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20 Years And 20 Questions



This is the first piece I am writing on the Firm's 20th Anniversary milestone maybe because I am not usually given to introspection. 20

years may seem a long time on paper when viewed in isolation but the truth is time flies (cliché as it may sound).

I started the Firm in 1989 in Johor Bahru with a secretary and quickly recruited Lee Jan as our first lawyer and partner. Kuala Lumpur was next and after recruiting a few associates, I recruited Linda Wang as a partner.

Lee Jan, Linda and I were the founders of the Firm and that set the stage for a period of steady sustained growth. We honestly didn't set out with any big dreams except that we like the practice of law and saw the void in serious business law firms committed to providing clients with outstanding legal advice and services. It may be flippant to use the word 'serious' but the truth is there are a large number of law firms led by partners whose passion are not in the practice of law. Things have changed bringing forth more intense competition today compared with 20 years ago.

The legal market will continue to grow and with our Prime Minister's YAB Dato Sri' Najib Razak's push to re-shape the economic model with a larger service sector component, business law firms will generally do well and excel. An expanding GDP growth is however essential and by and large these firms will be carried along with that wave. The recent economic meltdown is a challenge and whilst it can be good in the short term for some firms (more of that later) it will be damaging for law firms generally if there is a period of prolonged stagnation.

We are poised and well positioned for the next 20 years because we have a new team in place – Hong Yun,

Siew Ling, Leonard and Ronald and they will energize and keep us ahead of the curve. The Firm will continue to recruit, promote and look out for new leaders.

In 20 years, we have moulded a cohesive team of staff and lawyers dedicated to making the Firm the law firm of choice to businesses. In all these years, we have upheld professionalism and integrity as corner stone values. We are on the right track and will grow from strength to strength.

2009 brings with it devastating financial meltdown in the Western economies. Malaysia's export driven manufacturing and commodity-based economy took a beating as a result of shrinking world trade. We have braced ourselves at the start of the year for financial shocks but thankfully, we are grateful to report that thus far this year, and the last 2 years of 2007 and 2008 have been the best performing periods of the Firm's history.

Law firms have an innate ability to survive as lawyers thrive in insolvency and restructuring work as much as they do in mergers and acquisitions. Our intellectual property practice enjoys an outstanding reputation which augurs well for this connected, wired and wireless world run on software, human ingenuity and algorithm. And if things do turn sour, our dispute resolution team stands ready to assist. What business can be so versatile?

Law is today as much a profession as a business which needs good management, risk management and succession planning. And of course, law firms needs clients.

We are extremely grateful to our clients for their support. We learn from clients even as we serve them, and we deliver practical and business-oriented solutions without the legalese. That's the least any lawyer must do apart from delivering prompt turnaround and value for money advice.

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To conclude, and in keeping with the spirit of the 20th Anniversary milestone, I pose 20 questions (some trivial and some serious) for myself:

1. Why the name 'Tay & Partners'? *Because, believe it or not, in Malaysia you still can't call your firm a name other than what your Dad gave you.*
2. Tay & Partners is a great name but it sometimes put you in a spot? *Yes, people at cocktail parties think we are a sole-proprietor when they learn my surname is also 'Tay'.*
3. What is it which you and your colleagues like being lawyers these days? *Lately, we look like angels next to investment bankers and accountants.*
4. How do you take to lawyers' jokes? *We like them too.*
5. What has changed for the legal profession that you don't like? *Not as many of our colleagues get to play the role of trusted counsellor and confidant as many merely see the big teams assembled for projects with tight timeline and impersonal interactions.*
6. Do you think Malaysia should allow foreign lawyers in the country? *Yes, our GATS commitments require us to allow them to operate as representative offices restricted to the practice of foreign law. Permitting offshore firms should be the first step.*
7. Are you afraid of competition from foreign law firms? *I believe it will be a win-win situation and not a zero-sum gain.*
8. Is Malaysia welcoming to foreign investors? *We have done a lot of FDI work and Malaysia can do more to position itself right. The service sector liberalization is definitely a long awaited move. Kudos to our PM.*
9. Why are foreign investments so important to Malaysia? *Malaysia owes its manufacturing excellence to foreign investments and the same can be done for the service sector if is liberalized.*
10. Why is FDIs important to Tay & Partners? *We started out doing work for FDIs and we continue to do so. Today, foreign clients still account for a good 40% to 50% of our work.*
11. Have you changed your strategy in view of the falling FDI levels? *Over the years we have increased our franchise and work with the local business community and we now do work for large local companies and investment banks. I see this as entrenched and good for the Firm..*
12. Any other observation of macro work flow affecting the Firm? *In 2007, Malaysian invested more abroad than it received in investments. We have widened our practice beyond Malaysia with a network of friends in major cities overseas. We can now manage legal and regulatory work for Malaysian investments abroad as part of our services.*
13. What do you say to the staff of the Firm? *They are the bulwark of the offices. I salute and commend them and am grateful for their support and contributions over these two decades.*
14. What about lawyers? *We have very dedicated lawyers who are absolutely committed to their calling. Unfortunately, Malaysia loses many of its outstanding lawyers to other countries. We strive to hire the best and brightest. If the legal market is liberalized, the country can reverse some of this outflow.*
15. Apart from partners, who has served the Firm the longest? *Rahim joined us in our Johor Bahru Office in 1991 and has been a loyal and invaluable staff. He knows his way around the land and government offices in Johor.*
16. What about the courts? *The Malaysian judiciary's reputation is on the mend and administratively, slow and hopefully sustainable progress has been chalked up. Really, an efficient judiciary with unquestionable integrity is critical to any country. Our clients' chief complaint has always been the slow pace of court cases.*
17. What is in store for the future of Tay & Partners? *We have solid foundations after 2 decades but we should pick up speed in increasing depth and breadth of our practice. Hitherto we have grown organically but I won't discount the possibility of combining our practice with others (big or small) to achieve greater synergy and scale.*
18. What do clients expect from lawyers? *Malaysian clients cut across a spectrum with needs ranging from a light touch approach to heavy hand-holding. Lawyers need to be perceptive to assess clients' needs. This is sometimes not well articulated and can lead to expectation gaps.*
19. What the Firm's value proposition today? *It is a combination of excellent service, prescient legal advice together with a personal approach made possible by our current medium size structure.*
20. What will happen when you grow bigger? *That's the challenge and it starts within the Firm where we work together as a cohesive team. We have to remember and we will remember that legal service is not a mass market assembly line production. We have not been that model. Every client and case is special and important to us.*



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Non-Traditional Marks Educational Workshop



A Non-Traditional Marks (“NTM”) educational workshop was held at Hotel Istana, Kuala Lumpur on the 4 and 5 March 2009. The first day of the workshop was open to the public, followed by closed door sessions on the second day for officers of the Intellectual Property Corporation of Malaysia (MYIPO). Unlike traditional marks familiar to all of us, NTM is sound, smell, motion, shape, texture or colour per se, used as a trade or service mark.

This workshop was initiated by Tay & Partners’ IP Partner, Ms. Linda Wang, who wanted to create greater awareness about NTMs in Malaysia. Unlike many other countries, NTM is not formally or expressly recognised to be registrable as a trade mark under our law. Using NTM can be a way to help businesses attract customers and advertise their goods and services in a way which is innovative and new. It can therefore only be of benefit if more in the country are aware of NTMs, their potential and how NTMs can be and are powerfully used in business. For NTMs to meet their full potential, it goes without saying that there must be in place a proper legal framework and structure for their protection and enforcement. It was against such a background and objective that the workshop was planned.

The workshop proposal was brought forth to MYIPO and from there, the idea was developed to have a workshop jointly organised by MYIPO, the International Trademark Association (“INTA”) and the Malaysian International Chamber of Commerce & Industry (“MICCI”). The outcome of the collaboration between all the parties resulted in a successful workshop with an all round focus by means of a combination of quality and educational presentations, case studies and interactive discussions.

The morning workshop session was chaired by Ella Cheong of Ella Cheong (HK), trademark attorney and Chair of East Asia Sub-Committee on NTMs, INTA, whilst the afternoon workshop session was chaired by Linda Wang. The prominent speakers at the workshop included Dr. Maximillian Kinkeldey, Partner of the law office, Grunecker, Kinkeldey, Stockmair & Schwanhausser, Germany; Mr. Rembert Meyer-Rochow, Senior Attorney with Intel Semiconductor Ltd; Ms. Jennifer Ness of US Patent and Trademark Office nad John Braybrooks, Assistant General Manager of Trade Marks & Designs, IP Australia; Mr. Brian Isaac, Partner of law office, Smart & biggar/ Fetherstonhaugh, Canada and Malaysia’s Associate Professor Rohazarwati Zualcobley, Deputy Director General (“IP”), MYIPO.

In his address at the close of the workshop, the Director General of MYIPO, Encik Kamel Mohamad, acknowledged that it is time for Malaysia to formally recognise NTMs as registrable trade marks under our law to help strengthen business brands. Presently, MYIPO is reviewing the Trade Marks Act 1976 and it expects that legal provisions will be ready and in place to allow MYIPO to register NTMs in Malaysia within 3 years.

The efforts by Tay & Partners in bringing together a host of very experienced and qualified foreign and local speakers at the workshop, together with the assistance and collaboration of MYIPO, INTA and MICCI, proved useful and valuable in providing participants with the opportunity to learn first-hand from the experiences of those who have been dealing with NTMs, not only from a single perspective but from an all rounded perspective of IP offices, legal practitioners and owners of NTMs in business.



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Islamic Finance Seminar



To capitalize on the growing interest in Islamic finance in Singapore, we conducted a client seminar jointly with AmInvestment Bank in Singapore on 4 March 2009. The seminar was entitled “Islamic Bonds: How Foreign Corporations Can Raise Funds in Malaysia” and was held at The Fullerton Hotel, Singapore.

The topic was chosen for several reasons. Firstly, it was to capitalize on the buzz created from several notable Islamic bond deals which originated out of Singapore in early 2009. Secondly, it was to raise awareness amongst Singapore-based corporations that they can raise funds in Malaysia without having to incorporate/establish a Malaysian presence. Thirdly, it was to highlight the initiatives and incentives of the Securities Commission- and Bank Negara Malaysia-driven *Malaysian International Islamic Financial Centre* (MIFC) which aims to promote Malaysia as an international financial centre for Islamic finance.

Our seminar was well turned out by our Singapore-based clients as well as clients and associates of AmInvestment Bank. This underscores the

interest amongst Singapore-based corporations (which includes local Singapore corporations as well as foreign multinationals), financial institutions and advisers in Islamic finance and in particular, in Islamic capital market instruments such as Islamic bonds or *Sukuk*.

The seminar was presented by En. Mohd Effendi Abdullah (Head of Islamic Markets, AmIslamic), Mr. Seohan Soo (Head of Debt Capital Markets, AmInvestment Bank) and our Mr. Ronald Tan (Head of Debt Capital Markets practice, Tay & Partners).



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Be An IP Savvy Blogger

With about 2 blogs created each second everyday, blogging is growing at a speed faster than any other web activities on the Internet.

Bloggers are not immune from legal consequences, be it civil or criminal liabilities. In our October 2008 issue of Legal TAPS, we discussed how bloggers may be liable for defamation and sedition charges.

The relevant IP right in a blogging environment concerns mainly issues of copyright and sometimes, trade marks.

In this article, we will focus on the rights and liabilities under copyright laws in Malaysia.

One of the greatest challenges posed by the Internet is the ease in which copyrighted materials may be freely and quickly disseminated, reproduced and modified.

Copyright in Blog Contents

Works placed on a blog are equally protected by copyright, a blog being merely a medium of a sufficiently permanent nature in which thoughts and even images are expressed. The texts posted in a blog are protected as literary works; the images (pictures or videos) are protected as artistic works or films; and sounds and music are protected as sound recordings and musical works. Some blogs are purely full of text, but some blogs consist of multiple multimedia works which involve a combination of several separate and distinct types of works in an integrated form. In this case, different forms of copyright may subsist in one blog simultaneously, and the design and the layout of a blog as a whole may also be entitled to a separate copyright. The law gives the original authors the right to exclude others from copying their works or claiming them as their own.

Copyright in URL?

One may wonder whether copyright would subsist in Uniform Resource Locators ("URL"), the electronic addresses of websites on the Internet. In *Exxon Corp v Exxon Insurance Consultants*¹, it was held that the invented word "Exxon" was not entitled to copyright because the word "Exxon" did not instruct nor convey any information, instruction or pleasure in the form of literary enjoyment. URLs being a string of alphanumeric notation, would unlikely enjoy copyright protection as such.

Posting of copyrighted materials

Contents found on the search engines such as Google and Yahoo! may be in the public domain but it does not mean that they are free to be copied or downloaded. Most of the time, they are proprietary and copyrighted materials. Posting of pictures, videos or songs on a blog without the permission of the copyright owner is an act of infringement because it reproduces a work in digitized form and it infringes the copyright owner's exclusive right to control the communication of such works to the public.

There is also the issue of moral rights of the authors. Our copyright law confers moral rights to authors. These rights include the right to be identified as the author of the work and the right to object to derogatory treatment of his work such as distortion, mutilation or other types of modification of the work which significantly alters the work and might adversely affect the author's honour and reputation.²

To stay out of trouble:

- Always seek prior permission of the copyright owner (probably not a practical solution as the identity of copyright owners or their contact is not always known)
- Use or purchase the contents from sites which offers for instance a Creative Commons licence
- Do not simply alter the original works without consent from the author

Defences

One particular important defence to works placed on the Internet is that of fair dealing. If the act is for purposes of non-profit research, private study, criticism, review or the reporting of current events, it does not tantamount to copyright infringement. However, it must be accompanied by sufficient acknowledgment and attribution of the title of the work and its authorship.³

There are no fast and hard rules in determining whether certain use of a work amounts to "fair use". However, the following factors are to be taken into consideration:

1. the purpose and character of the use, such as whether such use is of commercial nature or for non-profit purposes;
2. the nature of the copyrighted work;
3. the amount and substantiality of the portion used in relation to the copyrighted work as a whole;
4. the effect of the use upon the potential market for or value of the copyrighted works.

For example, if only small portions of the original work or short quotations were copied or cited which are *de minimis* (bearing in mind that substantial reproduction is judged qualitatively rather than quantitatively in the assessment of infringement),⁴ or commenting or criticizing an item someone else has posted, these will likely be fair dealing.

Blogs will usually fall under non-profit use or for purposes of criticism and review. However, in recent times, some bloggers have started to make profit out of their blogs by earning advertising revenue, engaging in blogs as a marketing strategy for their companies, and some are being paid for doing product review or endorsement. For these types of blogs, it might be argued that use of copyrighted materials can hardly be for non-profit use or would have otherwise exceeded the acceptable standards of "fair dealing" (however nebulous and subjective these standards may be).

The law further requires an acknowledgement of the title of the work and authorship if the work is used in public, which would be applicable in a blog environment.

Inline linking and Thumbnails – Fair Use?

The issue as to whether inline linking is copyright infringement has been decided in the United States. The first of such decision could be found in the case of *Kelly v Arriba Soft Corp.*⁵ The defendant is an image search engine company. It operates an Internet search engine that displays its result in the form of small pictures called thumbnails rather than the more usual form of text. To provide this service, the defendant developed a computer



program that “crawls” the web looking for images to index. The crawler then downloads full-sized copies of the images onto the defendant’s server. The program then uses these copies to generate smaller, lower-resolution thumbnails of the images. Once the thumbnails are created, the program deletes the full-sized original images from its server.

By clicking on one of these thumbnails, the user can then view a large version of that same image within the plaintiff’s website. This is called “inline linking”. As a result, although the images of the plaintiff came directly from the plaintiff’s website and were not copied onto defendant’s server, they seemed to be present as part of the defendant’s website.

The plaintiff alleged that the defendant’s use of the thumbnails violated his display, reproduction and distribution rights. However, the court ruled in favour of the defendant, stating that use of thumbnails in search engine was fair use, not copyright infringement. The court found that the defendant’s use was highly transformative, in that it made available to Internet users a functionality not previously available, i.e. an improved way to search for images. This factor weighs in favour of the defendant due to the public benefit of the search engine and the minimal loss of integrity to the plaintiff’s images. Furthermore, the defendant’s use of the plaintiff’s images in its thumbnails did not harm the market for the plaintiff’s images. The thumbnails would guide people to the plaintiff’s website rather than away from it.

Recently, the same issue arose again in **Perfect 10 v Google and Amazon.com**.⁶ The court ruled that inline linking of thumbnails does not tantamount to copyright infringement. Its use was justified under the fair use defence. It was said that because Google’s servers do not store the images, Google does not have any “material objects in which a work is fixed, and from which the work can be perceived, reproduced, or otherwise communicated”. Google only provides HTML instructions that direct the user’s browser to the website that stores the full-size images. Providing these HTML instructions is not equivalent to showing a copy. It merely gives the address of the image to the user’s browser. The browser then interacts with the computer that stores the infringing images. While inline linking and framing may cause some computer users to believe that they are viewing a single Google website, the Copyright Act, unlike the Trademark Act, does not protect a copyright owner against acts that cause consumer confusion.

The issues of linking, framing and inline linking would not be treated any differently when appearing in a blog as with any other website engaging in such practice. In Malaysia, a thumbnail may be protected as an artistic work and its reproduction on a blogger’s website without the authorization of the copyright owner would arguably tantamount to copyright infringement as such reproduction would be in a material form. “Material form” is defined under the Act to include “any form (whether visible or not) of storage from which the work or a substantial part of the work can be reproduced.” However, if the technical argument made in the Google case is followed, in that the thumbnail is nothing but a HTML instruction, and is not stored in the blogger’s server, but instead directs the user to the copyright owner’s website where the actual image is actually stored and from which reproduction occurs, then there is legally no reproduction and copyright infringement to speak of in the blogger’s website when a user clicks on the thumbnail. Whether there is copyright infringement therefore hinges on how and where

reproduction occurs. Should there be a finding of infringement, it is doubtful whether the fair dealing defence will be broad enough to cover an instance of inline linking unless the blog is one which is solely for non-profit research, criticism, review or reporting current events.

■ Liability of blog owner for posts or comments made by third party

There is also an issue on the liability of a blog owner. The main purpose and attraction of blogging is to invite third parties to contribute posts or comments to the blogs. As copyright subsists in the work so long as the work is original and has been written down, recorded or reduced to a material form,⁷ the copyright of each post or comment posted belongs to the authors, not the blog owner.

Nevertheless, it has been said that when a person posting comments on a blog for the purpose of public display, he is likely to have given an implied license for that display and for its reproduction.⁸ In Malaysia, the requirement is for copyright licenses to be in writing.⁹ As such, a blog owner can always make it clear in the Terms and Conditions of Use that by posting comments, the authors agree to license them to the blog owner whereby the blog owner reserves the right to publish or delete any posts or comments which may be deemed to be inappropriate especially copyrighted materials belonging to others.

There are two interesting High Court decisions which provide good illustration on the extent of the liability of a blog owner.

In **The New Straits Times Press (M) Bhd v Ahirudin bin Attan**,¹⁰ the plaintiff had commenced a defamation action against the defendant who maintained a popular blog called the “Rocky’s Bru” blog. The plaintiff had applied for an interlocutory injunction to restrain the defendant from posting further or similar defamatory statements against the plaintiff. Subsequently, the plaintiff applied for leave to commence committal proceedings against the defendant on the grounds that there was a breach of the defendant’s undertaking by linking his blog to another anonymous blog called “Walked With Us” which contained discussions of the pending defamation suit. The plaintiff alleged that such linking amounted to a re-publication of the contents of the “Walk With Us” blog based on the New Zealand case of *International Telephone Link Pty Ltd v IDG Communications Ltd* [CP No 344/97].

The court ruled that the defendant could not be held liable for the contents of the “Walk With Us” blog. He was neither the author nor the publisher of that blog. The court held that in that New Zealand case, there were “active/direct” references to the contentious website in question by the author of the article whereas in the present case, there was only a “passive” reference to the “Walk With Us” blog where only the name of the blog appeared on the right column of the defendant’s blog together with the names of about 85 other hyperlinks.

In **Stemlife Berhad v Bristol-Myers Squibb (M) Sdn Bhd**,¹¹ the plaintiff filed an application for pre-action discovery against the defendant for defamatory postings on the defendant’s website and in an external blog linked to the defendant’s web forum by two users of the forum operating under the pseudonyms “stemlie” and “kakalily”. The plaintiff sought the identification of the two users so that they can initiate the defamation suit against the users.

The defendant opposed the application on the grounds that the defamatory article was posted on an external blog and not on the defendant’s website and the defendant was neither the author nor publisher of the external blog.

However, the court held that based on the *Norwich Pharmacal* principles,¹² the plaintiff was allowed to seek disclosure from the defendant who had information identifying the wrongdoer so that action can be brought against the wrongdoer.

An Overview Of The Main Market

There was evidence on the defendant's website showing a posting expressly inviting users to visit the offending blog and a posting that published accusations against the plaintiff's company. There was also evidence in the plaintiff's affidavit which showed that the defendant's website had terms and conditions that reserved the defendant's editorial rights in that the defendant in its sole discretion could edit or completely remove postings on the website if it so desired without prior notice or explanation. Hence, the defendant by providing and controlling the website that enabled defamatory materials or hyperlinks to be posted freely with no editorial editing clearly facilitated the wrongdoing. The defendant was not a mere bystander. The defendant's website featured not a passive hyperlink but an active hyperlink that could be actively and independently used by users to visit the said offending blog. Therefore, the defendant was ordered to disclose the identity of the two users.

These two cases seem to suggest that where there is "active/direct" reference to a particular hyperlink website/blog, coupled with control over the external blog or posting, a blog owner may be liable for the contents published in the hyperlinked website/blog.

Although these two cases did not involve issues of copyright infringement, they are instructive on how Malaysian courts may find liability of a blog owner who may facilitate the reproduction or republication of infringing materials by providing the necessary links and write up to sites containing such infringing materials.

Under our copyright law, any person who causes any other person to infringe is liable for copyright infringement.¹³ The Malaysian courts have not decided on the ambit and scope of "causing infringement", and it remains to be seen if a blog owner, having control over its website with full editorial rights, could be held to be causing infringement by facilitating a third party through active promotion and encouragement of visits to links containing such materials, resulting in the subsequent download and reproduction of infringing materials.

Conclusion

Bloggers should always bear in mind that the Internet does not exist in a legal vacuum. In recent times, there have been occasions where bloggers including the prominent local blogger Raja Petra Kamaruddin, politicians and social activists were arrested and charged for defamation and sedition. However archaic or conventional a set of laws or existing legal principles are, there are always means and ways of extending them to a new medium and environment, rightly or wrongly so. Violating copyright laws in the blogging sphere should therefore not be taken lightly and copyright infringement is likely to be one of the means of subjecting reckless bloggers to legal persecution.

(Footnotes)

- | | |
|---|---|
| 1 [1982] RPC 69 | 8 "Blogging – Are You Exposing Yourself to Legal Liabilities?" [2007] 2 CLJ i by Sabrina Mohamed Hashim |
| 2 Section 25 Copyright Act 1987 | |
| 3 Section 13(2)(a) Copyright Act 1987 | 9 Section 27(3) Copyright Act 1987 |
| 4 Longman Malaysia Sdn Bhd v Pustaka Delta Pelajaran Sdn Bhd [1987] 2 MLJ 359 | 10 [2008] 1 MLJ 814 |
| 5 336 F.3d 811 (9th Cir. 2003) | 11 [2008] MLJU 0354 |
| 6 487 F.3d 701 (9th Cir. 2007) | 12 [1974] AC 133 |
| 7 Section 7(3) Copyright Act 1987 | 13 Section 36(1) Copyright Act 1987 |



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On 9 May 2009, the Securities Commission ("SC") and the Bursa Malaysia Securities Berhad ("Bursa") announced that the Main Board and the Second Board of the Malaysian stock exchange will be merged into one and with effect from 3 August 2009, it will be known as the Main Market. They also announced, SC's and Bursa's roles will be revamped and newly released SC's equity guidelines for fund raising will be applicable.

Effectively, the SC's approval will only be required for initial public listings, acquisitions resulting in significant change in business direction or policy of a listed issuer, secondary listings, transfer of listings and Bursa will be the approving authority for all secondary equity fund raising such as rights issues, placements and issuance of securities for acquisition of assets that do not change the core business of listed issuers. SC will focus on the compliances whilst Bursa will evaluate the corporate proposals.

Based on the new SC's equity guidelines, a company that wish to list on the Main Market is now required to have an aggregate after tax profit of at least RM20 million (as opposed to RM30 million previously) for the past 3 to 5 years; with at least, RM6 million after tax profit for the latest financial year. There is no longer the requirement of a minimum issued and paid up capital but the requirement of market capitalization on listing of at least RM500 million remains.

Under the revamped Main Market, the listings of special acquisition companies ("SPACs") are permitted. SPACs are shell companies without operations but goes public with the aim of using the initial public offering ("IPO") proceeds to merge with or to acquire operating companies or businesses. The idea here is to promote private equity, encourage mergers and acquisitions, and spur corporate transformation. Notwithstanding the above, SPACs have to raise at least RM150 million and at least 90% of the proceeds is placed in a trust account. They are also required to ensure that all acquisitions are completed within 36 months of the close of the IPO.

Also any attempts for "back door listing" or "reverse take-over", will be deemed as new listing proposals and the company will have to comply with the requirements under the relevant tests under the equity guidelines.

It is hoped; the changes will bring new life, spur merger and acquisition activities on our Malaysian shores, raise investors' confidence in the system as well as give better protection to investors. The industry believe it will, taking into consideration of the listing of a foreign shoe company and a few more which had been reported being in the works by a leading investment bank.



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Liberalisation Of The Financial Sector



In the recent 3 years, the finance and the insurance sectors have expanded by 8.8% annually, outpacing the growth of the gross domestic product indicators and is expected to play a greater role in being a catalyst of economic growth in the near future .

Following this, on 27 April 2009, Prime Minister Datuk Seri Mohd Najib Tun Razak announced the liberalisation measures for the financial sector. In his announcement, he hoped the liberalization measures, will improve Malaysia's linkages with the international economies and promote greater regional integration and growth.

The gist of the liberalization package for the financial sector is as follows:

1. Issuance of New Licenses

- a. up to 2 new Islamic banking licences will be offered to foreign investors or institutions to establish new Islamic banks with paid up capital of at least USD1 billion to enhance global linkages, reinforce Malaysia's position as an international Islamic hub and leverage on global development in Islamic finance;
- b. up to 2 new commercial banking licences will be offered to foreign investors or institutions that will bring in specialized expertise to address gaps in the financial sector and which will spur the development in targeted economic sectors such as agriculture or infrastructure;
- c. up to 2 new family takaful licences will be granted to foreign investors or institutions that can offer significant value to Malaysia that would spur the development of the takaful insurance industry and reinforce Malaysia's position as an international Islamic financial hub;

2. Increase in Foreign Equity Limits

- a. with immediate effect, existing domestic Islamic banks that wish to scale up their operations and expand into global market are given greater flexibility to enter into strategic partnership with foreign equity participation. The foreign equity participation however is up to a limit of 70% of its existing issued and paid up capital. However, these banks will be required to maintain a paid up capital of at least USD1 billion;
- b. with immediately effect, the investment banks are also permitted to enter into strategic partnership with foreign banks to enhance their

business opportunities and international linkages. In connection with this, the foreign equity participation in investment banks will be increased to a limit of up to 70% of its existing equity.

- c. to strengthen the competitiveness of the takaful insurance industry, foreign equity participation in the insurance companies and takaful operators will be increased to a limit of 70% of its existing capital. Should there be any request for a higher participation, the matter will be considered on a case to case basis and only if the shareholder is capable to facilitate the consolidation and rationalization of the insurance industry.

3. Operational Flexibilities

- a. the locally incorporated foreign commercial banks is now permitted to establish up to 10 microfinance branches to serve micro enterprises;
- b. the locally incorporated foreign insurance companies and takaful operators may also open new branches and be permitted to enter into bancassurance / banc takaful arrangements with the banking institutions;
- c. the banking institutions, insurance companies and takaful operators will be accorded greater flexibility in employing specialist expatriates to contribute towards the development of the financial system in Malaysia;
- d. offshore banks, offshore insurance companies and offshore businesses/companies licensed by the Labuan Offshore Financial Services Authority will be granted a greater flexibility to set up onshore operations in 2010 and 2011.

The liberalization measures is expected to further support the needs of Malaysia's expanding economy and to create a competitive environment for value-added financial products and services. The liberalization is significant in achieving a long term goal of having the financial sector to be efficient, resilient and dynamic.

The members of the banking industry has seen the move as welcoming and the Executive Director of the Association of Banks in Malaysia, Ms Chuah Mei Lin has said that the member banks would look forward to any opportunities for tie-ups in new growth areas arising from the new initiatives. Ms Chua also noted while welcoming competition, there is emphasis on the need to ensure actual transfer of knowledge and technology via policy on recruitment of Malaysian.

The Executive Director of the General Insurance Association of Malaysia, Mr CF Lim, hailed the move. He notes the flexibility to enter into partnership with foreign players as a step that allows local companies to acquire international best practices and knowhow.



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Establishment Of Private Higher Educational Institution In Malaysia

Regulatory overview

In a nutshell, the establishment of private higher educational institutions is governed by the Private Higher Educational Institutions Act 1996 (“the Act”). According to the Act, the prior approval of the Minister shall be obtained before a private higher educational institution may be established. Section 2 of the Act defines “**higher education**” as instruction or training on or teaching of a course of study leading to the award of a certificate, diploma or degree upon the successful completion thereof.

Section 2 of the Act also defines “**private higher educational institution**” as an educational institution, approved under the Act, which is not established by the Government, providing higher education in collaboration with other universities or university college whether or not established under other written law or whether within outside or within Malaysia.

Application for approval

Section 6 of the Act provides that an application for an approval shall be made to the Registrar General:

- (a) on the prescribed form and in the prescribed manner accompanied by prescribed fee;
- (b) by submitting together with the application:
 - (i) a comprehensive plan for the establishment and maintenance of the proposed private higher educational institution;
 - (ii) a copy of the draft of the constitution of the proposed private higher educational institution; and
 - (iii) a copy of its constituent document and a copy of the latest audited balance sheet, profit and loss account and the reports;
- (c) such other information as may be requested by the Registrar General.

According to section 8 and 10 of the Act, the Registrar General shall after being provided all such information and documents, take necessary action to vet the application, approve the constitution and make recommendations to the Minister. Upon receiving the recommendation from the Registrar General, the Minister may grant the approval with or without conditions; or may refuse the application without assigning any reason for such refusal.

Section 11 of the Act states that the Minister shall approve the application if he is satisfied that, inter alia:

- (a) the applicant is capable of providing adequate educational facilities and efficient management and administration for the private higher educational institution;
- (b) adequate measures have been taken to determine and maintain the standards of education;
- (c) there is established a proper system of governance with a constitution that shall be approved by the Registrar General;
- (d) the applicant is not convicted of any offence.

Applicant to incorporate company locally

Upon approval being granted, section 12 of the Act provides if the successful applicant is not a locally incorporated company, the applicant shall, within one year from being notified of the approval, incorporate a company locally

- (a) having issued and paid up capital of an amount, as may be determined by the Minister;
- (b) subject to such terms and conditions with respect to the equity participation and composition of the board of directors, as may be determined by the Minister; and
- (c) with the sole object of establishing and managing private higher educational institutions stated in the memorandum and articles of association.

The prior approval of the Registrar General on the proposed memorandum and articles of the company shall be obtained before an application is made for the incorporation of the company.

Establishment of University, University College and branch campus

Section 21 and 22 of the Act provide that the prior approval of the Minister shall be obtained for the establishment of a private higher educational institution with the status of University or University College or a branch campus thereof or a branch campus of a foreign University or University College. An application for an approval may be made to the Minister on his invitation to do so. An invitation may be made to proposed applicants directly or through announcements in the media or otherwise.





Registration of private higher educational institutions

According to Section 24 of the Act, every private higher educational institution shall be registered and an application for registration shall be made to the Registrar General.

An application for registration shall be made to the Registrar General

- (a) within 5 years from the date of the approval for the establishment of the private higher educational institution;
- (b) on the prescribed form, prescribed manner and accompanied by prescribed fees together with a comprehensive fee structure to be imposed on students with respect to each course of study.
- (c) such additional information as required by the private higher educational institution.

The Registrar General may, upon an application for registration having been duly made and as he may think necessary, register and issue a certificate of registration to the private higher educational institution; or refuse the application. The Registrar General may impose any condition as he may deem necessary upon registration.

It is stated in section 38 of the Act that, the prior approval of the Minister shall be obtained before a private higher educational institution-

- (a) may conduct a course of study or training programme;
- (b) may conduct a course of study or training programme collaboration with any university, university college, higher educational institution, whether public or private, or professional body, within or outside Malaysia.

A private higher education institution which contravenes the above shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM200,000, or to imprisonment for a term not exceeding 2 years or to both.

According to section 44(1) of the Act, all certificates, diploma and degrees of a private higher educational institution shall only be awarded upon satisfying the minimum standards as determined by the authority. Otherwise, it shall be guilty of an offence and shall, on conviction, be

liable to a fine not exceeding RM200,000 or imprisonment for a term not exceeding 2 years or both.

Malaysian Qualifications Agency

It is noted that the establishment of a new entity which merges the National Accreditation Board (LAN) and the Quality Assurance Division, Ministry of Higher Education (QAD) was approved by the Government on 21 December 2005. The new entity, the Malaysian Qualifications Agency ("MQA"), was established on 1 November 2007 with the coming in force of the Malaysian Qualifications Agency Act 2007 ("MQAA"). This entity is responsible for quality assurance of higher education for both the public and the private sectors and to safeguard the interest of the participants of higher education and to ensure that the certificate awarded to the participants is well recognized by the relevant authority in future.

The main role of the MQA is to implement the Malaysian Qualifications Framework ("MQF") as a basis for quality assurance of higher education and as the reference point for the criteria and standards for national qualifications.

According to the MQF, "qualifications" are certificates, diplomas or degrees that are awarded by any competent authority, having affirmed that one has been successful in completing the study at the determined standard, and has satisfied the determined level of achievement and is able to take on a role, duty or work. "Certificate" is defined in the MQAA as the certificate awarded to a person after successful achievement by the person of a set of learning outcomes which is designed to lead to the award of such certificate or the equivalent thereof. "Learning outcomes" as defined in the MQF shall mean a statement on what students should know, understand and can do upon the completion of a period of study.

Conclusion

In conclusion, any higher education provided in Malaysia must comply with the law as stated above. Otherwise, the award of a certificate, diploma or degree upon the successful completion may not be recognized by the relevant authority. It is prudent to ensure that the course provided is also satisfying the minimum standard as determined by the authority such as MQA in order to ensure that the certificate awarded to the participants of a higher institution is well recognized by the relevant authority in future.



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Industrial Court's Jurisdiction Over A Representative Or Regional Office Established In Malaysia?

Where an employee considers that he has been dismissed without just cause or excuse by his employer, he may make representations in writing to the Director General of the Industrial Relations Department to be reinstated in his former employment and the latter may, if he thinks fit, refer the representations to the Industrial Court for an award.

Query arises as to whether the Malaysian Industrial Court has jurisdiction over a company incorporated in foreign country with its representative or regional office established in Malaysia under given circumstances? In order to answer the query, we need to consider, firstly, the legal entity of a foreign company in Malaysia; and secondly, the binding authorities and precedents on this issue.

Foreign Company in Malaysia

A foreign company can conduct activities or business in Malaysia through setting up a representative or a regional office; registering a branch office; or setting up a private limited company, subject to the nature of activities/business and the duration for it to be conducted in Malaysia.

Setting up a representative or a regional office:-

A representative office is an office of a foreign company approved to collect relevant information on investment opportunities in the country especially in the manufacturing sector, develop bilateral trade relations, promote the export of Malaysian goods/products and carry out research and development.

A regional office is an office of a foreign corporation that serves as the coordination centre for the corporation's affiliates, subsidiaries and agents in the Southeast Asia and Asia Pacific. The regional office established in Malaysia is responsible for designated activities of the corporation within the region it operates.

A representative or regional office is a cost centre that entitles any foreign company to prospect the Malaysian or the regional market. Under such structure, it will not be allowed to carry out any business transaction nor derive income from its operations. It should be totally funded from sources outside Malaysia and it is not required to be incorporated or registered under the Companies Act 1965.

To set up the representative/regional office, an application must be made to the Malaysian Industrial Development Authority (MIDA) to explain the reasons for the foreign company to market its products/services in Malaysia. The approval for the establishment of the set-up and expatriate employment is generally valid for a period of 2 years and is renewable.

Extra-territorial jurisdiction of the Industrial Court?

The issue of whether the Industrial Court has extra-jurisdiction to adjudicate dispute between a company incorporated in a foreign country with its regional office in Malaysia and an employee who claimed to be wrongfully dismissed was determined in the latest Industrial Court award in *Leong Tuck Chee v. Saint-Gobain Abrasives Singapore Pte Ltd [Award No. 86 of 2009]*. Our firm represented the Company. This was a reference under section 20(3) of the Industrial Relations Act 1967 (IRA), arising out of the dismissal of the Claimant.



Here, the Claimant was offered a position of Product Manager Construction Products, Southeast Asia by the Singaporean Company with its regional office established in Petaling Jaya, Malaysia. The Claimant commenced his employment in Singapore and he was later based in the regional office in Malaysia.

The Company raised a preliminary issue of the extra-territorial jurisdiction of the Industrial Court that the Company, being a private limited company in Singapore with its regional office in Malaysia, was not within the territorial jurisdiction of the Malaysian Industrial Court; and the Malaysian Industrial Court had no extra-territorial jurisdiction to adjudicate the dispute.

It was held by the Industrial Court, *inter alia*, that the Company had never been incorporated as a legal entity in Malaysia as it was a legal entity in Singapore. The Company had only a regional office which was established with the approval of MIDA and its establishment was under the auspices of MIDA. Notwithstanding the Company had made Employees Provident Fund (EPF) contribution to the Claimant, it did not mean that the Court must necessarily have jurisdiction to hear the matter as had been clearly established that the Company was not within the jurisdiction of the Industrial Court. Hence, the claim was struck out by the Court accordingly.

Reference can be made to *Mostek Malaysia Sdn Bhd, Penang and Cik Aniza Yaacob & 763 Ors [1986] 2 ILR 1276* where it was held that:-

"The Industrial Relations Act 1967 is a Malaysian Act. It does not extend to USA or any foreign country and does not contain any provisions whatsoever contemplating its execution in the USA or in any foreign country....The Act does not provide the Court with extra territorial jurisdiction."

The above principle was accepted by the Supreme Court in *Kathiravelu Ganesan & Anor v. Kojasa Holdings Bhd [1997] 3 CLJ 777* as follows:-



Home Financing Through The Musharakah Mutanaqisah Contracts

Islamic financial institutions in this world have introduced a number of *Shari'ah*-compliant modes for home ownership. In Malaysia, nearly all the Islamic banks adopt the widely used principle of *Bai Bithaman Ajil* (BBA). Other Islamic modes of home financing in the country are *Bai Inah*, *Istisna*, and *Musharakah Mutanaqisah Partnership* (MMP).

The BBA has become a controversial issue in Malaysia and was argued to be problematic and even unislamic for long duration contracts. Therefore there is a need to explore other innovative Islamic financial concepts such as partnership contracts and leasing. Hence MMP was introduced to implement the relationship of partnership in the elements of sharing and ownership. This article seeks to explore the concept of MMP, its operational structure and advantages of MMP over BBA.

'The Industrial Court is a creature of statute. It therefore only has such jurisdiction as is conferred upon it, either expressly or by necessary implication, by the statute creating it, namely, the Act. The Act does not confer extra-territorial jurisdiction upon the Industrial Court. Accordingly, the Court has no extra-territorial jurisdiction.'

Conclusion

Accordingly, it is clear that the Industrial Court of Malaysia does not have extra-territorial jurisdiction to adjudicate a dispute over a foreign company which has not been incorporated in Malaysia, *i.e.* including a company incorporated in foreign country with its regional or representative office established in Malaysia. This is because such regional or representative office is not incorporated as a legal entity in Malaysia and could not be treated as a Malaysian employer. The Industrial Court which is a creature of the Industrial Relations Act 1950 only has such jurisdiction as is conferred upon it by the Act. The Act does not confer extra-territorial jurisdiction upon the Industrial Court.

The Musharakah Mutanaqisah Partnership (MMP) Concept

The *Musharakah Mutanaqisah* Partnership concept is based on a diminishing partnership concept. There are two portions to the contract, *i.e.* *musharakah*, *ijarah and bay'*.

First, the customer will enter into a partnership (*musharakah*) under the concept of '*Shirkat-al-Milik*' (joint ownership) agreement with the bank.

The customer pays, for example 10% as the initial share to co-own the house while the bank provides for the balance of 90%. The customer will then gradually redeem the bank's 90% share at an agreed portion periodically until the house is fully owned by the customer.



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Second, the bank leases its share (90%) to the customer under the concept of *Ijarah*, i.e. by charging rent. The customer agrees to pay the rental to the bank for using its share of the property. The periodic rental amount will be jointly shared between the customer and the bank according to the percentage shareholding at the particular times which keep changing as the customer redeems the bank's share. With each payment, the bank's share in the property will be reduced while the customer's share increases.

Operational Structure

An agreement is concluded between the customer (partner) and the bank (financial partner). The agreement will stipulate each party's share of profits. The bank will then lease its portion of share in the property to the customer under *Ijarah*. The share will be divided into a number of equal units and the customer promises to buy the individual units periodically until all are taken up (*bay'* under MMP contracts). The bank will then agree that the *Ijarah* rental is reduced in proportion to the units purchased.

With regard to the ownership under MMP contract, it is shared between the bank and the customer. Over a period of time, the portion of the property owned by the customer increases until he owns the entire property and no longer needs to pay rent. At this point, the MMP contract is terminated.

The MMP contract nonetheless is not going to be free from operational problems. For instance, the rental rate would be based on the market rental value which is much determined by the location and not by market interest rates. Therefore, the rental value can be changed. It would be difficult to keep track of the rising rentals and this proves cumbersome to the bank and the customer, who would have to pay a higher rental as the years pass.

Some scholars suggested that MMP contract should adopt the market interest rate, for instance, LIBOR and BLR as the benchmark. However, it would render the MMP similar to floating-rate conventional financing. Shaikh *Nizam Yacuby* and *Muhammad Taqi Usmani* mentioned in their 1998 fatwa:

"It is always preferable not to use a benchmark which is normally used in interest based transaction, so that the Islamic transaction may not have resemblance with an interest based transaction."

Another issue is whether there is a possibility to combine two contracts of *musharakah* and *Ijarah* into one document. It has been resolved that it is permissible to combine it as long as both contracts were concluded separately and do not overlap.

Advantages of MMP over BBA

1. The MMP is accepted internationally as Shari'ah compliant whereas the BBA is recognized predominantly in the east, i.e. Malaysia, Indonesia and Brunei. Thus MMP is suited for contracts across national borders.
2. As a financing structure, the MMP is more flexible than BBA as the customer can own the property earlier by redeeming faster the principal sum from the bank without the need to compute rebates, as with the case of the BBA.



3. The return of BBA is based on a fixed selling price. However, under MMP, the financier need not be tied to a fixed profit rate throughout the financing tenure. This is because the rental rate can be revised periodically to reflect current market conditions.
4. The bank can manage the liquidity risks better as rental payments can be adjusted at the end of each subcontract period. This is not possible under the current fixed rate BBA as the profit rate is contracted throughout the entire tenor of financing.

Although MMP is less attractive to the banker as compared to BBA, the MMP can be seen as more just and in line with the objectives of *Shari'ah* as there is no interest charged (*riba'*) or advanced profit involved. The MMP concept is a viable alternative to the conventional floating rate financing since the rental rate can be adjusted if there are fluctuations in the economy.



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McCurry Won Appeal Against McDonald's



Introduction

A small Indian eatery at Jalan Ipoh is once again proudly trading as "McCurry", after its unlikely victory in an eight-year legal battle with US fast food giant McDonald's. For years, the small eatery was known as M Curry as it fought a legal suit filed by the fast food chain to stop it from using the 'Mc' prefix, claiming the name could cause confusion and lead people to associate its products with McDonald's. McCurry Restaurant (KL) Sdn Bhd ("McCurry") lost the first round after the High Court Judge ruled in McDonald's favour in 2006.

However, round two went to McCurry when on Monday, 27th April 2009, the Court of Appeal held that McCurry did not misrepresent the public nor confuse them in conducting its business. Appeal Court judges Datuk Gopal Sri Ram (now Federal Court judge), who sat with Justices Datuk Heliliah Mohd Yusof and Datuk Sulong Matjeraie held that there was no evidence to show that McCurry was passing off McDonald's business as its own.

Background

McDonald's Corp is an American fast food franchisor having more than 30,000 McDonald's restaurants serving 47 million customers each day in over 100 countries. In Malaysia, the first McDonald's restaurant opened at Jalan Bukit Bintang, Kuala Lumpur on 29 April 1982 and to date, McDonald's Malaysia has over 185 restaurants located nationwide and is still expanding. A suit was filed in 2001 by the fast food chain to stop McCurry from using the 'Mc' prefix.

McCurry is a 24-hour eatery located on a street corner at Jalan Ipoh which serves spicy fish-head curry, tandoori chicken and other Indian delicacies and was operating under a large "McCurry" signage. It was previously trading under the name Restoran Penang Curry House (KL) Sdn Bhd but had changed its name to "McCurry Restaurant" a few years ago. It does not serve any kind of food available at the plaintiff's outlets.

It has always been McDonald's contention that it has the exclusive right over the use of the prefix "Mc" as such trade mark is specifically created by it with the intention of using it on all goods and services sold and provided by its chain all over the world. It was also argued that the prefix "Mc" is created as a source identifier and that it has secured numerous trademark registrations of the said prefix in many countries around the world.

McCurry's defence is that the prefix was not exclusive to McDonald's and hence it cannot claim monopoly over the prefix "Mc", especially when the prefix is commonly used in Scottish names. Further, McCurry argued that the type of food served is very different, hence there is no way that could give rise to confusion and deception.

Having considered both sides' submissions, the High Court judge, Siti Mariah Ahmad had on 7th September 2006 ruled in favour of McDonald's and ordered McCurry to drop the prefix "Mc" from its name or change its name and to pay compensation to McDonald's for damage of its goodwill and reputation. According to Justice Siti Mariah Ahmad, McDonald's Corp has the exclusive right over the prefix "Mc" as the prefix "Mc" was distinctive of McDonald's either singularly or used in conjunction with items of food and the McDonald's could therefore claim goodwill and reputation in its business in reference to the prefix. She also said that the owners of the McCurry restaurant might confuse or even deceive customers as the McCurry used the prefix "Mc" together with yellow and red colours in its signage as it can be associated to the McDonald's brand. Such act was a deliberate attempt by McCurry to get an unfair advantage to the detriment of McDonald's. The court concluded that as the result thereof, the McDonald's suffered damage to its goodwill and reputation and erosion to the singularity that it enjoyed vis-à-vis the "Mc" trade mark, either when used on its own or in conjunction with an item of food.

McCurry then appealed to the Court of Appeal.

Outcome of the Appeal

The Court of Appeal summarised the appeal in only a question which it had to answer: "Did McCurry represent its business to be that of McDonald's?" The Court of Appeal came to the conclusion that the question must receive a negative response and held that there were several distinguishing features between the two parties in the conduct of their trade. His Lordship, Datuk Gopal Sri Ram based his decision on the following grounds:-

- a) the get up and business style of both parties are distinctly different from each other. McDonald's mark or get-up or logo consists of a distinctive golden arched "M" with the word McDonald's against a red background whilst McCurry's signboard carried the words "Restoran McCurry" with the lettering in white and grey on a red background with a picture of a chicken giving a double thumbs up and with the wording "Malaysian Curry Chicken". As such, McCurry's presentation of its business is in a style and get-up which is distinctively different from McDonald's;
- b) the items available at McDonald's carried the prefix "Mc" whilst McCurry's menu card shows none of the food items served carry the prefix "Mc";
- c) the type of food available at the McDonald's outlets were very different as it served fast food whereas McCurry catered only typically Indian food; and
- d) the type of customers is very different for both parties as customers who patronise McCurry were mainly adults and senior citizens while those who patronise McDonald's outlets were mainly children.

His Lordship also said that the High Court judge, in arriving at her decision, erred that McDonald's had a monopoly in the use of the prefix "Mc" on signage or in the conduct of business. He added that the fact that McCurry Restaurant chose the name 'McCurry', could not, by itself, lead to the inference that it sought to obtain an unfair advantage from the usage of the prefix 'Mc' as McCurry's Restaurant signboard would not result in reasonable persons associating McCurry with the McDonald's mark.

Comments

Whilst the Judgment in the aforesaid case has been very encouraging news for the owners of McCurry as they can now peacefully continue with their business, many practitioners would agree that the said Judgment would give way and/or encourage small traders to sail close to a market leader's trade mark without getting caught. While many would appreciate His Lordship, Datuk Gopal Sri Ram's view that people are not likely to confuse McCurry with McDonald's, one would note that this is not a case of direct confusion or misrepresentation. The question to be posed is whether passing off principles ought to be confined so narrowly, and whether justice is done to the earlier cases in which the principles have seemingly been expanded.

Passing off and its other categories have over the years been developed to not just tackle issues of direct confusion and/or misrepresentation. His Lordship, Gopal Sri Ram J correctly pointed out that passing off principles are not to be construed as if they are statute but have over the years been developed to be capable of broader application. The outcome of the McDonald's case however suggests a regression of passing off to what it was originally as, and in doing so there has been disregard for the fact that passing off principles had been developed beyond the original concepts of an outright confusion/misrepresentation and are capable of and should be perhaps developed in tandem with how intangible assets such as goodwill and trade marks are commercially valued and used in commerce these days.

Many would agree that trade mark rights are invaluable and one would jealously protect the same against any unauthorised use of the same. As such, and for the long and extensive use by McDonald's in relation to restaurant and fastfood services all over the world, it has established distinctiveness in the prefix way beyond that of an Irish surname. If an Indian eatery uses the prefix "Mc" so as to suggest to the public that it is an Indian fastfood restaurant such that one would think of the McDonald's fastfood concept, would that be riding on McDonald's goodwill and reputation? Following the reasoning of the Court of Appeal, it would not appear to be so. It remains to be seen if McDonald's will exhaust its final right of appeal to the apex court in the country.



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Legal TAPs is a collective effort of the firm to bring relevant legal updates and information to you.



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This publication provides a summary only of the subject matter covered and is not intended to be nor should it be relied upon as a substitute for legal or other professional advice.

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T&P ANNOUNCEMENTS AND NEWS

NOTEWORTHY

Tay & Partners is listed as one of the top Intellectual Property Firms in Malaysia by the *Asian Legal Business 2008*



TAY BENG CHAI, our Managing Partner and Head of the Corporate & Commercial Practice Group attended the LAW Asia Pacific Regional Meeting from 12-14 March 2009 and the IPBA Annual Meeting from 29 April – 2 May 2009, both events which were held in Manila. He also attended a LAW Executive Committee meeting in Budapest that was held from 28 – 30 May 2009.



LINDA WANG, our Partner in the IP & Technology Practice Group attended the INTA Annual Meeting in Seattle that was held from 16-20 May 2009. She also initiated and co-chaired a Non-Traditional Marks (“NTM”) educational workshop jointly organized by MYIPO, INTA and the MICCI held from the 4 - 5 March 2009.



RONALD TAN, our Partner who heads the Firm's Debt Capital Markets Practice Group conducted a client seminar jointly with AmlInvestment Bank in Singapore on the 4 March 2009. He attended the IPBA Annual Meeting in Manila that was held from 29 April – 2 May 2009 and a Maritime Seminar held in Singapore on 4th March 2009..

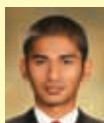


SU SIEW LING, our Partner in the IP & Technology Practice group attended the INTA Annual Meeting in Seattle that was held from 16-20 May 2009. She also provided training and presentation recently on 25th June on the laws of trade mark infringement and passing off for the Malaysian Intellectual Property Association.

ON BOARD



CHEAH SOO CHUAN joins the Dispute Resolution Practice Group as a Partner in our Kuala Lumpur office. Soo Chuan specialises in corporate, commercial and banking litigation. He has practice experience in handling a broad spectrum of complex litigation matters, including shareholders and joint venture disputes, defamation, insolvency, liquidation, receivership, foreclosure, banking litigation, as well as general contractual and tortious disputes.



UBAIDURRAHMAN BIN ABDUL WAHID joins the Litigation and Dispute resolution Practice Group as an Associate. Ubaidurrahman practices in the area of banking litigation.

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