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THE MALAYSIA-US FREE TRADE AGREEMENT: WHAT LIES AHEAD?

by Azlina A. Khalid

On 8th March 2006 Malaysia and the United States of America announced plans to enter into a free trade agreement (FTA). Since then there have been six rounds of negotiations, with intellectual property rights high on the agenda.

One of the key aspects of the IPR chapter for United States is that parties have to sign up to the following international intellectual property treaties:

- The Patent Cooperation Treaty;
- The WIPO Copyright Treaty;
- The WIPO Performances and Phonograms Treaty;
- International Union for the Protection of New Varieties of Plants (UPOV 1991); and
- Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure.

At the moment Malaysia is a member of only the first treaty. Signing up on the rest will require substantial changes to the current intellectual property regime.

One of the impacted areas would be affordable medicine. Patented drugs and medicine are more expensive than their generic equivalents. Nevertheless, being TRIPS compliant, Malaysia has the flexibility to make or import generic drugs through use of compulsory licenses. This type of license was recently imposed by the Malaysian government to import a cheaper generic version of a patented AIDS drug. A concluded FTA may erode or remove such flexibility.

In addition, TRIPS allows member countries the choice of patenting plant varieties or establishing a 'sui generis' system. Malaysia has taken

the latter option via the Protection of New Plant Varieties Act 2004. It is regarded as a model for other countries because of the protection offered to farmers and its balance in fostering local research capacity. UPOV 1991 was designed with commercialization in mind, affording near monopoly of plant breeders' rights. Ratification to UPOV 1991 would mean changes to the laws including removal of protection afforded to local farmers and indigenous people as well provisions on biopiracy.

"A major change post FTA would be a 40% increase in copyright duration, up to 70 years."

Stronger protection for copyright is also envisaged. Reforms would include higher standards for copyright law and concrete deliverables for strengthening enforcement of copyright in Malaysia including actions taken against optical pirate production, book piracy and pirate exported goods on entertainment, software and films. Malaysia's copyright laws currently only provide protection for literary, musical or artistic works during the author's lifetime and 50 years after the death of the author. For protection

of sound recordings, broadcasts, films, the period is also 50 years after the first recording or broadcast made. A major change post FTA would be a 40% increase in copyright duration, up to 70 years. This is likely to have significant effect on Malaysia's ability to increase its knowledge and innovation capacity.

Free trade agreements are not always a bad thing. At the very least, it opens up the economies of both participating countries. A parting food for thought is Joseph Stiglitz's mention in his article¹ that "Intellectual Property is important but the appropriate intellectual property regime for a developing country is different from that for an advanced industrial country."

Malaysia would do well to heed it.

¹ Economics Nobel Laureate - article published in *The Edge Malaysia* 24 August 2005

CHANGES TO THE SINGAPORE

“The Treaty ... makes it more convenient for businesses to register and manage their trademarks globally.”

The Trade Marks (Amendment) Act 2007 (Act No. 3/2007) was passed by Parliament on 22 January 2007 and received Presidential assent on 1 February 2007, although the amendments will only come into effect at a date yet to be announced. This series of amendments seek to bring local TM practices in line with Singapore's obligations under the Singapore Treaty on the Law of Trademarks (the “Treaty”). The Treaty seeks to further harmonize trademark registration procedures and provides for electronic filing amongst WIPO Member States, making it more convenient for businesses to register and manage their trademarks globally.

(1) MULTIPLE CLASS APPLICATIONS AND DIVISION OF APPLICATIONS

Currently, each application attracts its own lodgment fees and applications for the same mark in different classes are examined by different examiners, each empowered with discretion to raise objections and to direct compliance with prevailing policies. Historically, this has sometimes led to inconsistent directions being issued by the examiners, especially in areas requiring contextual evaluation of terms not defined in the Act.

This problem will be vastly mitigated with the advent of a multi-class system. Administratively a multi-class registration is subject to a single ‘application number’ and in the Singapore context, each set of multi-class applications is usually assigned to one examiner and subject to a consistent level of evaluation, as is the case for International Registration applications designating Singapore. The facility for division is complimentary to the multiple-class system, providing the applicant with a greater degree of flexibility in registering trademarks.

A multi-class registration allows for one single application in multiple classes of goods and services to lead to one registration. Upon registration, the registration is maintained as one, resulting in the need to only file one renewal application for all the classes of goods and services registered.

(2) REGISTRATION OF LICENCE OF PENDING TRADEMARKS

It is now possible for licenses relating to pending trademarks to be lodged with the Registry, although the failure to lodge the licenses does

PROTECTING INDUSTRIAL DESIGN IN MALAYSIA

by Dave A. Wyatt

Malaysia has had an independent industrial design registration law since 1999. According to the latest official statistics, a total of 9,582 applications for registration of designs were filed up to 31st January 2007, of which 7,258 (i.e. 76%) had proceeded to registration. While this high completion rate is partly a reflection of the system of formal examination that does not include search or substantive examination, it is also a sign that the registration system is running smoothly and efficiently.

The substantive designs law of the Industrial Designs Act 1996 is based closely on the UK's Registered Designs Act 1949, prior to its amendment at the end of 2001 under a harmonizing EU Directive. This provides a useful continuity with Malaysia's earlier legislation under which designs registered in the UK were treated as extending automatically to Malaysia.

The law defines an industrial design as features of shape, configuration, pattern or ornament applied to an article by any industrial process or means, being features which in the finished article appeal to and are judged by the eye. An article is defined as any article of manufacture, and specifically includes a handicraft. From these definitions, it can be seen that registration is made in respect of a design applied to an

article, and that the design must have an element of aesthetic value. Unlike for patents, there is no provision for an application to contain a written specification or claims. Similarly, there is no concept of embodiments of a design. For registrability purposes, each embodiment will be treated as a separate design. Nevertheless, several designs can often be included in one multiple application. This offers independent protection for the individual designs, with discounted official filing and renewal fees for the second and subsequent designs.

The novelty standard is local novelty, i.e. the design must not have been previously disclosed to the public anywhere in Malaysia. The maximum term of protection is 15 years, with renewal fees payable after 5 and 10 years.

Of the three key registrable IP rights of patent, trademark and design, it seems that design has long been the poor relation. The availability of quick and cost-effective protection for the appearance of consumer goods, on the other hand, suggests that design registration will capture greater attention in the future. This is especially true for those articles where the look rather than functionality or price is often the factor most influential on the consumer's decision to buy.

“The maximum term of protection is 15 years, with renewal fees payable after 5 and 10 years.”

TRADEMARK REGIME

by Samuel Yuen

not affect the validity of the registration, as would be the case with other registrable transactions such as assignments, security interests, assents and court orders. Furthermore, lodgment is not a condition for a licensee to join infringement proceedings initiated by the holder or to obtain infringement damages through such proceedings.

These amendments are significant, since trademarks for popular goods are often the subject of registrations and are dealt with as valuable assets which may be licensed or assigned. The new measures enable third parties to monitor the ownership and use of such assets conveniently and easily within a framework of harmonized rules amongst member states.

(3) RELIEF MEASURES FOR PROCEDURAL OVERSIGHT

The Act also provides for relief measures to alleviate procedural mistakes by trademark applicants, notably missed deadlines. The relief measures provide the avenue for a trademark applicant to maintain the rights in an

application that has been filed, even when time limits have been missed.

The new measure allows the applicant and the agent greater flexibility in mitigating the effects of lapses due to procedural mistakes by distinguishing between lapses due to substantive errors (law based) and procedural errors (formalities based). The new measures fine tune the balance (which had in the past leaned towards the protection of the interests of the public) between the interests of the proprietor/applicant and that of the public.

CONCLUDING THOUGHTS

The adoption of these measures introduced by the Treaty had thus far been made only 'in principle'. Procedures relating to the exact workings of these principles have yet to be announced, although it is assuredly so that the pertinent procedures will be geared towards the simplification of rights ownership and management in Singapore and likely to be announced in the near future.

“Having common rules in this area is highly desirable and consistent with the aims of harmonizing TM practices of WIPO Member States.”

COURT OF APPEAL RULES AGAINST BATA’S “POWER” TRADE MARK

by Stephanie Leong

In **Bata Ltd v Sim Ah Ba @ Sim Teng Khor & Ors (trading as Kheng Aik Trading)** [2006] 6 MLJ 445, Bata, a world-renowned athletic footwear company failed to prevent a Malaysian trading company, Kheng Aik Trading, from using the word “POWER” in the latter’s trade mark.

Bata’s “POWER” trade mark which includes a sharp two pronged arrow-like device pointing to the right has been the registered trade mark of Bata since 1971 for shoes, boots, slippers and sandals. In 1991, Kheng Aik Trading obtained registration of their trade mark which consisted of a three feather-like curve device with the words “SPORTS” and “POWER”. This prompted Bata to launch rectification proceedings at the High Court of Malaya to expunge Kheng Aik Trading’s trade mark from the Register of Trade Marks on basis that Kheng Aik Trading’s mark is not distinctive and is confusingly similar to its mark so as likely to deceive or cause confusion to the public. The High Court decided in favour of Kheng Aik Trading. Bata appealed to the Court of Appeal but the Court of Appeal affirmed the High Court decision and held that there is no real tangible danger of confusion or deception taking into account the following observations:-

(i) The ideas conveyed by the competing marks are different since the goods of the competing marks do not pass

through the same trade channels i.e. they are not sold in the same stores. Bata’s goods are sold in exclusive Bata shops or their franchise shops whilst Kheng Aik Trading’s goods are sold in general merchandise shops.

- (ii) The disclaimer condition imposed by the Registrar on the word “POWER” in Bata’s mark precluded Bata from having exclusive use of the said word and no exception to “neutralize” the said disclaimer could apply.
- (iii) The goods registered under Bata’s registration and the goods registered under Kheng Aik Trading’s registration are different although they fall under the same classification.
- (iv) The Registrar’s decision to allow registration of Kheng Aik Trading’s mark in spite of the existence of Bata’s registration must be given due weight.

The Court of Appeal also made it clear that, as it is clearly stated in Section 37(c) of the Trade Marks Act 1976, evidence of non-distinctiveness of a mark must be at the time of commencement of rectification proceedings and not at the time of registration of the mark.

“Bata’s goods are sold in exclusive Bata shops... whilst Kheng Aik Trading’s goods are sold in general merchandise shops.”

HENRY GOH IS NO. 1 AGAIN!



Henry Goh was once again a winner in the 2007 annual Managing Intellectual Property (MIP) World IP Survey, bagging first place for “No. 1 Firm for Patent Prosecution Work in Malaysia” and second place in the “Trademark Prosecution” categories.

“It is an honor to be recognised for our industry leadership again,” said Mr Henry Goh. “This award reaffirms our commitment to improving our services for our clients and associates worldwide as we continue to expand our scope of work.”

Henry Goh Malaysia has consistently won the “No. 1 Firm for Patent Prosecution Work in Malaysia”. Winning in 2007 makes this the firm’s seventh award.

SPREADING CHRISTMAS CHEER

Henry Goh had the pleasure of hosting a Christmas party on 13 December 2006 at Desa Amal Jireh, founded in 1985 for the underprivileged. It presently provides a much needed shelter for 85 children and 8 senior citizens, who might otherwise be neglected and homeless.

The staff entertained the children with Christmas carols and everyone had a great time taking part in the games and song-and-dance routines. The children were also treated to a sumptuous lunch.

One of the two highlights of the early celebration was the children receiving their Christmas presents, which were all specially selected for them. The other highlight was Mrs Henry Goh’s cheque and cash presentation on behalf of the Company and Staff to the supervisor of the home, Mr Victor Rayan.



Residents of the Desa Amal Jireh home had a jolly Christmas.

The Christmas spirit proved to be alive and well in the happy glow on the faces of the children and the smiles of the senior people.

PROMOTING IP AWARENESS

By Lim Eng Leong

Henry Goh has been actively involved in various seminars and talks held for members of business councils, local entrepreneurs and the education sector to enhance their awareness of IP rights and protection, all these efforts in tandem with Henry Goh’s corporate responsibility.

Most recently on 9th February 2007, Henry Goh presented a well-received talk to members of the Malaysian Institute of Accountants (MIA) on patent and trade mark protection.

Henry Goh’s efforts stemmed from their strong belief that in a global economy and knowledge-based environment, IP components in commercial transactions are gaining new importance and value. Hence, equipping their clients with the proper awareness and knowledge of IP



An attentive audience at the talk to the Malaysian Institute of Accountants.

rights will give their clients the right footing and bargaining power in the business arena.

ANNUAL DINNER 2007

Henry Goh held its annual dinner at The Regent, Kuala Lumpur on 10th February 2007. The grand gala was attended by staff and invited guests. The “couples or pairs in costumes” theme was well received and many attendees showed up in masquerade.

The event opened with the arrival of the guests to a spirited rendition of the Company Song. In his opening address, the President Mr Henry Goh thanked the staff for their continued commitment. He indicated that we can face the future with confidence - in true achievers’ fashion.

As is the custom, 5- and 10-year Long Service awards were presented to selected employees of the firm. After a splendid dinner, it was time for everyone to let their hair down and enjoy the entertainment. The acts on offer included a cultural Arabic dance and an amusing theatrical performance.