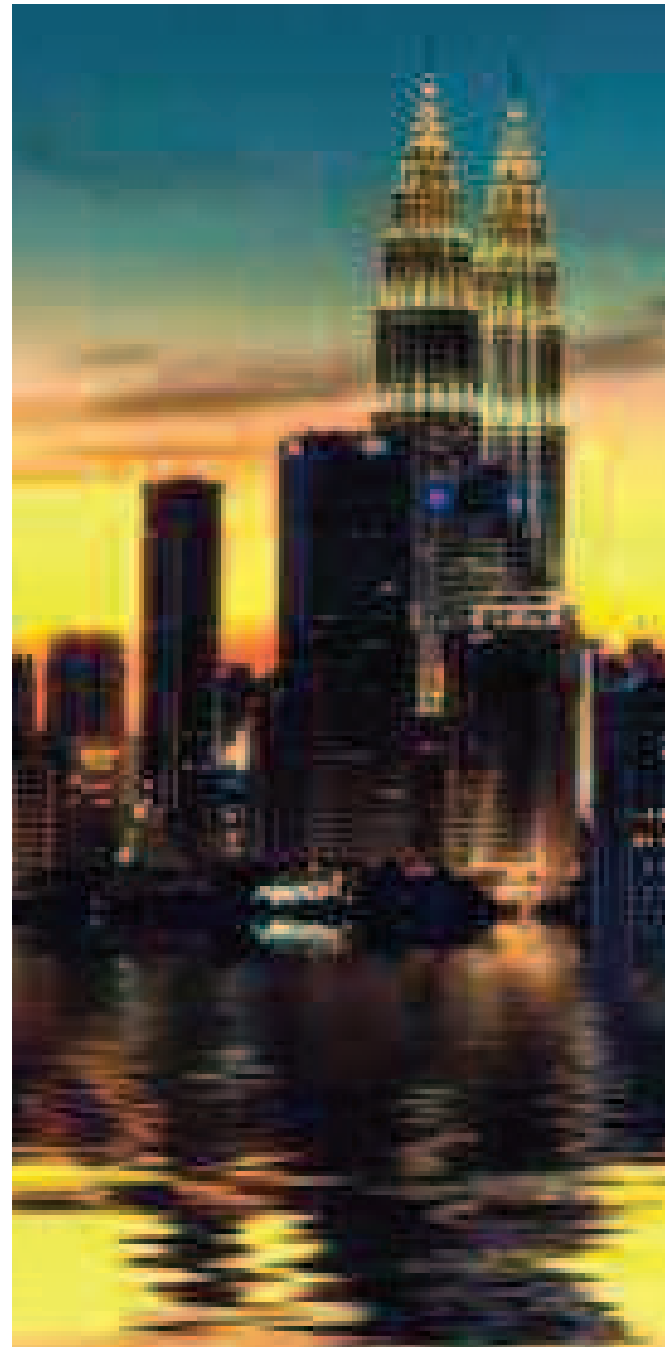


IP and online advertising

Janet Toh and Ameet Kaur Purba of Shearn Delamore & Co explain the copyright and trade mark issues to watch out for when advertising on the Internet

Technology today moves very fast. By the end of 2011, Malaysia reportedly had more than 17.5 million internet users, including 5 million broadband users, 2.5 million wireless broadband users and 10 million 3G subscribers. Internet has taken globalisation to a new level, enabling people to shop, search for information and look for entertainment any time of the day in any part of the world. Online marketing has therefore blurred the boundaries of geographies and time.

The change in the way the world conducts business has also introduced a new powerful medium for advertising. The rise of the internet has given birth to some very successful web sites



such as Ali Baba, eBay and in Malaysia, www.lelong.my and www.mudah.my.

This article aims to highlight to an advertiser the components in a website that are eligible for protection under the IP regime in Malaysia and the emerging issues arising from internet advertising, based on decisions in the US and Europe.

IP in a web site

The most well-known method of access to the internet is the World Wide Web. The Web uses a hypertext formatting language called hypertext mark-up language (HTML), and programs that browse the web can display HTML containing materials comprising one or various components such as textual information, still images,



moving images, sound recordings and music. The following components in a web site may enjoy IP protection:

Domain name

With the advent of e-commerce, the domain name has become an invaluable asset and is considered the equivalent of a trade mark or trade name used to identify a commercial service or product on the internet.

Computer programs

Computer programs secure copyright as literary works under the Malaysian Copyright Act. In some jurisdictions, patents have been relied on to protect a computer program that is neither a pure

mathematical algorithm nor a mental step and which goes beyond the normal physical interactions between the program (software) and the computer (hardware) on which it is run.

Creative content

Protection of textual information is achieved via copyright as a literary work. Translations are protected under copyright as derivative works which are protected as original works. Photographs, art and graphics are accorded copyright protection under Malaysian law as artistic works.

Icons

An icon that is distinctive may be afforded trade mark protection because icons can be used to

identify and distinguish one's products or services from that of a competitor. There is also the possibility that an icon being an artistic or creative graphic may be eligible for copyright protection, as the icon's pictorial nature or its underlying computer code may provide a basis for copyright.

In the design case *Apple v Design Registry* (2001) the English Court went as far as to find that computer icons were registrable as designs in so far as the icons were features of a pre-loaded computer operating system. It was held that all the icons were registrable on the basis that the computer screen was an article, and that the icons were part of its design built into the software as part of an industrial process.

Moving images may enjoy copyright protection as films. Films are broadly defined in section 3(1) of the Copyright Act 1987 as "any fixation of a sequence of visual images on material of any description, whether translucent or not, so as to be capable by use of that material with or without assistance of any contrivance:

- being shown as a moving picture; or
- being recorded on other material, whether translucent or not by the use of which it can be so shown,
- and includes the sounds embodied in any soundtrack associated with a film".

Sound recordings and musical works are also protected as copyright in Malaysia.

Screen displays and user interfaces

Several cases have held that user interfaces are considered part of a computer program. There is a possibility that the screen display can be a copyright work independent of the computer program generating it. The look and feel test has been applied to screen displays as works of copyright on their own, irrespective of the underlying program. So it is important not to copy a screen display to avoid any infringement claims.

The layout and visual arrangement of a website in the typographical arrangement of the text



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Janet focuses on IP and technology issues in a variety of transactions and has worked on a range of agreements, including distributorship, licensing, outsourcing, service and consultancy agreements. She has advised clients on IP protection and ownership, advertising, consumer protection, copyright, domain names, e-commerce, franchise, gaming, regulatory approvals for food and drugs, and telecommunications issues. Her practice also covers IP and IT-related corporate work, and she has conducted due diligence for various acquisition projects.

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and the juxtaposition of text and photographs, images, links, graphics and headlines, is also a right which the publisher can control the reproduction of if the typographical arrangement has been published. This right protects the typographical layout of the edition as in the case of newspapers, the appearance of the page and "other aspects of presentation, such as juxtaposition of text and photographs and use of headlines".

The components above form the raw ingredients of an internet broadcast. All these components together form a package that creates a multimedia ensemble. The packaging of these components on the internet can raise further IP issues as a copyright owner has the exclusive right to control the sending of the package over the internet. Under the Copyright Act, internet broadcasts are not grouped together with the traditional broadcasts in radio and television, rather the Act can be read as treating internet broadcasts as a "communication to the public", which refers to the transmission of a work or live performance through wires or wirelessly to the public, including the making available of a work or live performance in such a way that members of the public are able to access it from a place and at a time individually chosen by them. Advertisers must therefore be careful when transmitting materials through the internet.

Emerging issues

Domain name disputes

One of the first areas in which trade mark issues began to arise in connection with the internet was in the use of a trade mark in a domain name. Domain name disputes arose because of the first come, first served rule in the application of domain names as well as the worldwide use of domain names without regard to trade mark classes or national registrations. Additionally there can be no two identical domain names on the internet and a conflict will naturally arise when a company chooses a name that has already been registered as a trade mark

by another company. It also began to dawn upon many trade mark owners that space in this frontier is limited. While the total number of domain names may be infinite, as a practical matter a trade mark owner will only find a limited number of useful domain names.

Malaysian courts have demonstrated that they are prepared to adopt the UK Court of Appeal's judgment in *British Telecommunication v One in a Million* (1998) to assist plaintiffs whose established corporate or brand names have been hijacked by so-called cybersquatters, by expanding the law of passing off to cover situations where the defendant is "equipped with or is intending to equip another with an instrument of fraud". In the case of *Petroliam Nasional Bhd (Petronas) v Khoo Nee Kiong* (2003), the Malaysian High Court granted an interlocutory injunction to restrain the defendant and its agents from certain acts in relation to any domain name which contained the plaintiffs' mark, Petronas, and compelled the defendant to transfer the domain name petronasgas.com to the plaintiffs. The court found there was a threat of passing off and trade mark infringement and was satisfied that there was a likelihood of confusion in the minds of the present and potential consumers of the plaintiffs' products, thereby resulting in irreparable injury and damage to the plaintiffs' trade, business and goodwill.

The Regional Centre for Arbitration Kuala Lumpur provides dispute resolution under MYNIC's Domain Name Dispute Resolution Policy (MYDRP) and Rules, by providing online dispute resolution services for resolving disputes between the registrant of a the .my top-level domain (TLD) and a third. The MYDRP adopts the same tests as Iann's dispute resolution policy, which provides that the complainant will succeed if it can establish the following elements:

- The manner in which the disputed domain name is identical or confusingly similar to a trade mark or service mark in which the complainant has rights; and



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Her area of practice is intellectual property: trade marks, copyright, industrial designs and patents. She focuses primarily on all aspects of trade mark prosecution, searches and advises on registrability and trade mark opposition proceedings. She also advises clients on the protection and maintenance of their IP rights including IP-related agreements. Her experience goes further, advising clients on advertising, consumer protection, copyright, domain names, gaming, regulatory approvals for food and drugs, and telecommunication issues. She has experience in advising a multinational telecommunication provider on IT agreements. Ameet has also advised companies on privacy concerns relating to the collection and use of client data and conducting data protection audits for various entities to ensure data protection compliance in respect of the collection, storage and use of customers' personal data.

Ameet is the secretary of AIPPI Malaysian chapter.

- The disputed domain name should be considered as having been registered or used by the respondent in bad faith.

With the advent of an administrative forum for resolving disputes over domain names and the recognition of the law of passing off to cover cybersquatting situations, the law regarding domain names has become more settled. An advertiser in choosing a domain name must make sure that he does not choose a domain name that coincides with a well-known or reputable trade mark.

Metatagging

Sometimes advertisers may choose to use metatags to describe what is available on its site. A metatag is an invisible code that enables internet search engines to match a website to a search query. In the United States, the doctrine of initial interest confusion has been used as a basis to find trade mark infringement. In the UK, case law seems to suggest that the use of a registered trade mark or a similar mark in a metatag does not necessarily constitute trade mark infringement or passing off. The trade mark owner must show that there is indeed confusion and upon proving that, establish infringement.

Under Malaysian law, section 38 of the Trade Marks Act 1976 provides that a registered trade mark is infringed when a third party without any right to

the mark uses one which is identical to the registered mark or so similar as is likely to deceive or cause confusion, rendering use of the mark likely to create an association with the goods and services of the registered proprietor.

It is anticipated that Malaysian courts, in deciding whether there is trade mark infringement in the use of metatags in websites, will determine whether there is confusion by importing a reference to the registered proprietor's goods or services. There is a possibility that Malaysian courts will, in determining confusion, take into account the nature of use of the trade mark by the advertiser and whether the advertiser and the trade mark owner are in direct competition. Where both the advertiser employing the metatags, and the

trade mark owner, are in different fields of activities, the threshold for determining liability, from the point of view of the authors, should be whether the registered mark is sufficiently famous to warrant protection. This is because the more famous the mark is, the more likely it is that the consumer will associate it with the owner.

Keyword advertising

The emergence of Google Adwords has sparked off controversy on whether the sale of trade marks as advertising keywords infringes the rights of trade mark owners. The problem arose because trade mark owners were complaining of their competitors purchasing their trade marks so that their competitors' web sites would appear as sponsored links on the search results whenever the user entered the relevant trade mark. Brand owners were upset because they felt that these advertisers were capitalising on the goodwill of their marks to gain publicity. Some of these advertisers were selling a competing or counterfeit product.

The Court of Justice of the EU (CJEU) in *Google France v LVMH* (2010) took the approach that brand owners cannot in general prevent their marks from being purchased as key words. However this case suggests that brand owners do have the right to bring proceedings for trade mark infringement where a likelihood of confusion and association can be shown between the advertiser's website and the brand owner's website. Further the CJEU held that the test is whether the function of indicating origin of the mark would be adversely affected if the advertisement does not enable a normally informed and reasonably attentive internet user (or with difficulty) to ascertain whether the goods or services originate from the proprietor of the trade mark or the third party.

Should the issue of keyword advertising face Malaysian courts, it is anticipated that the Courts will approach it as regards the current provisions of the Trade Marks Act, where in all likelihood they will hold that there is trade mark infringement if the use of the trade mark as a keyword gives rise to a likelihood of confusion, and imports a connection to the goods or services of the registered proprietor. Assuming the Malaysian judges are minded to apply the test in *Google France*, they will need to assess if there is an unauthorised use of a registered mark on goods of the granted registration in the course of trade, if such use were in a sponsored link or advertisement, and whether such use imports a reference to the unauthorised user.

While it appears that the courts are unlikely to rule Google Adwords illegal, in light of the uncertainties with regards to keyword advertising it will be prudent for advertisers to ensure that their advertisements clearly show that they are not the proprietor of the trade marks. In addition, advertisers or operators of online auction sites must

warn their traders of the dangers and their policies in dealing with counterfeit goods.

Linking and framing

The issue of whether deep linking violates trade mark laws was raised in the US case of *Ticketmaster v Tickets.com* (2000) where the court held that deep linking, without a showing of the likelihood of confusion, was not necessarily an act of unfair competition, although it might, in appropriate circumstances, be an act of passing-off or false advertising. In the Singapore case of *Catcha.com v Pacific Internet* (2000), the plaintiff went as far as to allege that the defendant in providing a link to the subsidiary pages of the plaintiff's website had committed the common law of trespass.

Whilst generally courts have been reluctant to rule deep linking to be an infringement, care should be taken when an advertiser chooses to create a link on its website to another website belonging to a third party. Advertisers should as far as possible obtain consent from the third party prior to including a deep link to an internal page of a third-party website, because this may mean bypassing the content, notices, advertisements and other special deals which a third party may have included on its home page.

Similarly advertisers must be careful when displaying frames on their websites, as this may give rise to trade mark implications as the display of the "framed site" on the advertisers' site may confuse users as to its origin and give rise to a cause of action under passing off.

Ancillary laws to consider

Finally, advertisers should be aware of the ancillary laws affecting or relevant to advertising in Malaysia, including the Communications and Multimedia Act 1998. The Malaysian Communication and Multimedia Content Code also serves as a guideline to all contents (including advertisements) that are disseminated through electronic means and including television, radio and online services. Malaysia has also passed the Personal Data Protection Act 2010. Once that Act is in force, advertisers have to be careful when collecting the personal data of customers as the Act regulates the processing of personal data in commercial transactions. The Ministry of Domestic Trade Consumers and Co-operatives may invoke provisions of the Trade Descriptions Act 2011, which states that it is an offence for a person to supply or offer goods to which a false trade description is applied.

These issues are just some of the potential IP challenges arising from the use of the internet as an advertising medium. In order to comply with Malaysian laws, advertisers need to be vigilant in monitoring activity on their trading platform. Cooperation is paramount and advertisers ought to take appropriate action once they are notified of any infringing material on their website.

Established in 1905, Shearn Delamore & Co. has grown from a pioneering two-lawyer practice into one of the largest firms in Malaysia. We focus on providing and delivering a full range of legal solutions promptly and effectively. At Shearn Delamore & Co. we value quality, integrity and practicality. These values reflect who we are as a firm and our goals for the future.

As pioneers in the field of IP in the country, we pride ourselves as having one of the largest and most established IP and Technology departments in Malaysia. Our legal team deals with a wide spectrum of IP and Technology law and undertakes both contentious and non-contentious work. Our Partners and lawyers in this area of practice maintain a close rapport with the relevant government officers enabling us to conduct swift and effective anti-counterfeiting and enforcement programmes throughout the country. Our law journals bear testimony to our role in precedent making landmark decisions in the High Court and the Appellate Courts in this Country.

Areas of practice include

- Advertising
- Anti-Counterfeiting & Anti-Piracy
- Biotechnology
- Brand Management
- Competition Law
- Consumer Protection
- Copyright
- Dispute Resolution
- Domain Name
- E-commerce
- Enforcement
- Entertainment & Media
- Franchise
- Gaming
- Geographical Indications
- Industrial Designs
- Information Technology
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- Patents
- Personal Data Protection
- Privacy & Trade Secrets
- Regulatory Approvals for Food & Drug
- Telecommunications
- Trade Descriptions
- Trademarks

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