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REFLECTIONS OF A YEAR PASSED

An update on the Malaysia-US Free Trade Agreement

by Azlina A Khalid

Since our last article in April 2007 on the Malaysia-US Free Trade Agreement (MUFTA) several momentous events have taken place in both countries that may or may not influence the outcome of the bilateral talks. This article seeks to discuss the issues which may shape the future of the ongoing negotiations.



In Malaysia, the National Front's drubbing at the hands of the Opposition during the 12th General Election on 8 March 2008 marked an unexpected casualty. Tan Sri Rafidah Aziz, the then the Minister of International Trade and Industry in charge of handling the MUFTA negotiations, had shockingly lost her long term parliamentary seat to a political unknown. Following her loss, Tan Sri Muhyiddin Yassin was appointed as her successor to the ministry that she had held for nearly 21 years.

On the US front, there are two notable issues that will impact the current negotiations. The first is the subprime mortgage crisis culminating in a full blown US financial meltdown and has since evolved into a global economic crisis. The second is the election of Mr. Barack Obama as the first African American President of the United States of America.

Malaysia's new trade minister following the post election Cabinet reshuffle had already made a statement that there was no rush to sign a free-trade deal which the United States had hoped to conclude by end of this year. However, for a Malaysia-US FTA to take effect, it must pass the US Congress where previously the US government used a 'fast track authority' that had expired on 30 June 2007 and was not renewed. This means that even if the outgoing President Bush had signed a concluded the MUFTA, his action does not bind the US Congress or any future US President. Given that the incoming US President is a Democrat with a different outlook

on US Policies, the prospect of a concluded MUFTA Agreement pretty much hangs in the balance.

Also, Mr. John Wolf who served as the US Ambassador to Malaysia in the early 1990s had indicated in Bernama interview reported on 18 October 2008 that the ongoing MUFTA negotiations may face a delay following the impact of the global financial crisis especially on the American economy. Nevertheless, the Prime Minister of Malaysia had recently expressed keen interest in moving forward with the MUFTA negotiations whilst the Deputy Prime Minister stated that Malaysia may have to first study the policies that will be introduced by the new Obama administration before deciding to resume the bilateral talks.

The eighth round of talks were successfully held between 14 to 18 July 2008 gave focus on six working groups, including intellectual property rights and the ninth round is being planned sometime in November though this may be delayed until 2009. To summarize, there are many internal and external factors that will determine the successful conclusion of the negotiations. Be that as it may, as the less developed nation in this FTA, Malaysia must take cognizance that although it can expect (or hope) to benefit from some market access, there will be the inevitable costs in additional IPR obligations beyond the already onerous ones in TRIPS, amongst other issues.

LUCASFILM VS AINSWORTH

UK High Court finds no Copyright Infringement

by Original Star Wars Prop Maker

by Dave A Wyatt

In a recent decision¹, the United Kingdom High Court had to determine, among other things, the scope of limitations on infringement of copyright where articles are made according to a design document or model.

The plaintiffs, collectively referred to as Lucas in the judgment, were the parties behind the production and related licensing of the highly successful first Star Wars movie from over 30 years ago. The first defendant, Mr Andrew Ainsworth, was sub-contracted to create and manufacture certain props used in shooting the movie, most notably the helmets and armour worn by the army of Imperial Stormtroopers. The second defendant was Mr Ainsworth's company of which he was the sole director.

At the time of the movie's production, Mr Ainsworth was provided with drawings and a clay model, from which he worked to produce the prop helmets. He did not make the helmet to a precise order, but had to add some details of his own. However, by his own admission, the final helmet was a substantial reproduction of the starting materials provided to him. Mr Ainsworth produced an initial batch of 50 helmets for use in the film, with more produced later. He was also engaged to produce 50 sets of armour, and for this purpose he was found to have been provided with tools by Lucas or casts from which he made his own tools. The armour produced using these corresponded to copies of clay originals and drawings from Lucas.

Lucas sued the defendants for infringement of copyright after the defendants started to sell replicas of the Stormtrooper helmet and armour that were made using the moulds and tools Mr Ainsworth had prepared for making the original props.

In a weighty and detailed judgment, Mr Justice Mann dealt with a range of issues including claims for passing off, contractual obligations of confidence and the enforcement of US copyright. This report is confined to the defence to infringement of UK copyright under Section 51 of the UK Copyright, Designs & Patents Act 1988. By virtue of this provision, it is not an infringement of any copyright in a design docu-

ment or model recording or embodying a design for anything other than an artistic work or a typeface to make an article to the design or to copy an article made to the design.

Mr Ainsworth conceded that copyright existed and belonged to Lucas in the drawings he had been provided with, and that any helmets and armour he made reproduced a substantial part of the copyright works. Under Section 51, the issue thus boiled down to whether the helmet and armour constituted an artistic work, meaning a sculpture or work of artistic craftsmanship.

From a careful review of prior case law, the judge sought to distill guidance on how these terms should be interpreted. On the meaning of sculpture, he opined that regard should be paid to the normal use of the word, although not everything qualifying as sculpture was to be found in an art gallery. The essence of sculpture was visual appeal, this being the purpose of its creator. However, the fact that an object has another use does not necessarily exclude it from being sculpture. The judge determined that the helmet and armour were a mixture of costume and prop whose primary function was utilitarian, to identify and portray the character. This did not give the articles the required quality of artistic creation to qualify as sculptures. That would over-stretch the meaning of the word. As for the other type of artistic work, the judge accepted that the production of the helmet and armour were works of craftsmanship. However, he did not consider them as works of artistic craftsmanship. Thus, the Section 51 defence applied and the defendants had not infringed UK copyright.

Subject to any appeal, this decision should provide useful guidance to interpreting an almost identically worded provision found in Section 13A of the Malaysian Copyright Act 1987.

¹ *Lucasfilm Limited & Ors vs Andrew Ainsworth & Another* – [2008] EWHC 1878 (Ch)

“The judge accepted that the production of the helmet and armour were works of craftsmanship. However, he did not consider them as works of artistic craftsmanship.”

FOREIGN-SOUNDING MARKS MADE IN MALAYSIA

by Lim Eng Leong

In the fairly recent Malaysian High Court case of *Consitex S.A. v TCL Marketing Sdn Bhd* [2008] MLJU 0101, Ramly Ali J has acknowledged that foreign sounding brands are a common preference amongst Malaysians. As such, businesses choose such names in the hope of penetrating more markets quickly and to achieve better sales. For example, LEWRE for shoes, CAVENZI for furniture, ORLANDO for clothes and BONIA for bags are all foreign sounding brands established by local companies.

The Swiss Plaintiff in the subject case is the registered proprietor in Malaysia of the trade mark *Ermenegildo Zegna* in Class 25. The Defendant uses the trade mark *Emmer Zecna* for menswear. The Plaintiff contends that *Emmer Zecna* is confusingly similar to *Ermenegildo Zegna* and thus amounts to trade mark infringement and/or passing-off.

The Court compared the look and sound of the two marks in deciding whether there is an infringement. It was held that the Defendant's 4-syllable mark is pronounced differently from the Plaintiff's 7-syllable mark; with the latter being more difficult to pronounce by the average Malaysian. This being the case, it does not imply that an average person will mistakenly pronounce *Ermenegildo Zegna* as *Emmer Zecna*. The Court considered the co-existence of PANASONIC and PENSonic for electrical & electronic equipment, NESCAFE and ALICAFE for coffee and ADAX and DAKS for clothing in Malaysia.

In addition, the channel of distribution and target market of the respective products of each mark are different. The Plaintiff's products are sold in exclusive malls noted for highly priced items; targeted at customers who can afford designer wear. On the other hand, the Defendant's products are sold in departmental stores; targeted at the average middle-class public. The latter is not present in the shopping malls where the former is found. The fact that the Defendant also sells "baju melayu" and other accessories for Malay attire was a strong indication to customers that its mark has local origin.

A short sleeves shirt by the Plaintiff is retailed for MYR550 whereas the Defendant-made short sleeves shirt goes for only MYR59. In view of the huge price difference, customers will not make a purchase without inspection of the trade mark on the goods. There was no evidence of actual purchase of the Defendant's goods by customers seeking the Plaintiff's goods. There was evidence that two customers came to the Plaintiff's outlet in Singapore to alter trousers bearing the Defendant's mark but this was dismissed by the Court as hearsay evidence and as an event occurring outside Malaysia and thus, does not involve the "relevant public".

The Court also found the market survey conducted by the Plaintiff to be reduced in probative value, even if admitted as evidence, as most of the survey questions were leading questions; answers recorded were not verbatim; the survey was conducted only months prior to the trial in 2005 when the action was filed back in 2002 and interviewees were not called as witnesses even though most of them were willing to do so.

As for the tort of passing-off, the Court opined that the Plaintiff's goodwill in Malaysia is limited as they have only two outlets here. The Plaintiff has not suffered any form of damage when in fact there is evidence of increase in business (not connected to the Defendant of course). The Plaintiff submitted that the Defendant's goods may be viewed by the public as a "second tier brand" of theirs as it is common for luxury brands to have second tier brands which are more affordable and aimed at the general market. This was viewed by the Court as mere speculation as consumers in Malaysia are now more discerning and are aware of many local brands having foreign sounding names.

Respectfully, perhaps the Court had been slightly too liberal in its decision. It should be noted that the co-existence that some local brands enjoy with foreign brands are not without prior arduous proof of such a possibility. The outcome of the present case might have been different had the Plaintiff formulated and conducted the market survey in a more credible manner.

"Businesses choose such names in the hope of penetrating more markets quickly and to achieve better sales."

HENRY GOH TURNS 30 AFTER APAA SINGAPORE

Karen Goh, Oon Yen Yen, Abdun Nizar and Fiona TJ from Henry Goh Malaysia as well as Ameen Kalani from Henry Goh Singapore attended the APAA conference at the Suntec Singapore International Convention Centre from 18 to 22 October, where they strengthened old ties and built new bridges with many overseas associates.

When the conference was over, several business partners made the trip across the border into Malaysia to celebrate Henry Goh's anniversary as honoured guests at a gala dinner on 23 October 2008 (see next page).



From left: Oon Yen Yen, Ameen Kalani and Abdun Nizar flanking Maikowski Ninnemann from Germany with Karen Goh (far right).



Karen Goh and Oon Yen Yen with associates from Shelston IP, Australia.

HENRY GOH CELEBRATES 30 YEARS OF EXCELLENCE

Henry Goh & Company celebrated its 30th anniversary a day after the APAA conference in Singapore. Some overseas associates travelled across the Causeway to Malaysia to join in the anniversary festivities as guests at a Gala Dinner at KL's Westin Hotel on 23 October 2008.

On the coach trip from Singapore, the group stopped at the historic city of Malacca. They visited the Dutch Square, St Paul's Hill and the 500-year-old A Formosa Fort before having lunch at a Baba & Nyonya restaurant. On arrival in Kuala Lumpur later that day, the guests were hosted to a Welcome Reception at the famous Seri Angkasa revolving restaurant in KL Tower where they got a rare and startling view of the City of Lights by night.

The next morning, the visitors called at the House of Henry Goh, where they were greeted warmly by the Staff and given a tour of the building. Karen Goh, Managing Director of Henry Goh, presented a souvenir to the guests as a token of the visit. The guests then went on a guided tour of Kuala Lumpur, visiting such landmarks as the 400-million year-old Batu Caves, the National Mosque, the Thean Hou Temple and Merdeka Square before stopping for a Banana Leaf lunch.

A cocktail reception prior to Dinner allowed the visitors to meet and mingle with Henry Goh's clients, business partners and the Staff of Henry Goh from both sides of the Causeway. The guests at dinner were exuberantly welcomed by a resounding 18-Chinese Drum Roll by a fantastic group of young drummers. This was followed by a touching tribute to the late Mr Henry Goh, who passed away in July this year. Guests were enthusiastically delighted by the evening's entertainment of song and dance presentations by the People of Henry Goh, which included a traditional Sabah Bamboo Dance and a *Dikir Barat* performance.

