PRODUCT DESIGNS AND COPYRIGHT LIMITS IN MALAYSIA

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ABSTRACT

This article examines the limits of copyright protection for product designs in Malaysia, focusing on the interaction between the Copyright Act 1987 and the Industrial Designs Act 1996. It analyses Sections 13A and 13B of the Copyright Act 1987, which restrict copyright enforcement over functional and industrially applied designs, reflecting legislative intent to prevent unintended monopolies. While these provisions promote reliance on registered industrial designs, they expose a statutory gap for unregistered designs that fail to meet registration requirements. The article highlights the resulting vulnerability faced by design owners and proposes practical risk-mitigation strategies.

Keywords: Copyright, unregistered designs, product designs, trade secrets, intellectual property

ABSTRAK

Artikel ini meneliti batas perlindungan hak cipta bagi reka bentuk produk di Malaysia, dengan menumpukan hubungan antara Akta Hak Cipta 1987 dan Akta Reka Bentuk Perindustrian 1996. Perbincangan tertumpu pada seksyen 13A dan 13B Akta Hak Cipta 1987, yang mengehadkan penguatkuasaan hak cipta terhadap reka bentuk yang bersifat fungsian atau telah digunakan secara perindustrian. Sekatan tersebut mencerminkan niat perundangan untuk mengelakkan perlindungan hak cipta daripada mewujudkan monopoli yang melampaui skop yang sepatutnya. Walaupun peruntukan ini menggalakkan seseorang bergantung kepada reka bentuk perindustrian berdaftar, masih terdapat jurang berkanun bagi reka bentuk tidak berdaftar yang tidak memenuhi syarat pendaftaran. Artikel ini menjelaskan kerentanan yang dihadapi oleh pemilik reka bentuk dalam keadaan tersebut dan mencadangkan langkah praktikal untuk mengurangkan risikonya.

Kata kunci: hak cipta, reka bentuk perindustrian, reka bentuk tidak berdaftar, reka bentuk produk, rahsia perdagangan, harta intelek

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INTRODUCTION

The visual appearance of a product is a form of valuable asset for many businesses in Malaysia, particularly for small and medium-sized enterprises ("SMEs") that engage in mass production of goods. It distinguishes the product from competitors and builds brand identity in the market. However, the protection of the visual appearance of a product in Malaysia requires consideration of two key pieces of legislation: the Copyright Act 1987 ("CA") and the Industrial Designs Act 1996 ("IDA"). The CA itself has been amended several times after the passing of the IDA to ensure that there is no overlap between the protection of intellectual property ("IP") rights provided by both statutes.

COPYRIGHT LIMITATIONS IN THE REPRODUCTION OF A 3D DESIGN

At first glance, a product design is assumed to be protected as an artistic work under the CA. Copyright subsists automatically in every original artistic work[1]. This protection arises the moment the artistic work is created, with no formal registration required. The CA grants the copyright owner exclusive rights to control the reproduction of the work. Hence, a reproduction of a copyrighted work without the consent of its owner is a form of copyright infringement. Reproduction is defined in the CA to include the making of a copy in 3D of a 2D work and the making of a copy in 2D of a 3D work in relation to an artistic work. However, this general principle is subject to the provisions of Section 13A of the CA.

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1 "Artistic works" is defined in the CA as:
(a) a graphic work, photograph, sculpture or collage, irrespective of artistic quality:
(b) a work of architecture being a building or a model for a building, or
(c) a work of artistic craftsmanship,
but does not include a layout-design within the meaning of the Layout-Designs of Integrated Circuits Act 2000;

Section 13A of the CA provides that it shall not be an infringement of any copyright in a design document[2] or model recording or embodying a design[3] for anything other than an artistic work or a typeface:

(a) to make an article to the design, or to copy or to reproduce an article made to the design; or
(b) to issue to the public, or include in a film, broadcast or cable programme service, anything the making of which was, by virtue of paragraph (a), not an infringement of that copyright.

Modelled after Section 51 of the United Kingdom's ("UK") Copyright, Designs and Patents Act 1988 ("CDPA"), Section 13A was introduced to the CA after the coming into force of the IDA in Malaysia, which protects the visual design features of an article, specifically the shape, configuration, pattern or ornamentation that give a product its appearance, provided those features are not purely functional.

As such, the section clarifies that copyright protection does not prevent others from making or using articles based on a functional design. If a drawing, model, or other document records the shape or configuration of a product (for example, a technical drawing of a machine part or furniture), then making a 3D article that follows that 2D design is not considered copyright infringement. This rule applies only to designs for useful articles, not artistic works like sculptures or typefaces. However, any unauthorised creation of a 3D article from a 2D artistic work can still be considered as copyright infringement, subject to the provisions of Section 13B of the CA. This copyright exclusion for making 3D articles applies to designs that are not for artistic works or typefaces, which typically covers designs or functional items like machine parts, tools or furniture components.

The purpose of this provision in Section 13A of the CA is to ensure that copyright does not give unintended monopoly rights over

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2 "Design document" means any record of a design, whether in the form of a drawing, a written description, a photograph, data stored in a computer or otherwise.

3 "Design" means the design of any aspect of the shape or configuration (whether internal or external) of the whole or part of an article, other than surface decoration.

industrial or functional designs. While copyright protects creative expression, it is not intended to control how everyday products are manufactured once their designs have been expressed in drawings or models.

Accordingly, the effect of Section 13A of the CA is that a person may legally produce, copy, or distribute 3D articles made to the 2D design, as long as the design itself is not an artistic work. In practice, this means that if someone wants exclusive protection over a novel visual appearance of a non-functional product design in Malaysia, they must rely on industrial design registration as provided under the IDA, and not copyright, as Section 13A of the CA prevents copyright from being misused to control the manufacture of industrial or utilitarian products.

ARTISTIC WORKS THAT HAVE BEEN MADE BY INDUSTRIAL PROCESS OR MEANS

It is pertinent to note that Section 13B of the CA further limits the scope of copyright protection for artistic works which have been made by way of an "industrial process or means" and marketed in Malaysia or elsewhere. The CA does not define the meaning of "industrial process or means" but it empowers the Minister to clarify what counts as an "industrial process or means" or to exclude specified articles by way of a Ministerial order. To date, no order appears to have been issued by the Minister under Section 13B of the CA. Hence, it is submitted that "industrial process or means" could arguably be interpreted to mean the transformation of raw materials into finished products through large scale operations. Section 7(6) of the CA had previously provided that an artistic work was deemed to have been made by an industrial process where more than 50 copies were reproduced. Although this provision has since been repealed, the 50-copy threshold arguably remains a useful historical reference point for interpreting the meaning of 'industrial process or means' under Section 13B of the CA.

For such artistic works, Section 13B of the CA effectively precludes a copyright owner from relying on copyright to restrain the reproduction of 3D articles from a corresponding 2D artistic work after 25 years from the end of the calendar year in which such articles were first marketed. This provision further underscores Parliament's intention to delineate the respective spheres of copyright law and

industrial design law by ensuring that copyright does not effectively confer an indefinite monopoly over product designs that are more appropriately protected, if at all, under the Industrial Designs Act 1996.

A STATUTORY BLINDSPOT IN MALAYSIA?

While Sections 13A and 13B of the CA have the overarching objective of preventing product designs from achieving double protection as a copyrightable work and registered industrial design, the said provisions may have also inevitably created a legislative gap for certain categories of product designs in Malaysia.

Considering that there are stringent requirements to be met before a design may qualify for registration under the IDA (which requires worldwide novelty), even if a particular product design is a valuable asset for a company, it may yet fall short of fulfilling the necessary requirements to be a registered industrial design. For instance, *in F&N Dairies (Malaysia) Sdn Bhd v Tropicana Products Inc*,[4] the Malaysian Court of Appeal held that Tropicana's registered bottle design was invalid on the ground that every feature of its shape or configuration was dictated solely by the function the bottle had to perform and hence, the design did not fall within the definition of 'industrial design' under Section 3(1) of the IDA. Furthermore, it was also held that the design lacked novelty under Section 12 of the IDA due to a prior POKKA bottle design that had already been disclosed to the public in Malaysia. This illustrates how a design with commercial value may nonetheless fail to satisfy the requirements of the IDA.

As a result, a company is unable to rely on the CA or the IDA for protection against competitors that copy and reproduce its valuable unregistered designs. Unregistered designs which are not artistic works are excluded from copyright protection by virtue of Section 13A of the CA while the IDA does not provide any protection for unregistered designs. In contrast, a different policy trend can be observed in the European Union's Free Trade Agreements: Article 10.28 of the EU–Singapore Free Trade Agreement ("EUSFTA"), signed on 19 October 2018, and Article 12.37 of the EU–Vietnam Free Trade Agreement ("EVFTA"), signed on 30 June 2019, which expressly recognise the

4 [2013] MLJU 1591.

possibility of cumulative protection between industrial designs and copyright. In particular, Article 12.37 of the EVFTA provides that a design "shall also be eligible" for copyright protection, subject to the domestic law of the contracting parties and Article 10.28 of the EUSFTA provides that a design "is not completely precluded from enjoying protection under the domestic law of copyright". Further, the UK also mitigates the exclusion of copyright protection to designs by providing a limited period of protection for certain types of Unregistered Design Rights through the UK Unregistered Design Right (UKUDR) under Part III of the CDPA and Supplementary Unregistered Designs through the Designs and International Trade Marks (Amendment etc.) (EU Exit) Regulations 2019.

The absence of similar provisions or legislation to protect unregistered designs in Malaysia could potentially mean that existing IP statutes in Malaysia would not be able to protect a particular class of IP assets from unlawful copying by third parties. As a result, owners of unregistered designs in Malaysia are vulnerable to unfair competition from "dupes" or "duplicates" in the market without effective legal recourse.

PROACTIVE STEPS TO MITIGATE MISAPPROPRIATION OF DESIGN RIGHTS

Product manufacturers or creators of product designs should take appropriate measures to register their designs promptly under the IDA before marketing the products to the public, considering that product designs are generally excluded from automatic protection accorded by copyright under the CA.

While waiting for registration of the industrial design to be completed or if the design is not capable of being registered under the IDA, it is recommended that product manufacturers take steps to bind sub-contractors by incorporating comprehensive confidentiality and intellectual property ownership provisions into their OEM Agreements, Contract Manufacturing Agreements, or other relevant commercial contracts with subcontractors. Relying solely on a Non-Disclosure Agreement or Confidentiality Agreement may be inadequate, as such agreements are often executed at the preliminary stage of business negotiations, prior to the establishment of a formal

commercial relationship. Embedding these protections within the principal agreement provides greater contractual certainty and strengthens the protection of valuable proprietary information, know-how, and intellectual property rights, including trade secrets, throughout the duration of the parties' business engagement. This is to protect the design as a form of 'trade secret' or 'confidential information' under common law[5]. It should be noted, however, that an action for breach of confidence is unavailable against independent third-party copiers who owe no obligation of confidence. This is a significant limitation as compared with proprietary design rights enforceable in rem.

A product manufacturer can consider binding a sub-contractor to contractual clauses which prohibit replication or reverse-engineering even if the particular design is not registrable under the IDA. If there is any unauthorised replication by the sub-contractor, the product manufacturer can take legal action on the basis of a breach of contract other than statutory law or common law.

Where appropriate, it may be possible to consider relying on Non-Traditional trade mark registration (including shape marks where viable) and the common law tort of passing off to deter "look-alike" confusion in the market. It must be noted, however, that these remedies are contingent upon satisfying distinct legal thresholds.

Registration of a shape mark requires the applicant to demonstrate that the shape is perceived by consumers as an indicator of commercial origin, pursuant to the Trademarks Act 2019. A mark that is not inherently distinctive may be registered only if it has acquired a distinctive character through use.

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5 Confidential information' is the broader concept, requiring proof that the information (a) possesses the necessary quality of confidence, (b) was imparted in circumstances importing an obligation of confidence and (c) there was unauthorized use of the information (see *Rotta Research Laboratorium SPA & Anor v Ho Tack Sien & Ors* [2011] CLJU 597). A 'trade secret' is a narrower subset of confidential information, comprising information of such a high degree of confidentiality as to warrant continuing legal protection even after the termination of the relationship in which it was acquired (see *Faccenda Chicken Ltd v Fowler* [1987] Ch 117).

Furthermore, a passing off claim requires proof of the 'classical trinity' elements as affirmed by the Malaysian Court of Appeal in *Yong Sze Fun & Anor v Syarikat Zamani Hj Tamin Sdn Bhd & Anor*.[6] The relevant elements are (a) goodwill attached to the claimant's get-up, (b) a misrepresentation by the defendant likely to deceive the public and (c) resulting or likely damage to the claimant.

CONCLUSION

In conclusion, while Sections 7(5), 13A and 13B of the CA demonstrate Parliament's intention to channel protection of commercially-exploited designs towards the industrial design regime, delineating between copyright and industrial design protection, the absence of a corresponding unregistered design right and/or a dedicated Trade Secrets Act may leave certain commercially valuable designs without adequate protection and create a potential vulnerability for unregistered designs. Therefore, creators and businesses must proactively navigate this landscape by prioritizing the registration of industrial designs under the IDA. This is in stark contrast with developments in jurisdictions such as the United Kingdom and the design-related provisions of the EUSFTA and EVFTA, which seek to preserve a more balanced relationship between copyright and design protection. Until legislative reforms address this gap, implementing alternative strategies that involve contractual and confidential information safeguards should be considered to prevent misappropriation of trade secrets and/ or valuable design assets in Malaysia.

In this regard, the UKUDR under Part III of the CDPA could offer a practical legislative model for bridging this gap, providing automatic proprietary protection for original designs without any requirement for registration. This approach could usefully inform future Malaysian legislative reform to address the vulnerability of unregistered designs identified in this article.

6 [2012] 1 MLJ 585.