

Excerpt reprinted from AIPLA/Bloomberg BNA's International Patent Litigation

INTERNATIONAL PATENT LITIGATION

A Country-by-Country Analysis

Including 2017 Supplement

PATRICK J. COYNE
Editor-in-Chief

Excerpt: Malaysia Chapter

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2017 Supplement

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INTRODUCTION

This book, now part of a series of intellectual property books co-published by the American Intellectual Property Law Association (AIPLA) and Bloomberg BNA, provides an overview of patent infringement litigation in dozens of countries throughout the world. It provides information on comparative law as well as practice tips and practical advice for managing and conducting patent infringement litigation.

This book will not make you an expert on the law of any particular country. Rather, it provides insight to enable you to anticipate potential problems and opportunities, as well as local considerations that confront litigants outside their home jurisdiction.

Inevitably, this compilation has a U.S.-centric bias because the Editor-in-Chief finds it a convenient reference point based upon his own knowledge and experience. It is, nonetheless, intended to provide practitioners and in-house counsel, both in and outside the United States, practical information they can use to manage and direct infringement litigation in other countries.

This book is intended to provide information to the widest possible audience—from neophytes in patent litigation outside their home jurisdictions, to those more widely experienced, and users looking for particular points of law, practice, or procedure in jurisdictions of particular interest.

The Editor-in-Chief has submitted a series of specific questions to each of the country chapter authors, each of whom are highly distinguished professionals. This has been done to provide a uniform framework for the book and to elicit from the authors as much consistency between the organization and structure of the various country chapters as possible. Although some country chapters are long and others are short, the substantive coverage is relatively uniform. The outline was updated in 2016 and the revised outline is being used for new revisions.

Each country chapter is updated approximately every three to five years to reflect changes in national laws. Equally important, attention has been paid to the diversity of substantive patent laws and to that of the general procedural laws of the various jurisdictions, which also vary widely. Despite the superficial similarities of substantive patent laws—more prevalent since the enactment of the TRIPS agreement and various developments in harmonization—the various country chapter authors provide their unique insights into local practices and idiosyncrasies in patent litigation within their respective jurisdictions. The looseleaf format is intended to allow for the expansion and, in certain cases, replacement of country chapters as changes in local laws and practices affecting patent litigation occur.

The focus of this book is on litigation in the courts and not primarily with administrative practice in the various patent offices. For this reason, materials dealing with *inter partes* practices conducted in patent offices, such as opposition, invalidation, or nullity proceedings, are included only insofar as they are implicated by, substituted for, or affect judicial patent infringement proceedings.

The Editor-in-Chief hopes that this unique work will satisfy the needs of those involved in international patent litigation matters outside of their home jurisdiction. Special thanks go to Michael N. Meller, who created and supervised this book for many years, for his longstanding contributions.

PATRICK J. COYNE
AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION

About the Editor-in-Chief

Patrick J. Coyne is a trial and appellate attorney and a partner at Finnegan, Henderson, Farabow, Garrett & Dunner, LLP, in Washington, D.C. His litigation experience includes patent, trademark, copyright, and trade secret claims; related antitrust and unfair competition issues; general commercial litigation; products liability; and domestic and international arbitration. He also assists clients with strategic portfolio development and management. Mr. Coyne has argued more than 100 cases in state and federal trial and appellate courts, including the U.S. Supreme Court. He has represented clients before the U.S. International Trade Commission (ITC); the Patent Trial and Appeal Board (PTAB) of the U.S. Patent and Trademark Office (USPTO); and the Trademark Trial and Appeal Board (TTAB). He served as a law clerk and technical advisor to Circuit Judge Edward S. Smith of the U.S. Court of Appeals for the Federal Circuit.

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MALAYSIA*

(MY)

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MALAYSIA

(MY)

*prepared by Karen Abraham, Zaraihan Shaari, Diong Tze Mei and
Khoo Yee Mun*

I. INTRODUCTION

In the 31 years the Malaysian Patents Act 1983 has been in effect, the Malaysian patent system and patent litigation have come a long way. The processing and examination of patent applications been conducted locally for many years. Malaysia has been a member of the PCT (Patent Cooperation Treaty) since August 16, 2006. The Malaysian Patent Office is now a Receiving Office for international applications filed by Malaysian residents and is processing a large number of national phase entries of PCT international applications. Patent litigation cases have increased in number but many are settled before commencement of full trial.¹¹

Malaysian courts are to some extent still dependent on foreign authorities, especially English ones. Although foreign authority is persuasive, it is not binding on Malaysian courts. Where an issue of patent law has not been judicially considered within the country, English authorities have been cited with approval.

Malaysia has made substantial advances in science and technology, and it is likely that there will be greater expansion in the field of intellectual property, thus requiring more comprehensive forms of protection. As the field of intellectual property law increases, there can be no doubt that progress will also be made in the development of patent litigation.

II. PROTECTION FOR INVENTIONS IN THE JURISDICTION

A. Patents

A patent is an exclusive right granted for an *invention*, which is defined in section 12 of the Malaysian Patents Act 1983 (“Act”) as an idea of an inventor which permits in practice the solution to a specific problem in the field of technology. An invention may be or may relate to a product

¹¹Rhone-Poulence AG Co. & Anor v. Dikloride Herbicides Sdn Bhd & Anor [1988] 2 MLJ 323; Smith Kline & French Laboratories Ltd., Salim (Malaysia) Sdn Bhd [1989] 2 CLJ 228; Premier Products Co. Ltd & Anor v. Zamrud Fibre Indus. (M) Sdn Bhd [1994] 3 AMR 44; and Transachieve v. Econ Pl Pile Sdn Bhd & Anor; Registrar of Patents (interested party) [1997] 4 CLJ 500, for instance.

or a process that provides a new way of doing something, or offers a new technical solution to a problem.²

Patent protection is granted to inventions which meet the criteria for patentability laid down in the Act, subject to various statutory exceptions that exclude some subject matter from patentability. Section 11 of the Act provides that an invention is patentable if the following criteria are satisfied:

- The invention is new (not anticipated by prior art);³
- It involves an inventive step (not obvious to a person having ordinary skill in the art);⁴ and
- It is industrially applicable.⁵

Patent applicants are advised to consider other requirements provided in the Act or Patents Regulations 1986 (“Regulations”) when filing a patent application to minimise any objections that may be raised by the examiners or any third parties. For example,

- the description of the patent must disclose the invention in such terms that can be understood in a manner sufficiently clear and complete for the invention to be evaluated and to be carried out by a person having ordinary skill in the art;⁶
- the claims must be clear and concise and fully supported by the description.⁷

The following inventions are not patentable pursuant to section 13 of the Patents Act:

- (a) Discoveries, scientific theories, and mathematical methods;
- (b) Plant or animal varieties or essentially biological processes for the production of plants or animals, other than man-made living micro-organisms, micro-biological processes and the products of such micro-organism processes;
- (c) Schemes, rules or methods for doing business, performing purely mental acts or playing games;
- (d) Methods for the treatment of human or animal body by surgery or therapy, and diagnostic methods practised on the human or animal body.

²Section 12 of the Act.

³Section 14 of the Act.

⁴Section 15 of the Act.

⁵Section 16 of the Act.

⁶Regulation 12 of the Regulations.

⁷Regulation 13 of the Regulations.

Any person may make an application for a patent either alone or jointly with another person. The word “person” is not limited to natural persons and thus also includes, for example, a company.⁸

When the application complies with the requirements of the Act and Regulations, the Registrar will grant the patent.

Ownership of a patent provides the exclusive right to control the use of the patent, to work the patent, to deal with the patent including assignment and licensing of rights to third parties, and to sue for infringement. Pursuant to section 36 of the Act, when a patent has been granted in respect of a product, it gives the owner of the patent the *exclusive right* to make, import, offer for sale, sell, use and/or stock for the purpose of offering for sale, selling or using the patented products (“acts of exploitation”) in Malaysia. The owner of a patent for a process also has the exclusive right to use the process and/or do any of the above acts of exploitation with respect to a product obtained directly by the patented process.

A patent is protected for a period of 20 years from the date of filing,⁹ subject to payment of annual renewal fees.

B. Specification

A patent specification shall contain (i) a description; (ii) a claim or claims; (iii) a drawing or drawings, where required; and (iv) an abstract, according to regulation 5(1) of the Regulations.

Regulation 12 provides that the description shall first state the title of the invention as appearing in the request for the grant of a patent and shall:

- (i) Specify the technical field to which the invention relates;
- (ii) Indicate the background art which, as far as is known to the applicant, can be regarded as useful for the understanding, searching and examination of the invention, and wherever possible, cite the documents reflecting such art;
- (iii) Disclose the invention in such terms that it can be understood and in a manner sufficiently clear and complete for the invention to be evaluated and to be carried out by a person having ordinary skill in the art, and state any advantageous effects of the invention with reference to the background art;
- (iv) Briefly describe figures in the drawings, if any;
- (v) Describe the best mode contemplated by the applicant for carrying out the invention, using examples where appropriate and referring to the drawings, if any; and

⁸Section 18 of the Act.

⁹Section 35 of the Act.

- (vi) Indicate explicitly, when it is not obvious from the description or nature of the invention, the way in which the invention is industrially applicable and the way in which it can be made and used or, if it can only be used, the way in which it can be used.

Regulation 15 permits the applicant to include drawings, such as flow sheets and diagrams, in the application when filed where the nature of the invention admits of illustration by drawings.

The abstract provides brief technical information about the invention as contained in the description, claims, and drawings and shall preferably not more than 150 words. The abstract shall commence with a title for the invention and shall contain: (i) a summary of the disclosure as contained in the description and the claims and drawings, if any; and (ii) where applicable, the chemical formulae which, among all the formulae contained in the application, best characterizes the invention. The summary of the disclosure shall indicate the technical field to which the invention pertains and shall be drafted in a way which allows the clear understanding of the technical problem, the gist of the solution of that problem through the invention, and the principal use or uses of the invention.

C. Related Rights

1. Industrial Designs

An industrial design is defined in section 3(1) of the Industrial Designs Act 1996 ("IDA") 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 the eye and are judged by the eyes.*" An industrial design is registrable if it fulfils the interpretation of an industrial design in section 3 of the IDA and is new in Malaysia or elsewhere which is a requirement in section 12(1) of the IDA.

An industrial design is considered new if it was not disclosed to the public in Malaysia or elsewhere before the priority date or the date of application for registration in Malaysia (in respect of the same article or any other article), or was not the subject matter of another application for registration of an industrial design filed in Malaysia but having an earlier priority date made by a different applicant and registered based of the earlier application.

Disclosure of a design identical or similar (differing only in immaterial details or features commonly used in relevant trade) to the applied-for design in a domestic application having an earlier priority date and that has been registered is also novelty-defeating.

Section 25 of the IDA provides that the term of protection for an industrial design years is 5 years from the filing date of the application. The application can be renewed for four additional 5-year periods, providing a maximum term of 25 years.

2. *Utility Innovations*

A utility innovation creates a new product or process—or any new improvement of a known product or process—that is capable of industrial application. Ordinarily, an invention is patentable when it is new, inventive, and is industrially applicable. The difference between a patent and a utility innovation is that the utility invention need not be inventive. A utility innovation is subject to a lower threshold, as it is only required to satisfy the requirements of newness/novelty and industrial applicability to be protected.

However, unlike a patent, which may contain a claim or claims, a utility innovation should only contain one claim. In effect, a more limited scope of protection is given to the object of the utility innovation.

The maximum term of protection for a utility innovation is also 20 years from the date of filing, subject to fulfilment of certain requirements. One of the requirements is payment of the annual renewal fees. An additional requirement is that, on the 10th year and 15th year anniversary date of filing, evidence must be submitted to the Patent Office showing that the utility innovation has been in commercial or industrial use in Malaysia during the preceding 5 years. Alternatively, a satisfactory explanation why the utility innovation has not yet been in commercial or industrial use during the preceding 5 years may be submitted and, if accepted, the renewal may be allowed.

III. INFRINGEMENT

A. **Direct Infringement**

Infringement occurs when the exclusive rights in relation to a patent are performed without the consent of the owner.¹⁰ These exclusive rights conferred to the owner of the patent are:

- (a) the right to exploit the patent;
- (b) the right to assign or transmit the patent; and
- (c) the right to license.

¹⁰Section 36(1) & (2) of the Patents Act 1983.

“Exploitation” of a patent without the consent of the owner refers to any of the following acts in relation to a patent:¹¹

- (a) where the patent is for a product:
 - (i) making, importing, offering for sale, selling, or using the product;
 - (ii) stocking such product for the purpose of offering for sale, selling or using;
- (b) where the patent is for a process:
 - (i) using the process; or
 - (ii) doing any of the acts referred to in paragraph (a) with respect to a product obtained directly by the process.

“Obtained directly” means that, if the patent has been granted in respect of a process for obtaining a product, the same product produced by a person other than the owner of the patent or his licensee shall, unless the contrary is proved, be deemed in any proceedings to have been obtained by that process.¹²

However, if a person at the priority date of the patent application (a) was in good faith in Malaysia making the product or using the process that is the subject of the claimed invention or (b) had in good faith made serious preparations towards the making of the product or using the process, exploitation of the patented invention is allowed, despite the grant of the patent.¹³ In such cases, there must be proof that the product or process in question is made or used in Malaysia. Furthermore, there must be proof that the making, use, or preparation was not derived from the applicant or an abuse of the applicant’s rights.

Parallel importation into Malaysia of patented products (or products obtained directly by a patented process) from another country in which the product is produced with the consent (conditional or otherwise) of the patent owner or his licensee is deemed not to infringe. This is true irrespective of whether or not the patent owner consents to the importation into Malaysia of the product. Offers for sale, sales, and use of the parallel imported products are also deemed not to infringe.¹⁴

It is also not an act of infringement to make, use, offer to sell, or sell a patented invention solely for uses reasonably related to the development and submission of information to the relevant authority that regulates the manufacture, use, or sale of medicinal drugs.¹⁵

¹¹Section 36(3) of the Patents Act 1983.

¹²Section 36(4) of the Patents Act 1983.

¹³Section 38 of the Patents Act 1983.

¹⁴Section 58A of the Patents Act 1983.

¹⁵Section 37(1A) of the Patents Act 1983.

B. Imminent infringement

A second type of infringement is known as “imminent infringement.” Section 59(2) of the Act provides that the owner of a patent has the same right against any person who performs acts that make it likely that infringement will occur. Imminent infringement refers to a situation where actual infringement has not yet occurred but is threatened.

The Act however does not contain any provision on indirect or contributory infringement.

IV. INVALIDITY AS A DEFENCE

A. Requirements

1. Patentable Subject Matter

Section 11 of the Act provides three criteria for patentability, *i.e.*, an invention is patentable if it is new, involves an inventive step, and is industrially applicable. Section 13(1) of the Act provides that, notwithstanding that an invention may be patentable within the meaning of section 12, the following shall not be patentable:

- (a) discoveries, scientific theories and mathematical methods;
- (b) plant or animal varieties or essentially biological processes for the production of plants or animals, other than man-made living micro-organisms, micro-biological processes and the products of such micro-organism processes;
- (c) schemes, rules or methods for doing business, performing purely mental acts or playing games; and
- (d) methods for the treatment of human or animal body by surgery or therapy, and diagnostic methods practised on the human or animal body, provided that this paragraph shall not apply to products used in any such methods.

2. Novelty (Anticipation)

Section 14(1) of the Act provides that an invention is new if it is not anticipated by prior art. Prior art under section 14(2)(a) of the Act consists of everything disclosed to the public anywhere in the world before the priority date of the invention. Such disclosure may be by way of written publication, oral disclosure, use, or public disclosure in any other way. Prior art under section 14(2)(b) of the Act also includes the contents of a domestic patent application having an earlier priority date to the extent that a patent is granted on the basis of the earlier domestic application.

3. *Inventive Step (Obviousness)*

Section 15 of the Act provides that an invention shall be considered as involving an inventive step if, having regard to any prior art under section 14(2) (a) of the Act, such inventive step would not have been obvious to a person having ordinary skill in the art. The person of ordinary skill is considered to be aware of each alleged prior art reference in the light of common general knowledge.

4. *Clarity, Enablement, Written Description*

Clarity, enablement, and written description are required by the Patents Regulations 1986.

Regulation 12 provides, *inter alia*, that the description must (i) disclose the invention in such terms that it can be understood and in a manner sufficiently clear and complete for the invention to be evaluated and to be carried out by a person having ordinary skill in the art, and state any advantageous effects of the invention with reference to the background art; (ii) describe the figures briefly in the drawings, if any; and (iii) describe the best mode contemplated by the applicant for carrying out the invention, using examples where appropriate and referring to the drawings, if any.

Regulation 13 provides, *inter alia*, that the claims shall be clear and concise and fully supported by the description.

Requirements for dependent claims, drawings, and the abstract are provided in Regulations 14, 15, and 16, respectively.

5. *Formal Requirements*

Details of the formal requirements for the filing of a patent application and the patent specification are mainly found in Part VI of the Patents Act 1983 and Regulations 5(2) and 18 of the Patents Regulations 1986.

Court proceedings can be instituted against the owner of a patent for the invalidation of a patent.¹⁶

The court may invalidate a patent if it is proved that:

- (a) what is claimed as an invention in the patent is not an invention¹⁷ within the meaning prescribed under the 1983 Act or is expressly excluded from protection as a non-patentable inven-

¹⁶Section 56 of the Patents Act 1983.

¹⁷Section 12 of the Patents Act 1983 defines an invention as an idea that permits in practice the solution to a specific problem in the field of technology. The invention may be or may relate to a product or process.

tion¹⁸ or where the performance of any act in respect of the claimed invention would be contrary to public order, or is not patentable because it is not new, or does not involve an inventive step or is not industrially applicable;

- (b) the description or the claim does not comply with application requirements;
- (c) any drawings that are necessary for the understanding of the claimed invention have not been furnished;
- (d) the right to the patent does not belong to the person to whom it was granted, or if it has not been assigned to the person to whom the right to the patent properly belongs; or
- (e) that incomplete or incorrect information has been deliberately provided or caused to be provided.

If proceedings for invalidation are commenced as a result of proceedings for patent infringement, both proceedings will usually be tried together with the proceeding for invalidation being heard first by the Court.

B. Related Defences

An interested person can institute proceedings against the owner of the patent for a declaration by the court that the performance of a specific act does not constitute an infringement of the patent.¹⁹ However, if the act in question is already the subject of infringement proceedings, the defendant in the infringement proceedings may not institute proceedings for a declaration of non-infringement.

The owner of a patent is required to notify any licensee of proceedings for a declaration of non-infringement. The licensee has the right to join in the proceedings in the absence of any provision to the contrary in the license agreement. The person requesting the declaration of non-infringement must notify any beneficiary of a compulsory license of the proceedings requesting said declaration, and the beneficiaries have the right to join in the proceedings.

It is possible simultaneously to seek a declaration of non-infringement and to invalidate a patent. However, if invalidation has been requested in an action for patent infringement, a separate proceeding for a declaration of non-infringement is not permitted.

¹⁸Section 13 provides that the following shall not be patentable: (a) discoveries, scientific methods, and mathematical methods; (b) plant or animal varieties or essentially biological processes for the production of plants or animals other than man-made living micro-organisms, micro-biological processes, and the products of such micro-organism processes; (c) schemes, rules, and methods for doing business, performing purely mental acts, or playing games; (d) methods for the treatment of a human or animal body by surgery or therapy and diagnostic methods practiced in the human or animal body.

¹⁹Section 62 of the Patents Act 1983.

V. ADMINISTRATIVE CHALLENGES

Many judges hearing patent cases in Malaysia do not have a technical background/qualifications and rely on technical experts to assist them in the understanding the technical issues involved.

VI. VENUE AND FORUM SELECTION

A. Administrative

Prior to 1983, intellectual property rights in Malaysia was administered by Pejabat Cap Dagangan dan Jaminhak. This Office changed its name to Pejabat Cap Dagangan dan Paten in 1983, and was placed under the jurisdiction of the then Ministry of Trade and Industry.

On October 27, 1990, the Ministry was restructured and the Office was placed under the Ministry of Domestic Trade and Consumer Affairs, now known as Ministry of Domestic Trade, Co-operative and Consumerism. This ministry changed its name to the Intellectual Property Division. The Division was tasked to administer Patents Act 1983, Trade Marks Act 1976, and Copyright Act 1987. The Industrial Designs Act 1996 came into force in 1999, followed by the Layout-Designs of Integrated Circuits Act 2000. In 2001, the Geographical Indications Act 2000 came into force.

To respond to the development of intellectual property at domestic and global levels, the Division was corporatized on March 3, 2003, and known as the Intellectual Property Corporation of Malaysia (PHIM), under the jurisdiction of the Intellectual Property Corporation of Malaysia Act 2002.

The Corporation took an important step in rebranding PHIM as MyIPO on March 3, 2005, on the inaugural National Intellectual Property Day.

Its main objectives are to establish a strong and effective administration; strengthening intellectual property laws; providing comprehensive and user-friendly information on intellectual property; promoting public awareness programs on the importance of intellectual property; and providing advisory services on intellectual property.

MyIPO is headed by a Director General assisted by two Deputy Director Generals. Among the divisions in MyIPO are the Patent, Trade Mark, Industrial Design, Geographical Indications, and Copyright and Layout-Designs of Integrated Circuits Divisions. The Patent Division deals with renewals, prosecution, and grant of patent applications in Malaysia.

B. Courts

The courts of Malaysia comprise the superior courts and the subordinate courts.

1. *The Superior Courts*

The superior courts consist of the Federal Court, the Court of Appeal, and the High Courts.

a. *The Federal Court*

The Federal Court is the highest court under the Malaysian court system and has the final say in any civil, criminal, or constitutional matters. It has appellate, original, consultative or advisory, and referral jurisdiction, except in matters falling under the jurisdiction of the Syariah²⁰ Courts. One of its primary functions is to determine the validity of a law passed by Parliament or the State Legislature. The Federal Court is seen as the absolute interpreter of the Constitution and the final arbiter in disputes arising from it. The High Court may also refer to the Federal Court the determination of any constitutional issue arising in proceedings before it. Such proceedings may be stayed pending the decision of the Federal Court. The Federal Court also makes judgments on legal interpretations arising on appeal from the Court of Appeal.

b. *The Court of Appeal and the High Courts*

The Court of Appeal acts as an intermediary court between the High Courts and the Federal Court. It has powers to hear appeals in both civil and criminal cases originating from the High Court and criminal cases originating from the Sessions Court.

There are two High Courts of coordinate jurisdiction and status, namely, the High Court of Malaya, in the state of Malaya, and the High Court of Sabah and Sarawak, in the states of Sabah and Sarawak. The High Court has jurisdiction²¹ to hear civil matters relating to divorce and matrimony, bankruptcy and company cases, admiralty, appointment of guardians of infants and their property, appointment and control of guardians of mentally disabled persons and their estate, and grant of probates of wills and letters of administration. The procedure followed in civil cases is governed by the Rules of Court 2012 which came into force on August 1, 2012.

Civil patent litigation proceedings in Kuala Lumpur, where most IP court proceedings are commenced, are heard by a single Judge in the IP Court.

2. *The Subordinate Courts*

The subordinate courts consist of the Sessions and the Magistrate courts, and, in West Malaysia only, the Penghulu courts. These subordinate

²⁰A special Islamic court for religious matters.

²¹Sections 23, 24, 24A, 25 (including Schedule), 25A, 28, 30, 32, 33, and 35 of the Court of Judicature Act 1964.

courts have no jurisdiction to hear patent civil cases. However, the subordinate courts have power to try any case concerning a criminal offense under the Malaysian Patents Act 1983 and, on conviction, to impose the full penalty therefor.

VII. CLAIM CONSTRUCTION

A. Guidelines

The Malaysian Patent Office website provides basic guidelines on claim construction. However, in patent litigation, claim construction relies heavily on case law and the testimony of expert witnesses whose views are taken to represent the views of persons having ordinary skill in the art.

B. Claims

Regulation 13 of the Regulations provides that:

- the claims shall be clear and concise and fully supported by the description; and the number of the claims shall be reasonable taking into consideration the nature of the invention;
- the claims shall not contain drawings, and shall not, unless necessary, rely in respect of the technical features of the invention, on references to the description or drawings;
- the technical features mentioned in the claims shall, wherever possible be followed by reference signs relating to such features and placed between parentheses; and
- the claims shall define the invention in terms of the technical features;

Any claim that includes all the features of one or more other claims (“dependent claim”) shall contain, if possible at the beginning, a reference to the other claim or claims and shall then state the additional features claimed. A dependent claim shall be construed as including all the limitations contained in the claims to which it refers or, if the dependent claim is a multiple dependent claim, all the limitations contained in the particular claim in relation to which it is considered (*Regulation 14 of the Regulations*). In the case of *SKB Shutters Manufacturing Sdn Bhd v Seng Kong Shutter Industries Sdn Bhd & Anor* [2015] 6 MLJ 293, the Federal Court held that a dependent claim would consequently fail when the independent claim from which it depends fails.

In the case of *Cadware Sdn Bhd v. Ronic Corp.* [2013] 6 MLJ 19, the Court of Appeal (COA) held that in determining patent infringement the doctrine of purposive construction ought to be applicable in claim

construction. This case was relied on in the recent case of *Nuctech Co. Ltd. v. Pan Asiatic Technologies Sdn Bhd & Ors (Powerscan Co Ltd., third party)* and another suit, [2016] 11 MLJ 474.

In the recent cases of *SKB Shutters Manufacturing Sdn Bhd v Seng Kong Shutter Industries Sdn Bhd & Anor* [2015] 6 MLJ 293 and *Spind Malaysia Sdn Bhd (Co. No. 348122-P) v. Justrade Marketing Sdn Bhd (Company No 605339-D) & Anor* [2017] MLJU 669, the Federal Court and the Court of Appeal respectively, considered the extent a person skilled in the art will be required to assist the courts in construing patent claims.

C. Prosecution History

In the case of *Ranbaxy (Malaysia) Sdn Bhd v. E.I. duPont de Nemours and Company* [2011] 1 LNS 16, a patent invalidation case, prosecution history was considered.

VIII. REPRESENTATION

In Malaysia, there are two professions involved in patents, namely, advocates and solicitors on one hand, and patent agents on the other. Unlike in the United Kingdom, the roles of advocates and solicitors are fused, and advocates and solicitors have the right to make an appearance in court in litigated matters. Section 35 of the Legal Profession Act 1976 provides that any advocate and solicitor shall have the exclusive right to appear and plead in all Courts of Justice in Malaysia according to the law in force in those Courts.

Patent agents cannot appear in court on behalf of their clients unless they are advocates and solicitors of the High Court of Malaya. Regulation 45B provides that any person may be represented in proceedings before the Patent Registration Office by a patent agent who may attend, and file or sign documents on that person's behalf.

IX. TRIAL PROCEDURE

A. Pre-Filing Investigation

Evidence obtained during pre-filing investigation may be admissible in court as evidence.

B. Pre-Trial Measures (Preservation of Evidence)

Malaysia includes procedures for obtaining a 'Mareva Injunction,' described in Section N., below.

C. Demand Letters

There is no requirement that a demand letter or notice be sent before instituting litigation. However, a common practice in Malaysia is to send a warning (“cease and desist”) letter prior to the commencement of a suit to attempt to resolve the matter amicably before proceeding to the courts.

D. Parties (Right To Sue)

1. The Proper Plaintiff

The proper plaintiff for a patent infringement suit is the owner of the patent. The owner of the patent has the right to institute court proceedings for acts of past infringement, or against anyone who is infringing the patent, or against any person who has performed acts that make it likely that an infringement will occur (“imminent infringement”).

A licensee or a beneficiary of a compulsory license may institute legal proceedings. If the licensee or beneficiary can prove that a request was made to, and received by the owner, and that the owner failed to or refused to initiate proceedings, the licensee or beneficiary can do so on its own initiative. However, the owner of the patent must be notified of the defendant’s intention to proceed with court proceedings.

2. The Proper Defendant

The defendant is any person who wrongfully exploits the subject matter of a patent without the consent of the owner of the patent or who has performed acts that make it likely that an infringement will occur.

E. Complaint

A complaint procedure of the type available in the United States is not available in Malaysia. Patents are enforced in Malaysia by initiating a civil action against the infringer in the Intellectual Property Court in the commercial division of the High Court. The IP Court hears both civil and criminal issues relating to patent infringement.

Proceedings are begun by filing a Writ for infringement. This serves the same function as a Complaint in US legal proceedings. The defendant must appear within 14 days and must file his/her defense within an additional 14 days of entering his/her appearance. Plaintiff may serve a reply to the defense within 14 days after the defense is filed. The pleadings are deemed closed upon filing the reply, or the defense if no reply is filed. A party may amend their pleadings at any time until the pleadings are closed.

F. Preliminary Injunctions

Interlocutory injunctions are available in patent infringement suits.²² An application for an interlocutory injunction, whether it be prohibitory or mandatory, must be made in the High Court. In determining whether an interlocutory injunction may be granted, the following queries²³ are applied:

- (a) Is there a triable issue in that the plaintiff has a serious prospect of succeeding in his or her claim for a permanent injunction? Or is the plaintiff's case frivolous or vexatious?
- (b) Would damages be an adequate remedy? If the plaintiff were to succeed, would there be adequate compensation in damages for the defendant's infringing activities? If so, and the defendant was in a position to pay, an interlocutory injunction will not be granted. If the plaintiff's undertaking to damages is adequate, and the plaintiff is in a position to pay in the event an injunction is granted but ultimately the defendant wins the case, an interlocutory injunction may be granted.
- (c) What is the balance of convenience? Can the status quo be maintained? This will only arise if there is doubt as to the adequacy of damages to either party or both.

The court must be satisfied that the plaintiff has complied with the requirements for full and frank disclosure and the undertaking of damages. If the plaintiff is not a resident of Malaysia, the court typically orders that a security bond be furnished for costs.

In urgent cases, an *ex parte* application is possible. Usually a certificate of urgency is filed, together with the notice of application, outlining the grounds required to expedite the hearing for an interlocutory injunction. Generally, an interim injunction obtained on an *ex parte* application will last for 21 days. The *ex parte* interim injunction must be served on the relevant party within one week of the date of the order granting the interim injunction. The court, when granting the injunction, must forthwith fix a date for an *inter partes* hearing to be held before the expiry of the 21 days. At the *inter partes* hearing, the court will determine whether the injunction should be maintained or dissolved.²⁴

Where the defendant fails to comply with the injunction, the defendant may be found in contempt of court.

²²Order 29, rule 1 Rules of Court 2012.

²³American Cyanamid Co. v. Ethicon [1975] AC 396.

²⁴Order 29, rule 1 paragraphs (2B) and (2BA) Rules of Court 2012.

G. Motions to Dismiss

Application to strike out pleadings are available in Malaysia pursuant to Order 18 rule 19 of the Rules of Court 2012.

H. Discovery

The Rules of Court 2012 provide for mutual discovery of documents. Parties to an action must make discovery by exchanging lists of documents within 14 days after pleadings are deemed closed. It is also possible for the court to order that a party make and serve on the other party a list of documents which are or have been in the possession, custody, or power relating to any matter in question. The court may at the same time order that an affidavit verifying such a list of documents be filed and served on the other party.

Where applicable, the court may at any time on the application of any party make an order for the discovery of particular documents.

At any time, any party to the action can serve a notice on the other party requiring the production of a document referred to in the pleadings or affidavit for inspection. The party inspecting will be entitled to make copies of the document(s) inspected. If the producing party fails to comply with the notice, the requesting party may apply to the court for an order requiring the production at an appropriate time place, and in an appropriate manner.

Failure to comply with the discovery rules can result in the action or defense being dismissed or stricken, and judgment entered accordingly. The court also has the power to make any order it thinks just.

Any party to the action may apply to the court for an order granting leave to serve interrogatories on the other party, and require the other party to answer the interrogatories on affidavit within a specified period. Interrogatories shall be ordered if the court considers it necessary for fair disposal of the matter or for the saving of costs.

The court shall also take into account any offer made by a party to be interrogated to give particulars, to make admissions, or to produce documents relating to the matter in question. A party may put in evidence at the trial some or part of the answer to the interrogatories without putting in evidence all the answers or the whole of that answer. However, the court may look at the whole of the answers. In addition, if it is of the opinion that the answers are connected, the court may direct that other portions of the answers be put in evidence.

If a party to whom interrogatories have been served fails to comply, the court may make such order as it thinks just. This may include an order that the action be dismissed or that the defense be struck out, and judgment is entered accordingly.

I. Experts

In patent cases, expert evidence plays an important role. Unlike in the United Kingdom, where a special patent court exists, patent cases in Malaysia are either heard in the IP Court located in Kuala Lumpur or the ordinary courts in other states outside of Kuala Lumpur. Judges are not technically trained and do not have a technical background. Expert evidence is, therefore, necessary to explain the application of the scientific or technical terms and enable the judge to arrive at an appropriate judgment.

The court may, at or before the trial of any action, order that the number of medical or other expert witnesses who may be called at trial be limited. Where expert evidence is sought, the party wishing to adduce the evidence should apply to the court for directions. Unless the Court otherwise directs, expert evidence to be given at the trial of any action, is to be given in a written report signed by the expert and exhibited in an affidavit sworn to or affirmed by him testifying that the report exhibited is his and he accepts full responsibility for the report.²⁵ The court may also direct that the parties' experts meet without prejudice to see if they can identify those parts of their evidence that are in dispute and produce a joint report of those parts that are not. The expert may not be permitted to give any evidence not disclosed in his report. The order permitting expert evidence will normally be made at the summons for directions hearing.

J. Motions for Judgment

Application for summary judgment is available under Order 14 of the Rules of Court 2012.

K. Pre-Trial

Prior to enactment of the Malaysian Rules of the High Court 1980 (now being repealed by the Rules of Court 2012), courts in Malaysia relied on the Rules of the Supreme Court in the United Kingdom. The local rules of civil procedure closely parallel the rules of procedure used in the United Kingdom.

1. *The Writ of Summons*

A claim made in respect of the infringement of a patent is begun by writ.²⁶ The writ is required to be endorsed with a statement of claim or if

²⁵Order 40A rule 3 of the Rules of Court 2012.

²⁶Order 5, rule 2 Rules of Court 2012.

the statement of claim is not endorsed on the writ, a concise statement of the nature of the claim made or the relief/remedy required, namely:

- (a) for an injunction restraining the defendant from infringing the patent;
- (b) delivery up or destruction of the infringing product;
- (c) damages in respect of the infringement;
- (d) in the alternative, an order for an account of profit;
- (e) declaration that the patent is valid and has been infringed;
- (f) costs; or
- (g) other legal relief, which the Honorable Court thinks fit to grant.

The statement of claim identifies the patent in question. The plaintiff asserts that he or she is the proprietor of the patent and presents any facts needed to establish the claim. The defendant is then alleged to have infringed the patent. If damages are claimed, it must be alleged that the plaintiff has suffered damages because of the defendant's infringing activities. There must be an express pleading of any claim to interest on damages or to an account of profits. To obtain an injunction it is also necessary to assert that the defendant threatens and intends to continue the infringing activities. The Statement of Claim must set out every item of request claimed clearly and concisely, because the court will generally refuse to grant relief beyond that sought in the prayer. A general request for further and other relief is not uncommon.

The Particulars of Infringement when pleaded may be set out in a separate document served with the Statement of Claim. The Particulars of Infringement set out the claims of the patent in suit that are alleged to be infringed. It must detail all infringing acts.

2. *Service of the Writ*²⁷

A writ must be served personally on each defendant or by sending it by prepaid AR registered post to the defendant's last known address. Where a defendant's solicitors endorse the writ stating that the solicitor accepts the writ on behalf of the defendant, the writ shall be deemed to have been duly served on the defendant.

Leave of court must be obtained to serve a writ out of the jurisdiction of the court. The application for leave is made by way of *ex parte* summons supported by an affidavit showing the grounds on which the application is made, the belief that the plaintiff has a good cause of action, that there is a good arguable claim, the country in which the defendant is or probably may be found, and that the Malaysian court is the most convenient forum in which the action can proceed.

²⁷Order 10, Rules of Court 2012.

For the purpose of service, a writ (other than a concurrent writ) is valid in the first instance for six months, beginning with the date of its issue. An application for renewal must be made before the expiry of the writ, *ex parte*.²⁸

3. *Defense, Counterclaim, and Particulars of Objection*

The defendant may deny or not admit any facts alleged by the plaintiff. If the defendant asserts any positive answer to the plaintiff's allegations, then he or she must plead and give particulars. The pleading is in two parts.

In the defense and counterclaim, if any, the defendant sets out the reasons for denying infringement. If the defendant challenges the validity of the patent, the defense and counterclaim must contain or be served with a separate document headed "Particulars of Objections" as to the validity of the patent in which the nature of the attacks on validity are specified together with citations of any prior art relied upon. The Particulars of Objection provide sufficient detail. If validity is challenged, it is typically by counterclaim for revocation.

A number of defenses are available:²⁹

- (a) deny the plaintiff's right to the patent;
- (b) deny that he has infringed as alleged or at all;
- (c) plead leave and license;
- (d) raise one or more objections to the validity of the patent; or
- (e) plead that at the time of the infringement there was in force a contract relating to the patent made by or with the consent of the plaintiff; or a license under it granted by or with his consent, and containing a condition or term void by statute for being restrictive.

If the plaintiff does not have a sufficiently arguable case of infringement, the plea may be struck at an early stage without hearing witnesses. Actions may also be stricken where there has been undue or inordinate delay in proceeding with the action.

4. *Reply and Defense to Counterclaim*

If the defendant raises new issues to which the plaintiff objects, the plaintiff is required to file a reply. Otherwise, the issue is joined and the pleadings closed. Where a counterclaim is served, plaintiff is required to

²⁸Order 6, rule 7 Rules of the High Court 1980.

²⁹Extract taken from *Background Reading Material on the Intellectual Property System of Malaysia* by Dato'VL Kandan, Barrister at Law, Kuala Lumpur (WIPO Publication No. 6865/MY(E)), at p. 29.

file a defense to the counterclaim. This must be pleaded as if the counterclaim is a Statement of Claim.

5. Case Management

Case Management allows the court to deal with the remaining procedural steps. These include: statement of the issues to be tried; statement of agreed facts; documents; witnesses; and witness statements. It also governs the exchange of expert reports, the setting down of the matter for trial, and the manner in which the evidence will be presented at trial. The purpose of case management is to ensure that the trial is carried out in the most efficient and cost-effective manner.

L. Trial

1. Documentary Evidence

“Evidence” is defined in section 3 of the Evidence Act 1950 and includes (a) all statements which the court permits or requires to be made before it by witnesses in relation to matters of fact under inquiry: such statements are called oral evidence; and (b) all documents produced for the inspection of the court: such documents are called *documentary evidence*.

The documents that each party intends to introduce as evidence in court must be filed in Courts in Bundles of Documents. Documents whose authenticity as well as the contents are agreed are placed in Part A; documents whose authenticity but not the contents are agreed are placed in Part B; and documents where neither the authenticity nor the content is agreed are placed in Part C.

If the contents of a document are agreed, they cannot be challenged either by cross-examination or otherwise. Any document in the Bundles of Documents will become part of the evidence only if it is read or referred by any party at any stage of the trial and before its conclusion.

A determination of the truth of the contents, and the weight to which given to each document is decided at the end of the trial.

2. Testimony

Subject to the provisions of the Rules of Court 2012 and of the Evidence Act 1950 and any other written law relating to evidence, Order 38 Rule 1 of the Rules of Court 2012 provides that any fact required to be proved at trial in any action begun by writ and proved by the evidence of witness(es) shall be proved by the examination of the witness(es) in open Court.

Order 38 Rule 2 further provides that, without prejudice to the generality of Order 38 Rule 1 above, and unless otherwise provided by any

written law or by these Rules, at the trial of an action commenced by writ, evidence-in-chief of a witness shall be given by way of witness statement and, unless the Court otherwise orders or the parties to the action otherwise agree and subject to such directions as the Court may make, such a witness shall attend trial for cross-examination and, in default of his attendance, his witness statement shall not be received in evidence except with the leave of the Court.

In any cause or matter begun by originating summons and on any application made by notice of application, evidence shall be given by affidavit unless in the case of any such cause, matter or application any provision of these Rules otherwise provides or the Court otherwise directs, but the Court may, on the application of any party, order the attendance for cross-examination of the person making any such affidavit, and where, after such an order has been made, the person in question does not attend, his affidavit shall not be used as evidence without the leave of the Court.

3. Trial Procedure

The Patents Act 1983³⁰ grants the High Court jurisdiction to hear patent cases. Proceedings for patent infringement are not heard in the subordinate courts, as the essential relief sought in most actions is injunctive relief, which the lower courts do not have the jurisdiction to grant. Currently only the “High Court of Malaya (Intellectual Property)” in Kuala Lumpur has been established, and patent and other intellectual property cases in other parts of Malaysia are still heard by the normal Sessions Court and High Court. However, the establishment of the intellectual property courts in those areas is expected to take place soon.

4. Trial Practice

Proceedings for patent infringement can be commenced up to five years after the act of infringement. The length of time for a patent infringement action to reach trial varies considerably. If there are compelling reasons, the court may, upon application, provide for an early trial. On average, an action typically proceeds to trial within 18 to 24 months.

The trial takes place in open court. Patent actions usually proceed by way of a split trial. Evidence is usually presented first on validity and infringement and not damages, which are assessed in separate proceedings in the event that the patent is found valid and infringed. The plaintiff bears the burden of proof to establish infringement and the defendant bears the burden of proof to establish invalidity. The burden of proof on both is by a preponderance of the evidence.

³⁰Section 3 of the Patents Act 1983 defines “Court” as being the High Court.

The evidence-in-chief is usually given orally by witnesses under oath, or in a written witness statement that is verified under oath before the witness is subject to cross-examination and re-examination. Where the evidence-in-chief is given orally, each witness, including expert witnesses, is first examined in-chief by counsel for the party relying on the evidence. The witness is then cross-examined by counsel for the opposing party. An opportunity to re-examine is given to counsel for the party relying on the witness. Questions in re-examination are limited to matters arising from the cross-examination.

During the trial, the judge may give directions as to the party to begin and the order of speeches at trial. However, it is usually the plaintiff who begins by opening the case, calling witnesses, and making the final argument to the court. Defendant may respond to plaintiff's opening case. Usually defendant's counsel has no right of reply unless a new point of law has been introduced in the plaintiff's closing argument.

M. Post-Trial

Every judgment must be pronounced in open court. It is rare for judgment in patent cases to be given immediately upon conclusion of the trial. Normally, the hearing is adjourned to a later date for the pronouncement of the judge's decision.

N. Remedies

1. General

If the owner of the patent can prove that an infringement has been committed or is being committed, the court may award damages and, upon the principles of the English case of *American Cyanamid Co. v. Ethicon Ltd.* [1975] AC 396, may grant an injunction to prevent further acts of infringement. If the owner of the patent proves imminent infringement, the court may grant an injunction to prevent the infringement and may provide any other legal remedy it deems necessary.

In practice, the plaintiff will also seek the payment of costs and an order from court compelling the defendant to pay interest on any damages found to be due.

2. Anton Pillar³¹ Order

An order allowing the applicant to enter specified premises to inspect and take into custody documents or articles relevant to an action and that otherwise might be destroyed or concealed by the defendant is also

³¹Derived from the case of *Anton Pillar KG v. Manufacturing Processes Ltd.* [1976] 1 All ER 405.

available. In view of the nature of the order, the application is necessarily made *ex parte*. The application must be supported by an affidavit giving full and frank disclosure of the material facts necessary for the grant of the order. The affidavit may contain statements of information of belief with the sources and grounds thereof.³² This order is granted pursuant to the inherent jurisdiction of the court.

In view of its draconian nature, the plaintiff has a substantial duty to provide full and frank disclosure. If the plaintiff is found to be seriously wanting in this respect the plaintiff may have to pay the defendant damages and costs.

Having obtained the order, the plaintiff is under a duty to expedite the execution of the action.

3. *Mareva Injunction*

A Mareva injunction is a form of preventive relief granted where there is likely to be dissipation of the assets out of the jurisdiction before judgment is obtained. This order is granted pursuant to Section 25(2) of the Court of Judicature Act 1964. However, the court can exercise its inherent jurisdiction in granting a Mareva injunction.

The application is made *ex parte* by way of summons before a judge in chambers. The application must be supported by an affidavit including the following:

- (a) full and frank disclosure of all material facts;
- (b) additional facts that would have been known if proper inquiries had been made;
- (c) the fact that there are assets in the jurisdiction that ought to be frozen; and
- (d) if the money is held in a bank account, the identity of the relevant bank(s).

In addition, the usual undertaking in damages is required. If the plaintiff is a resident outside the jurisdiction, security may be required.

The court will only grant the injunction if there is:

- (a) a strong prima facie case;
- (b) clear evidence that the defendant has assets within the jurisdiction; and
- (c) a danger that the defendant's assets may be dissipated.

The Rules of Court 2012 provide that the Court may exercise its discretion and determine the amount of costs payable in respect of an interlocutory application at the conclusion of the hearing of the interlocutory application. In determining the amount of costs to be awarded, the Court

³²Order 41, rule 5(2) Rules of Court 2012.

will take into account all the relevant circumstances including the factors stated in Order 59 Rule 16 of the Rules of Court 2012 which provides:

Basis of assessment (O. 59, r. 16)

16. (1) In assessing the costs payable in relation to any item, the Court shall have regard to all relevant circumstances, and in particular to -

- (a) the complexity of the item or of the cause or matter in which it arises and the difficulty or novelty of the questions involved;
- (b) the skill, specialized knowledge and responsibility required of, and the time and labour expended by, the solicitor or counsel;
- (c) the number and importance of the documents, however brief, prepared or perused;
- (d) the place and circumstances in which the business involved is transacted;
- (e) the importance of the cause or matter to the client;
- (f) where money or property is involved, its amount or value;
- (g) any other fees and allowances payable to the solicitor or counsel in respect of other items in the same cause or matter, but only where work done in relation to those items has reduced the work which would otherwise have been necessary in relation to the item in question.

4. Damages

a. Principles for the Assessment of Damages

If liability is established, the court will issue an order for the assessment of damages. Assessment may be by way of affidavit or oral evidence, depending on the direction of the court.

The measure of damages is the amount which will put the injured party in the same position he or she would have been had he or she not sustained the wrong. The successful plaintiff will have to prove his or her loss, and that the loss was a direct and natural consequence of the defendant's acts. Losses that are not within the scope of patent infringement, those that could have been avoided, and losses that are too vague and unspecified are excluded.

b. Methods for Calculating Damages

There are five methods to calculate damages for patent infringement:

- (i) Where the patentee exploits the patent and can prove to the satisfaction of the court that he or she has lost sales because of the infringement, then he or she is entitled to the loss of profits on those sales.
- (ii) Where the patentee exploits the invention by granting licenses to others, then he or she will be entitled to a royalty on the infringing sales at the licensed rate.
- (iii) Where the patentee cannot prove a direct loss and there is no established license rate, then he or she will be entitled to a

notional royalty, taking into account all relevant factors such as the practice with regard to royalty in the relevant trade in analogous trades and the profitability of the invention.

- (iv) When the patentee shows that he or she would have made some of but not all of the defendant's sales, the plaintiff would be entitled to the loss of profit for the sales he or she would have made. As for the rest of the infringing sales, the plaintiff would be entitled to a notional royalty.
- (v) Where the defendant's prices undercut the plaintiff's and the plaintiff was forced to reduce his or her price, the plaintiff will be entitled to the loss of profit due to the reduced price.

c. Remoteness of Damage

(i) Damages not caused by infringement

If the defendant has proved that the same damage would have been caused to the plaintiff if the defendant had not infringed, then the plaintiff would not be entitled to damages by way of lost profits, as that damage had not been caused by the infringement. In such case, the plaintiff would be entitled to royalties on the defendant's sales. The plaintiff would have to prove that those sales would have been made but for the infringement.

(ii) Damages not within the scope of patent infringement

Parasitic damages for conveyed sales are not allowed. In the case of *Catnic*,³³ the plaintiffs not only claimed loss of profits but also loss of profits on the non-patented lintels, which was not allowed.

The position is different where the patented articles are a component part of the larger article. If the patented goods are only accessory in nature, the loss of profit would be the difference between the profit made on the sale of the whole article with and without the patented part and not the profit made on the whole article. However, when the patented part forms the essence of the article, thus rendering the complete product an infringing product, the plaintiff is entitled to loss of profit on sales of the entire product.

5. Relief by an Account of Profits

Two relevant questions must be asked when taking an account of profits:

- (i) Does "profit" mean "net profits"? If so, what deduction should be allowed?

³³*Catnic Components Ltd. & Anor v Hill & Smith Ltd.* [1982] RPC 183; [1983] FSR 512.

- (ii) Can unrealized profits be brought into the account? How should the profits be apportioned to ascertain which part of the profits would be made by the defendant's infringing acts?

a. Net Profits

The profits must mean "net profits." The defendant would be entitled to deduct the cost and expenses incurred for the manufacture of the products, for the utilization of the process. Such deductions would include just allowances for time and effort.

Allowable deductions would include freight costs, sales overheads such as travel, advertising, printing, and general expenses, and interest payments on bank loans. The general approach would be on the differential or direct cost accounting method. By this method, two types of costs are considered:

- (1) Variable costs—costs that vary directly with the volume of production or activity relating to the production line.
- (2) Fixed costs—indirect costs that remain relatively unchanged regardless of the volume.

The gross income is reduced only by variable expenses and any increase in the fixed expenses attributable to the infringing acts. Sometimes an alternative method is used. This involves allocating a portion of the fixed costs to each production line. This would result in a larger deduction for fixed expenses. This, however, is only suitable where the infringing activity is in addition to the defendant's preexisting activity.

It is sometimes asserted that the direct costing method should allow for the deduction of opportunity costs as well. A deduction can be allowed for general overheads, which are not directly attributable to the manufacture and sale of the infringing product.

b. Apportionment

Plaintiff is only entitled to the profit derived from the infringing act and not the profit from the whole venture in the course of which the infringing acts were committed. The method is to compare the actual profit made by the defendant with the profit the defendant would have made had there not been infringement.

6. Interest on Profits

An account of profits is an equitable remedy. The award of interest on any profits will be under the equitable jurisdiction of the court. It would be appropriate if there has been an investment benefit, as when proceeds from the infringement have been invested in some way to produce further profits that cannot be directly proved.

7. *Double Recovery*

It has been suggested that a plaintiff cannot be compensated by an award for damages for more than the damage that he has in fact suffered because of the infringement. For instance, if damages for an infringing sale equal to lost profit have already been obtained, there cannot be further damages recoverable from subsequent use or sale of the infringing product even if such subsequent use or sale by itself is an infringement. A similar issue is whether the plaintiff, after an account of profits has been taken, can claim damages from subsequent users of the infringing product on any onward sales of the infringing product.

8. *Delivery Up or Destruction of Patented Goods*

Such an order is ancillary to an injunction. It will ensure observance of an injunction. In some cases, the court may consider it sufficient to order the removal or alteration of some part of the infringing article.

9. *Springboard Damages*

Recovery of secondary loss is allowed, provided it was reasonably foreseeable on basic tort principles. An example of such a loss includes the sale of unpatented articles that are used with the patented article(s). The court must estimate how likely it is that the particular events would have occurred had there not been infringement.

This is an imperfect exercise that could reasonably be based only on general impressions gleaned from the evidence before the court as a whole. This is particularly true where the patentee has not licensed the infringed patents.

O. Fees And Costs

Costs are a matter of the discretion of the court. The winner can expect to recover his general costs of the action. Costs of interlocutory applications for discovery, inspection, amendment, etc., are normally held over until after the trial by orders that they be paid either in the cause or in any event. In the former (cause), costs will follow the final result and in the latter (any event), the party to whom they are awarded will receive costs regardless of the outcome but only after the action is completed.

Costs are normally paid on a "party and party" basis. A party may recover about 50 to 80 percent of their actual, incurred costs. In circumstances where the court wishes to register its disapproval of a party's conduct for some reason, costs may be awarded on an indemnity basis. On this basis, all incurred costs are recoverable.

Every judgment debt shall carry interest at 5 percent per annum to be calculated from the date of judgment until the date of realization.

XI. APPEAL

Appeals typically take one (1) year to conclude. A Notice of Appeal must be filed within one month from the date of the judgment/order appealed from. Records of Appeal are due within eight (8) weeks from the date of the Notice of Appeal. The parties' respective written submissions are typically due at least 14 days before the hearing of the appeal.

XII. DECLARATORY ACTIONS

Section 56(1) of the Patents Act 1983 provides that any aggrieved person may institute Court proceedings against the owner of the patent for the invalidation of the patent. Section 56(3) of the Act further provides that where section 56(1) apply on only some of the claims or some parts of a claim, such claims or parts of a claim may be declared invalid by the Court and the invalidity of part of a claim shall be declared in the form of a corresponding limitation of the claim in question.

Section 62(1) of the Patents Act 1983 provides that any interested person shall have the right to request, by instituting proceeding against the owner of a patent, that the court declares that the performance of a specific act does not constitute an infringement of the patent. Section 62(4) of the Act provides that if the act in question is already the subject of infringement proceedings, the defendant in the infringement proceedings may not institute proceedings for a declaration of non-infringement.

XIII. SETTLEMENT

If parties decide to settle a matter amicably, a consent order may be entered in court in such terms that both parties are agreeable to in mutual consent. Alternatively, settlement may be achieved between the parties out of court and the action then be withdrawn by the plaintiff(s) in court. Mediation is also available as an alternative dispute resolution. There are also instances where a dispute is resolved by way of licensing of the patent.

XIV. CRIMINAL LIABILITY

Criminal sanctions are provided in the Patents Act 1983 for certain offences which include falsification of the Patent Register and falsely representing that a product or process is patented in sections 63 and 64 of the Act. The other offences can be found in Part XIII of the Patents Act 1983.