

MALAYSIAN BATIK INDUSTRY: PROTECTING LOCAL BATIK DESIGN BY COPYRIGHT AND INDUSTRIAL DESIGN LAWS

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ABSTRACT

The batik is one of many popular handicraft products. Malaysia, through its agency, Malaysian Handicraft, has stepped forward to promote the Malaysian batik as an artistic product. As a result, the Malaysian batik has become a sought after product by consumers and tourists. Unfortunately, the popularity of the Malaysian batik has sparked the interest of other batik producers, such as China and Vietnam, who imitate the designs of local batik producers. Such acts negatively impact the local batik industry as the imitation products are priced considerably lower than articles produced by the local industry. This article analyses how existing intellectual property laws in Malaysia can be utilised to protect the local batik industry. The analysis also considers the potential problems in utilising intellectual property law as a framework for protection and provides recommendations to address such problems.

Keywords: batik industry, batik design, intellectual property, Copyright Act 1987, Industrial Designs Act 1996

1. INTRODUCTION

The batik industry has a long history in Malaysia. Beginning with small-scale operations, batik production has developed into a lucrative cottage industry and national enterprise. Batik refers to decorative fabrics containing various colours and patterns. The term 'batik' is derived from the Javanese word 'tick', meaning to drip or write points. 'Ambatik' means to draw, write, paint or drip. Batik patterns can be produced by using a carved block, a screen or a hand stroke.

While Malaysia is not the only country to produce batik in the region, the style and end-product of Malaysian batik differs from other styles in the region. First, hand drawing techniques are utilised by Malaysian batik artists to create paintings on white cloth through the use of chanting. The artist charts patterns with hot wax and then dyes the fabric to suit the pattern. Second, the design, referring to the painted or inlaid decorative patterns of batik, is

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also different from other foreign batik producers. Two principal motifs are found in Malaysian batik design: the organic and the geometric motif. Malaysian batik is heavily influenced by religious beliefs that discourage the use of animals in the design work; floral and geometric designs are used instead. As a result of the nuances in both production and design, Malaysian batik has gained notoriety due to its distinct nature and unique appearance.

Malaysian batik is popular both domestically and abroad. Batik is the most popular handicraft product among individual buyers in Malaysia, including both residents and tourists. Among corporate buyers, batik is third in popularity, behind pewter and wood craft products. Continuous governmental efforts to promote batik production are primarily undertaken by the Malaysian Handicraft Development Corporation (Malaysian Handicraft), a statutory corporation established in 1979 to promote the marketing and export of handicraft products (Acts 222, S.7). The effort has resulted in overseas outlets, such as Harrods of London, displaying and selling Malaysian batik, regarded as both aesthetically appealing and luxurious when worn by overseas consumers. The increasing popularity of the Malaysian batik in recent years, however, has had consequences for the domestic batik industry of Malaysia.

In Malaysia there are more than 320 batik entrepreneurs registered with Malaysian Handicraft, with the highest concentrations of batik producers located in the states of Kelantan and Terengganu where Batik was first introduced in 1910. The successful promotion of Malaysian batik, due to its unique features, has led to foreign production of batik that imitates Malaysian batik. Infringement upon the designs and production means of Malaysian batik by foreign batik producers has effects on the incomes of local batik producers and the national economy (Malaysian Handicraft, 2009). Foreign producers, such as batik factories in China, started to produce batik print that mimicked the pattern of Kelantan's batik. Batik cloth from China, which is generally made of polyester, allegedly causes losses of about RM3 million per year to 200 batik operators (Malaysian Handicraft). The batik industry in Malaysia is declining as foreign batik is offered at a lower price than the price of Malaysian batik. The principal reason for the price difference is that foreign batik producers use printing presses to produce the design on the fabric. This allows for the production of large quantities of imitation Malaysian batik in a short time when compared to hand-painted batik produced locally.

As a result, the Malaysian batik industry faces two distinct challenges. First, local batik producers have to compete with foreign batik producers in order to ensure the domestic industry succeed. Second, and of principal interest, Malaysian batik producers are faced with the new challenge of protecting their traditional designs and production techniques. The present article analyses how existing Malaysian intellectual property law may be used to help local entrepreneurs protect the traditional Malaysian batik industry, as well as their investments.

2. THE NEED FOR PROTECTION BY INTELLECTUAL PROPERTY LAW

Generally, 'intellectual property' is defined as a property that is closely related to the creativity of a person. The World Intellectual Property Organisation (WIPO) defines intellectual property rights as those related to literary, artistic and scientific work, performing artists, phonogram and broadcasts, inventions in all fields of human endeavour, scientific discoveries, industrial designs, trademarks, service marks, commercial names, titles, and protection against unfair

competition (WIPO). Furthermore, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) contains provisions regarding various aspects of intellectual property, including copyrights, trademarks, industrial designs and patents.

Copying the creativity of others for the purpose of making a profit is a problem that has existed throughout history. Intellectual property law emphasises the creativity of the individual, particularly where the result of such creativity is regarded as valuable property because it can be converted into something of value. The need to protect such industry arises from moral, economic and consumer interests (Khaw, 1994b). In terms of moral interests, it is human nature to desire to own what one has created. If the creative product of an individual is copied, the act is often considered unjust by the creator. An idea, *per se*, is not intellectual property. The idea might be transformed into intellectual property when the author puts effort into creation associated with the idea, at which point the author has a right to control its use (Cornish, 1989). For example, section 7(3)(b) of the Copyright Act 1987 provides that such work must be put in writing, recorded or reduced in material form. Intellectual property laws do not merely protect the idea, but also protect the expression of the idea in material form. As the result, others are free to use the idea of Batik design, as long as specific expressions are not reproduced (S.7(2) (a)).

In the case of the Malaysian batik industry, such protection is important to the development of the national industry, as well as the economy generally. The responsibility for the national development of the industry has been placed under the Malaysian Handicraft. It is the responsibility of this agency to ensure that the Malaysian batik industry will continue to grow. Malaysian Handicraft has implemented a number of strategies and actions to ensure the continued growth of the Malaysian batik industry in various programs especially through its research and development program (Malaysian Handicraft). While the government worked to restore the economy in the late 1990s, Malaysian Handicraft took the initiative of handling marketing and promotional activities of the handicraft industry. Malaysian Handicraft has been involved in the supervision of trade shows, fairs and various other promotions (in-store and fair travel) both domestically and internationally. The resources allocated by the government to improve the quality and image of Malaysian batik globally have resulted in profits, also shared by foreign competitors in the batik market. Foreign batik producers earn high profits by copying the Malaysian batik patterns and selling them to consumers without the need to do the promotion.

The development of the domestic batik industry has been favourable for the national economy of Malaysia. From the late 1980s until the mid-1990s, the increasing popularity of Malaysian batik led to a corresponding increase in the number of batik producers, particularly in Kelantan and Terengganu. The popularity of a particular type or style of batik depends on several factors, including the design, the materials and current interest. Batik producers are consciously aware of various nuances that exist in the means and methods of batik production. In addition to traditional uses as clothing, batik is now used for interior products and artwork. With an export value of RM10.6 million, the batik industry was the seventh largest contributor to total manufacturing exports in 2006 (Malaysian Handicraft).

The infringement activities by foreign batik producers negatively affect the development of the national batik industry in two distinct manners. Firstly, by infringing upon the Malaysian batik patterns, foreign producers undermine the efforts made by the Malaysian Handicraft and thus affect the image of the batik product generally, and secondly, through the sale of low quality products. Consumer protection is also important to ensure that consumers are not deceived by false batik products. Consumers may not know that some batik items bought in Malaysia are not local products since they bear the same patterns as locally produced batik. The impact of low quality imitations of Malaysian batik can be seen in the adverse affect of consumer perceptions on the quality of Malaysian batik, as well as on potential profits to local producers.

The intellectual property rights protection framework gives exclusive rights to the owner of such property to control and exploit their intellectual property. For example, the copyright owner has exclusive rights which include the rights to make, use, distribute, sell and import (S.13(1) CA1987). No infringement is deemed to occur, however, if the alleged infringing act falls under any of the permitted acts (S.13(2) CA1987). The owners of an intellectual property can take action against anyone who violates their rights (Bentley, 2009). In Malaysia, in recognition of intellectual property rights, a number of legislative acts have been enacted to ensure that the law of Malaysia is on par with the current development in global intellectual property law. The rights related to intellectual property in Malaysia is administered by a statutory body known as the Intellectual Property Corporation of Malaysia (MyIPO). There are six Acts protecting intellectual property rights in Malaysia. They are Patents Act 1983, Trade Marks Act 1976, Layout-Designs of Integrated Circuits Act 2000, Geographical Indications Act 2000, Industrial Designs Act 1996 and Copyright Act 1987 (MyIPO, 2009a).

However, for the purposes of this article, the relevant domestic intellectual property protections to protect the local batik industry are the Copyright Act, 1987 (CA 1987) and the Industrial Designs Act, 1996 (IDA 1996). While other systems of protection are arguably applicable to the batik industry, such as geographic indications and trade mark laws, they are however not considered in the present article. Geographic indications protect the end products of local industries, including agricultural products. Registered or unregistered trademarks are also not relevant as they are more of registered business or product identity (Trademarks Act 1976). The issue considered in the present article relates to the copying of local Malaysian batik designs by foreign batik producers and the CA 1987 and IDA 1996 are the two principal pieces of legislation that protect batik designs. As a result, geographical indications and trade mark laws will not be considered in the analysis as such legislation is to protect the end products, rather than the designs and batik patterns used in the production process.

3. PROTECTION UNDER COPYRIGHT ACT 1987

Section 7(1) of the CA 1987 includes literary works, musical works, artistic works, films, sound recordings and broadcasts as 'works' entitled to protection. Section 3 defines 'artistic work' as a graphic work, photograph, sculpture or collage, irrespective of artistic quality; a work of architecture being a building or a model for a building; or a work of artistic craftsmanship (Khaw, 1991). The pattern of Malaysian batik qualifies for protection as a work of art as provided by section 3 as the production of hand painted batik patterns by an artist and the

production of the batik stamp, using a block carved with a pattern, constitutes elements of graphic work. Thus, there is no distinction between batik print and batik *lukis* in terms of fulfilling the elements of graphic work.

3.1. Subsistence of Rights

Section 3 defines the ‘graphic work’ to include any painting, drawing, diagram, map, chart or plan, and any engraving, etching, lithograph, woodcut or similar work. Hand draw technique is a method used by batik artists to creating paintings on white cloth with the use of chanting. The artist charts pattern with hot wax and then dyed to suit the pattern. The argument that the batik patterns can be treated as a graphic work cannot be dismissed because the pattern is either sketched and painted or stamped onto a piece of cloth, resulting in a permanent design. Although hand stamped batik uses a block to produce the pattern, an artist must first sculpt the design onto a piece of wood or metal before the mould can be used to apply the inlaid pattern to the fabric. The New Zealand Court of Appeal, in *Wham-O v. Lincoln Industries*, held that the mould used to produce a ‘Frisbee’ toy, as well as the term ‘Frisbee’ itself, received protection because the mould was made by carving a face, and was subsequently a sculpture, and the term ‘Frisbee’ was the product of the printing engravings.

The CA 1987 contains provisions concerning the nature of protected works; conditions pertaining to the protection of copyrighted works; and penalties for the impersonation of such works. There are no provisions concerning the requirement of registration for protection under the Act. In Malaysia, a work fulfilling the prescribed conditions receives automatic protection (Khaw, 2008). However, copyright law does not merely protect the idea, but also protects the expression of the idea in material form. Section 7(3)(b) of the CA 1987 provides that work must be put in writing, recorded or reduced in material form. As a result, others are free to use the idea of Batik design, as long as the expression is not copied (S.7(2)(a)). In the case of batik, such a graphic work is protected if the work has been recorded in material form and is original in character. The requirement to be recorded in material form is easily met by batik patterns, either painted or applied by stamp, as the designs or permanent once applied to a piece of fabric. The question that remains is whether sufficient creativity has been invested to make the work original in character.

The term ‘original’, in the CA 1987, does not refer to the ‘novelty’ of an item or whether the object is ‘new’ (Lim, 1994). What is meant by ‘originality’ under the CA 1987 is that the work was created as a result of the effort and expertise of the author, even if the expertise of the author consists of little more than general knowledge. Such a concept of ‘originality’ was adopted by the Federal Court of Malaysia in the case of *Lau Foo San v Government of Malaysia*. The Court held that the engineering drawing made by plaintiff was original. Even though the plaintiff had adapted the engineering drawings produced by the defendant, the adaptation did not render the engineer’s effort unoriginal. Likewise, prior to the actual painting or stamping of a batik design onto a piece of fabric, the artist will sketch the design onto a piece of paper or other surface. Based upon the principles referred to in the case of *University of London Press*, a sketch on paper or a surface also constitutes protected work.

In situations where a work is produced based on pre-existing work or utilises similar themes, the work is still entitled for protection under copyright laws if the author has invested sufficient effort to produce the end product. In the case of *Hyperion Records Ltd. v Sawkins*, the court decided that the music performed by the defendant was protected by copyright, even though the musical scores were created by another composer. Since the plaintiff had performed the music during a concert, the resulting effort required to prepare for, and perform during, the concert rendered the performance itself a work that was eligible for protection. Similarly, Judge Peterson, in *University of London Press*, stated that copyright protection did not only look to the originality of the idea, but the originality of the product produced from the idea.

Thus, each batik design produced by local batik producers is eligible for protection under the CA 1987. The answer to the question of whether sufficient creativity has been invested to make the work original in character is in the affirmative. Firstly, the batik artist records the ideas for the design on a piece of paper before transferring the concept through hand painting the design onto a piece of cloth; etching the design into a block of wood or metal to be used to press the design onto a piece of fabric; or painted on a screen to be used in the production of batik. Although the designs use organic motifs and geometric motifs that have long been used in the production of batik, the author has put sufficient efforts in arranging the motif to produce an original and new batik design. The efforts invested by the batik artist are sufficient to be accorded protection under intellectual property laws on the basis of the idea being recorded in material form; and on the basis of the originality of the end product arising from the effort made by the artist.

The CA 1987 contains provisions relating to types of works protected, the conditions for protection and the duration of protection but no system of copyright registration is available. In Malaysia, a work for copyright is protected automatically when it meets the conditions provided under the Act that it is an original work, recorded in material form and created by a qualified person or the work is made in Malaysia or first published in Malaysia (Sangal, 1997). Copyright protection applies automatically, unless there is a claim that the product has been copied from, and therefore infringes, someone else's work (Chew et al., 2004). The protection provided for a work of art under section 17 is for life of the author and a further 50 years after his death. In instances where the work is published after the death of the creator, the period of protection is 50 years from the date it is published. Because batik pattern is an art, the period of protection granted is based on the life of the batik artist who has transferred the pattern of ideas into a work of batik.

While the author is the creator of a work, it is the owner of the work who has the right to control the use of the works. Under intellectual property law, the author and the owner might not be the same person. The authorship and ownership of intellectual property are two different things. Under the CA 1987, the 'author' refers to a person who possesses, organized or is entitled to moral rights over a work. Meanwhile, the copyright owner possesses economic rights over the work. Generally, a person who creates a work is also the owner of the work, or at least recognized as the initial owner of the work prior to the transfer of ownership to another person. Situations arise where a work is created by one person, while ownership is possessed by someone else (Khaw, 1994b). Under the provisions of section 26, three circumstances exist where the creator is no considered to be owner of the work created.

The first situation occurs when creators are commissioned to produce a work for someone else. In this case, the author has moral rights to the work, but ownership rests with the person that paid the commission. The second situation occurs in employment situations where the creation of works is the basis of the author's employment. In a similar fashion to the first scenario, the employer that pays the employee to create is the owner of the resulting work, rather than the author. The third situation arises where the work is created under the direction or control of a government, governmental organization or international body, in which case the work is owned by the body, not the individual(s) who created the work (MyIPO, 2009b).

In the batik industry, the author and owner of the works may be the same person if the batik producers themselves create the batik patterns. However, according to the Malaysian Handicraft, 320 business owners registered with Craft Batik Malaysia employ workers to do the work in batik production process, from creation of batik patterns until completion (Handicraft, 2009). Since section 13 provides exclusive rights to the owner, only the owner of the copyright has a right to take action against any person who commits a breach of the exclusive rights. To batik producers, the most important exclusive right is the right to control the reproduction of the work. Reproduction is defined as making a copy or more works in any form or version. In situations where foreign batik cloth is produced and sold with a pattern copied from local batik producers without permission of the owner, copyright infringement has arguably occurred.

In Malaysia, copyright shall not subsist in any design which is registered under any law relating to industrial designs (S.7(5) CA1987). Even in cases where the owner decided to protect such design via copyright instead of registering it as an industrial design, the copyright shall cease as soon as any article to which the design has been applied has been reproduced more than 50 times by an industrial process (S7(6) CA 1987). Thus, similar to Australia, copyright shall cease if such design is registered and protected under the industrial design laws.

3.2. Infringement of Rights

An infringement of copyright may occur either directly or indirectly. Direct copyright infringement occurs when any person commits any action which is the exclusive right of the owner. Indirect copyright infringement is when a person marketed an infringed work or imported an infringed work to the country to be marketed (Bentley, 2009). As mentioned earlier, for local batik producers, the exclusive right of the owner of a work to control the reproduction of the work is important. Two key questions are raised in cases concerning the duplication of work through direct copyright infringement. One is whether the work reproduced is a work of the plaintiff and whether it can be said that the defendant copied the work of the plaintiff. The second question is whether the defendant has copied the plaintiff's work or whether the defendant's work may be considered the original work of the defendant by examining the creation. In order to take legal action concerning direct copyright infringement, the owner of the copyright must demonstrate the existence of similarities between the two works, as well as prove that the defendant had access to the original. The resulting legal action can be civil or criminal in nature.

The existence of similarities between two works demonstrates the possibility of infringement. In cases of copyright infringement, however, some customisation is normally made to

distinguish the copy from the original work. The court, in such instances, will consider whether a substantial portion of the work has been copied (Ida Madiha, 2004). While the existence of similarities serves as good evidence, it can be rebutted by arguments of the infringing party that the work is original work, produced or generated from one common theme or idea (Khaw, 2008).

In Malaysia, liabilities for infringement can be found in section 36 of the CA 1987. Several actions can be taken against those who commit copyright infringement, through means including civil action, criminal action or administrative action. In civil actions, the owner of a local batik can take action against the foreign batik producers through direct copyright infringement or against the distributor of the article based on the provisions of section 37. Remedies for civil action that can be claimed by the copyright owner is as specified under section 37(1) include compensation, an injunction and an account of profit. Compensation is an award given by the court to the copyright owner for losses incurred by him due to copyright infringement committed by the defendant. The grant award will depend on the value of the work that has been copied. Lord Wright MR, in *Sutherland Publishing Co Ltd v Caxton Publishing Co Ltd*, said the award is calculated by looking at the loss of value due to copyright violations that occur. However, Chief Justice Bowen explained in *Interfirm Comparison (Australia) Pty. Ltd. v Law Society of Australia* that it is difficult to determine the amount of damages for a breach of copyright. For the loss suffered by the original owner of batik, damages awarded may be based on lost sales or profits resulting from the infringement. Moreover, demand for additional compensation can be made against the defendant for loss or damage involving moral pressure.

In criminal actions, there are two offenses classified as crimes under the CA 1987: the act of infringement and actions to prevent enforcement of the Act. In criminal offenses, the provisions of section 41(1) provide that anyone who commits any act listed under the provisions of the section is guilty of an offense unless it is proven that the individual was acting in good faith and had no reasonable grounds to believe that intellectual property rights may be violated. Unfortunately, the enforcement of copyright law is territorial in nature, so action cannot be taken in cases involving imitation batik designs by foreign batik producers, where the acts are performed outside the territorial boundaries of Malaysia. But action can be taken against those who sell, distribute or imported the infringing materials into Malaysia. If a person is found guilty, he is subject to fine and imprisonment as provided by section 41.

4. PROTECTION UNDER INDUSTRIAL DESIGN ACT 1996

The Industrial Designs Act 1996 (IDA 1996) is another means that could be utilised by local batik producers to protect their rights. The IDA 1996 protects rights relating to industrial designs by providing a monopoly on the design of an article made for the purpose of commercialization (Chew et al., 2004). The Act is meant to provide motivation to the author of work to be more creative in developing design-based industries by protecting aesthetic aspects of designs that could result in a buyer choosing to buy one product over another, particularly in regards to textiles, furniture, clothing and household furnishings (Cornish, 1996a, 1996b).

4.1. Subsistence of Rights

The IDA 1996 is concerned with the protection of the external design of a product, rather than the protection of the product as a whole, and does not cover elements relating to manufacturing and production. The Act is intentionally limited in such a manner because 'design' is related to the appearance of an article, not from what, how or for what an article is produced (Sangal, 2000; Narayanan, 1997); and to prevent a monopoly on the manufacture of products that can be protected under the Patents Act.

Section 3 defines two distinct types of design: shape and configuration (referring to three-dimensional goods); and pattern or ornament (two-dimensional products). Batik designs, as two-dimensional design, fulfil the definition provided under section 3 of IDA 1996. Whatever methods are utilised to produce batik, a two-dimensional pattern on a piece of cloth will be produced when the manufacturing process is complete.

In order to be protected by IDA 1996, the design must be new and utilised in any article considered to be a finished product arising from an industrial process. Although the features included in an object and the actual design of an object is inherently two different things, they are nevertheless related. The meaning of 'is used in an article' in section 3 IDA 1996 means the form, pattern or ornament applied to goods, whose application make things different in the eyes of the buyer. In *Interlego AG v Tyco Industries Inc*, the issue raised is whether the design of children's toy blocks can be registered or not. In the judgments, the Privy Council decided that the design of toy blocks that can be connected to one another contains a form that distinguishes one set of goods from another set of goods in the eyes of a buyer and is not simply a means by which toys can be connected. In this instance, the Court looked at the whole product rather than simply the parts that serve to connect different pieces. This, however, differs in the case of goods that need to be made by a particular design to be functional. In the case of *AMP Inc v Utilux Pty Ltd*, the House of Lord decided that the design of a washer electric terminal cannot be registered because the terminal is to carry out the functions of the goods alone, not to make the good looks different in the eyes of buyers. The case highlighted that the form of goods that are tailored to be functional items are not eligible to be registered under the Act.

The design must be produced in mass production by either machine or hand in large quantities (i.e. over 50), and offered to the buyer as a finished product (Martin, 2000). In *KK Suwa Seikoshu's Design Application*, the issue of 'finished goods' regarding a design registration application for a digital clock panel was raised. The application to register the design was rejected on the grounds that it was not a finished product because it will work only after being connected to a battery. When the matter was brought before the court, it was held that the design of a digital clock panel is eligible for protection because the design features on the clock panel will be visible when used for the purpose for which it was created. Batteries, on the other hand, are not counted as part of the design.

As mentioned before, this Act protects the design of an article, not the finished product in its entirety. Batik is a pattern fabric. While the fabric itself is not covered by IDA 1996, the pattern

upon the fabric is protected by the Act. When a batik pattern is painted or stamped on a piece of cloth, the design makes the cloth that was originally a white cloth into a different article in the eyes of a buyer. In the production of painted batik, the batik painter paints a pattern on a paper and then draws the pattern on top of a white cloth repeatedly. Similar methods are used in the production of stamped batik, which involves the stamping of a batik design on a white cloth repeatedly. Thus, the production of batik in large quantities, by either machine or hand fulfils the requirement for mass production.

The issue of whether a design is 'attractive to the eye' is important to decide whether or not a design is eligible for protection (Chew et al., 2004). In Malaysia, a test has been applied in a case of *Redland Tiles Ltd & Ors v Kua Hong Brick Tile Works*, regarding to whose eyes the design should be attractive? In *AMP Inc Pty Ltd v Utilux*, the House of Lords decided that the determination of whether a design is attractive to the eye should be based on the eyes of the buyer. Of course, in cases involving local batik design, the requirement that it must be attractive in the eyes of the buyer is not a difficult requirement, as Malaysian batik is renowned for its high aesthetic value.

The provisions of section 12 IDA 1996 provides that a design does not qualify for protection under this Act unless it is a new and must also not dependent upon the appearance of an article or be an essential part of the articles. By reference to section 12(2) IDA 1996, 'new' means that the design should not be public knowledge at the date of application. If a design is public knowledge prior to the date of application, the design can no longer be regarded as a 'new' design unless the design was officially introduced in an exhibition or illegally released to the public as provided in by section 12(3) (Juriah, 2004).

The meaning of 'to be disclosed to public knowledge' is described in the case of *Teh Teik Boay v Chuah Siak Loo*. The Court explained that 'disclosed to the public knowledge' can occur in two situations, through documents or through uses. In this case, the plaintiff's application for an injunction to prevent defendants from copying the design of a product was rejected by the court because the defendant proved that the registration of designs made by the plaintiff was not enforceable as the design of the chair was not new. The defendant had used the design for 5 years prior to the plaintiff's application to register the design as his own. Upon closer examination, section 12(2) does not sufficiently to explain the meaning of 'new'. As a result, in most legal actions relating to the imitation of a design, issues concerning the 'new' nature of a design are often put forward by the defendant as a defence. Judges often use the 'eye test' to decide whether a design is 'new' or not. Can a batik pattern be regarded as new, since organic motif and geometric motif have long been used in the production of batik? Are modifications made by the batik painter is enough to make it eligible for protection? In the case of *Sebel & Co's Application (No 1)*, an application to protect a design of a rocking horse was rejected, despite significant modifications made to distinguish it from earlier registered designs. The application was rejected due to the fact that the modifications were not sufficient enough to completely distinguish the current design from previous designs. Thus, to qualify for protection, a 'new' batik pattern produced must be sufficiently different from other batik patterns previously produced.

Another condition for protection under the IDA 1996 is that a design must not be classified as contrary to public interest or immoral as specified under section 13, although the explanation goes into no further detail. Thus, whether a design is contrary to public interest or immoral depends upon the decision of MyIPO (MyIPO, 2009c), the body which must determine the acceptability of a product prior to an application being made to register the design with the Registry of Industrial Designs. Certain factors, such as the customs and traditions of a particular place, play a large role in such a determination. The issue was raised in the case of *Masterman's Design*, whereby a design registration was rejected because the toy doll was contrary to law and morality. The local batik design, which utilises motif of organic and geometric, does not raise issues concerning the end product being contrary to public interest or to morals, particularly as the designs themselves are the direct result of longstanding tradition and custom within Malaysian society.

As mentioned before, under the law of intellectual property, the author and owner might not be the same person. The authorship and ownership of intellectual property are two different things. The provisions of section 3 of the IDA 1996 define an author as the person who creates the design while an original owner has the meaning assigned to it by section 10: i.e. the person who is registered as the owner of the industrial design or, if there are two or more such persons, each of those persons. So, based on the provisions of section 3 and section 10(1), the author of the design is original owner, unless, based on the provisions of section 10(2), the authors made the design pursuant to commission for money or money's worth, in which case the person commissioning is regarded as the owner. Similarly, under the provisions of section 10(3) which, if the creation was made by an employee under terms of employment, the employer will be regarded as the owner of the design (Juriah, 2004).

The importance of determining the owner of a design lies in the fact that only the owner, or agent appointed by the owner, is entitled to apply to the Designs Registration Office to register the design created. When a design has been registered, the person whose name appears on the register is the 'owner' (Chew et al., 2004). An owner of a registered design enjoys exclusive rights under the provisions of section 32 IDA 1996, including the right to make or import for sale or rent; to use for any purpose of trade or business; or to sell, rent, offer or expose for sale or rent. The provisions of section 32 gives the owner exclusive rights to use the registered design in any manner desired to enjoy advantages that can be obtained from the use of the design. An infringement occurs when a person uses the registered design without the permission of the owner. Section 32(2) lists three acts that constitute a breach of the exclusive rights of the owner of a registered design. The breach is when a person without a license or permission of the owner of industrial design use the industrial design or any fraudulent imitation and real industrial design on any goods in respect of the industrial design is registered, imports into Malaysia for sale, or to be used for any trade or business, any goods which have used the industrial design or any fraudulent or obvious imitation of the industrial design outside Malaysia without license or consent of the owner, and sell, or offer or keep for sale or rent or offer or keep for rent, any article described in paragraph (a) and (b). With reference to the provisions of section 32(2), then an act of imitation by foreign batik producers is a violation of exclusive rights if a design made by local batik producers is a registered design.

4.2. Infringement of Rights

Similar to the CA 1987, the enforcement of the IDA 1996 is territorial. No action can be taken against foreign batik producers for acts committed outside Malaysia. However, action may be taken against any person who imports into Malaysia, or any person selling, offering or storing for sale, any infringing article in Malaysia. The right to take this action must be done through court action. In any action for infringement of exclusive rights, courts use several tests to see whether violations have occurred. The Court, in the case of *Hecla Foundary Co v Walker, Hunter & Co*, applied a test by placing the two articles next to another. With a view towards both, the court ruled that the appellant clearly imitated the door belonging to a registered design owned by the respondents. But Justice Chitty, in *Grafton v Watson*, said that the design should be seen together and should be seen at different times or greater distances as well. Imitation may be inferred to exist if at different times or distances it is difficult to distinguish the controversial article from the registered design. The decision of Justice Chitty in *Grafton v Watson* was later upheld by the court in the case of *Wallpaper Manufacturers Ltd v. Derby Paper Co*.

Whatever test used, the true test in determining whether or not the exclusive rights of the owner of a registered design are breached is the eye test. In Malaysia, the Court used the eye test in *Redland Tiles Ltd & Ors v Kua Hong Brick Tile Works*, stating in the judgment that the question of whether the design of the defendant's roofing products have copied the design of plaintiff or not must be decided by the eye. If a person, in normal circumstances, does not confuse the identity of a registered article with others, no infringement is deemed to have occurred.

Remedies for infringement of the industrial design provided under section 35 of the IDA 1996 include compensation, account of profit and an injunction. In addition to the remedies available from the provisions of this act, there are further remedies, such the delivery and disposition of infringing articles. The compensation claimed can either be a profit-based compensation or royalty-based compensation. In both cases, the investigation of the amount of actual loss suffered by the plaintiff shall be carried out regardless of the number of infringing articles that have been sold. Nevertheless, damages are not available in situations where the defendant can prove that at the time the infringement took place, he did not know the design had been registered and reasonable steps had been taken to determine whether the design was registered or not (Gerald, 1990).

Profit-based compensation seeks to restrain the defendants from enjoying the results obtained from an act of infringement. The owner of a registered design must prove that the defendant has made a profit from selling the infringing articles. The calculation of losses is based upon the profits or proceeds of sale of infringing articles. To successfully claim profit-based compensation, the plaintiff must be able to prove to the court that an actual loss has been incurred. In the case *Khawam & Co v Chellaram & Sons (Nigeria) Ltd*, appeals for greater compensation by the appellant failed because there was no evidence to support claims for damages allegedly suffered by the appellant as a result of the violations committed by the respondents.

Royalty-based compensation can be claimed in cases where the owner of a registered design has licensed the design and then the licensee has breached the undertaking. The Court, in *Cow (PB) & Co Ltd v Cannon Rubber Manufacturers Ltd. (No. 2)*, stated that if the value of the actual loss is not available, then the calculation is provided by royalty-based compensation. The loss is based on the estimated losses suffered by the plaintiff. However, the plaintiff must first prove to the court that the plaintiff has suffered actual damage due to sale of infringing articles by the defendant.

An order of injunction may be granted by the court to the owner of a registered design under two conditions, to prevent a person from continuing to breach rights associated with a registered design and to prevent a person from continuing to committing acts which will lead to the infringement of rights associated with registered designs. A temporary injunction order may be made pending the decision of the court regarding the action to be taken if a serious violation is determined (Holyoak, 1998).

The delivery or disposal remedy of an infringing article is not provided under the provisions of the Act, but provided by the court in situations where the defendant is keeping a stock of infringing articles. Plaintiffs, in this case, may apply to the court to order the defendant to deliver up infringing articles to the plaintiff or destroy such articles. The remedy of delivery or disposal is not limited to infringing articles, but also includes all machinery and mechanisms used to produce the articles. It is a useful remedy to prevent continuing violations or any future breach.

5. CONCLUSION AND RECOMMENDATIONS

At present, many batik producers are aware of the importance of protecting their industry through intellectual property laws. Many attempt to protect their products by registering such articles under the Trademarks Act 1976 as clothing or textile products. Nevertheless, the problems faced by local batik producers are not exclusively related to the infringement of trademark usage, but relate to an infringement of exclusive rights protected by copyright and industrial design legislation. While the possibility exists for the protection of local batik design under both copyright legislation and industrial design legislation, local batik design can best be protected under the exclusive rights guaranteed under industrial design legislation.

This problem can be overcome if more active roles are played by government agencies and local batik entrepreneurs. Several actions can be taken to prevent the continuous occurrence of this problem. Batik entrepreneurs play an important role in combating piracy activities. There are two principal types of action that can be taken by the local batik entrepreneurs: civil and criminal action. To ensure a successful criminal action, complaints and information from the owner of copyright or industrial design is very important to the authorities. In civil actions, the local batik entrepreneurs can hire lawyers and investigators for the purpose of proving that exclusive rights have been violated. If this is done, the task of enforcement bodies will become lighter. With the available evidence, the authorities will investigate to confirm whether the allegations are valid. This will speed up the trial process and more efficiently reduce the injury caused by piracy.

The large influx of batik clothes from China and Vietnam demonstrates a general lack of enforcement. While the ministry has initiated a number of efforts to combat the sale of counterfeit products, other agencies must play a more active role. For example, customs authorities can play a more active role by controlling or restricting the entry of foreign batik clothes. By this way the influx of foreign batik can be restricted and will assist local batik producers from competing with imported batik cloth.

Among the main reasons foreign batik products become the choice of consumers is because of the low prices offered. In contrast, the local batik is sold at a marginally higher price because of higher production costs. The white silk cloth used by local producers is imported from foreign countries, therefore increasing costs. To compete, Malaysian Handicraft, as the agency responsible for ensuring that Malaysian batik industry progressively develops, should expand the raw materials supply scheme, which has been introduced previously, to reduce the burden of an increase cost of raw material incurred by the batik entrepreneurs.

The enforcement of an intellectual property act is limited by territorial jurisdiction. This is one of the factors that led to widespread counterfeiting. Similar circumstances have been dealt with by regional organisations, such as the European Union (EU). Initially, all European States had domestic laws concerning intellectual property, but with similar issues concerning territorial application and enforcement of such laws. On 1 April 2003, the EU established the Office of Harmonization in the Internal Market (OHIM) to allow for the registration of designs and protection of respective rights at the regional level, under the auspices of the EU. In the opinion of the authors, Asian countries should take similar steps to those taken by the European Union, namely in the creation of a system for the registration and protection of intellectual property rights at a regional level.

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