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‘Willing to Wound but Afraid to Strike’¹ — Threats in Trademark Infringement Proceedings

The possibility of suing someone for making “groundless threats” of trademark infringement made its maiden voyage into Malaysian laws via the Trademarks Act 2019. Section 61 provides remedies for aggrieved persons threatened with infringement proceedings, if the threats so made are unjustified. These remedies² include a declaration that the threats are unjustifiable, damages, and even an injunction against continuance of such threats. This provision thus created a new substantive cause of action in the form of a statutory tort.³

The term “threat” covers “any intimation that would convey to a reasonable man that some person has trademark rights and intends to enforce them against another”.⁴ In *Best Buy*⁵, the UK Court of Appeal held although a letter written by the defendant contained references to settlement negotiations, it nevertheless constituted a threat within the meaning of the UK provision on groundless threat.⁶ The relevant portion of the letter reads –

“In order to ensure that [the defendant] is able to protect its rights in a proper fashion, we hereby request that, within a term of *fifteen (15) calendar days* as of the date of receipt of this letter, you reply to us in writing confirming (i) [BBES’] willingness to start a negotiation process with [the defendant] in order to attempt to find a negotiated solution to the conflict; or (ii) [BBES’s] undertaking to not use the BEST BUY trademark in Europe, or issue any news in the press or make any announcements of any imminent activity in Europe, or indeed use such trademark in any other way.”

The court allowed the plaintiff’s claim for groundless threat and remarked the ultimatum contained in the letter invited a natural implication that if one of the two options stated therein is not adopted within the stipulated timeline, the defendant will “protect its rights in a proper fashion”, which obviously meant an

¹ *Unilever plc v Procter & Gamble Co* [1999] IP & T 171 at p 189

² Trademarks Act 2019 (“**TMA 2019**”), s 61(2)

³ *L’Oreal (UK) Ltd & Anor v Johnson & Johnson & Anor* [2000] All ER (D) 290 (“*L’Oreal*”) at para [9], cited in *Singsung Pte Ltd v LG 26 Electronics Pte Ltd (trading as L S Electrical Trading)* [2016] 4 SLR 86 at para [122]

⁴ *L’Oreal, supra* n 3, at para [12]

⁵ *Best Buy Co Inc & Anor v Worldwide Sales Corporation Espana SL* [2011] EWCA Civ 618

⁶ Section 21 of the UK Trademarks Act 1994, subsequently amended by the Intellectual Property (Unjustified Threats) Act 2017

intimation to commence infringement proceedings.

While this new provision may seem daunting at first glance, there is, however, a limit to its operation. A groundless threat is not actionable if the threat made relates to –

- (a) The application of the trademark to goods, or to materials used for labelling or packaging.⁷
- (b) The importation of goods, or the packaging, to which the trademark has been applied.⁸
- (c) The supply of services under the trademark.⁹

Such limitation seeks to “strike a balance between the legitimate interests of the patentee or trademark owner in warning infringers, and the rights of others not to be vexed by threats without actually being sued”.¹⁰

It is also a defence if the threatening party is able to show the acts in which proceedings were threatened constituted, or would constitute, an infringement of its trademark.¹¹ However, this defence is invalidated if the aggrieved party on the other hand is able to prove the registration of the trademark in concern is invalid or liable to be revoked.¹²

It is certainly interesting to see how litigants in Malaysia would fare when this provision on groundless threats is put to test. In the meantime, registered proprietors should be mindful against making casual or reckless threats of infringement proceedings.¹³

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⁷ TMA 2019, s 61(1)(a)

⁸ *Ibid*, s 61(1)(b)

⁹ *Ibid*, s 61(1)(c)

¹⁰ *Han's (F&B) Pte Ltd v Gustimmo World Pte Ltd* [2015] 2 SLR 825 at para [221]

¹¹ TMA 2019, s 61(3)

¹² *Ibid*, s 61(4)

¹³ *Prince Plc v Prince Sports Group Inc v Prince Sports Group Inc* [1997] IP & T Digest 27