



MALAYSIA STRENGTHENS INTELLECTUAL PROPERTY REGIME

In the twilight of 2021 amid the easing pandemonium of COVID 19, the Malaysian Parliament passed a trio of intellectual property legislation, namely, the Patents (Amendment) Bill 2021, the Copyright (Amendment) Bill 2021 and the Geographical Indications Bill 2021. These Bills are aimed at enhancing the landscape of IP protection in the country by strengthening their enforcement, and bringing the standards of protection and practice to be in line with the country's obligations under various international treaties.

In this article, our Partners Ong Boo Seng, Su Siew Ling and Kwok Tat Wai of the Intellectual Property Practice of Zaid Ibrahim & Co. (a member of ZICO Law) set out the key changes under the Bills and their impact.

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In December 2021, Parliament passed several Bills strengthening intellectual property rights in Malaysia. The Patents and Copyright Amendment Bills set out substantial amendments to the existing Patents Act 1983 and Copyright Act 1987, while the Geographical Indications Bill will be replacing the current Geographical Indications Act 2000.

The amendments introduced aim to strengthen the current intellectual property regime and Malaysia's commitments under international treaties.

A brief commentary on the key points of each legislation is set out below.

COPYRIGHT (AMENDMENT) ACT 2022

The Copyright (Amendment) Act 2022 (the "**Amendment Act**") was gazetted on 10 February 2022 and has yet to come into force. The amendments are welcomed as they better align the Copyright Act 1987 (the "**Copyright Act**") with international standards and enhance enforcement under the Copyright Act.

CRIMINAL OFFENCES RELATING TO STREAMING TECHNOLOGY

New provisions are being introduced to strengthen online anti-piracy measures and address rampant copyright infringement caused by illegal streaming services and the sale and distribution of illicit streaming devices.

In this regard, a broad definition of "streaming technology" has been adopted. This includes both software and hardware which is used

in part or in whole, resulting in copyright infringement. Any person found guilty of committing or facilitating copyright infringement in any work by manufacturing for sale or hire, importing, selling or letting for hire, offering, exposing or advertising for sale or hire, possessing or distributing, offering or providing any service of streaming technology will, on conviction, be liable to a fine between RM10,000 and RM200,000 or imprisonment not exceeding 20 years or both.

COMPLIANCE WITH THE MARRAKESH TREATY

In preparation of Malaysia's ratification of the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired or Otherwise Print Disabled ("**Marrakesh Treaty**"), new definitions and exceptions to copyright infringement will be introduced.

The Marrakesh Treaty is part of the body of international copyright treaties administered by the World Intellectual Property Office (WIPO). The main goal of the Marrakesh Treaty is to set mandatory limitations and exceptions to copyright infringement, facilitating access to published works for the benefit of the blind, visually impaired, and otherwise print disabled.

The Amendment Act provides that the making, issuance of, importation, exportation, modification of copies of any work into accessible format copies by or any person acting on behalf of individuals with print disability will not constitute copyright infringement. Indirect sound recordings or film of performances made by or any other person acting on behalf of individuals with print disability, or an authorised entity or a non-profit making body or institution, solely for the purpose of assisting people who are hearing impaired or persons with print disability, would also not constitute infringement of copyright.

STRONGER ENFORCEMENT SYSTEMS

A number of provisions are being introduced to enhance the investigative and enforcement powers of the relevant authorities under the Copyright Act.

Power is now given to search for and seize any infringing copies which are prohibited from being imported into Malaysia without the copyright owner having to apply for it. The copyright owner or any authorised person may be directed to make any relevant test purchases for the purpose of determining whether or not the provisions of the Copyright

Act are being complied with. Any person may be directed to produce relevant information or documents in carrying out investigations under the Copyright Act.

A person would be guilty of an offence if the person intentionally causes any evidence of the commission of an offence to disappear or gives any information in respect of the offence which the person knows or believes to be false, with the intention of screening the offender from legal punishment.

OTHER AMENDMENTS

The Amendment Act also removes the rights of the author or licensee of copyrighted works to make voluntary notification of copyright in the work. A voluntary notification of copyright in any work may only be made by or on behalf of owners or assignees of a copyrighted work.

Further, the Amendment Act includes several amendments in relation to Collective Management Organisations ("**CMOs**"), bodies that represent

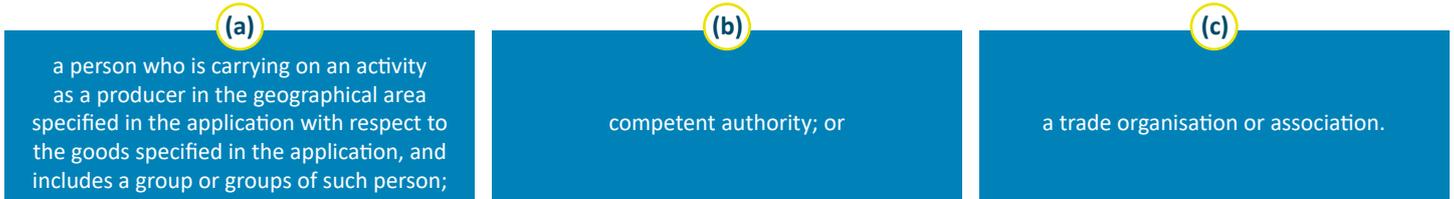
and manage rights for copyright owners or for a specified class of copyright owners, including granting licences and collecting royalties on behalf of copyright owners. The amendments include, amongst others, that only body corporates may apply to be declared as a CMO for a two-year (renewable) period.

GEOGRAPHICAL INDICATIONS BILL 2021

The Geographical Indications Bill 2021 (“**the Bill**”), aims to provide protection and registration of geographical indications in relation to goods, and implementation of the relevant treaties and related matters. The new Bill is intended to replace the currently in force Geographical Indications Act 2000 (“**the Act**”).

REMOVAL OF “TRADE ORGANISATIONS” AND “ASSOCIATIONS” FROM PERSONS WHO MAY APPLY FOR REGISTRATION FOR PROTECTION OF GEOGRAPHICAL INDICATION

The existing Act allows the following persons to apply for registration in Malaysia:



Under the Bill, “trade organisation or association” have been removed from the definition of ‘persons’ who may apply for protection of geographical indication in Malaysia.

NEW GROUNDS FOR REFUSAL OF REGISTRATION OF GEOGRAPHICAL INDICATION

The Bill stipulates new grounds for refusal of registration, which include the following:

- the geographical indication identifies goods that do not fall within any of the categories of goods as determined by the Registrar;
- the geographical indication consists exclusively of an indication which is identical with the term customary in the common language as the common name of any goods in Malaysia if registration is sought in relation to the goods;
- the goods do not originate from the country, region or locality indicated in the application for the registration of geographical indication;
- the geographical indication in relation to the goods is of such a nature which may mislead the public as to the true place of origin of the goods; and
- there exists a likelihood of confusion on the part of the public by reason of the geographical indication being identical with or similar to a registered trademark, a well-known trademark or a trademark which has been used in good faith in Malaysia, prior to the date of application for the geographical indication.

The grounds for refusal may be used by an opponent to oppose the registration of the geographical indication.

EXPANDING THE SCOPE OF PROTECTION OF HOMONYMOUS GEOGRAPHICAL INDICATION

Protection for homonymous geographical indications in Malaysia under the current Act extends to wines only. Under the Bill, the protection to homonymous geographical indications will be expanded to include any goods.

EXAMINATION PROCEDURES IN DETERMINING APPLICATION FOR REGISTRATION

The Bill introduces procedures for examination by the Registrar to determine whether an application for registration of a geographical indication fulfills the requirements for registration under the Bill.

The procedures for examination include the following:

- 1 The Registrar is required to carry out a search for any earlier geographical indication or earlier trademark to such extent considered necessary by the Registrar.

The Registrar is required to inform the applicant, by way of a written notice, if the application for registration does not fulfil any of the requirements. The applicant is provided with the opportunity to:

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 - make a representation or answer the refusal by way of a written submission or a hearing together with the prescribed payment;
 - amend the application to meet any conditions, amendment, modification or limitation deemed necessary and imposed by the Registrar; or
 - furnish additional document, information, or evidence.

- 3 The Registrar may revoke an acceptance or issue a new acceptance any time prior the registration of the geographical indication, if the Registrar is satisfied that the application has been accepted in error, due to the special circumstances of the case, the geographical indication shall not be registered or shall be registered subject to any additional or different condition or limitation.

- 4 An application shall be refused if the Registrar is not satisfied with the response provided. The applicant may appeal to the Court against the Registrar’s refusal within the prescribed time.

TRANSFER OF REGISTRATION OF A REGISTERED GEOGRAPHICAL INDICATION

It is now possible for the registered proprietor to submit an application to transfer the registration of a geographical indication to another person, provided that the person is entitled to file such application. Written consent is also needed for the geographical indication to be transferred to such person.

The transfer of a geographical indication is subject to payment of the prescribed fee.

NEW PROVISION ON OFFENCES

The current Act contains no criminal enforcement against any person falsely applying a registered geographical indication to goods or importing goods with falsely applied geographical indication.

This is set to change as the Bill prescribes criminal offences, penalties and enforcement for falsely applying a registered geographical indication or for importing goods with falsely applied geographical indication.

GEOGRAPHICAL INDICATION AGENTS AND PRIVILEGED COMMUNICATIONS

The Bill extends legal professional privilege to communications between a registered geographical indication agent and the person appointing him/her.

The right of lien enjoyed by a solicitor in relation to the documents and property of a client is similarly extended to a registered geographical indication agent.

TRANSITIONAL PROVISIONS

Transitional provisions are provided under the Bill.

Any geographical indication registered under the Act and is in force immediately before the date of coming into operation of the Bill shall, on the date of coming into operation of this Bill, be registered as a registered geographical indication, subject to the provisions of the Bill. Any pending application for registration of a geographical indication before the date of coming into operation of the Bill shall continue to be dealt with under the Act.

The requirements for the renewal of a registration shall apply regardless whether the renewal fee is paid before the coming into force of the Bill.

PATENTS (AMENDMENT) BILL 2021

The Malaysian patent regime is governed by the Patents Act 1983 (“Act”) which came into force on 1 October 1986. Since its inception, the Act had undergone a number of legislative amendments to level up the patent protection landscape with international treaty obligations.

Concomitant with the country’s new treaty obligations, on 22 December 2021, the Senate passed the Patents (Amendment) Bill 2021 (“Bill”) which introduced key changes to comply with, amongst others, the Budapest Treaty provisions in preparation of Malaysia’s imminent accession to the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of the Patent Procedure (“Budapest

Treaty”), the Agreement on Trade-Related Aspects of Intellectual Property (“TRIPS”) relating to public health, the Regional Comprehensive Economic Partnership Agreement (RCEP), and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

The Bill makes both procedural and substantive changes which are relatively extensive. In this summary, we set out only the salient amendments. The Bill has yet to be enforced and further amendments to the Patents Regulations are anticipated to give full effect to these legislative changes.

THIRD-PARTY OBSERVATIONS

A new section is introduced under the Bill to cater for the submission of Third Party Observations (“TPO”) to the Registrar on the patentability of an invention forming the subject matter of a patent application within the prescribed period. The observations may be filed by any person, and

the meaning of “person” includes the Federal Government and a State Government. TPO provides a formal channel for members of the general public to notify the Registrar on prior arts that might be of relevance when assessing novelty and/or inventiveness.

POST-GRANT OPPOSITION

One of the most critical changes brought about by the Bill is the availability of post-grant opposition that will be introduced for the first time in Malaysia. This provides an interested person with an avenue to oppose the grant of the patent before the Registrar within the prescribed period from the date of publication of the grant of the patent, subject to

there being no pending legal proceedings in respect of the patent at the intended time of opposition.

The grounds of opposition are limited to those set out in sections 56(2)(a), (b), and (c) of the Act, namely, the requirements of novelty,

inventiveness, industrial applicability, non-patentable subject matters, sufficiency and substantive provisions on the description, claims and drawings.

An interested person who is *not a resident* within the meaning of the Bill is required to furnish security for costs at the time of filing the notice of opposition.

One of the following three outcomes may ensue at the end of the opposition proceedings:

- (a) maintain the grant of a patent;
- (b) maintain the grant of a patent with amendments; or
- (c) invalidate the patent.

The remedies available to the interested person in the event of (a) or (b) are to file a counterclaim for invalidation in infringement proceedings or to appeal to Court against the decision. No fresh invalidation proceedings are permitted.

The decision of the Registrar or an appeal from the decision shall not prevent any party to any infringement proceedings from invalidating the patent on any grounds of invalidation under section 56 of the Act. It would appear that the Court will be free to review the grounds of invalidation afresh in a counterclaim against infringement action, notwithstanding that these grounds may have been raised during the opposition proceedings.

In the event of an opposition proceeding that is pending before the Registrar, the opponent may not institute any Court proceedings against the patent owner for the invalidation of the patent unless there is consent between the parties or the opponent is a defendant in an infringement proceeding. However, before invalidation proceedings are instituted, the opponent must withdraw its opposition. This prevents duplicity of proceedings before the Registrar and the Court.

LIMITATION PERIOD FOR THE INITIATION OF AN INFRINGEMENT PROCEEDING

The limitation period for instituting infringement proceedings has been extended from five years to six years under the Bill.

KEY CHANGES TO PATENT FILINGS

Numerous changes to patent filings are introduced by the Bill and the notable ones are as highlighted below:



The request for conversion of a patent application into an application for a certificate for utility innovation, and vice versa, shall be filed with the Registrar within the prescribed period (initially six months from the date the examination report is issued by the examiner) and the said period is absolute and no further extension is allowed.



The Bill imposes a new requirement to pay additional fees for a patent application that contains more than ten claims.



In respect of the division of application, the Bill provides that the application for division shall not be allowed if the initial patent application or the immediate preceding application relating to the initial application falls within one of the following categories before the date of the request:

- o granted;
- o refused;
- o deemed to be withdrawn;
- o withdrawn; or
- o abandoned.

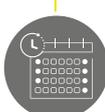
The prescribed period for making such a request is non-extendible. The period for filing a divisional application appears to be more restrictive under the new provision. The Bill also provides that a divisional application shall be entitled to the filing date and any right of priority claimed in the initial application.



Where the applicant complies with the request of the Registrar to file the required correction, the date of receipt of the required correction shall be recorded by the Registrar as the filing date. Non-compliance with the Registrar's request to file the required correction will cause the application to be treated as abandoned.



Deferment of the filing of a modified substantive examination is only available on the ground that the patent or a title of industrial protection is not available by the expiration of the prescribed period. By virtue of this amendment under Bill, it is no longer possible to file a request for a deferment of the filing of a substantive examination.



A new provision is introduced to allow the patent applicant to make a request to the Registrar for the restoration of a right of priority in the event the applicant fails to claim such right of priority during the period of 12 months immediately preceding the filing date of the patent application.



The existing provision on the amendment of application (section 26A of the Act) has been deleted under the Bill. Following the Bill, the Registrar may upon a request made by an applicant subject to payment of the prescribed fee, make amendments with respect to the description, claim(s), drawing, or abstract of the patent application provided the amendment does not go beyond the disclosure in the initial application as filed.

EXTENSION OF PARTICULARS AVAILABLE FOR PUBLIC INSPECTION

The Bill has notably extended the particulars that are available for public inspection of published patents. Such expanded list of information comprises search and examination reports, communications by the

applicant to the Patents Registrar in relation to the patent application, as well as patent and non-patent related literature citations submitted by the applicant or any other person to the Patent Registration Office.

GRANT OF COMPULSORY LICENCE

The Act is amended to comply with the obligations under Article 31bis of the TRIPS Agreement to allow the grant of compulsory licence for the production of pharmaceutical products in Malaysia and exportation of the pharmaceutical products to an eligible importing country to address its public health issues. Any person may apply to the Registrar for a compulsory licence where the products produced in Malaysia is sold at unreasonably high prices without any legitimate reason or to export such pharmaceutical product to an eligible importing country.

A new provision is introduced to confer on the Registrar powers to grant compulsory licence notwithstanding an exclusive licence contract that has been entered into between the licensor and licensee. The licensor is also protected from any action of breach of contract by the licensee resulting from the grant of the compulsory licence by the Registrar.

SECURITY INTEREST

A patent is now recognised under the Bill as a form of security interest and regarded as a subject like any other personal or moveable property. Transactions involving a patent as a security interest may be recorded in the Register in the prescribed manner. This amendment allows a patent

to act as collateral in a loan transaction. Parallel to this development is the acceptance of a notice of an express trust by the Registrar which may be entered in the Register (notice of an implied or constructive trust is still not acceptable).

SECURITY CLEARANCE

The existing section 23A of the Act prescribes security clearance requirements for the first filing of a patent application outside Malaysia by a person resident in Malaysia (where the written approval of the Registrar must be obtained). The issue as to who constitutes a “resident” has been problematic and it is a positive development that the Bill has sought to address the issue by expressly defining the term “resident”.

- (b) a non-citizen of Malaysia who has obtained permanent resident status in Malaysia and is ordinarily residing in Malaysia or is residing in Malaysia by virtue of a valid pass lawfully issued under the Immigration Act;
- (c) a body corporate incorporated, established, or registered in Malaysia; or
- (d) an unincorporated body established or registered in Malaysia.

The word “resident” is thus defined in the Bill as follows:

- (a) a citizen of Malaysia who is residing in Malaysia

By virtue of the above definition, a Malaysian citizen residing overseas will fall outside the ambit of the security clearance requirement.

BIOLOGICAL DEPOSITS UNDER THE BUDAPEST TREATY

New provisions are stipulated for a procedure to deposit micro-organisms which is not available to the public and cannot be described in the patent application with a National Depository Authority (NDA) or an International Depository Authority (IDA) before the filing of the national patent application or international patent application designating Malaysia. Such mechanisms form part of the patent disclosure procedure in compliance with the Budapest Treaty that seeks to mitigate the burden of the applicant in describing a micro-organism.

Prior to the introduction of these amendments, an applicant would, in practice, execute a Statutory Declaration with an undertaking to furnish a sample of the material to any person requesting such sample or if a deposit has been made, to provide the person requesting the sample with a declaration to authorise the authority to furnish the said sample.

The Bill also empowers the Minister to prescribe the National Depository Authority and to make regulations on matters relating to the National Depository Authority.

COMMENTARY

The amendments under the Patents Amendment Bill generally do not have retrospective effect on pending applications and proceedings, though there are transitional provisions that prescribe limited effect on certain aspects of such pending applications or proceedings. It remains to be seen the depth and impact of the changes brought about by the Bill on patent practice and enforcement in the country but it is hoped to be a harbinger of progress and innovation that is much needed in the new era.

will also serve to aid authorities and copyright owners in the fight against copyright infringement. The amendments to ratify the Marrakesh Treaty are also timely to give wider access to published works for the blind, visually impaired and print disabled.

For copyright, the amendments in relation to streaming technology is certainly a boon to copyright owners in view of the rampant online piracy which can be attributed to illegal streaming devices and services. Further, the strengthening of the enforcement provisions under the Copyright Act

The newly revamped Geographical Indications Act introduces more expansive provisions for protection of geographical indications as well as more stringent requirements for examination and registration of geographical indications. It also has provisions which will add more bite to the protection of geographical indications. Overall, it is anticipated that the new Act will be a boon for producers and registrants of geographical indications in Malaysia.

If you have any queries pertaining to the Bills, please do not hesitate to contact Ong Boo Seng, Su Siew Ling, Kwok Tat Wai or the ZICO IP Partner you usually deal with.



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Boo Seng has been practising in the area of Intellectual Property (IP) for the past 20 years covering different aspects of IP practice. He has extensive experience in IP litigation and has represented many IP owners in the enforcement and protection of their rights.

He regularly advises clients on IP issues in corporate and commercial transactions, and on licensing and commercialisation of IP rights. He also advises clients on matters relating to personal data protection.



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Siew Ling has conducted trials and argued appeals at the Court of Appeal and Federal Court where precedent setting cases in IP had been decided. She has been described by the Legal 500 Asia Pacific as “an excellent litigator and an expert in the field” and this was similarly echoed in Chambers Asia Pacific which quoted her as “an esteemed IP litigator”.

Her expertise also extends to transactional IP work such as licensing, franchising, regulatory advice for food, drug and labelling laws as well as data protection. She has advised clients from a diverse range of sectors including automotive, pharmaceutical, biotechnology, consumer products, food and beverage, luxury products, fashion and retail.



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This article was prepared with the assistance of Demi Liew Shu Min, Wong Jie Le and Leanne Lau Yue Ling of Zaid Ibrahim & Co.

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