
THE PROTECTION OF GEOGRAPHICAL INDICATIONS IN MALAYSIA

Many expressions used on goods in the course of trade encompass geographical terms. Expressions such as 'Langkawi Marble', 'Thai fragrant rice', 'Indonesian teak furniture', 'Japanese green tea', 'Korean ginseng', 'Western Australian honey', 'Californian prunes', 'Swiss watch' and 'Swiss chocolates' are but a few of the numerous geographical terms used on goods in commerce. Geographical expressions are used by traders for various purposes. Sometimes they are used to indicate the geographical origins of the goods concerned, particularly where the goods enjoy specific characteristics which are attributable to their geographical origins. Instances include such terms as 'Cameron Highlands Tea', 'Menglembu groundnuts', 'Scotch Whisky' and 'Champagne'.¹ Some geographical expressions have become so associated with certain goods that the expressions are used generically to mean the goods themselves. The terms 'French fried potatoes', 'Worcestershire Sauce', 'French horn' and 'Brussels sprouts' are examples which fall within this category. Geographical expressions are at times used by traders in a fanciful and arbitrary manner without

¹In some jurisdictions, the term 'Champagne' has been held to mean a naturally sparkling wine made from grapes produced in the Champagne district of France by the champenoise method. See for instance the English case of *J Bollinger v Costa Brava Wine Co Ltd* [1960] RPC 16. However, in other jurisdictions such as Australia, New Zealand and the United States, the courts have taken a contrary view. For instance, courts in Australia have held that the term 'Champagne' has acquired a generic meaning which denotes a type of wine regardless of its geographical place of production. See for instance the Australian case of *Comite Interprofessionnel du Vin de Champagne v NL Burton Pty Ltd* (1981) 38 ALR 664. A similar, but more liberal view, was taken by the New Zealand courts which held that the term 'Champagne' meant French produced wine. See for instance, the New Zealand case of *Wineworths Group Ltd v Comite Interprofessionnel du Vin de Champagne* (1991) 23 IPR 435.

any link between the goods concerned and the places referred to in the geographical expressions. The words 'Mars' for ice-cream and 'Hawaiian' for chocolates are fanciful uses of geographical names. Geographical expressions are also used by traders as trade marks for goods. Instances include the trade marks 'Philadelphia' for cream cheese and 'Dutch Lady' for milk products.

While geographical expressions are used on goods by traders for different purposes, there is a specific category of geographical expressions which has been the subject of a number of international and regional treaties. This category concerns geographical expressions which, when used in relation to specific goods in the course of trade, not only serve to identify the geographical origins of the goods, but also function as indicators that the goods have specific qualities or characteristics which are attributable to their geographical origins. Malaysia is a member of two important international documents which contain provisions on the protection of this category of geographical expressions. These are the Agreement on Trade Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods (hereinafter referred to as 'the TRIPS Agreement') which was concluded in the framework of the World Trade Organisation and the Paris Convention for the Protection of Industrial Property as revised at Stockholm in 1967 (hereinafter referred to as 'the Paris Convention'). This category of geographical expressions is termed 'geographical indications' in the TRIPS Agreement and is conferred protection as a form of intellectual property. Both the TRIPS Agreement and the Paris Convention prohibit the use in the course of trade of misleading geographical indications.² Malaysia became a signatory of the Paris Convention on 1 January 1989. The TRIPS Agreement entered into force in Malaysia on 1 January 2000.^{2a}

Apart from these two international legal documents, there exist other international and regional treaties for the protection of geographical indications, particularly among the European countries as well as countries in the Western Hemisphere. Since Malaysia is not a signatory of any of these other treaties, the writer does not propose to discuss

²The relevant provisions of the TRIPS Agreement and the Paris Convention dealing with geographical indications are discussed below. See *infra*, under the respective headings of the same name.

^{2a}The TRIPS Agreement, Article 65(2).

them except to state that their existence reflect the important position which geographical indications enjoy in the eyes of the international community.³

This article reviews at the outset, Malaysia's international obligations pursuant to the TRIPS Agreement to implement laws which protect geographical indications. As the Paris Convention is also integrated in the TRIPS framework, it is appropriate that a discussion of the relevant provisions in the Convention pertaining to geographical indications be made. This is then followed by an examination of the regime currently available under our domestic laws which protects geographical indications. At the time of writing, the Geographical Indications Act 2000 which seeks to codify protection for geographical

³The more significant international treaties on geographical indications are the Madrid Agreement for the Repression of False or Deceptive Indications of Source of Goods which provides for the seizure on the importation of any product bearing a false or deceptive indication of source and the Lisbon Agreement for the Protection of Appellations of Origin and Their International Registration 1958 which provides for an international registration system of appellations of origin. At a regional level, there are multilateral and bilateral treaties protecting geographical indications, such as the various European Union directives concerning agricultural products, foodstuff and wines. The European Foodstuffs Regulation (Council Regulation (EEC) No. 2081/92 of 14 July 1992 on the Protection of Geographical Indications and Designations of Origin for Agricultural Products and Foodstuffs) provides for a registration system for geographical indications with respect to agricultural products intended for human consumption such as beer, natural mineral waters, beverages made from plant extracts, confectionery and other bakers' wares, but does not apply to wines and spirits beverages. The European Wine Regulation (Council Regulation (EEC) No. 2392/89 of 24 July 1989 Laying Down General Rules for the Description and Presentation of Wines and Grape Musts) provides that the description and presentation of wines and grape musts should not be incorrect or likely to cause confusion or mislead the persons to whom they are addressed with respect to, *inter alia*, their origin. Geographical indications have also been the subject of treaties in the Western Hemisphere. For instance, the Pan-American Convention for Trademark and Commercial Protection of Washington, 1929 provides, in Article 23, that an indication of geographical origin or source which does not actually correspond to the place of origin shall be considered fraudulent and illegal, and therefore prohibited. The North American Free Trade Agreement provides, in Article 1712, that legal means shall be provided to prevent the misleading use of any means in the designation or presentation of goods that indicate that the goods originate in a geographical area other than the true place of origin.

indications has been passed in Parliament but has not yet come into force. As the Geographical Indications Act 2000 was Malaysia's response to its obligations under the TRIPS Agreement pertaining to the protection of geographical indications, an analysis of the provisions of the Act will be made.

The TRIPS Agreement

The TRIPS Agreement requires countries in the World Trade Organisation (hereinafter referred to as 'WTO') to have intellectual property laws which conform to the provisions of the Agreement. The Agreement sets minimum standards of protection for intellectual property rights which have to be observed by all member countries, although members may also implement laws granting more extensive protection.⁴ In the context of geographical indications, the specific provisions of the TRIPS Agreement which protect geographical indications are found in Part II section 3, viz., Articles 22, 23 and 24. The cumulative effect of these provisions is to require members to implement laws which prevent the unauthorised use of geographical indications.

The protection accorded to geographical indications under the TRIPS Agreement is twofold. First, Article 22 provides for the protection of geographical indications in general, and applies to all categories of goods. Secondly, Article 23 provides for increased protection for geographical indications in respect of wines and spirits. Geographical indications are defined in Article 22(1) as 'indications which identify a good as originating in the territory of a member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin'. It follows from the definition that two requirements must be satisfied for an indication to qualify as a geographical indication under the TRIPS Agreement. First, the geographical indication must identify the goods as originating from the true geographical origin of the goods. Secondly, the goods must have a given quality, reputation or other characteristics attributable to their geographical origin. As

⁴The TRIPS Agreement, Article 1(1).

Article 22 does not make any reference to geographical indications which identify the origin of 'services', it would appear that the application of this provision is confined only to 'goods' and does not extend to services.

Article 22(2) obliges WTO members to provide legal means for interested parties to prevent the use of geographical indications in two situations. The first situation is found in Article 22(2)(a) which requires members to provide legal protection against the use of geographical indications which mislead the public as to the geographical origin of the goods. The second situation is found in Article 22(2)(b) which requires members to provide legal protection against the use of geographical indications where such use constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention. By referring to Article 10*bis* of the Paris convention, Article 22(2) incorporates the notion of unfair competition into the TRIPS Agreement. Thus, although the TRIPS Agreement does not provide for the protection against unfair competition, Article 22(2) makes it crystal clear that WTO members are required to have laws which prevent acts of unfair competition. Article 22(2) mandates that legal protection of geographical indications be granted to 'interested parties', but does not identify the categories of persons who would qualify to be 'interested parties'. Since Article 22 is designed primarily to protect the rights of traders to use geographical indications, it would appear that the producers, manufacturers and importers of goods bearing the geographical indications which identify the geographical origin of the goods are 'interested parties'.⁵ Also, since the TRIPS Agreement is linked to the Paris Convention,⁶ reference could, arguably, be made to the Convention for guidance on the meaning of the words 'interested parties'. Article

⁵See Peydro-Aznar J., 'The TRIPS Agreement: A Basis for Discussion', paper presented at the WIPO/EC/ASEAN National Seminar on the Agreement on Trade-Related Aspects of Intellectual Property and its implications for Business Enterprises organised jointly by the Division of Business Administration, Faculty of Economics and Administration, University of Malaya and the World Intellectual Property Organization, Kuala Lumpur, 27-28 July 1995.

⁶See *infra*, under the heading 'Paris Convention' for a discussion on the link between the TRIPS Agreement and the Paris Convention.

10 of the Convention states that interested parties may institute proceedings to prohibit the use of a false indication of the source of goods. Article 10 deems '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' to be an interested party. Article 10 may, therefore, shed some light on the scope of the categories of persons who would qualify to be 'interested parties'.

Article 22(3) deals with the relationship between geographical indications and those trade marks which, though registered according to domestic laws, contain geographical indications which mislead consumers. Pursuant to Article 22(3), WTO members are required to refuse or invalidate the registration of a trade mark which contains or consists of a geographical indication with respect to goods not originating in the territory indicated provided its use would mislead the public as to the true place of origin of the goods. Article 22(3), therefore, broadens the scope of protection of geographical indications to the realm of registered trade mark laws. It also provides for geographical indications to assume precedence over trade marks which contain or consist of misleading geographical indications.

Article 22(4) requires protection to be given to a geographical indication against another geographical indication which, although literally true as to the area in which the goods originate, falsely represents to the public that the goods originate in another area. Article 22(4) encompasses a situation in which the name of a former colony or new locality is the same or similar to the name of the region of origin of the immigrants. This region of origin of the immigrants may be famous for a particular product, for example, wine. If the former colony or new locality also produces wine using its own name, it may falsely represent to the public the origin of the wine. For instance, Torres wine has been produced for over a century by the Torres family in Spain. If competitors from another region in Portugal which bears the name Torres begin producing wine using the name Torres, such an act could misrepresent to the public the origin of the wine. Article 22(4) applies to such a situation and requires WTO members to have

laws which protect the geographical indication used on products in the place where the immigrants originated.⁷

Article 23 provides that additional protection is to be granted to geographical indications for wines and spirits.⁸ Article 23(1) obliges all WTO members to provide legal means for interested parties to prevent the use of geographical indications for wines and spirits not originating from the place indicated by the geographical indication in question, even if the true place of origin of the goods is indicated or accompanied by expressions such as 'kind', 'type', 'style', 'imitation', or the like.⁹ In providing for increased protection for geographical indications in respect of wines and spirits, Article 23(1) acknowledges that these goods rely heavily on their geographical origin for their

⁷See T.P. Stewart, *The GATT Uruguay Round: A Negotiating History (1986 - 1992)*, Kluwer Law and Taxation Publishers, Deventer, 1993, at page 2304.

⁸This additional protection for wines and spirits arose from the demands of certain wine producing countries, particularly those in Europe which have a tradition of wine production in specific geographical regions, for example, 'Champagne', 'Burgundy', 'Bordeaux' and 'Sherry'. These countries insisted on a higher level of protection for wines and spirits than the general type of protection envisaged in Article 22. Objections to this demand for a higher level of protection for wines and spirits were raised by several countries including Malaysia which did not want any preferential treatment for alcoholic beverages.

⁹Instances of geographical expressions which are accompanied by expressions such as 'kind' or 'type' may be found in the case of *Vine Products Ltd & Ors v Mackenzie & Co Ltd & Ors* [1969] RPC 1. In that case, the court accepted evidence that the word 'Sherry' simpliciter meant a wine from the Jerez district of Spain and not a type of wine or alcoholic liquid produced anywhere else. The defendants had counterclaimed for an injunction to restrain the plaintiffs from describing wines which were not produced in the Jerez district of Spain as 'Sherry type' and selling them under various labels, even though such wines bore characteristics of 'Sherry'. The court held that since the word 'Sherry' had a specific meaning, the use of the expression 'Sherry type' would be forbidden. However, based on the evidence adduced, the court found that since the expression 'Sherry type' had been used in some cases by the plaintiffs for more than a century, it would be unjust to allow the defendants to object to the continued use of the expression. The defendants had, by acquiescence, lost their right to complain of wines not coming from Spain being described as 'Sherry type' and sold under various labels such as 'British Sherry', 'South Africa Sherry', 'Cyprus Sherry' and 'Australian Sherry'.

particular qualities. The wine 'Champagne' is a clear example. 'Champagne' is a naturally sparkling wine made from grapes produced in the Champagne district of France. The Champagne vineyards consist of chalky, flinty soil and the climate is subject to extreme variations of heat and cold which give the wine its particular qualities.¹⁰ Unlike Article 22, Article 23 is an absolute prohibition on the use of geographical indications identifying wines and spirits not originating in the region indicated, regardless of whether or not the public is misled, or that the act constitutes unfair competition.

Article 23(2) provides for the refusal or invalidation of the registration of a trade mark for wines and spirits which contain or consist of incorrect geographical indications, even if the use of the trade mark is not misleading. Homonymous geographical indications, that is to say, similar geographical indications, for wines are protected under Article 23(3). The provision states, as a principle, that in the case of homonymous geographical indications for wines, protection shall be accorded to each indication. In protecting these identical or similar indications, the WTO members concerned must determine the conditions to differentiate these indications from one another, and must take into account the need to ensure equitable treatment of the producers concerned, and that the consumers are not misled. It would appear from the wording of Article 23(3) that protection is granted only to wines and does not extend to spirits.

Article 24 contains provisions which deal with geographical indications generally and also provisions which deal specifically with geographical indications for wines and spirits. Article 24(1) obliges WTO members to enter into further negotiations with each other with the aim of increasing the protection for wines and spirits.¹¹ Article 24(4) provides that a WTO member need not prevent the use of a

¹⁰See *Bollinger & Ors v Costa Brava Wine Co. Ltd.*, *supra*, note 1.

¹¹Article 24(1) was included as a result of difficult negotiations between those members who wanted full protection for geographical indications in respect of wines and spirits, and those members who were concerned that such full protection might affect rights of traders to use certain geographical indications which have already been acquired through use. To avoid any deadlock in the negotiation, Article 24(1) was included to state that members would agree to future negotiations including a possible multilateral registration system. See Gervais, D., *The TRIPS Agreement: Drafting History and Analysis*, London, Sweet & Maxwell, 1998, at pages 134-135.

geographical indication in two situations. The first situation arises when the geographical indication identifying wines and spirits has been used by a national or domiciliary of that WTO member in its home territory, with or without good faith, for at least 10 years preceding 15 April 1994, which is the date the TRIPS Agreement was signed in Marrakesh. The second situation arises when the geographical indication has been used in good faith by a national or domiciliary of a WTO member in its home territory at any time preceding 15 April 1994. These two exceptions in Article 24(4) apply only to wines and spirits and do not extend to other categories of goods. The provision also applies only to nationals or domiciliaries of the WTO member in question.

Article 24(5) provides a mechanism by which pre-existing trade marks can co-exist with subsequent geographical indications. It stipulates that when a trade mark has been applied for, registered or used in good faith in a WTO member and the trade mark is identical with, or similar to a geographical indication, the member need not prohibit or invalidate the registration of the trade mark in two situations. The first situation arises when the trade mark rights were obtained in good faith at any time before the TRIPS Agreement is enforced in the WTO member. The second situation arises when the trade mark rights were obtained in good faith before the date when the geographical indication in question was protected in its country of origin. Article 24(5) therefore recognises the importance of trade mark rights and acknowledges that such rights should be respected instead of being sacrificed to geographical indication rights in these two situations.

Article 24(6) deals with the issue of geographical indications which have become generic terms, that is to say, the geographical indications are no longer considered distinctive terms. This Article provides that a WTO member is not required to protect a geographical indication which is already a generic term for other types of commonly used names in the territory of that WTO member. Therefore, members need not protect a geographical indication of another member where the geographical indication is used as a common term for the product. This provision applies to all kinds of products, including wines and spirits.

Article 24(7) sets a time limit in which legal proceedings against the unauthorised use of a trade mark which contains or consists of a geographical indication may be instituted. It requires all proceedings

to be brought within five years from the adverse use of the conflicting trade mark, or its registration, failing which the use or registration would become uncontestable as to a prior geographical indication. The five year term does not apply in cases where the use of the geographical indication or registration of the trade mark was in bad faith. In such cases, legal proceedings may be instituted at any time.

The right of a person to use his name or the name of his predecessors in business is preserved by Article 24(8), except in the case where the name is used in a misleading manner. Finally, Article 24(9) provides that WTO members need not protect geographical indications which are not, or have ceased to be protected, in their country of origin.

The Paris Convention

At this juncture, it is necessary to discuss the provisions in the Paris Convention pertaining to geographical indications for three reasons. First, the Convention itself specifically states in Article 1(2) that the protection of industrial property includes protection of indications of source¹² or appellations of origin.¹³ Pursuant to Article 1(3), such protection is not confined to industry and commerce proper, but extends to agricultural and extractive industries and to all manufactured or natural products such as wines, grain, tobacco leaf, fruit, cattle, minerals, mineral waters, beers, flowers and flour. Secondly, the Paris Convention is linked to the TRIPS Agreement by virtue of Article 2(1) of the Agreement. Article 2(1) requires all WTO members to comply with

¹²The phrase 'indications of source' includes all expressions or signs used to indicate that a product or service originates in a given country or group of countries, region or locality. See Bodenhausen, G.H.C., *Guide to the Application of the Paris Convention for the Protection of Industrial Property*, United International Bureaux for the Protection of Intellectual Property, Geneva, 1968, at page 23.

¹³The phrase 'appellations of origin' means the geographical name of a country, region or locality which serves to designate a product originating therein, the quality or characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors: see *ibid.* Thus, appellations of origin is a subset of indications of source in which particular qualities of the goods result from the geographical region where the goods originate.

Articles 1 to 12 and Article 19 of the Paris Convention, these being the substantive provisions of the Convention dealing with the scope of protection of industrial property and their enforcement. Furthermore, Article 2(2) of the Agreement mandates that existing obligations which WTO members have to each other under the Paris Convention continue to apply and that the TRIPS Agreement shall not derogate from such existing obligations. Thirdly, Article 22(2) of the Agreement specifically incorporates the concept of unfair competition found in Article 10*bis* of the Paris Convention.

The provisions in the Paris Convention which are relevant to the protection of geographical indications are found in Articles 9, 10, 10*bis* and 10*ter*. Article 10 provides that in the case of goods bearing a false indication of their source, the provision in Article 9 dealing with seizure on importation of these goods or prohibition on their importation would apply. Furthermore, Article 10*ter* obliges members of the Paris Convention to provide appropriate legal remedies to repress the use of false indications of the source of goods. These provisions apply only to false indications of the source of goods, and do not extend to indications which, though not strictly false, are liable to mislead the public. Article 10*bis* requires members of the Paris Convention to have laws which protect against unfair competition. Prior to the TRIPS Agreement, it was open to interpretation whether Article 10*bis* extended to protection against unfair competition in respect of geographical indications. With the incorporation of Article 10*bis* into the TRIPS Agreement, the position is now clarified that geographical indications are clearly brought within the ambit of unfair competition law.

Geographical Indications Under Malaysian Law

As stated at the outset of this article, at the time of writing, the Geographical Indications Act 2000 has been passed in Parliament but has not yet been enforced. Pending the coming into force of this piece of legislation, traders wishing to protect their rights to the use of geographical indications may seek protection under the common law of passing off and the provisions of certain statutes which, whilst not designed specifically to protect geographical indications, are sufficiently broad to encompass geographical indications.

The availability of the law of passing off in accommodating the protection of geographical indications was affirmed by the High Court in the recent decision of *The Scotch Whisky Association & Anor v Ewein Winery (M) Sdn Bhd*.¹⁴ In that case, the plaintiffs, which had the proprietary rights over the goodwill and reputation of the Scotch Whisky trade, claimed that the defendants had passed off the defendants' spirits, which were not distilled in Scotland, as and for Scotch Whisky. The acts of passing off complained by the plaintiffs included features of get-up with visual representations and labels suggesting Scottish origin, such as the use prominently of the words 'Compounded Scotch Whisky' and 'Imported Scotch Whisky Distilled in Scotland Under British Government Supervision'. In determining whether the defendants had passed off their spirits for that of the plaintiffs, the High Court adopted the test formulated by Lord Diplock in *Erven Warnink BV & Ors v J. Townend & Sons (Hull) Ltd & Ors*¹⁵ which laid down five elements to be established in order to succeed in an action for passing off. These elements are, first, a misrepresentation; secondly, made by a trader in the course of his trade; thirdly, to prospective customers of his; fourthly, which is calculated to injure the business or goodwill of another trader and, fifthly, which causes actual damage to the business or goodwill of the trader by whom the action is brought or would probably do so. The court found, on the facts of the case, that all these elements were satisfied and issued an injunction against the defendants to prevent them from continuing with their acts of passing off.

Apart from the common law action of passing off, the Trade Descriptions Act 1972 is of particular relevance because the Act has, as one of its objectives, the prohibition of any misdescription of goods provided in the course of trade. Pursuant to section 3 of the Act, it is an offence for any person to apply a false trade description to any goods, or to supply or offer to supply any goods to which a false trade description is applied. By virtue of section 4(1)(i), a false trade description includes an indication of the place of manufacture or production of any goods. A misleading trade description is deemed to

¹⁴[1999] 6 MLJ 280.

¹⁵[1980] RPC 31.

be a false trade description, as provided in section 5. A trader who applies a false or misleading geographical indication on his goods is guilty of an offence under section 3(1). Pursuant to section 18(1), the penalty for such an offence in the case of a natural person is a fine not exceeding RM100,000 or imprisonment for a term not exceeding 3 years or both and, for a second or subsequent offence, a fine not exceeding RM200,000 or imprisonment for a term not exceeding 6 years or both. Under section 18(2), the penalty for a body corporate guilty of such an offence is a fine not exceeding RM150,000 and, for a second or subsequent offence, a fine not exceeding RM500,000.

Where a geographical indication qualifies as a trade mark at the same time, section 16(1) provides that the person entitled at law to protection of the trade mark may apply to the High Court for a trade description order declaring that any infringing mark is a false trade description. The advantage of obtaining such an order is that it is conclusive proof of a false trade description, as provided by section 16(3).

Another important provision is section 17 which provides that where a false trade description is applied to any goods outside Malaysia and the false indication is an indication of the place of manufacture or production of the goods, the Minister may make an order prohibiting the importation of the goods into Malaysia. The Act is concerned with the commission of criminal offences and, thus, any proceedings under the Act would necessarily be criminal proceedings.

Besides the above statute, the Trade Marks Act 1976 also plays a significant role. Where a geographical indication meets the requirements of section 56 of the Act, an application may be made to register that geographical indication as a certification trade mark. Section 56 provides that a mark adapted to distinguish in the course of trade goods certified by any person in respect of origin, material, mode of manufacture, quality, accuracy, or other characteristics, from goods not so certified shall be registrable as a certification trade mark in Part A of the Register in respect of those goods in the name of that person

as proprietor.¹⁶ Thus, geographical indications in respect of products having a given quality, type, kind, reputation or other characteristics attributable to their geographic origin may be registered as a certification trade mark and be protected as such. Associations, producers of goods and traders who have a right to use geographical indications may apply for registration of such marks as certification trade marks. The proprietor of a certification trade mark shall have the exclusive right to the use of the trade mark in relation to those goods with which it was registered and may institute an infringement action under section 56(3) against any unauthorised use of the mark. Thus, this certification procedure is a means whereby the registered proprietor of a certification trade mark could prevent another trader from indicating that his goods originate in a geographical area other than the true place of origin.

With the introduction of the Trade Marks (Amendment) Act 2000,¹⁷ the Trade Marks Act 1976 now contains provisions which deal with geographical indications.¹⁸ Section 14(1)(f) prohibits registration of any trade mark which 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

¹⁶Section 56 of the Trade Marks Act 1976 has been amended recently by the Trade Marks (Amendment) Act 2000. At the time of writing, the Amendment Act has not yet come into force. Under section 17 of the Amendment Act, it is no longer necessary that a certification trade mark be 'adapted to distinguish' goods or services which have been certified from goods or services which have not been so certified. It is sufficient if the mark is 'capable of distinguishing' goods or services which have been certified from goods or services which have not been so certified. Clearly, the threshold level for qualifying as a certification trade mark under the amendment has been lowered, thereby rendering it easier for marks to qualify as certification trade marks. In addition, section 4 of the Amendment Act removes the current division of the Register into Part A and Part B marks. In its place, there is only one category of trade mark registration.

¹⁷See *ibid.*

¹⁸The overlap between trade marks and geographical indications arises because some trade marks contain or consist of geographical indications. However, trade mark rights are different from the right to use geographical indications because the former indicates the origin or source of the goods to which the mark was affixed, whereas the latter indicates that the goods originate from a particular geographical area.

goods. Also, section 14(1)(g) prohibits registration 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. Two exceptions to the above are provided in section 14A. First, section 14A(1) provides that a trade mark shall not be refused registration 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.

Secondly, under section 14A(2), a trade mark containing or consisting of a geographical indication shall not be refused registration if it has ceased to be protected or has fallen into disuse in its country of origin.

Another statute which contains provisions against the use of false description of the place of origin of goods is the Consumer Protection Act 1999 which came into force on 15 November 1999. Section 10(e) of the Act prohibits any person from making a false or misleading representation that concerns the place of origin of the goods. By virtue of section 8, the word 'misleading' includes a representation which is capable of leading a consumer into error. Contravention of the Act is a criminal offence, as provided under section 25. On conviction, a body corporate shall be liable to a fine not exceeding RM250,000, and for a second or subsequent offence, a fine not exceeding RM500,000. If the person is not a body corporate, the penalty is a fine not exceeding RM100,000 or imprisonment for a term not exceeding 3 years or both, and for a second or subsequent offence, a fine not exceeding RM250,000 or imprisonment for a term not exceeding 6 years or both. Section 25(2) provides that in the case of a continuing offence, the offender shall, in addition to the penalties stated above, be liable to a fine not exceeding RM1,000 for each day or part of a day during which the

offence continues after conviction. In view of the fact that the Act has, as one of its aims, the protection of consumers, and not the protection of traders who have the right to use certain geographical indications, it is submitted that the applicability of the Act in the context of protection of geographical indications is of incidental relevance.

As noted above, the Geographical Indications Act 2000 was drafted with a view to bringing our laws in line with our international obligations under the TRIPS Agreement. The protection conferred by the Act applies to all protectable geographical indications, regardless of whether they were in existence prior to, or subsequent to, the commencement of the Act.¹⁹ However, no legal proceedings shall be brought under the Act for anything done before the commencement of the Act.²⁰ The Act creates a system of registration for geographical indications, but it does not mandate that registration is a pre-requisite to obtaining protection under the Act.²¹ The scheme of the Act is twofold. First, Parts I, II and VI transform the substantive provisions of the TRIPS Agreement found in Articles 22, 23 and 24 into domestic laws. Secondly, Parts III, IV, V and VII deal with registration and matters pertaining to registration such as administration, procedure, rectification of the Register of Geographical Indications, and appeals to the court.

The Act defines a 'geographical indication' in the same manner as that in Article 22(1) of the TRIPS Agreement.²² It is noteworthy that the geographical area in the definition of a 'geographical indication' in the Act is that of a 'country or territory, or a region or a locality in that country or territory' whereas the TRIPS Agreement merely mentions 'the territory, or a region or locality in that territory'. This slight variation in wording between the Act and the TRIPS Agreement clarifies that the name of a country could also be the subject of a geographical indication. The geographical indications which are conferred protection in Malaysia are dealt with in sections 3 and 4 of the Act. Section 3 states that protection is granted to all indications

¹⁹Geographical Indications Act 2000, section 27(1).

²⁰Section 27(2).

²¹Section 3(a).

²²Section 2.

which fall within the meaning of 'geographical indications' discussed above. In addition, protection is also granted to a geographical indication as against another geographical indication which, although literally true as to the country, territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another country, territory, region or locality. Excluded from protection are four categories of geographical indications. These are, first, geographical indications which do not fall within the definition given by the Act; secondly, geographical indications which are contrary to public order or morality; thirdly, geographical indications which are not or have ceased to be protected in their country or territory of origin; and, fourthly, geographical indications which have fallen into disuse in their country or territory of origin.²³ Section 5(1) states that any interested person may institute proceedings in the court for an injunction to prevent the unlawful use of a protectable geographical indication.²⁴ The unlawful use in the course of trade referred to in section 5(1) are as follows:

- (a) the use of any means in the designation or presentation of any goods that indicates or suggests, in a manner which misleads the public, that the goods in question originate in a geographical area other than the true place of origin;
- (b) any use which constitutes an act of unfair competition within the meaning of Article 10*bis* of the Paris Convention;
- (c) any use of a geographical indication which, although literally true as to the geographical origin of the goods, falsely represents to the public that the goods originate in another country, territory, region or locality; or
- (d) any use of a geographical indication identifying wines or spirits not originating in the place indicated by that geographical indication, even where the true origin of the wines or spirits is indicated or the geographical indication is accompanied by expressions such as 'kind', 'type', 'style' or 'imitation'.

²³Section 4.

²⁴Section 5(1).

In any legal proceedings to prevent such unlawful acts, the court may award any damages and other relief as the court deems fit.²⁵ This section complies with Article 42 of the TRIPS Agreement which requires all WTO members to implement laws which provide for civil judicial procedures for the enforcement of any intellectual property right. Section 5(1) recognises *per se* rights in geographical indications without the plaintiff having to establish any reputation or the elements of passing off laid down in *Erven Warnink BV & Ors v J. Townend & Sons (Hull) Ltd & Ors*.²⁶ By not having to frame his cause of action on the law of passing off, the plaintiff is relieved from having to contend with possible complicated issues both in fact and in law. In addition, section 5(1) has incorporated the notion of unfair competition laid down in Article 10*bis* of the Paris Convention. Although Article 10*bis*(2) of the Paris Convention defines unfair competition as any act of competition contrary to honest practices in industrial or commercial matters, what amounts to 'competition' has to be determined in each country according to its own concepts.²⁷ Unlike many other countries, Malaysia does not have a *sui generis* legal regime to protect against unfair acts by traders which attempt to give themselves a competitive advantage. Thus, in incorporating the notion of unfair competition, section 5 is an important step forward into this barely trodden path of the law of unfair competition in this country. Legal proceedings under section 5 may only be brought by 'an interested person' which is defined in section 11(1) to mean any of the following persons:

- (a) a person who is carrying on an activity as a producer²⁸ in the geographical area identified in the geographical indication, and includes a group or groups of such person;

²⁵Section 5(2).

²⁶*Supra*, note 15.

²⁷G.H.C. Bodenhausen (1968), at page 164.

²⁸Section 2 defines a 'producer' to mean any of the following:

- (a) any producer of agricultural products;
- (b) any person exploiting natural products;
- (c) any manufacturer of products of handicraft or industry; or
- (d) any trader dealing in any of the products mentioned in paragraphs (a), (b) or (c).

- (b) a competent authority; or
- (c) a trade organisation or association.

It follows that any person who wishes to institute legal proceedings for the misuse of a geographical indication, but does not fall within any of the categories of 'interested person' defined in the Act, such as individual consumers of goods bearing a false or misleading geographical indication, cannot avail themselves of section 5. Instead, they must resort to other areas of law such as the Trade Descriptions Act 1972 or the Consumer Protection Act 1999 discussed above.

Also, the Act only provides for the institution of civil proceedings, not criminal proceedings. A time limit to institute legal proceedings under section 5 is imposed by the Act in the case of a trade mark which contains or consists of a geographical indication. In such a case, section 6(1) provides that no action under section 5 shall be brought against a person for the use of a trade mark which contains or consists of a geographical indication after the expiry of five years from the date such use of the trade mark has become generally known in Malaysia or from the date of registration of the trade mark, whichever is earlier. Clearly, the date on which the use of the trade mark has become generally known in Malaysia is a factual question which has to be determined on a case by case basis. This time limit to institute proceedings does not apply where the trade mark was used or registered in bad faith.²⁹ Where bad faith is involved, no time limit for the institution of proceedings is prescribed.

Protection of homonymous indications is provided by section 7(1) which states that in the case of homonymous geographical indications for wines, protection shall be accorded to each indication regardless of whether any or all of these geographical indications are registered. The Act is silent with regard to homonymous geographical indications for other goods. Section 7(2) states that in cases of bona fide concurrent use of homonymous indications, the Registrar of Geographical Indications shall determine the practical conditions under which the homonymous geographical indications in question will be differentiated

²⁹Section 6(2).

from each other, taking into account the need to ensure equitable treatment of the producers concerned and that the public are not misled. Although this sub-section is not expressly confined to geographical indications for wines, it would appear that it applies only to wines because section 7 bears the marginal note 'Homonymous geographical indications for wines'. In addition, section 7 adopts the wording of Article 23(3) of the TRIPS Agreement which deals with wines. However, it is not clear whether the Registrar's power to determine the conditions under which the homonymous geographical indications will be differentiated from each other arises only when applications for registration have been made or whether the Registrar would also have the power to impose conditions even where no application for registration has been made. In view of the functions of the Registrar laid down in section 8, it is submitted that this power to determine the conditions arises only when applications to register the homonymous geographical indications have been made.

Sections 28 and 29 provide for several exceptions to the use of similar or identical geographical indications. Section 28(1) provides that where a particular geographical indication of another country identifying wines or spirits have been used in this country in a continuous manner with regard to the same or related goods or services for at least ten years before 15 April 1994 or in good faith before 15 April 1994, the Act shall not in any manner prevent the continued use of that geographical indication in this country. Section 28(2) provides for the continued recognition of a trade mark which is identical with or similar to a geographical indication in certain situations. It states that in the case of a trade mark which has been registered or used in good faith, the validity of the registration of the trade mark or the right to use the trade mark shall not be challenged on the basis that it is identical with or similar to a geographical indication provided the trade mark was registered or used in good faith either before the commencement of this Act or before the geographical indication concerned was protected in its country of origin. Section 28(3) applies in the case where a geographical indication with respect to goods or services has attained a generic meaning in Malaysia for these goods or services. In such a case, the Act does not grant any protection to a geographical indication which is the common name of a product

irrespective of whether or not the product originated in the place specified by the geographical indication. Section 29 preserves the right of a person to use, in the course of trade, his name or the name of his predecessor in business, unless the name is used in a manner which misleads the public.

Apart from the above substantive provisions, the bulk of the remaining provisions of the Act deal with the administration of the Act, registration and matters pertaining to registration. The Act establishes the office of a Registrar of Geographical Indications who is conferred powers and functions for the proper administration of the Act.³⁰ The Act empowers the Minister to appoint Deputy Registrars and Assistant Registrars to carry out the statutory provisions of the Act.³¹ The Act also sets up a Central Geographical Indications Office and branch offices which handle applications for registration of geographical indications.³² The Act also creates a Register which is a public document open to the inspection of the public.³³ Matters pertaining to registration include the particulars which have to be stated in the application form,³⁴ the advertisement of the application,³⁵ the

³⁰Section 8(1).

³¹Section 8(2).

³²Section 9.

³³Section 10.

³⁴Section 12 requires the following particulars to be specified in the application form:

- (a) the name, address and nationality of the natural person or legal entity filing the application and the capacity in which the applicant is applying for registration;
- (b) the geographical indication for which registration is sought;
- (c) the geographical area to which the geographical indication applies;
- (d) the goods for which the geographical indication applies;
- (e) the quality, reputation or other characteristic for the goods for which the geographical indication is used; and
- (f) any other particulars as may be prescribed.

³⁵Section 13.

time limit and grounds for opposing an application,³⁶ the time limit to reply to a notice of application,³⁷ the consequences of a failure to reply to the opposition within the time limit,³⁸ the filing of documentary evidence in support of an opposition and reply,³⁹ the consequences of failing to file any documentary evidence,⁴⁰ appeal to the court,⁴¹ and the registration of geographical indications.⁴² The Registrar is also empowered to rectify or cancel any registration.⁴³ An appeal lies to the

³⁶Section 14 provides that any opposition to an application for registration must be made within two months from the date of advertisement of an application for registration. The grounds in which any opposition may be brought are as follows:

- (a) the geographical indication does not fall within the meaning of the definition of 'geographical indication' under the Act;
- (b) the geographical indication is contrary to public order or morality;
- (c) the geographical indication is not or has ceased to be protected in its country of origin; or
- (d) the geographical indication has fallen into disuse in its country of origin.

³⁷Section 15(1) provides that a reply to a notice of opposition shall be sent to the Registrar and the opponent within two months after the applicant received the notice of opposition.

³⁸Section 15(2) deems an applicant to have abandoned his application for registration of the geographical indication if he fails to reply to the opposition within the time limit set out in section 15(1) or such extended time granted by the Registrar.

³⁹Section 16.

⁴⁰Section 17(1) provides that the Registrar shall be entitled to treat the application for registration as abandoned if the applicant fails to file any documentary evidence. Section 17(2) provides that the Registrar shall be entitled to treat any opposition as abandoned and register the application for registration if the opponent fails to file any documentary evidence.

⁴¹The word 'court' is defined in section 2 to mean only the High Court.

⁴²Section 19. This section is rather strangely worded because it requires the Registrar to be satisfied that the application complies with, *inter alia*, the requirements of sections 14 and 15 whereas these sections are, strictly speaking, not requirements for registration but are the actions which an applicant or opponent would have to take in the event the application for registration is contested.

⁴³Section 22(1). An application for cancellation of the registration of a geographical indication can only be made on the ground that it does not qualify for protection under section 4. An application for rectification can only be made on the ground that the geographical area specified in the registration does not correspond to the geographical indication, or that the indication of the quality, reputation, or other characteristic of the products are missing or unsatisfactory.

High Court against a decision of the Registrar pertaining to cancellation and rectification.⁴⁴ The Registrar is also empowered to correct any minor errors in the Register.⁴⁵ Other powers of the Registrar include the power to extend any time limit imposed by the Act,⁴⁶ the power to award costs in any proceedings before the Registrar,⁴⁷ and the power to require any person engaged in any proceeding before the Registrar and who does not reside or carry on business in Malaysia to give security for costs of the proceedings.⁴⁸ It should be noted that in any appeal to the court from a decision of the Registrar, the decision of the Court, which is defined as the High Court, shall be final and not subject to further appeal.⁴⁹

The extent of protection conferred by registration is provided in sections 20 and 21. First, section 20(1) provides that a registered geographical indication raises a presumption that such indication is a geographical indication within the meaning assigned to it under the Act. Secondly, section 20(2) states that a certificate of registration shall be *prima facie* evidence of the facts stated in the certificate and of the validity of the registration. Thirdly, section 21(1) stipulates that only producers carrying on their activity in the geographical area specified in the Register shall have the right to use a registered geographical indication in the course of trade.⁵⁰ The right shall be in respect of the products specified in the Register in accordance with the quality, reputation or characteristic specified in the Register.⁵¹ Although sections 20 and 21, in appearance, purport to confer substantive rights which benefit the person or persons who applied for registration, it is submitted that these sections add little to the existing rights of traders who are entitled to use a specific geographical indication. In the first

⁴⁴Section 22(6).

⁴⁵Section 23.

⁴⁶Section 24.

⁴⁷Section 25.

⁴⁸Section 26(1).

⁴⁹Section 31.

⁵⁰Section 21(1).

⁵¹Section 21(2).

place, a geographical indication which is registered under the Act would clearly be subjected to initial formal appraisal as to its merits as a geographical indication within the meaning assigned to it in section 2 of the Act, thus rendering the presumption under section 20(1) redundant. Secondly, regardless of whether a geographical indication is registered or not, producers who do not carry on their activity in the geographical area indicated by the geographical indication do not have the right to use that geographical indication. If this was not so, the public may be misled by the use of that geographical indication and proceedings for an injunction could be instituted pursuant to section 5(1) of the Act. Hence, it is submitted that section 21 does not offer any improved protection to the rights of traders to use geographical indications.

The scheme of this Act differs significantly from the scheme in the Patents Act 1983, the Trade Marks Act 1976 and the Industrial Designs Act 1996, which are the other intellectual property statutes currently in force in this country which provide for a system of registration. Unlike these Acts, the Geographical Indications Act 2000 does not confer on the person or persons who made the application for registration the monopoly to use the registered geographical indication.⁵² The right to use a registered geographical indication belongs jointly to the producers carrying on their activity in the geographical area specified in the Register. This is not at all surprising because no one should be allowed to claim a monopoly over the name of a country, territory, region or locality, contrary to the situation which prevails regarding patents and trade marks. Since registration of a geographical indication does not confer any personal proprietary right, it would appear that the right to use a registered geographical indication cannot be transmitted by way of assignment or licence.⁵³ The Act does not provide for the

⁵²In contrast, exclusive rights to use a patent, trade mark or registered industrial design are conferred on the respective registered proprietor. See the Patents Act 1983, section 36(1), the Trade Marks Act 1976, section 35(1) and the Registered Designs Act 1996, section 29.

⁵³In contrast, assignments and licences of patents and trade marks are permitted by the respective statutes. See the Patents Act 1983, sections 39, 40 and 41 and the Trade Marks Act 1976, sections 48 and 55 and the Registered Designs Act 1996, sections 29 to 31.

duration of registration or renewal of registration.⁵⁴ Unless such duration is provided in Regulations to be made pursuant to the Act,⁵⁵ it would appear that registration is for an unlimited period of time until cancelled pursuant to section 22. The Act provides that the right to the use of a registered geographical indication shall be in respect of the products specified in the Register,⁵⁶ but does not provide for the consequences which would ensue in the event the geographical indication is used with respect to different or similar goods which are not included in the list of products specified in the Register. The Act is also silent as to when protection conferred by registration commences, that is to say, whether protection commences from the date of application for registration, the date of actual registration or, perhaps, some other point in time.

Conclusion

Currently, the protection of geographical indications in Malaysia is based on the common law of passing off and the provisions of other legislation such as the Trade Description Act 1972, the Trade Marks Act 1976 and the Consumer Protection Act 1999. In the light of Malaysia's international obligations pursuant to the TRIPS Agreement, it is clear that the protection conferred by these laws with regard to geographical indications falls short of the requirements of the Agreement. The Geographical Indications Act 2000 which aims to implement the geographical indications provision of the TRIPS Agreement was Malaysia's response to its international obligations. By providing that legal proceedings may be instituted for various misuses of geographical indications spelt out in section 5(1), the Act represents a fundamental change in our existing laws on the protection of geographical indications. Whilst the Act provides for a registration system, it does not require a geographical indication to be registered

⁵⁴In contrast, a patent expires fifteen years after the date of grant. See the Patents Act 1983, section 35(1). The registration of a trade mark is for a period of ten years but may be renewed. See the Trade Marks Act 1976, sections 32 and 41.

⁵⁵Section 32.

⁵⁶Section 21(2).

before a trader can benefit from the protection granted by the Act. Even if a geographical indication is not registered, it still enjoys the same degree of protection as that granted to a registered geographical indication. Indeed, for reasons already discussed above, it is questionable whether registration would accord a trader any improved protection to his right to use a geographical indication. Bearing in mind the cost, time and inconvenience which an applicant for registration could be put to, and the possibility of opening himself to opposition proceedings, it is doubtful whether registration would prove to be attractive at all to traders. Be that as it may, the Geographical Indications Act 2000 appears to have met Malaysia's international obligations under the TRIPS Agreement.

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CORPORATE GOVERNANCE AND THE RE- EMERGENCE OF A DIRECTOR'S DUTY IN NEGLIGENCE IN MALAYSIA

A director's duty in negligence in the past did not receive much attention from practitioners of the law as well as from academics primarily because the law pertaining to this aspect of a director's duty is lax in comparison with a director's fiduciary duties.

Whilst most directors are aware of their fiduciary duties, sadly not many know of their duties of care, skill and diligence which collectively constitute a director's duty in negligence.

Lack of appreciation by directors as to this aspect of a director's duty is partly due to the fact that currently there is no express statutory provision as to this effect in the current Companies Act 1965.¹ Other reasons will also include the fact that most of the common law principles pertaining to a director's duty in negligence are out of date and do not conform with current expectations.²

Other than this, lack of enforcement is also seen as a contributing factor. Most companies, more so if they are a going concern will not take up litigation against negligent directors for fear of adverse publicity.³

¹Section 132(1) of our Companies Act 1965 currently only provides that directors are to act honestly and use reasonable diligence in the discharge of the duties of his office. Despite this omission the duties of care, skill and diligence owed by directors is still part of our law by virtue of common law.

²Opined Professor Farrar, *Farrar's Company Law*, Third Edition, 1991, at page 396, this is an area where common law has failed to keep pace with modern developments and instead presents a lamentably out of date view of directors duties. The Australian *Conney Committee Report on Director's Duties 1989* also shares similar views.

³As with a director's fiduciary duties, this duty is owed to the company. Breach of this duty as a general rule requires the company to take action and not its member or members as this is in accordance with the proper plaintiff rule as advocated in *Foss v Harbottle* (1843) 2 Hare 461. Though there may exist situations when this strict rule may be relaxed as in the case when 'fraud on the minority' is alleged, practical considerations such as the difficulties attached in having to establish fraud on the minority, cost and time will deter the shareholder from litigating the matter.