



## Local restaurant defeats McDonalds in IP battle



**By Siti Munirah Maarof and Khairul Fazli bin Abdul Kadir**

Following a recent decision by the Malaysian Court of Appeal, local Malaysian Indian restaurant McCurry Restaurant (KL) Sdn Bhd has won a long-running battle against McDonalds Corporation, the internationally famed fast food franchise operator. After being forced to trade under the name "M Curry" for eight years, the Indian restaurant is entitled to once again operate under its former name, "Restoran McCurry".

**Facts:** In 2001, McDonalds Corporation – the Plaintiff, and Respondent to the recent appeal – brought a claim against McCurry Restaurant (KL) Sdn Bhd – the Defendant, and Appellant to the appeal – on the grounds of passing off. Counsel for the Plaintiff argued, inter alia, that:

- The Plaintiff had an exclusive right to use the prefix "Mc", as the trade mark had been created with the intention of using it on all goods and services sold and provided by its fast food chain globally;
- The prefix "Mc" was created as a source or trade identifier, and the Plaintiff had secured numerous trade mark registrations of the prefix "Mc" (and the suffix "Mc") in many countries; and
- The Defendant had misrepresented itself as being associated with the Plaintiff's business by using the prefix "Mc".

In September 2006, Malaysia's High Court ruled in favour of the Plaintiff, finding it had the exclusive right over the prefix "Mc" as it was distinctive of the Plaintiff either singularly or when used in conjunction with items of food, and that the Plaintiff could therefore claim goodwill and reputation of its business in reference to the prefix.

**Issue:** The Defendant appealed to the Malaysian Court of Appeal, leaving the Court to decide whether its use of "McCurry" amounted to a passing off by it of the Plaintiff's trade name, to which goodwill is attached i.e. whether the Defendant had represented his business to be that of the Plaintiff?

**Decision and reasoning:** Having scrutinized the evidence presented before the High Court, on 27 April 2009 the Court of Appeal reversed the High Court's decision, ruling there was no proof of the tort of passing off committed by the Defendant owing to the following reasons:

- The Plaintiff's mark consists of a distinctive golden arched "M" with the word "McDonalds" against a red background; the Defendant's mark consists of the words "Restoran McCurry" in white and grey lettering on a red background, with a picture of a chicken giving a double thumbs-up and the wording "Malaysian Chicken Curry". When viewed as a whole, the Court found the two marks are distinctive of each other, and drew an inference that the Defendant's signboard would not result in a reasonable person associating "McCurry" with the Plaintiff's mark.
- The Plaintiff's items of food all carry the prefix "Mc", whilst none of the food items served in the Defendant's restaurant carry this prefix;
- The fast food available at the Plaintiff's outlets, such as burgers, french fries and milkshakes, is very different from the typically Indian and local dishes served at the Defendant's sole outlet; and
- There is evidence to show that the types of customers who patronise the Defendant's outlet (adults and senior citizens) are very different from those who patronise the Plaintiff's outlets (mainly children).

Whilst the Court of Appeal's decision was a pleasing end to the Defendant's lengthy ordeal, it remains to be seen whether the McDonalds Corporation will rely on its final right of appeal against the decision in the Federal Court, the highest court in Malaysia.

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