

**MALAYSIA**



# Malaysia's much needed new Trade Descriptions Act



**By Su Siew Ling and April Wong**

The Trade Descriptions Act 2011 (TDA) has just been passed and gazetted on August 18, 2011 by the Malaysian Government in their bid to reform the law on trade descriptions. With the new TDA, the old Trade Descriptions Act 1976 (old Act) would thereby be repealed. The purpose of the Act is to protect the interest of consumers and to promote good trade practices by prohibiting false trade descriptions and false or misleading statements, conduct and practices in relation to the supply of goods and services.

In the realm of trade marks, the TDA is an important piece of legislation as it provides for the administrative enforcement of trade marks and criminal penalties for trade mark infringement. Enforcement pursuant to the TDA is the most commonly utilised legal means by a trade mark owner. It provides for swift enforcement action in terms of seizure and removal of counterfeit goods from the market, with minimum risk of exposure to liability of the trade mark owner. The Act is enforced by the Ministry of Domestic Trade, Cooperatives and Consumerism.

The TDA expressly defines a 'trade description' to include an indication, whether direct or indirect, and by any means given, in respect of any goods or parts of goods relating to any rights in respect of trade mark registered under the Trade Marks Act 1976. A false trade description refers to a trade description which is false to a material degree. A misleading trade description would also be considered a false trade description. Under the TDA, it is an offence for any person who applies a false trade description to any goods subject to rights relating to a registered trade mark, or who supplies or offers to supply, exposes for supply or has in possession, custody or control for supply any goods to which a false trade description is applied.

Amongst the key features of the TDA is that only registered trade mark owners could apply for the Trade Description Order (TDO). This essentially means that the TDA no longer allows

enforcement in respect of a common law or unregistered trade mark, which was previously permissible under the old Act. Additionally, the validity period of the TDO has been reduced, from five years under the old Act to only one year and the infringing mark or get-up must be identified specifically. The TDO is relevant where the infringing mark is not identical with the registered trade mark. In the case of exact imitation or counterfeit goods, there is now an express presumption of law that the person is deemed to have applied, supplied or offered to supply goods bearing a false trade description.

The penalties for a false trade description in relation to a trade mark have also been amended. A body corporate may be fined up to RM15,000 (approx. US\$4,703) for each good bearing the false trade description whilst an individual may be fined up to RM10,000 (approx. US\$3,135) per good or to imprisonment for a term not exceeding three years or both. For a second or subsequent offence, the fines are doubled.

Other new features of the TDA include the offences of holding sham games or contest and tipping-off by disclosing information to any other person which is likely to prejudice the investigation taken under the TDA. A new defence is provided under the TDA which is the defence of personal or domestic use. However such defence is only available to private individuals and not applicable to body corporate.

The TDA now provides for rewards to be given to informers for their role in providing evidence or information which leads to conviction. Upon an application made by the prosecuting officer, such rewards will be in the form of payment of any part of a fine.

The TDA has yet to come into force as the Regulations pursuant to the Act are not yet ready. Its enforcement will bring much needed changes to an important piece of consumer protection legislation which is almost four decades old.

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