining component regions of Malaysia, the first-mentioned trade mark in its incorporation into the Register shall be effective only in respect of the component region or regions of Malaysia in which it was originally registered unless the application or applications has or have been subsequently refused, abandoned or successfully opposed in which case the first-mentioned trade mark shall be deemed to be a registered trade mark in the name of such proprietor under this Act.
- (5) Notwithstanding section 30 the date of the entry of a trade mark in any of the previous registers incorporated and forming part of the Register shall be deemed to be the date of the original registration of the trade mark.

7. Notice of trust.

Notice of a trust express, implied or constructive shall not be entered in the Register or be received by the Registrar.

8. Inspection of Register.

- (1) The Register shall be open to the inspection of the public at such times and in accordance with such conditions as may be prescribed. [Am. Act A1138]
- (2) Certified copies or extracts of any entry in the Register sealed with the seal of the Registrar shall be given to any person requiring the same on payment of the prescribed fees.
- (3) Certified copies of the Register shall be deposited in any trade marks office for the purpose of facilitating any search to be made by the public at such times as the Minister may by regulations prescribe and no copy or extract of any entry in such copies shall be made or given to any person. [Am. Act A881]

9. False entries in Register.

Every person who –

- (a) makes or causes to be made a false entry in the Register;
- (b) makes or causes to be made a false entry in any certified copy of the Register deposited in a trade marks office; [Am. Act A881]
- (c) makes or causes to be made a false document purporting to be a copy of an entry in the Register;
- (d) produces or tenders or causes to be produced or tendered in evidence any such document knowing such document or any entry therein to be false,

is guilty of an offence and is liable, on conviction, to a fine not exceeding five thousand ringgit or to a term of imprisonment not exceeding five years or to both.

PART IV REGISTRABLE TRADE MARKS

10. Registrable trade marks.

- (1) In order for a trade mark (other than a certification trade mark) to be registrable, it shall contain or consist of at least one of the following particulars:
- (a) the name of an individual, company or firm represented in a special or particular manner;
- (b) the signature of the applicant for registration or of some predecessor in his business;
- (c) an invented word or words;
- (d) a word having no direct reference to the character or quality of the goods or services not being, according to its ordinary meaning, a geographical name or surname; or
- (e) any other distinctive mark. [Am. Act A881, A1078]
- (2) A name, signature or word which is not described in paragraph (a), (b), (c) or (d) of subsection (1) is not registrable unless it is by evidence shown to be distinctive. [Am. Act A1078]
- (2A) For the purposes of this section, "distinctive", in relation to the trade mark registered or proposed to be registered in respect of goods or services, means the trade mark must be capable of distinguishing goods or services with which the proprietor of the trade mark is or may be connected in the course of trade from goods or services in the case of which no such connection subsists, either generally or, where the trade mark is registered or proposed to be registered, subject to conditions, amendments, modifications or limitations, in relation to use within the extent of the registration. [Ins. Act A881] [Am. Act A1078]
- (2B) In determining whether a trade mark is capable of distinguishing as aforesaid, regard may be had to the extent to which –
- (a) the trade mark is inherently capable of distinguishing as aforesaid; and
- (b) by reason of the use of the trade mark or of any other circumstances, the trade mark is in fact capable of distinguishing as aforesaid. [Subs. Act A1078]
- (3) A trade mark may be registered in the Register in respect of any goods or services. [Subs. Act A1078]

11. (Deleted) [Act A1078]

12. Use by proposed registered user to be considered for the purpose of determining distinctiveness, etc. [Subs. Act A881]

- (1) Where an application for registration of a trade mark has been made by a person, and before the date of the application the trade mark had been used by a person other than the applicant under the control of and with the consent and authority of the applicant, and where an application is made by the applicant and that other person for the registration of that other person as a registered user of the trade mark immediately after the registration of the trade mark and the Registrar is satisfied that the other person is entitled to be registered as a registered user of the trade mark, the Registrar may, for the purpose of determining whether the trade mark is distinctive of or capable of distinguishing the goods or services of the applicant, treat use of the trade mark by that other person as equivalent to use of the trade mark by the applicant and may make an order that the trade mark is so distinctive or capable of distinguishing.
- (2) An order of the Registrar under subsection (1) is subject to appeal to the Court.
- (3) Where an order is made under subsection (1), the registration of the trade mark shall cease to have effect if at the expiration of the prescribed period, or such further period not exceeding six months as the Registrar may allow, that other person has not become registered as the registered user of the trade mark.

13. Colour of trade mark.

- (1) A trade mark may be limited in whole or in part to one or more specified colours and, in any such case, the fact that the trade mark is so limited shall be taken into consideration for the purpose of determining whether the trade mark is distinctive.
- (2) Where a trade mark is registered without limitations as to colour, it shall be deemed to be registered for all colours.

14. Prohibition on registration.

- (1) A mark or part of a mark shall not be registered as a trade mark –
 - (a) if the use of which is likely to deceive or cause confusion to the public or would be contrary to law;
 - (b) if it contains or comprises any scandalous or offensive matter or would otherwise not be entitled to protection by any court of law;
 - (c) if it contains a matter which in the opinion of the Registrar is or might be prejudicial to the interest or security of the nation; [Ins. Act A881]
 - (d) if it is identical with or so nearly resembles a mark which is well-known in Malaysia for the same goods or services of another proprietor; [Ins. Act A1078]
 - (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 use; [Ins. Act A1078]
 - (f) if it contains or consists of a geographical indication with respect to goods not originating in the territory indicated, if use of the indication in the mark for such goods in Malaysia is of such a nature as to mislead the public as to the true place of origin of the goods; or [Ins. Act A1078]
 - (g) if it is a mark for wines which contains or consists of a geographical indication identifying wines, or is a mark for spirits which contains or consists of a geographical indication identifying spirits, not originating in the place indicated by the geographical indication in question. [Ins. Act A1078]
- (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. [Ins. Act A1078]

14A. Where registration shall not be refused. [Ins. Act A1078]

- (1) A trade mark shall not be refused registration by virtue of paragraphs (f) and (g) of section 14 if the application for its registration had been made in good faith, or if it had been used continuously in good faith in the course of trade by the applicant for its registration or his predecessor in title, either –
 - (a) before the commencement of the Geographical Indications Act 2000; or
 - (b) before the geographical indication in question is protected in its country of origin.
- (2) A trade mark shall not be refused registration by virtue of paragraphs (f) and (g) of section 14 if the geographical indication in question –
 - (a) has ceased to be protected; or
 - (b) has fallen into disuse,in its country of origin.

15. Where registration may be refused.

The Registrar shall refuse to accept an application for the registration of a trade mark which contains or consists of any of the following marks or a mark so nearly resembling any of those marks as is likely to be taken for that mark:

- (a) the word or words “Patent”, “Patented”, “By Royal Letters Patent”, “Registered”, “Registered Design” and “Copyright” or a word or words to the like effect in any language whatsoever; or
- (b) any mark which is specifically declared by the Minister in any regulations made under this Act to be a prohibited mark.

16. Use of name of another person. [Am. Act A881]

Where a person makes an application to register a trade mark which consists of or includes the name or representation of another person whether living or dead, the Registrar may require the applicant to furnish him with the consent of that person if living or of the legal representative of that person if deceased before permitting the name or representation to be used as a trade mark.

17. Registration for particular goods or services. [Subs. Act A881]

(1) A trade mark may be registered in respect of any or all of the goods comprised in a prescribed class of goods or in respect of any or all of the services comprised in a prescribed class of services.

(2) If any question arises as to the class in which goods or services are comprised, that question shall be decided by the Registrar whose decision shall be final.

18. Disclaimer.

(1) If a trade mark –

(a) contains any part –

(i) which is not the subject of a separate application by the proprietor for registration as a trade mark; or

(ii) which is not separately registered by the proprietor as a trade mark; or

(b) contains matter which is common to the trade or business or is not distinctive,

the Registrar or the Court, in deciding whether the trade mark shall be entered or shall remain in the Register, may require as a condition of its being upon the Register, that the proprietor shall disclaim any right to the exclusive use of any such part or matter, to the exclusive use of which the Registrar or the Court holds him not to be entitled or that the proprietor shall make such other disclaimer as the Registrar or the Court may consider necessary for the purpose of defining his rights under the registration.

(2) No disclaimer on the Register shall affect any right of the proprietor of a trade mark except a right arising out of the registration of the trade mark in respect of which the disclaimer is made.

19. Identical trade marks. [Subs. Act A881]

(1) No trade mark shall be registered in respect of any goods or description of goods –

(a) that is identical with a trade mark belonging to a different proprietor and entered in the Register in respect of the same goods or description of goods or in respect of services that are closely related to those goods; or

(b) that so nearly resembles such a trade mark as is likely to deceive or cause confusion.

(2) No trade mark shall be registered in respect of any services or description of services –

(a) that is identical with a trade mark belonging to a different proprietor and entered in the Register in respect of the same services or description of services or in respect of goods that are closely related to those services; or

(b) that so nearly resembles such a trade mark as is likely to deceive or cause confusion.

(3) Where separate applications are made by different persons to be registered as proprietors respectively of trade marks which are identical or so nearly resembling each other as are likely to deceive or cause confusion and –

(a) such applications are in respect of the same goods or description of goods; or

(b) at least one of such applications is in respect of goods and the other or others is or are in respect of services closely related to those goods,

the Registrar may refuse to register any of them until their rights have been determined by the Court or have been settled by agreement in a manner approved by him or by the Court.

(4) Where separate applications are made by different persons to be registered as proprietors respectively of trade marks which are identical or so nearly resembling each other as are likely to deceive or cause confusion and –

(a) such applications are in respect of the same services or description of services; or

(b) at least one of such applications is in respect of services and the other or others is or are in respect of goods closely related to those services,

the Registrar may refuse to register any of them until their rights have been determined by the Court or have been settled by agreement in a manner approved by him or by the Court.

20. Concurrent use.

(1) Notwithstanding subsection (1) of section 19, in the case of honest concurrent use or of the circumstances described in paragraph (c) of subsection (4) of section 6 or of other special circumstances which, in the opinion of the Court or the Registrar, make it proper so to do, the Court or the Registrar may permit the registration of more than one proprietor in respect of trade marks which are identical or so nearly resembling each other as are likely to deceive or cause confusion where the registration of the different proprietors –

(a) is in respect of the same goods or description of goods; or

(b) in the case of at least one proprietor, is in respect of goods, and in the case of the other or others, is in respect of services closely related to those goods,

subject to such conditions, amendments, modifications or limitations, if any, as the Court or the Registrar, as the case may be, may think right to impose. [Subs. Act A881]

- (1A) Notwithstanding subsection (2) of section 19, in the case of honest concurrent use or of other special circumstances which, in the opinion of the Court or the Registrar, make it proper so to do, the Court or the Registrar may permit the registration of more than one proprietor in respect of trade marks which are identical or so nearly resembling each other as are likely to deceive or cause confusion where the registration of the different proprietors –
- (a) is in respect of the same services or description of services; or
 - (b) in the case of at least one proprietor, is in respect of services, and in the case of the other or others, is in respect of goods closely related to those services,
- subject to such conditions, amendments, modifications or limitation, if any, as the Court or the Registrar, as the case may be, may think right to impose. [Ins. Act A881]
- (2) The Registrar shall not refuse to register a trade mark which is identical to or so nearly resembling another trade mark in the Register if the applicant of the first-mentioned trade mark or his predecessor in business has continuously used that trade mark from a date before –
- (a) the use of that other trade mark by the registered proprietor or his predecessor in business or by a registered user; or
 - (b) the registration of that other trade mark by the registered proprietor or his predecessor in business, whichever is the earlier.

21. Jointly owned trade mark.

- (1) Where two or more persons are interested in a trade mark and none of them is entitled as between himself and the other or others to use the trade mark except –
- (a) on behalf of both or all of them; or
 - (b) in relation to goods or services with which both or all of them are connected in the course of trade,
- both or all of them may be registered as joint proprietors of the trade mark and this Act has effect in relation to any rights of such persons to the use of the trade mark as if those rights were rights of a single person.
- (2) Subject to subsection (1), nothing in this Act authorises the registration of two or more persons who use a trade mark independently, or propose so to use it, as joint proprietors of the trade mark.

22. Association of trade marks.

- (1) Where a trade mark which is registered or is the subject of an application for registration in respect of any goods –
- (a) is identical with another trade mark which is registered or is the subject of an application for registration in the name of the same proprietor in respect of the same goods or description of goods or in respect of services that are closely related to those goods; or
 - (b) is so nearly resembling it as is likely to deceive or cause confusion if used by a person other than the proprietor,
- the Registrar may at any time require that the trade marks be entered on the Register as associated trade marks. [Subs. Act A881]
- (1A) Where a trade mark which is registered or is the subject of an application for registration in respect of any services –
- (a) is identical with another trade mark which is registered or is the subject of an application for registration in the name of the same proprietor in respect of the same services or description of services or in respect of goods that are closely related to those services; or
 - (b) is so nearly resembling it as is likely to deceive or cause confusion if used by a person other than the proprietor, the Registrar may at any time require that the trade marks be entered on the Register as associated trade marks. [Ins. Act A881]
- (2) On application made in the prescribed manner by the registered proprietor of two or more associated trade marks, the Registrar may dissolve the association as respects any of them if he is satisfied that there would be no likelihood of deception or confusion being caused if that trade mark were used by another person in relation to any of the goods or services in respect of which it is registered and may amend the Register accordingly.
- (3) A decision of the Registrar under subsection (2) is subject to appeal to the Court.

23. Assignment of associated trade marks.

- (1) Associated trade marks shall be assignable or transmissible only as a whole and not separately but they shall for all other purposes be deemed to have been registered as separate trade marks.
- (2) Where under this Act use of a registered trade mark is required to be proved for any purpose, the Court or the Registrar may, if and so far as it or he shall think right, accept use of an associated trade mark or of the trade mark with additions and alterations not substantially affecting its identity as an equivalent for such use.
- (3) The foregoing provisions apply in relation to proof of use of any registered trade mark and not in relation only to proof of use of a trade mark which is one of two or more associated trade marks.

24. Series of trade marks.

- (1) Where several trade marks in respect of the same goods or description of goods in a single class or in respect of the same services or description of services in a single class resemble each other in material particulars but differ in respect of –

- (a) statements or representations as to the goods or services in respect of which the trade marks are used or proposed to be used;
 - (b) statements or representations as to number, price, quality or names of places;
 - (c) other matter which is not distinctive and does not substantially affect the identity of the trade marks; or
 - (d) colour,
- and a person who claims to be the proprietor thereof seeks to register the trade marks, the trade marks may be registered as a series in one registration. [Am. Act A881]
- (2) All trade marks registered in a series shall be deemed to be and shall be registered as associated trade marks.

PART V APPLICATION FOR REGISTRATION

25. Registration.

- (1) Any person claiming to be the proprietor of a trade mark used or proposed to be used by him may make application to the Registrar for the registration of that mark in the Register in the prescribed manner. [Am. Act A1078]
- (2) An application shall not be made in respect of goods or services comprised in more than one class. [Am. Act A881]
- (3) Subject to the provisions of this Act, the Registrar may refuse the application or may accept it absolutely or subject to such conditions, amendments, modifications or limitations, if any, as he may think right to impose.
- (4) In the case of refusal or conditional acceptance the Registrar shall, if required by the applicant, state in writing the grounds of his decision and the material used by him in arriving at the same.
- (5) A decision of the Registrar under subsection (3) is subject to appeal to the Court.
- (6) An appeal under this section shall be made in the prescribed manner and the Court shall, if required, hear the applicant and the Registrar, and shall make an order determining whether, and subject to what conditions, amendments, modifications or limitations, if any, the application is to be accepted.
- (7) The appeal shall be heard on the material stated by the Registrar to have been used by him in arriving at his decision and no further grounds of objection to the acceptance of the application shall be allowed to be taken by the Registrar other than those so stated except by leave of the Court.
- (8) Where any further grounds of objection are taken, the applicant shall be entitled to withdraw his application without payment of costs on giving notice in the prescribed manner.
- (9) The Registrar or the Court, as the case may be, may at any time, whether before or after acceptance, correct any error in or in connection with the application or may permit the applicant to amend his application upon such terms as he or it may think fit.
- (10) Any application submitted and accepted under this section shall notwithstanding any correction or amendment permitted by the Registrar or the Court to be made in such application, be deemed to have been made on the date of its original submission.
- (11) (Deleted) [Act A1078]
- (12) Without prejudice to subsection (10) where after the acceptance of an application for registration of a trade mark but before the registration of the trade mark the Registrar is satisfied –
 - (a) that the application has been accepted in error; or
 - (b) that in the special circumstances of the case the trade mark shall not be registered or shall be registered subject to additional or different conditions or limitations,
 the Registrar may withdraw the acceptance and proceed as if the application had not been accepted or, in respect only of a trade mark which shall be registered subject to additional or different conditions or limitations, reissue a new acceptance subject to additional or different conditions or limitations. [Am. Act A881]

26. Application may be accepted where trade mark is to be used by assignee or registered user.

- (1) An application for the registration of a trade mark in respect of any goods or services shall not be refused nor shall permission for such registration be withheld on the ground that it appears that the applicant does not use or propose to use the trade mark –
 - (a) if the Registrar is satisfied that a body corporate is about to be constituted and that the applicant intends to assign the trade mark to the corporation with a view to the use thereof in relation to those goods by the corporation; or
 - (b) if an application has been made for the registration of a person as a registered user of the trade mark, and the Registrar is satisfied that the proprietor intends it to be used by that person in relation to those goods or services and the Registrar is also satisfied that that person will be registered as a registered user thereof immediately after registration of the trade mark. [Am. Act A881]
- (2) The Registrar may, as a condition of the exercise of the power conferred by subsection (1) in favour of the applicant, require him to give security for the costs of any proceedings before him relative to any opposition and, in default of such security being duly given, may treat the application as abandoned.
- (3) Where a trade mark is registered in respect of any goods or services under the power conferred by subsection (1), then unless the corporation has been registered as the proprietor of the trade mark in respect of those goods or services within a period of six months, the registration shall cease to have effect in respect thereof at the expiration of that period and the Registrar shall amend the Register accordingly.

27. Advertisement of acceptance of application.

- (1) When an application for registration of a trade mark has been accepted whether absolutely or subject to conditions, amendments, modifications or limitations, the Registrar shall, as soon as may be after acceptance, cause the application as accepted to be advertised in the prescribed manner.
- (2) The advertisement shall set forth all conditions, amendments, modifications and limitations subject to which the application has been accepted except that the Registrar may cause an application for registration of a trade mark to be advertised before acceptance thereof if the considerations in subsection (2B) of section 10 or subsection (1A) of section 11 apply or in any other case where it appears to him that it is expedient by reason of any exceptional circumstances to do so. [Subs. Act A881]
- (3) Where an application has been advertised under subsection (2), the Registrar may, if he thinks fit, advertise it again when it has been accepted but he shall not be bound to do so.

28. Opposition to registration.

- (1) Any person may, within the prescribed time from the date of the advertisement of an application for the registration of a trade mark, give notice to the Registrar and applicant of opposition to the registration.
- (2) The notice shall be given in writing in the prescribed manner and shall include a statement of the grounds of opposition.
- (3) The applicant shall, within the prescribed time after the receipt of the notice of opposition, send to the Registrar and the opponent a counter-statement, in the prescribed manner, of the grounds for his application, and, if he does not do so, he shall be deemed to have abandoned his application. [Subs. Act A881]
- (3A) If the applicant submits a counter-statement under subsection (3), the opponent and applicant shall file evidence and exhibits in the prescribed manner and within the prescribed time in support of the opposition or the counter-statement, as the case may be, to be adduced in the prescribed manner, and if the opponent or applicant fails to do so, the opposition or application, as the case may be, shall be treated as abandoned. [Ins. Act A881]
- (3B) If the applicant files evidence and exhibits under subsection (3A), the opponent may, within the prescribed time, send to the Registrar and applicant evidence in reply to be adduced in the prescribed manner. [Ins. Act A881]
- (4) After considering the evidence and exhibits and after giving the applicant and the opponent an opportunity of making written submissions, the Registrar shall decide whether –
 - (a) to refuse to register the trade mark;
 - (b) to register the trade mark absolutely; or
 - (c) to register the trade mark subject to such conditions, amendments, modifications or limitations as he may think fit. [Subs. Act A881]
- (5) A decision of the Registrar under subsection (4) is subject to appeal to the Court.
- (6) An appeal under this section shall be made in the prescribed manner and the Court shall, if required, hear the parties and the Registrar, and shall make an order determining whether, and subject to what conditions, amendments, modifications or limitations, if any, registration is to be permitted.
- (7) On the hearing of an appeal under this section any party may, either in the manner prescribed or by special leave of the Court, bring forward further material for the consideration of the Court but no further grounds of objection to the registration of a trade mark shall be allowed to be taken by the opponent or the Registrar other than those stated by the opponent except by leave of the Court.
- (8) Where any further grounds of objection are taken, the applicant shall be entitled to withdraw his application without payment of the costs of the opponent on giving notice as prescribed.
- (9) In any appeal under this section the Court may, after hearing the Registrar, permit the trade mark proposed to be registered to be modified in any manner not substantially affecting the identity of the trade mark, but in any such case the trade mark as modified shall be advertised in the prescribed manner before being registered. [Am. Act A881]
- (10) If a person giving notice of opposition or an applicant sending a counter-statement after receipt of such a notice, or an appellant, neither resides nor carries on business in Malaysia, the Registrar or the Court may require him to give security for costs of the proceedings relative to the opposition, application or appeal, as the case may be, and in default of such security being duly given, may treat the opposition, application, or appeal, as the case may be, as abandoned.

29. Non-completion of registration. [Am. Act A881]

- (1) When an application for registration of a trade mark is not completed within twelve months from the date of the application by reason of default on the part of the applicant, the Registrar may, after giving notice in writing of the non-completion to the applicant in the prescribed manner, treat the application as abandoned unless it is completed within the time specified in that behalf in the notice.
- (2) Where an appeal under any of the provisions of this Act has been instituted in respect of an application for registration of a trade mark, the Registrar shall not give notice of non-completion of the application until the expiration of three months after the determination of the appeal or until the expiration of such further time as the Court may allow.

PART VI REGISTRATION AND EFFECT OF REGISTRATION

30. Registration of trade mark.

- (1) When an application for registration of a trade mark in the Register has been accepted and either –

- (a) the application has not been opposed and the time for opposition has expired; or
 - (b) the application has been opposed and the opposition has been decided in favour of the applicant,
- the Registrar shall, unless the application has been accepted in error, register the trade mark in the Register on payment of the prescribed fees in the name of the proprietor, and the trade mark so registered shall be registered as of the date of application for registration and that date shall be deemed for the purpose of this Act to be the date of registration. [Am. Act A1078]
- (2) On the registration of a trade mark the Registrar shall issue to the applicant a certificate of the registration of the trade mark in the prescribed form under the seal of the Registrar.

31. Time for registration.

- (1) Subject to subsection (2) a trade mark shall not be registered after twelve months from the date of the advertisement of the acceptance of the application for registration of the trade mark.
- (2) Where the registration of a trade mark is delayed by –
 - (a) opposition to the registration of the trade mark;
 - (b) any appeal made to the Court; or
 - (c) an action on the part of the Central Trade Marks office or any trade marks office, [Subs. Act A881]
 that trade mark may be registered within such time as directed by the Registrar or the Court respectively.
- (3) Where a trade mark has not been registered within the time applicable to it the application shall lapse.

32. Duration of registration. [Am. Act A881]

- (1) The registration of a trade mark shall be for a period of ten years but may be renewed from time to time in accordance with this Act.
- (2) Where a trade mark is registered under the repealed Ordinances and is incorporated into and forms part of the Register under this Act, the registration of such trade mark unless renewed under this Act shall be for a period equal to the unexpired portion of the period for which the trade mark was registered or renewed under the repealed Ordinances.
- (3) The registration of a trade mark may be renewed from time to time in accordance with Part VII.

33. Words used as name or description of article, substance or service.

- (1) The registration of a trade mark shall not be deemed to have become invalid by reason only of any use after the date of the registration of a word or words which the trade mark contains or of which it consists as the name or description of an article, a substance or a service. [Subs. Act A881]
- (2) If it is proved either –
 - (a) that there is a well known and established use of the word or words as the name or description of the article or substance by a person or persons carrying on a trade therein, not being use in relation to goods connected in the course of trade with the proprietor or a registered user of the trade mark or, in the case of certification trade mark goods certified by the proprietor;
 - (b) that the article or substance was formerly manufactured under a patent, that a period of two years after the cesser of the patent has elapsed and that the word or words are the only practicable name or description of the article or substance; or
 - (c) that there is a well known and established use of the word or words as the name or description of some service by a person or persons providing services which include that service, not being use in relation to services the provision of which the proprietor or registered user of the trade mark is connected to in the course of trade, [Ins. Act A881]
 subsection (3) shall have effect.
- (3) When the facts mentioned in paragraph (a), (b) or (c) of subsection (2) are proved with respect to any word or words then –
 - (a) if the trade mark consists solely of that word or those words, the registration of the trade mark, so far as regards registration in respect of the article, substance or service in question or of any goods or service of the same description, shall be deemed for the purpose of section 45 to be an entry wrongly remaining in the Register;
 - (b) if the trade mark contains the word or those words and other matter, the Court or the Registrar in deciding whether the trade mark shall remain on the Register so far as regards registration in respect of the article, substance or service in question or of any goods or service of the same description may in case of a decision in favour of its remaining on the Register require as a condition thereof that the proprietor shall disclaim any right to the exclusive use in relation to that article, substance or service in question or any goods or service of the same description of that word or those words so, however, that no disclaimer on the Register shall affect any right of the proprietor of a trade mark except such as arising out of the registration of the trade mark in respect of which the disclaimer is made; and
 - (c) for the purposes of any other legal proceedings relating to the trade mark -
 - (i) if the trade mark consists solely of that word or those words, all rights of the registered proprietor to the exclusive use of the trade mark in relation to the article, substance or service in question or to any goods or service of the same description; or
 - (ii) if the trade mark contains that word or those words and other matter, all rights of the registered proprietor to the exclusive use of the word or those words, in such relation as in subparagraph (i), shall be deemed to have ceased on the date at which the use mentioned in paragraph (a) or (c) of subsection (2) first became well known and established or at the expiration of the period of two years mentioned in paragraph (b) of subsection (2).

- (4) No word which is the commonly used and accepted name of any single chemical element or single chemical compound, as distinguished from a mixture, shall be registered as a trade mark in respect of a chemical substance or preparation except that this subsection shall not have effect in relation to a word which is used to denote only a brand or make of the element or compound as made by the proprietor or a registered user of the trade mark as distinguished from the element or compound as made by others and in association with a suitable name or description open to the public use.

34. Powers of registered proprietor.

Subject to the provisions of this Act, -

- (a) the person for the time being entered in the Register as registered proprietor of a trade mark shall, subject to any rights appearing from such Register to be vested in any other person, have power to assign the same and give good discharges for any consideration for the assignment;
- (b) any equities in respect of a trade mark may be enforced in like manner as in respect of any other personal property.

35. Rights given by registration.

(1) Subject to the provisions of this Act, the registration of a person as registered proprietor of a trade mark (other than a certification trade mark) in respect of any goods or services shall, if valid, give or be deemed to have given to that person the exclusive right to the use of the trade mark in relation to those goods or services subject to any conditions, amendments, modifications or limitations entered in the Register. [Am. Act A1078]

(2) Where two or more persons are proprietors of registered trade marks which are identical or nearly resembling each other rights of exclusive use of either of those trade marks shall not be (except so far as their respective rights have been defined by the Registrar or the Court) acquired by anyone of those persons as against any other of those persons by registration of the trade mark but each of those persons shall have the same rights as against other persons (not being registered users) as he would if he were the sole registered proprietor. [Am. Act A881]

36. Registration prima facie evidence of validity.

In all legal proceedings relating to a registered trade mark (including applications under section 45) the fact that a person is registered as proprietor of the trade mark shall be prima facie evidence of the validity of the original registration of the trade mark and of all subsequent assignments and transmissions thereof.

37. Registration conclusive. [Am. Act A1078]

In all legal proceedings relating to a trade mark registered in the Register (including applications under section 45) the original registration of the trade mark under this Act shall, after the expiration of seven years from the date thereof, be taken to be valid in all respects unless it is shown –

- (a) that the original registration was obtained by fraud;
- (b) that the trade mark offends against section 14; or
- (c) that the trade mark was not, at the commencement of the proceedings, distinctive of the goods or services of the registered proprietor,
- except that this section shall not apply to a trade mark registered under the repealed Ordinances and incorporated in the Register pursuant to subsection (3) of section 6 until after the expiration of three years from the commencement of this Act.

38. Infringement of a trade mark.

(1) A registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or registered user of the trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods or services in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be taken either –

- (a) as being use as a trade mark;
- (b) in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular, or other advertisement, issued to the public, as importing a reference to a person having the right either as registered proprietor or as registered user to use the trade mark or to goods with which the person is connected in the course of trade; or [Ins. Act A881]
- (c) in a case in which the use is use at or near the place where the services are available or performed or in an advertising circular or other advertisement issued to the public, as importing a reference to a person having a right either as registered proprietor or as registered user to use the trade mark or to services with the provision of which the person is connected in the course of trade.

(2) (Deleted) [Act A1078]

39. Infringement of trade mark by breach of certain restriction.

(1) Where, by notice upon goods or upon the container of goods, the registered proprietor or a registered user of a trade mark registered in the Register makes a statement prohibiting the doing of an act to which this section applies, a person who, being the owner for the time being of the goods, does that act, or authorises it to be done, in relation to the goods in the course of trade or with a view to a dealing with the goods in the course of trade, shall be deemed to infringe the trade mark unless –

- (a) at the time when he agreed to buy the goods he acted in good faith without notice that the statement appeared on the goods; or
 - (b) he became the owner of the goods by virtue of a title derived from another person who had agreed to buy the goods. [Am. Act A1078]
- (2) The acts to which this section applies are –
- (a) the application of the trade mark upon goods after they have suffered alteration to their state, conditions, getup or packing;
 - (b) in a case in which the trade mark is upon the goods the alteration, partial removal or partial obliteration of the trade mark, the application of some other trade mark to the goods or the addition to the goods of other matter in writing or otherwise that is likely to injure the reputation of the trade mark; and
 - (c) in the case in which the trade mark is upon the goods and there is also other matter upon the goods indicating a connection in the course of trade between the registered proprietor or registered user and the goods, the removal or obliteration, whether wholly or partially, of the trade mark unless that other matter is wholly removed or obliterated.
- (3) In this section references in relation to goods to the registered proprietor, to a registered user, and to the registration of a trade mark shall be construed, respectively, as references to the registered proprietor of the trade mark, to a registered user of the trade mark and to the registration of the trade mark in respect of those goods and the expression “upon” includes, in relation to goods, a reference to physical relation to the goods.

40. Acts not constituting infringement.

- (1) Notwithstanding anything contained in this Act, the following acts do not constitute an infringement of a trade mark –
- (a) the use in good faith by a person of his own name or the name of his place of business or the name of the place of business of any of his predecessors in business;
 - (b) the use in good faith by a person of a description of the character or quality of his goods or services, and in the case of goods not being a description that would be likely to be taken as importing any reference as is mentioned in paragraph (b) of subsection (3) of section 56; [Am. Act A881]
 - (c) the use by a person of a trade mark in relation to goods or services in respect of which he has by himself or his predecessors in business, continuously used the trade mark from a date before
 - (i) the use of the registered trade mark by the registered proprietor, by his predecessors in business or by a registered user of the trade mark; or
 - (ii) the registration of the trade mark, whichever is the earlier;
 - (d) the use of a trade mark in relation to goods connected in the course of trade with the registered proprietor or a registered user of the trade mark if, as to those goods or a bulk of which they form part, the registered proprietor or the registered user in conforming to the permitted use has applied the trade mark and has not subsequently removed or obliterated it; [Am. Act A881]
 - (dd) the use by a person of a trade mark in relation to goods or services to which the registered proprietor or registered user has at any time expressly or impliedly consented to; [Ins. Act A881]
 - (e) the use of the trade mark by a person in relation to goods or services adapted to form part of, or to be accessory to, other goods or services in relation to which the trade mark has been used without infringement of the right given or might for the time being be so used, if the use of the trade mark is reasonably necessary in order to indicate that the goods or services are so adapted and neither the purpose nor the effect of the use of trade mark is to indicate otherwise than in accordance with the facts a connection in the course of trade between any person and the goods or services; and
 - (f) the use of a trade mark, which is one of two or more registered trade marks which are substantially identical, in exercise of the right to the use of that trade mark given by registration as provided by this Act.
- (2) Where a trade mark is registered subject to conditions, amendments, modifications or limitations, the trade mark is not infringed by the use of the trade mark in any manner in relation to goods to be sold or otherwise traded in a place or in relation to goods to be exported to a market or in relation to services to be provided in a place or in any other circumstances to which having regard to those conditions, amendments, modifications or limitations the registration does not extend. [Am. Act A881]

PART VII RENEWAL OF REGISTRATION

41. Renewal of registration.

- (1) The Registrar shall, on application made by the registered proprietor of a trade mark in the prescribed manner and within the prescribed period, renew the registration of the trade mark for a period of ten years from the date of expiration of the original registration, or of the last renewal of registration, as the case may be, and this date shall hereinafter be referred to as “the date of expiration of the last registration”. [Am. Act A881]
- (2) At the prescribed time before the date of expiration of the last registration of a trade mark the Registrar shall send notice in the prescribed manner to the registered proprietor of the date of expiration of the last registration and the conditions as to payment of fees upon which the renewal of the registration may be obtained and if such conditions have not been duly complied with, the Registrar may remove the trade mark from the Register subject to such conditions, if any, as to its restoration to the Register as may be prescribed upon payment of fees for restoration. [Am. Act A881]
- (3) Notwithstanding subsection (2), the registration of a trade mark shall not be renewed where the application for renewal is made after one year has lapsed from the date of expiration of the last registration. [Ins. Act A881]

42. Status of unrenewed trade mark. [Am. Act A881]

Where a trade mark has been removed from the Register for non-payment of the fee for renewal, it shall, nevertheless, for the purpose of an application for the registration of a trade mark within one year from the date of expiration of the last registration be deemed to be a trade mark which is already on the Register except that this section shall not have effect when the Registrar is satisfied either -

- (a) that there has been no use in good faith of the trade mark which has been removed during the two years immediately preceding its removal; or
- (b) that no deception or confusion is likely to arise from the use of the trade mark which is the subject of the application for registration by reason of any previous use of the trade mark which has been removed.

PART VIII CORRECTION AND RECTIFICATION OF REGISTER

43. Correction of Register.

(1) The Registrar may, on request made in the prescribed manner by the registered proprietor of a trade mark, amend or alter the Register -

- (a) by correcting an error or entering any change in the name, address or description of the registered proprietor of a trade mark;
- (b) by cancelling the entry of a trade mark in the Register;
- (c) by amending the specification of the goods or services in respect of which the trade mark is registered or entering a disclaimer or memorandum relating to the trade mark without extending in any way the rights given by the existing registration of the trade mark, and may make any consequential amendment or alteration in the certificate of registration and for that purpose may require the certificate of registration to be submitted to him.

(2) The Registrar may on the request made in the prescribed manner by a registered user of a trade mark correct an error or enter any change in the name, address or description of that registered user.

(3) A decision of the Registrar under this section is subject to appeal to the Court.

44. Alterations of registered trade mark.

(1) The registered proprietor of a trade mark may apply in the prescribed manner to the Registrar for leave to add to or alter the trade mark in any manner not substantially affecting the identity thereof and the Registrar may refuse leave or may grant it on such terms and subject to such limitations as he may think fit.

(2) The Registrar may cause an application under this section to be advertised in the prescribed manner in any case where it appears to him that it is expedient to do so, and if within the prescribed time from the date of the advertisement any person gives notice to the Registrar in the prescribed manner of opposition to the application, the Registrar shall, after hearing the parties if so required, decide the matter.

(3) A decision of the Registrar under this section is subject to appeal to the Court.

(4) Where leave under subsection (1) is granted, the trade mark, as altered, shall be advertised in the prescribed manner unless it has already been advertised in the form to which it has been altered in an advertisement under subsection (2).

45. Rectification of the Register.

(1) Subject to the provisions of this Act -

(a) the Court may, on the application in the prescribed manner of any person aggrieved by the non-insertion in or omission from the Register of any entry or by any entry made in the Register without sufficient cause or by any entry wrongfully remaining in the Register, or by any error or defect in any entry in the Register, make such order for making, expunging or varying such entry as it thinks fit;

(b) the Court may in any proceeding under this section decide any question that may be necessary or expedient to decide in connection with the rectification of the Register;

(c) in case of fraud in the registration, assignment or transmission of a registered trade mark or if in his opinion it is in the public interest to do so, the Registrar may himself apply to the Court under this section;

(d) an order of the Court rectifying the Register shall direct that notice of the rectification be served on the Registrar in the prescribed manner and the Registrar shall upon receipt of the notice rectify the Register accordingly.

(2) (Deleted) [Act A1078]

46. Provisions as to non-use of trade mark.

(1) Subject to this section and to section 57, the Court may, on application by a person aggrieved, order a trade mark to be removed from the Register in respect of any of the goods or services in respect of which it is registered on the ground -

(a) that the trade mark was registered without an intention in good faith, on the part of the applicant for registration or, if it was registered under subsection (1) of section 26, on the part of the body corporate or registered user concerned, to use the trade mark in relation to those goods or services and that there has in fact been no use in good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being up to the date one month before the date of the application; or

(b) that up to one month before the date of the application a continuous period of not less than three years had elapsed during which the trade mark was a registered trade mark and during which there was no use in

good faith of the trade mark in relation to those goods or services by the registered proprietor or registered user of the trade mark for the time being. [Am. Act A881]

(2) Except where an applicant has been permitted under section 20 to register an identical or a nearly resembling trade mark in respect of the goods or services to which the application relates or the Court is of the opinion that the applicant can properly be permitted to register the trade mark, the Court may refuse an application made under subsection (1) –

(a) in relation to any goods, if there has been, before the relevant date or during the relevant period, as the case may be, use in good faith of the trade mark by the registered proprietor of the trade mark for the time being in relation to goods of the same description, being goods in respect of which the trade mark is registered; and

(b) in relation to any services, if there has been, before the relevant date or during the relevant period, as the case may be, use in good faith of the trade mark by the registered proprietor of the trade mark for the time being in relation to services of the same description, being services in respect of which the trade mark is registered. [Subs. Act A881]

(3) Where in relation to goods in respect of which a trade mark is registered –

(a) the matters referred to in paragraph (b) of subsection (1) are shown as far as regards failure to use the trade mark in relation to goods to be sold or otherwise traded in a particular place in Malaysia (otherwise than for export from Malaysia) or in relation to goods to be exported to a particular market outside Malaysia; and

(b) a person has been permitted under section 20 to register an identical or nearly resembling trade mark in respect of those goods under a registration extending to the use in relation to goods to be sold or otherwise traded in that place (otherwise than for export from Malaysia) or in relation to goods to be exported to that market, or the Court is of the opinion that that person might properly be permitted to register the trade mark, [Am. Act A881] the Court may, on application by that person, direct that the registration of the first-mentioned trade mark shall be subject to such conditions, amendments, modifications or limitations as the Court thinks proper for securing that that registration shall cease to extend to use of the trade mark in relation to goods to be sold or otherwise traded in that place (otherwise than for export from Malaysia) or in relation to goods to be exported to that market. [Am. Act A881]

(3A) Where in relation to services in respect of which a trade mark is registered –

(a) the matters referred to in paragraph (b) of subsection (1) are shown as far as regards failure to use the trade mark in relation to services provided in a particular place in Malaysia; and

(b) a person has been permitted under section 20 to register an identical or a nearly resembling trade mark in respect of those services under a registration extending to the use in relation to services provided in that place, or the Court is of the opinion that that person might properly be permitted to register the trade mark, the Court may, on application by that person, direct that the registration of the first-mentioned trade mark shall be subject to such conditions, amendments, modifications or limitations as the Court thinks proper for securing that that registration shall cease to extend to use of the trade mark in relation to services provided in that place. [Ins. Act A881]

(4) An applicant is not entitled to rely for the purpose of paragraph (b) of subsection (1) or for the purpose of subsection (3) or (3A) on any failure to use a trade mark if failure is shown to have been due to special circumstances in the trade and not to an intention not to use or to abandon the trade mark in relation to the goods to which the application relates.

47. Registration of assignment.

(1) Where a person becomes entitled by assignment or transmission to a registered trade mark, he shall make application to the Registrar to register his title and the Registrar shall, on receipt of the application and proof of title to his satisfaction, register that person as the proprietor of the trade mark in respect of the goods or services in respect of which the assignment or transmission has effect and cause particulars of the assignment or transmission to be entered in the Register.

(2) A decision of the Registrar under subsection (1) is subject to appeal to the Court.

(3) Except in the case of an appeal under this section or of an application under section 45 a document or instrument in respect of which no entry has been made in the Register in accordance with subsection (1) shall not, unless the Court otherwise directs, be admissible in evidence in Court to prove title to a registered trade mark.

PART IX REGISTERED USER

48. Registered users. [Subs. Act A881]

(1) Subject to the provisions of this section, where the registered proprietor of a trade mark grants, by lawful contract, a right to any person to use the trade mark for all or any of the goods or services in respect of which the trade mark is registered, that person may be entered on the Register as a registered user of the said trade mark whether with or without any conditions or restrictions, provided that it shall be a condition of any such registration that the registered proprietor shall retain and exercise control over the use of the trade mark and over the quality of the goods or services provided by the registered user in connection with that trade mark.

(2) Where it is proposed that a person shall be registered as a registered user of a trade mark, the registered proprietor shall submit an application to the Registrar for the registration of that person as a registered user

of the trade mark and such application shall be accompanied by the prescribed fee and the following information:

- (a) the representation of the registered trade mark;
- (b) the names, addresses, and addresses for service of the parties;
- (c) the goods or services in respect of which the registration is proposed;
- (d) any conditions or restrictions proposed with respect to the characteristics of the goods or services, to the mode or place of permitted use or to any other matter; and
- (e) whether the permitted use is to be for a period or without limit of period, and if for a period, the duration of that period.

(3) The registered proprietor shall furnish the Registrar with such further documents, information or evidence as may be required by the Registrar or any regulations made under this Act.

(4) On receipt of an application for registration of a person as a registered user of a trade mark under subsection (2), the Registrar shall enter on the Register all the particulars required to be provided thereunder.

(5) Where a person has been registered as a registered user of a trade mark, the use of that trade mark by the registered user within the limits of his registration shall be deemed to be use by the registered proprietor of the trade mark to the same extent as the use of the trade mark by the registered user and shall be deemed not to be use by any other person.

(6) The provisions of subsection (5) shall cease to have effect with regard to any registered user of a trade mark –

- (a) if the trade mark ceases to be a registered trade mark for any reason;
- (b) if the goods or services for which the trade mark is registered are subsequently limited so as to exclude any or all of the goods or services in respect of which the registration of the registered user has been made;
- (c) if the registered proprietor ceases to exercise control over the use of the trade mark and over the quality of the goods or services provided by the registered user concerned in relation to that trade mark;
- (d) at the date of expiration of the last registration of the trade mark unless a fresh application under subsection (2) accompanies any application for renewal of the registration of that trade mark;
- (e) at the date of any assignment or transmission of the registered trade mark, unless and until the devolution of title is recorded on the Register in accordance with the provisions of this Act and the subsequent proprietor of the registered trade mark makes a fresh application under subsection (2).

(7) If the registered proprietor of a trade mark fails to exercise any of the rights conferred on him by his registration to the prejudice of any registered user of that trade mark, the registered user may apply to the Court for such relief as the Court may consider just, including rectification of the Register by ordering that the registered user be recorded as the registered proprietor of the trade mark, and in any case where use of the trade mark by any person entitled to use it would be likely to deceive or cause confusion, the Court may order that the trade mark shall be removed from the Register, notwithstanding the provisions of section 37.

(8) The provisions of section 62 shall apply to any proceedings under subsection (7) that might lead to any alteration or rectification of the Register.

49. Powers to vary, extend or cancel registration of a registered user.

(1) Without prejudice to section 45, the registration of a person as a registered user –

(a) may be varied by the Registrar on the written application in the prescribed manner of the registered proprietor with respect to the goods or services for which or with respect to any conditions or restrictions subject to which the registration has effect;

(b) may be extended by the Registrar on the application in writing of the registered proprietor for such period as the Registrar thinks fit;

(c) may be cancelled by the Registrar on the application of the registered proprietor. [Subs. Act A881]

(2) The Registrar may at any time cancel the registration of a person as a registered user of a trade mark for any goods or services in respect of which the trade mark is no longer registered.

(3) Any decision of the Registrar under subsection (1) or (2) is subject to appeal to the Court. [Ins. Act A881]

50. (Deleted) [Act A881]

51. Infringement proceeding.

(1) Subject to any agreement subsisting between the registered user of a trade mark and the registered proprietor of the trade mark, the registered user is entitled to call upon the registered proprietor to take proceedings for infringement of the trade mark, and if the registered proprietor refuses or neglects to do so within two months after being so called upon, the registered user may institute proceedings for infringement in his own name as if he were the registered proprietor and shall make the registered proprietor a defendant.

(2) A registered proprietor so added as a defendant is not liable for costs unless he enters an appearance and takes part in the proceedings.

52. Registered user not to assign.

This Part does not confer on the registered user of a trade mark an assignable or transmissible right to the use of that trade mark.

53-54. (Deleted) [Act A881]

PART X ASSIGNMENT OF TRADE MARKS

55. Assignment and transmission of trade marks.

(1) Subject to this section, a registered trade mark shall be assignable and transmissible with or without the goodwill of the business concerned in the goods or services in respect of which the trade mark is registered or in part of the goods or services.

(1A) Subsection (1) shall have effect in the case of an unregistered trade mark used in relation to any goods or services as it has effect in the case of a registered trade mark registered in respect of any goods or services, if at the time of the assignment or transmission of the unregistered trade mark it is or was used in the same business as a registered trade mark, and if it is or was assigned or transmitted at the same time and to the same person as that registered trade mark and in respect of goods or services all of which are goods or services in relation to which the unregistered trade mark is or was used in that business and in respect of which that registered trade mark is or was assigned or transmitted. [Ins. Act A881]

(2) Notwithstanding subsection (1), an assignment of a registered trade mark without goodwill whether before or after the commencement of this Act is invalid if the trade mark has not at any time before the assignment been in use in good faith in Malaysia by the assignor or his predecessor in title except that this subsection does not apply where -

(a) the trade mark was registered with the intention that it shall be assignable to a body corporate yet to be formed and the trade mark has been assigned; or

(b) the trade mark was registered with the intention that a person shall be permitted to use it as a registered user and such registered user has been registered in respect of the trade mark within six months after the registration of the trade mark and has used that trade mark within that period.

(3) Notwithstanding subsections (1) and (1A), a trade mark shall be deemed not to be assignable or transmissible if, as a result of the assignment or transmission, whether under common law or by registration, more than one of the persons concerned would have exclusive rights to the use of an identical trade mark or to the use of trade marks so nearly resembling each other as are likely to deceive or cause confusion. [Subs. Act A881]

(4) Where an application is made in the prescribed manner by the registered proprietor of a trade mark who proposes to assign it or by a person who claims that a trade mark has been transmitted to him or to a predecessor in title of his since the commencement of this Act, the Registrar, if he is satisfied that in all circumstances the use of the trade marks in exercise of the said rights would not be contrary to the public interest, may in writing approve the assignment or transmission and an assignment or transmission so approved shall not be deemed to be or to have been invalid under this section but this provision shall not have effect unless application for the registration under section 47 of the title of the person becoming entitled is made within six months from the date on which the approval is given or, in the case of a transmission, was made before that date.

(5) Where an assignment in respect of any goods or services of a trade mark which is at the time of the assignment used in a business in those goods or services is made otherwise than in connection with the goodwill of that business, the assignment shall not be deemed to have taken effect unless the assignment has been advertised in the prescribed manner and the application for the assignment without goodwill, accompanied by the advertisement, has been sent to the Registrar. [Subs. Act A881]

(6) (Deleted) [Act A881]

(7) A decision of the Registrar under this section is subject to appeal to the Court.

PART XI CERTIFICATION TRADE MARKS

56. Certification trade marks.

(1) A mark which must be capable, in relation to any goods or services, of distinguishing in the course of trade goods or services certified by any person in respect of origin, material, mode of manufacture, quality, accuracy, or other characteristic, from goods or services not so certified shall be registrable as a certification trade mark in the Register in respect of those goods or services in the name of that person as proprietor thereof except that a mark shall not be so registrable in the name of a person who carries on a trade in goods or services of the kind certified. [Am. Act A1078]

(2) In determining whether a mark is capable of distinguishing, the Registrar may have regard to the extent to which -

(a) the mark is inherently capable of distinguishing in relation to the goods or services in question; and

(b) by reason of the use of the mark or any other circumstances, the mark is in fact capable of distinguishing in relation to the goods or services in question. [Subs. Act A1078]

(3) Subject to paragraphs (a) and (b) of section 37, paragraphs (a) to (c) of subsection (1) of section 40 and this Part, the registration of a person as registered proprietor of a certification trade mark in respect of any goods shall, if valid, give to that person the exclusive right to the use of the trade mark in relation to those goods, and without prejudice to the generality of the foregoing words, that right shall be deemed to be infringed by any person who, not being the registered proprietor of the trade mark or a person authorised by him under the rules in that behalf to use it in accordance therewith, uses a mark identical with it or so nearly resembling it as is likely to deceive or cause confusion, in the course of trade, in relation to any goods in respect of which it is registered and in such manner as to render the use of the mark likely to be taken either -

(a) as being use as a trade mark;

(b) in the case in which the use is use upon the goods or services or in physical relation thereto or in an advertising circular, or other advertisement issued to the public, as importing a reference to some person

having the right either as registered proprietor or by his authorisation under the relevant rules to use the trade mark or to goods or services certified by the registered proprietor; or

(c) in a case in which the use is use at or near the place where the services are available or performed or in an advertising circular or other advertisement issued to the public, as importing a reference to a person having a right either as proprietor or as a registered user to use the trade mark or to services with the provision of which such person is connected in the course of trade. [Ins. Act A881]

(4) The right to the use of a certification trade mark given by registration shall be subject to any conditions, amendments, modifications or limitations entered on the Register and shall not be deemed to be infringed by the use of any such mark in any mode, in relation to goods to be sold or otherwise traded in any place, in relation to goods to be exported to any market, in relation to services to be provided in a place or in any circumstances to which having regard to any such conditions, amendments, modifications or limitations, the registration does not extend. [Am. Act A881]

(5) The right to the use of a certification trade mark given by registration shall not be deemed to be infringed by the use of any such mark by a person –

(a) in relation to goods certified by the registered proprietor of the trade mark if, as to those goods or a bulk of which they form part, the proprietor or another in accordance with his authorisation under the relevant rules has applied the trade mark and has not subsequently removed or obliterated it;

(aa) where the registered proprietor has at any time expressly or impliedly consented to the use of the trade mark; or [Ins. Act A881]

(b) in relation to goods or services adapted to form part of, or to be accessory to, other goods or services in relation to which the trade mark has been used without infringement of the right given or might for the time being be so used, if the use of the mark is reasonably necessary in order to indicate that the goods or services are so adapted and neither the purpose nor the effect of the use of the mark is to indicate otherwise than in accordance with the fact that the goods or services are certified by the registered proprietor, except that paragraph (a) shall not have effect in the case of use consisting of the application of any such mark to any goods or services notwithstanding that they are such goods or services as are mentioned in that paragraph, if such application is contrary to the relevant rules.

(6) Where a certification trade mark is one of two or more registered trade marks which are identical or nearly resembling each other, the use of any of those trade marks in exercise of the right to the use of that trade mark given by registration shall not be deemed to be an infringement of the right so given to the use of any other of those trade marks.

(7) An application for the registration of a trade mark under this section must be made to the Registrar in writing in the prescribed manner by the person who proposes to be registered as the proprietor thereof.

(8) The provisions of subsections (2) to (8) and subsection (10) of section 25 shall have effect in relation to an application under this section as they have effect in relation to an application under subsection (1) of that section. [Am. Act A881]

(9) In dealing with an application under this section the Registrar shall have regard to the like considerations, as far as relevant, as if the application were an application under section 25 and to any other considerations relevant to applications under this section, including the desirability of securing that a certification trade mark shall comprise some indication that it is such a trade mark.

(10) An applicant for the registration of a trade mark under this section shall transmit to the Registrar draft rules for governing the use thereof, which shall include provisions as to the cases in which the proprietor is to certify goods or services and to authorise the use of the trade mark and may contain any other provisions that the Registrar may require or permit to be inserted therein (including provisions conferring a right of appeal to the Registrar against any refusal of the proprietor to certify goods or services or to authorise the use of the trade mark in accordance with the rules) and such rules, if approved, shall be deposited with the Registrar and shall be open to inspection in like manner as the Register.

(11) The Registrar shall consider the application with regard to the following matters, that is to say –

(a) whether the applicant is competent to certify the goods or services in respect of which the mark is to be registered;

(b) whether the draft rules are satisfactory; and

(c) whether in all the circumstances the registrations applied for would be to the public advantage, and may either -

(i) refuse to accept the application; or

(ii) accept the application and approve the rules, either without modification and unconditionally or subject to any conditions, amendments, modifications or limitations of the application or of the rules, which he may think requisite,

but except in the case of acceptance and approval without modification and unconditionally, the Registrar shall not decide the matter without giving to the applicant an opportunity of being heard and the Registrar may, at the request of the applicant, consider the application before authorisation to proceed with the application has been given, so that he shall be at liberty to reconsider any matter on which he has given a decision if any amendment or modification is thereafter made in the application or in the draft rules.

(12) Where an application has been accepted the Registrar shall, as soon as may be after such acceptance, cause the application as accepted to be advertised in the prescribed manner and section 28 shall have effect in relation to the registration of the mark as if the application had been an application under section 25 except that, in deciding under section 28, the Registrar shall have regard only to the consideration referred to in sub-section (9), and a decision under section 28 in favour of the applicant shall be conditional on the

determination in his favour by the Registrar under subsection (13) of any opposition relating to any of the matters referred to in subsection (11).

(13) When notice of opposition is given relating to any of the matters referred to in subsection (11), the Registrar shall, after hearing the parties, if so required, and considering any evidence, decide whether, and subject to what conditions, amendments, modifications or limitations of the application or of the rules, if any, registration is, having regard to those matters, to be permitted.

(14) (a) The rules deposited in respect of a certification trade mark may, on the application of the registered proprietor, be altered by the Registrar.

(b) The Registrar may cause an application for his consent to be advertised in any case where it appears to him that it is expedient to do so, and, where the Registrar causes an application to be advertised, if within the prescribed time from the date of the advertisement any person gives notice to the Registrar of opposition to the application, the Registrar shall not decide the matter without giving the parties an opportunity of being heard.

(15) The Court may, on the application in the prescribed manner of any person aggrieved, or on the application of the Registrar, make such order as it thinks fit for expunging or varying any entry in the Register, relating to a certification trade mark, or for varying the deposited rules, on the ground -

(a) that the registered proprietor is no longer competent, in the case of any of the goods or services in respect of which the trade mark is registered, to certify the goods or services;

(b) that the registered proprietor has failed to observe a provision of the deposited rules to be observed on his part;

(c) that it is no longer to the public advantage that the trade mark should be registered; or

(d) that it is requisite for the public advantage that, if the trade mark remains registered, the rules should be varied,

but the Court shall not have any jurisdiction to make an order under section 45 on any of these grounds.

(16) The Registrar shall rectify the Register and the deposited rules in such manner as may be requisite for giving effect to an order made under subsection (15).

(17) Notwithstanding anything in subsection (2) of section 63 the Registrar shall not have any jurisdiction to award costs to or against any party on an appeal to him against a refusal of the registered proprietor of certification trade mark to certify goods or services or to authorise the use of the trade mark. [Act. A1078]

(18) (Deleted)

(19) The provisions of this Part shall be construed subject to section 19 of the Standards Act 1966.

PART XII DEFENSIVE TRADE MARKS

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 services otherwise than as a defensive trade mark notwithstanding that it is already registered in his name in respect of the goods or services as a defensive trade mark, in lieu in each case of the existing registration.

58. Defensive trade mark deemed to be associated trade mark.

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 trademarks.

59. Rectification of Register.

The Registrar may at any time cancel the registration of a defensive trade mark of which there is no longer any registration in the name of the same proprietor otherwise than as a defensive trade mark.

60. Application of Act.

Subject to this Part, this Act applies in relation to the registration of a trade mark as a defensive trade mark and a trade mark registered as a defensive trade mark but it is not necessary for the registered proprietor of a defensive trade mark to prove use of the trade mark for the purpose of obtaining renewal of the registration.

PART XIII LEGAL PROCEEDINGS, COST AND EVIDENCE

61. Certificate of validity.

In any legal proceedings in which the validity of a registered trade mark comes into question and is decided in favour of the registered proprietor of the trade mark, the Court may certify to that effect, and if it so certifies then in any subsequent legal proceedings in which the validity of the registration comes into question the registered proprietor of the trade mark on obtaining a final order or judgment in his favour shall have his full costs, charges and expenses as between solicitor and client compensated, unless in the subsequent proceedings the Court certifies that he ought not to have them.

62. Hearing of Registrar.

(1) In any legal proceedings in which the relief sought includes alteration or rectification of the Register, the Registrar shall have the right to appear and be heard, and shall appear if so directed by the Court.

(2) Unless otherwise directed by the Court, the Registrar, in lieu of appearing and being heard, may submit to the Court a statement in writing signed by him, giving particulars of the proceedings before him in relation of the matter in issue or of the grounds of any decision given by him affecting the same or of the practice of the office in like cases, or of such other matters relevant to the issues, and within his knowledge as Registrar, as he thinks fit, and such statement shall be deemed to form part of the evidence in the proceedings.

63. Costs.

(1) In all proceedings before the Court under this Act, the Court may award to any party such costs as it may consider reasonable and the costs as it may consider reasonable and the costs of the Registrar shall be in the discretion of the Court, but the Registrar shall not be ordered to pay the costs of any of the other parties.

(2) In all proceedings before the Registrar under this Act, the Registrar shall have power to award to any party such costs as he may consider reasonable and to direct how and by what parties they are to be paid, and any such order may, by leave of the Court, be enforced in the same manner as a judgment or order of the Court to the same effect.

64. Mode of giving evidence.

(1) In all proceedings before the Registrar under this Act, the evidence shall be given by statutory declaration in the absence of directions to the contrary, but, in any case in which he thinks fit, the Registrar may take evidence viva voce in lieu of or in addition to evidence by declaration.

(2) Any such statutory declaration may, in the case of appeal, be used before the Court in lieu of evidence by affidavit, but if so used, shall have all the incidents and consequences of evidence by affidavit.

(3) In any action or proceedings relating to a trade mark or trade name, the Registrar or the Court, as the case may be, shall admit evidence of the usages of the trade concerned or evidence of business usages in the provision of the services in question, and evidence of any relevant trade marks or trade name or business name or get-up legitimately used by other persons. [Subs. Act A881]

65. Sealed copies to be evidence.

(1) Printed or written copies or extracts of or from the Register purporting to be certified by the Registrar and sealed with his seal shall be admissible as evidence in any proceedings before any court of law without further proof or production of the originals.

(2) A certificate purporting to be under the hand of the Registrar as to any act which he is authorised under this Act to perform and which he has or has not performed, as the case may be, shall be prima facie evidence in any proceedings before any court of law of his having or not having performed the act.

66. Minister may declare documents of foreign state pertaining to trade marks to be admissible. [Am. Act A881]

(1) The Yang di-Pertuan Agong may by order published in the Gazette declare any documents or class of documents of a foreign state to be admissible as evidence in any proceedings before a Court if –

(a) the document is sealed with the seal of the authorised officer or the government of the foreign state and the seal pertains to the trade marks registered in or otherwise recognised by the foreign country or if there is no such seal there is enclosed a certificate signed by the authorised officer to the effect that the document is evidence of the matter contained therein; and

(b) the foreign state or part thereof has entered into reciprocal arrangements with the Government of Malaysia in respect of the admissibility of the documents.

(2) For the purpose of this section –

“authorised officer” means a person or authority authorised by the government of the foreign state to keep and maintain a register or other record of trade marks under any written law in force in the foreign state relating to trade marks;

“document” means –

(a) a printed or written copy of or, extract from, the Register or other records of trade marks kept and maintained in the foreign state under any written law in force in the foreign state relating to trade marks; or

(b) any other document pertaining to any matter or act in relation to trade marks registered in or otherwise recognised by the foreign state as trade marks;

“trade mark” means any device, brand, heading, label, ticket, name, signature, word, letter, numeral or any combination thereof which is used or proposed to be used in relation to goods or services for the purpose of indicating or so as to indicate a connection in the course of trade between the goods or services and a person having the right either as proprietor or as registered user to use the trade mark (in the foreign state)

whether with or without any indication of the identity of that person and which is registered or otherwise recognised by the foreign state as a trade mark (under any written law in force in the foreign state relating to trade marks) but does not include the trade marks of another foreign state registered in or otherwise recognised by the foreign state by virtue of a reciprocal arrangement between the foreign state and that other foreign state.

(3) For avoidance of doubt this section shall not be construed to confer recognition of the trade marks of any foreign state for the purpose of registration under this Act but shall be construed only with references to the admissibility of evidence in any proceedings before a Court of the documents of the foreign state.

67. Discretionary power.

In any appeal from the decision of the Registrar under this Act the Court shall have and exercise the same discretionary powers as are conferred upon the Registrar under this Act.

68. (Deleted) [Act A881]

69. Appeal from Registrar.

Except where expressly given by the provisions of this Act or regulations made thereunder there shall be no appeal from a decision of the Registrar but the Court, in dealing with any question of the rectification of the Register (including all applications under section 45), shall have power to review any decision of the Registrar relating to the entry in question or the correction sought to be made.

PART XIV CONVENTIONS AND INTERNATIONAL ARRANGEMENTS [Am. Act A881]

70. Right of priority under Convention, etc. [Subs. Act A881]

(1) Where any person has applied for protection of any trade mark in a Convention country or prescribed foreign country, such person or his legal representative or assignee, after furnishing a declaration within the prescribed time indicating the date of the application and the country in which it was made, shall in respect of the application for registration of his trade mark, be entitled to a right of priority and such application in Malaysia shall have the same date as the date of the application for protection in the Convention country or prescribed foreign country concerned, as the case may be, subject to the following:

(a) that the application for registration is made within six months from the date of application for protection in the Convention country or prescribed foreign country concerned, as the case may be; and where an application for protection is made in more than one Convention country or prescribed foreign country, the period of six months referred to herein shall be reckoned from the date on which the earlier or earliest of those applications is made;

(b) that the applicant shall be either a national or resident of, or a body corporate incorporated under the laws of, the Convention country or prescribed foreign country concerned, as the case may be; and

(c) that nothing in this section shall entitle the proprietor of a trade mark to recover damages for infringements or any happening prior to the date on which the application for protection of the trade mark is made in Malaysia.

(2) Notwithstanding any other provision of this Act, the registration of a trade mark in respect of which a right of priority exists shall not be refused or revoked by reason only of use of the trade mark by some other person in Malaysia during the said period of six months.

(3) The application for the registration of a trade mark in respect of which a right of priority exists –

(a) shall be made and dealt with in the same manner as an ordinary application for registration under this Act; and

(b) shall specify the Convention country or prescribed foreign country, as the case may be, in which the application for protection, or the first such application, was made and the date on which such application for protection was made.

(4) As regards prescribed foreign countries, this section shall apply only for the duration of the period the order continues in force in respect of that country.

(5) For the purposes of this Act, the Minister may, by order published in the Gazette, declare a country as having made arrangements with Malaysia for the reciprocal protection of trade marks.

70A. Temporary protection of trade marks in respect of goods or services which are the subject matters of international exhibitions. [Ins. Act A881]

(1) Notwithstanding anything in this Act, temporary protection shall be granted to a trade mark in respect of goods or services which are the subject matters of an exhibition at an official or officially recognised international exhibition held in Malaysia or in any Convention country or prescribed foreign country.

(2) The temporary protection granted under subsection (1) shall not extend any period of priority claimed by an applicant and where a right of priority is claimed by an applicant subsequent to the temporary protection, the period of priority shall remain six months but the period shall commence from the date of the introduction of the goods or services into the exhibition.

(3) An applicant for registration of a trade mark whose goods or services are the subject matters of an exhibition at an official or officially recognised international exhibition in Malaysia or in any Convention country or prescribed foreign country and who applies for registration of that mark in Malaysia within six months from the date on which the goods or services first became the subject matters of the exhibition shall, on his request, be deemed to have applied for registration on the date on which the goods or services first became the subject matters of the exhibition.

(4) Evidence that the goods or services bearing the trade mark are the subject matters of an exhibition at an official or officially recognised international exhibition shall be by a certificate issued by the competent authorities of the exhibition.

70B. Protection of well-known trade marks. [Ins. Act A1078]

(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.

PART XIVA BORDER MEASURES [Ins. Act A1078]

70C. Interpretation. [Ins. Act A1078]

In this Part, unless the context otherwise requires -

“authorised officer” means -

(a) a proper officer of customs as defined under the Customs Act 1967; or

(b) any officer appointed by the Minister by notification in the Gazette to exercise the powers and perform the duties conferred and imposed on an authorised officer by this Part;

“counterfeit trade mark goods” means any goods, including packaging, bearing without authorisation a trade mark which is identical with or so nearly resembles the trade mark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trade mark, and which infringes the rights of the proprietor of the trade mark under this Act;

“goods in transit” means goods imported, whether or not landed or transhipped within Malaysia, which are to be carried to another country either by the same or another conveyance;

“import” means to bring or cause to be brought into Malaysia by whatever means;

“retention period”, in relation to seized goods, means -

(a) the period specified in a notice given under section 70G in respect of the goods; or

(b) if the period has been extended under section 70G, that period so extended;

“security” means any sum of money in cash;

“seized goods” means goods seized under section 70D.

70D. Restriction on importation of counterfeit trade mark goods. [Ins. Act A1078]

(1) Any person may submit an application to the Registrar stating -

(a) that he is the proprietor of a registered trade mark or an agent of the proprietor having the power to submit such application;

(b) that, at a time and place specified in the application, goods which, in relation to the registered trade mark, are counterfeit trade mark goods are expected to be imported for the purpose of trade; and

(c) that he objects to such importation.

(2) An application under subsection (1) shall be supported by such documents and information relating to the goods as to enable them to be identified by the authorised Officer, and accompanied by such fee as may be prescribed.

(3) Upon receipt of the application under subsection (1), the Registrar shall determine the application, and the Registrar shall within a reasonable period inform the applicant whether the applicant has been approved.

(4) In determining the reasonable period under subsection (3), the Registrar shall take into consideration all relevant circumstances of the case.

(5) An approval under subsection (3) shall remain in force until the end of the period of sixty days commencing on the day on which the approval was given, unless it is withdrawn before the end of that period by the applicant by giving a notice in writing to the Registrar.

(6) Where an approval has been given under this section and has not lapsed or been withdrawn, the importation of any counterfeit trade mark goods into Malaysia for the duration of the period specified in the approval shall be prohibited.

(7) Upon giving his approval under subsection (3) the Registrar shall immediately take the necessary measures to notify the authorised officer.

(8) Where an authorised officer has been notified by the Registrar, he shall take the necessary action to prohibit any person from importing goods identified in the notice, not being goods in transit, and shall seize and detain the identified goods.

70E. Security. [Ins. Act A1078]

(1) The Registrar shall, upon giving his approval under section 70D, require the applicant to deposit with the Registrar a security which in the opinion of the Registrar is sufficient to -

(a) reimburse the Government for any liability or expense it is likely to incur as a result of the seizure of the goods;

- (b) prevent abuse and to protect the importer; or
- (c) pay such compensation as may be ordered by the Court under this Part.

70F. Secure storage of seized goods. [Ins. Act A1078]

- (1) Seized goods shall be taken to such secure place as the Registrar may direct or as the authorised officer deems fit.
- (2) If it is stored on the direction of the authorised officer, the authorised officer shall inform the Registrar of the whereabouts of the seized goods.

70G. Notice. [Ins. Act A1078]

- (1) As soon as is reasonably practicable after goods are seized under section 70D, the authorised officer shall give to the Registrar, importer and the applicant, either personally or by registered post, a written notice identifying the goods, stating that they have been seized and the whereabouts of the goods.
- (2) A notice under subsection (1) shall also state that the goods will be released to the importer unless an action for infringement in respect of the goods is instituted by the applicant within a specified period from the date of the notice.
- (3) If at the time of the receipt of the notice an action for infringement has been instituted by the applicant, the applicant shall notify the Registrar of that fact.
- (4) The applicant may, by written notice given to the Registrar before the end of the period specified in the notice (the initial period), request that the period be extended.
- (5) Subject to subsection (6), if –
 - (a) a request is made in accordance with subsection (4); and
 - (b) the Registrar is satisfied that it is reasonable that the request be granted, the Registrar may extend the initial period.
- (6) A decision on a request made in accordance with subsection (4) shall be made within two working days after the request is made, but such a decision cannot be made after the end of the initial period to which the request relates.

70H. Inspection, release, etc., of seized goods. [Ins. Act A1078]

- (1) The Registrar may permit the applicant or the importer to inspect the seized goods if he agrees to give the requisite undertakings.
- (2) The requisite undertakings mentioned in subsection (1) are undertakings in writing that the person giving the undertakings will –
 - (a) return the sample of the seized goods to the Registrar at a specified time that is satisfactory to the Registrar; and
 - (b) take reasonable care to prevent damage to the sample.
- (3) If the applicant gives the requisite undertakings, the Registrar may permit the applicant to remove a sample of the seized goods from the custody of the Registrar for inspection by the applicant.
- (4) If the importer gives the requisite undertakings, the Registrar may permit the importer to remove a sample of the seized goods from the custody of the Registrar for inspection by the importer.
- (5) If the Registrar permits inspection of the seized goods, or the removal of a sample of the seized goods, by the applicant in accordance with this section, the Registrar is not liable to the importer for any loss or damage suffered by the importer arising out of –
 - (a) damage to any of the seized goods incurred during that inspection; or
 - (b) anything done by the applicant or any other person to, or in relation to, a sample removed from the custody of the Registrar or any use made by the applicant or any other person of such a sample.

70I. Forfeiture of seized goods by consent. [Ins. Act A1078]

- (1) Subject to subsection (2), the importer may, by written notice to the Registrar, consent to the seized goods being forfeited.
- (2) The notice shall be given before any action for infringement in relation to the seized goods is instituted.
- (3) If the importer gives such a notice, the seized goods are forfeited to the government and shall be disposed of in the manner prescribed by regulations made under this Part.

70J. Compulsory release of seized goods to importer. [Ins. Act A1078]

- (1) The Registrar shall release the seized goods to the importer on the expiration of the retention period for the goods if the applicant –
 - (a) has not instituted an action for infringement in relation to the goods; and
 - (b) has not given written notice to the Registrar stating that the action for infringement has been instituted.
- (2) If –
 - (a) an action for infringement has been instituted in relation to the seized goods; and
 - (b) at the end of a period of thirty days commencing on the day on which the action for infringement was instituted, there is not in force an order of the Court in which the action was instituted preventing the release of the goods,the Registrar shall release the goods to the importer.
- (3) If the applicant gives written notice to the Registrar stating that he consents to the release of the seized goods, the Registrar shall release the goods to the importer.

70K. Compensation for failure to take action. [Ins. Act A1078]

(1) Where goods have been seized pursuant to a notice given under section 70D and the applicant fails to take action for infringement within the retention period, a person aggrieved by such seizure may apply to the Court for an order of compensation against the applicant.

(2) Where the Court is satisfied that the person aggrieved had suffered loss or damage as a result of the seizure of the goods, the Court may order the applicant to pay compensation in such amount as the Court thinks fit to the aggrieved person.

70L. Actions for infringement of registered trade mark [Ins. Act A1078; Am. Act A1138]

(1) If an action for infringement has been instituted by the applicant, the Court may in addition to any relief that may be granted –

(a) order that the seized goods be released to the importer subject to such conditions, if any, as the Court thinks fit;

(b) order that the seized goods be not released to the importer before the end of a specified period; or

(c) order that the seized goods be forfeited.

(2) The Registrar or the authorized officer is entitled to be heard on the hearing of an action for infringement.

(3) A Court may not make an order under paragraph (1)(a) if it is satisfied that the Registrar or any authority is required or permitted under any other law to retain control of the seized goods.

(4) The Registrar shall comply with an order made under subsection (1).

(5) If –

(a) the action is dismissed or discontinued, or if the Court decides that the relevant registered trade mark was not infringed by the importation of the seized goods; and

(b) a defendant to the action for infringement satisfies the Court that he has suffered loss or damage as a result of the seizure of the goods,

the Court may order the applicant to pay compensation in such amount as the Court thinks fit to that defendant.

70M. Disposal of seized goods ordered to be forfeited. [Ins. Act A1078; Am Act A1138]

If the Court orders that seized goods are to be forfeited, the goods shall be disposed of in the manner as directed by the Court.

70N. Insufficient security. [Ins. Act A1078]

(1) If the reasonable expenses incurred by the Registrar in relation to any action taken by the Registrar under this Part, or taken in accordance with an order of Court under this Part, exceed the amount of security deposited under section 70E, the amount of the excess is a debt due to the Registrar.

(2) The debt created by subsection (1) is due by the applicant, or, if there are two or more applicants, by the applicants jointly and severally.

70O. Ex-officio action. [Ins. Act A1078]

(1) Any authorised officer may detain or suspend the release of goods which, based on prima facie evidence that he has acquired, are counterfeit trade mark goods.

(2) Where such goods have been detained, the authorized officer –

(a) shall inform the Registrar, the importer and the proprietor of the trade mark; and

(b) may at any time seek from the proprietor of the trade mark any information that may assist him to exercise his powers.

(3) Subject to section 70I, an importer may lodge an appeal against the detention of goods or suspension of the release of goods under subsection (1).

(4) The authorised officer shall only be exempted from liability if his actions under subsection (1) are done in good faith.

70P. Regulations relating to border measures. [Ins. Act A1078]

(1) The Minister may make such regulations as may be necessary or expedient for the purpose of this Part.

(2) Without prejudice to the generality of subsection (1), regulations may be made for -

(a) prescribing and imposing fees and providing for the manner for collecting such fees;

(b) prescribing forms and notices;

(c) providing for the manner for depositing security;

(d) prescribing anything required to be prescribed under this Part.

PART XV MISCELLANEOUS

71. Use of trade mark for export trade.

(1) The application in Malaysia of a trade mark to goods to be exported from Malaysia and any other act done in Malaysia in relation to the goods which if done in relation to goods to be sold or otherwise traded in Malaysia would constitute use of a trade mark in Malaysia shall for the purpose of this Act be deemed to constitute use of the trade mark in relation to those goods.

(2) Subsection (1) shall be deemed to have had effect in relation to an act done before the date of the commencement of this Act as it has effect in relation to an act done after that date, but does not affect a determination of a Court which has been made before that date or the determination of an appeal from a determination so made.

72. Use of trade mark where form of trade changes.

The use of a registered trade mark in relation to goods or services, where a form of connection in the course of trade subsists between the goods or services and the person using the trade mark, shall not be deemed to be likely to cause deception or confusion only on the ground that the trade mark has been or is used in relation to goods or services, where a different form of connection in the course of trade subsisted or subsists between the goods or services and that person or a predecessor in title of that person.

73. Preliminary advice by Registrar. [Am. Act 1078]

(1) The power to give to a person who proposes to apply for the registration of a trade mark in the Register advice as to whether the trade mark appears to the Registrar prima facie to be capable of distinguishing shall be a function of the Registrar under this Act.

(2) Any person who is desirous of obtaining the advice shall make application to the Registrar in the prescribed manner.

(3) Where an application for the registration of a trade mark is made within three months after the Registrar has given advice in the affirmative and the Registrar, after further investigation or consideration, gives notice to the applicant of objection on the ground that the trade mark is not capable of distinguishing the applicant shall be entitled, on giving notice of withdrawal of the application within the prescribed period, to have any fee paid on the filing of the application repaid to him. [Am. Act 1078]

74. Powers of Registrar to amend document.

(1) The Registrar may, on such terms as to costs as he thinks just whether for the purpose of correcting a clerical error or an obvious mistake, permit the correction of an application for the registration of a trade mark or notice of opposition or other document submitted at any trade marks office.

(2) An amendment of an application shall not be permitted under this section if the amendment would substantially affect the identity of the trade mark as specified in the application before amendment.

(3) A decision of the Registrar under subsection (1) is subject to appeal to the Court.

75. Other powers of Registrar.

(1) The Registrar may, for the purpose of this Act –

(a) summon witnesses;

(b) receive evidence on oath;

(c) require the production of a document or article; and

(d) award costs as against a party to proceedings before him. [Am. Act A881]

(2) Any person who without any lawful excuse fails to comply with any summons, order or direction made by the Registrar under paragraphs (a), (b) and (c) of subsection (1) is deemed to have committed an offence and is liable, on conviction, to a fine not exceeding one thousand ringgit or to a term of imprisonment not exceeding three months or to both.

(3) Costs awarded by the Registrar may in default of payment be recovered in a court of competent jurisdiction as a debt due by the person against whom the costs were accorded to the person in whose favour they were accorded.

76. Exercise of discretionary power.

Where any discretionary power is given to the Registrar by this Act or by any regulations made thereunder, he shall not exercise that power adversely to the applicant for registration or the registered proprietor in question without (if duly required to do so within the prescribed time) giving to him an opportunity of being heard.

77. Extension of time. [Subs. Act A881]

(1) Where by this Act or any regulations made thereunder, a time is specified within which an act or thing is to be done, the Registrar may, unless otherwise expressly provided or directed by the Court, upon application in the prescribed manner, extend the time either before or after its expiration upon payment of the prescribed fee.

(2) Subsection (1) shall not apply to section 29, subsection (3) of section 31, section 70 and section 70A except where the circumstances mentioned in section 78 apply.

78. Extension of time by reason of error in trade marks office etc.

(1) Where by reason of –

(a) circumstances beyond the control of the person concerned; or

(b) an error or action on the part of the Central Trade Marks Office or any trade marks office, [Am. Act A881] an act in relation to an application for the registration of a trade mark or in proceedings under this Act (not being proceedings in a Court) required to be done within a certain time has not been so done, the Registrar may extend the time for doing the act.

(2) The time required for doing an act may be extended under this section although that time has expired.

79. Address for service.

(1) Where an applicant for the registration of a trade mark does not reside or carry on business in Malaysia, he shall give to the Registrar an address for service in Malaysia which shall be the address of his agent, and if he fails to do so, the Registrar may refuse to proceed with the application. [Subs. Act A881]

(2) An address for service stated in the application or a notice of opposition shall, for the purposes of the application or notice of opposition, be deemed to be the address of the applicant or opponent, as the case may be, and all documents in relation to the application or notice of opposition may be served by leaving them at, or sending them by post to, the address for service of the applicant or opponent, as the case may be.

(3) An address for service may be changed by notice in writing to the Registrar.

(4) Subject to subsection (1), the registered proprietor of a trade mark shall from time to time notify the Registrar in writing of any change in the Register and the Registrar shall alter the Register accordingly.

(5) The address of the registered proprietor of a trade mark as appearing for the time being in the Register shall for all purposes under this Act be deemed to be the address of the registered proprietor.

80. Agent. [Subs. Act A881]

(1) Where an applicant for registration of a trade mark does not reside or carry on business in Malaysia, he shall appoint an agent to act for him.

(2) Where by this Act any act has to be done by or to any person in connection with a trade mark or proposed trade mark or any procedure relating thereto, the act may, under and in accordance with this Act and any regulations made thereunder or in particular cases by special leave of the Registrar, be done by or to an agent of that person duly authorised in the prescribed manner.

(3) No person, firm or company shall be authorised to act as an agent for the purposes of this Act unless that person is domiciled or resident in Malaysia or the firm or company is constituted under the laws of Malaysia and such person, firm or company carries on business or practice principally in Malaysia.

81. Falsely representing a trade mark as registered.

(1) A person who makes a representation –

(a) with respect to a mark, not being a registered trade mark, to the effect that it is a registered trade mark;

(b) with respect to a part of a registered trade mark, not being a part separately registered on a trade mark, to the effect that it is so registered;

(c) to the effect that a registered trade mark is registered in respect of goods or services in respect of which it is not registered; or

(d) to the effect that the registration of a trade mark gives a right to the exclusive use of the trade mark in circumstances in which, having regard to conditions or limitations entered on the Register, the registration does not give that right,

is guilty of an offence and is liable, on conviction, to a fine not exceeding five hundred ringgit or to a term of imprisonment not exceeding two months or to both.

(2) For the purpose of this section, the use in Malaysia in relation to a trade mark of the word “registered” or of any other word referring whether expressly or impliedly to registration shall be deemed to import a reference to registration in the Register except –

(a) where the word is used in physical association with other words delineated in characters at least as large as those in which that word is delineated and indicating that the reference is to registration as a trade mark under the law of a country outside Malaysia being a country under the law of which the registration referred to is in fact in force;

(b) where the word (being a word other than the word “registered”) is of itself such as to indicate that the reference is to registration as mentioned in paragraph (a); or

(c) where that word is used in relation to a mark registered as a trade mark under the law of a country outside Malaysia and in relation to goods or services to be exported to that country.

82. Unregistered trade marks.

(1) No person shall be entitled to initiate any action to prevent or to recover damages for the infringement of an unregistered trade mark.

(2) Notwithstanding subsection (1), nothing in this Act shall 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 thereof.

83. Regulations.

(1) Subject to the provisions of this Act, the Minister may make regulations for the purpose of carrying into effect the provisions of this Act.

(2) In particular and without prejudice to the generality of subsection (1), such regulations may provide for all or any of the following:

(a) to regulate the practice (other than that relating to proceedings before the Court or connected therewith) under this Act including service of documents;

(b) to classify goods or services for the purpose of registration of trade marks;

(c) to make or require duplication of trade marks or other documents;

(d) to secure and regulate the publishing and selling or distributing in such manner as the Minister may think fit of copies of trade marks and other documents;

(e) to prescribe the fees to be paid in respect of any matter or thing required for the purposes of this Act;

[Subs. Act A881]

(ea) to provide for the registration and qualifications of agents; [Ins. Act A881]

(f) to regulate generally on matters pertaining to the business of trade marks carried on in any trade marks office whether or not specially prescribed under this Act but so as not to be inconsistent with any of the provisions of this Act.

(3) (Deleted) [Act A881]

(4) Subject to the provisions of this Act, the Rules Committee constituted under the Courts of Judicature Act 1964, may make rules of court regulating the practice and procedure in relation to proceedings before the Court or connected therewith and the costs of the proceedings.

84. Repeal and saving.

(1) The Trade Marks Ordinance 1950, the Trade Marks Ordinance of Sabah and the Trade Marks Ordinance of Sarawak are hereby repealed.

(2) Notwithstanding the repeal of the Ordinances specified in subsection (1):

(a) any subsidiary legislation made under any of the repealed laws shall insofar as such subsidiary legislation is not inconsistent with the provisions of this Act continue in force and have effect as if it had been made under this Act and may be repealed, extended, varied or amended accordingly;

(b) any appointment made under the repealed laws or subsidiary legislation made thereunder shall continue in force and have effect as if it had been made under this Act unless the Minister otherwise directs;

(c) any certificate issued under any of the repealed laws and in force immediately prior to the coming into force of this Act shall, subject to the terms, conditions and the period of validity specified in the certificate, continue in force and have the like effect as if it had been issued under this Act and the Registrar may amend, modify, renew, cancel or revoke such certificate in accordance with the powers conferred upon him by the relevant provisions of this Act relating thereto.

APPENDIX 3:

S.92 of the UK TRADE MARKS ACT 1994

92. Unauthorised use of trade mark, &c. in relation to goods.

- (1) A person commits an offence who with a view to gain for himself or another, or with intent to cause loss to another, and without the consent of the proprietor—
 - (a) applies to goods or their packaging a sign identical to, or likely to be mistaken for, a registered trade mark, or
 - (b) sells or lets for hire, offers or exposes for sale or hire or distributes goods which bear, or the packaging of which bears, such a sign, or
 - (c) has in his possession, custody or control in the course of a business any such goods with a view to the doing of anything, by himself or another, which would be an offence under paragraph (b).
- (2) A person commits an offence who with a view to gain for himself or another, or with intent to cause loss to another, and without the consent of the proprietor—
 - (a) applies a sign identical to, or likely to be mistaken for, a registered trade mark to material intended to be used—
 - (i) for labelling or packaging goods,
 - (ii) as a business paper in relation to goods, or
 - (iii) for advertising goods, or
 - (b) uses in the course of a business material bearing such a sign for labelling or packaging goods, as a business paper in relation to goods, or for advertising goods, or
 - (c) has in his possession, custody or control in the course of a business any such material with a view to the doing of anything, by himself or another, which would be an offence under paragraph (b).
- (3) A person commits an offence who with a view to gain for himself or another, or with intent to cause loss to another, and without the consent of the proprietor—
 - (a) makes an article specifically designed or adapted for making copies of a sign identical to, or likely to be mistaken for, a registered trade mark, or
 - (b) has such an article in his possession, custody or control in the course of a business, knowing or having reason to believe that it has been, or is to be, used to produce goods, or material for labelling or packaging goods, as a business paper in relation to goods, or for advertising goods.
- (4) A person does not commit an offence under this section unless—
 - (a) the goods are goods in respect of which the trade mark is registered, or
 - (b) the trade mark has a reputation in the United Kingdom and the use of the sign takes or would take unfair advantage of, or is or would be detrimental to, the distinctive character or the repute of the trade mark.
- (5) It is a defence for a person charged with an offence under this section to show that he believed on reasonable grounds that the use of the sign in the manner in which it was used, or was to be used, was not an infringement of the registered trade mark.
- (6) A person guilty of an offence under this section is liable—
 - (a) on summary conviction to imprisonment for a term not exceeding six months or a fine not exceeding the statutory maximum, or both;
 - (b) on conviction on indictment to a fine or imprisonment for a term not exceeding ten years, or both.

**APPENDIX 4:
DEFINITION OF COUNTERFEITING**

Definition of counterfeiting	Identical		Similar			Different	
Marks	TRIPS	(/)	TRIPS (<i>indistinguishable in essential aspect</i>)	(/)		(x)	
	Reg 1383/2003	(/)	Reg 1383/2003 (<i>same type of goods</i>)	(/)		(x)	
	Malaysia	(/)	Malaysia (<i>indistinguishable in essential aspect</i>)	(/)		(x)	
Goods as registered	TRIPS	(/)	TRIPS	(x)		(x)	
	Reg 1383/2003	(/)	Reg 1383/2003	(/)		(x)	
	Malaysia	(/)	Malaysia	(x)		(x)	
* TRIPS, Art.51 footnote 14; EC Regulation 1383/2003, Art.2(1); Malaysian TMA 1976, s.70C							

**APPENDIX 5:
DEFINITION OF INFRINGEMENT**

Definition of infringement	Identical		Similar		Different	
Marks	TRIPS, Art.16(1) CTM Dir, Art.5(2) Malaysia, s.38(1) UK, s.10(1)	(/) (/) (/) (/)	TRIPS, Art.16(1) CTM Dir, Art.5(2) Malaysia, s.38(1) " <i>cause confusion</i> " UK, s.10(2)	(/) (/) (/) (/)	TRIPS CTM Dir, Art.5(2) Malaysia, s.57(1) UK, s.10(3)	(-) (/) (/) (/)
Goods as registered	TRIPS, Art.16(1) CTM Dir, Art.5(2) Malaysia, s.38(1) UK, s.10(1)	(/) (/) (/) (/)	TRIPS, Art.16(1) CTM Dir, Art.5(2) Malaysia, s.38(1) UK, s.10(2)	(/) (/) (/) (/)	TRIPS, Art.16(3) CTM Dir, Art.5(2) Malaysia, s.57(1) UK, s.10(3)	(/) (/) (/) (/)
* CTM Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks						