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Malaysia's IP shopping list

Malaysia has embarked on a series of IP reforms that will affect both its international obligations and the country's domestic legal framework. **Karen Abraham** of **Shearn Delamore & Co** summarizes the government's plans

Peddlers sit by busy sidewalks leaning forward over their stalls and call out to shoppers to buy their wares. Shop displays spill onto the pavements while tables groan with the weight of an exotic array of food. This is a common scene at Kuala Lumpur's Petaling Street, known as Chinatown.

Malaysia has always been well known as a shopping haven. It boasts some of the largest shopping malls in the region. The government has offered incentives to promote the retail sector to tourists by introducing the so-called mega sale concept. Not only is Malaysia keen to establish itself as a shopper's paradise but the government is also keen to use IP as a tool to promote investment and trade in the country. In fact, the role of IP in Malaysia's thriving economic growth continues to take centre stage in all industry sectors.

For 2006, Malaysia abounds with a vibrant blend of major developments in IP-related international ties, enforcement and protection of IP rights as well as legal and procedural changes. The government also has a long shopping list of IP agreements and treaties, conventions and projects which it has set out to secure for the country.

Malaysia's international shopping basket

Part of Malaysia's shopping list is taken up with international issues. These include:

Patent Cooperation Treaty (PCT)

The PCT provides a unified procedure for filing patent applications to protect inventions internationally. On May 16 2006, Malaysia deposited its instrument of accession to the PCT and became the 131st contracting state to the Treaty. The PCT came into force in Malaysia on August 16. Consequently, any international application filed on or after that date will now automatically include the designation of Malaysia. As

Malaysia is now bound by Chapter II of the PCT, it will automatically be elected in any demand in respect of an international preliminary application filed on or after August 16 2006. Furthermore, nationals and residents of Malaysia are now entitled to file international applications under the PCT.

Japan-Malaysia Economic Partnership Agreement

The free trade Agreement between Malaysia and Japan, which is part of a bilateral Japan-Malaysia Economic Partnership Agreement (JMEPA), took effect on July 13 2006. The agreement was signed in December last year after two years of negotiation between the two countries. The accord will cover not only trade in goods, but also in services, as well as intellectual property rights protection, investment rules, competition policies, business facilitation and cooperation projects for personnel training in Malaysia. In relation to IP, both sides will ensure adequate and effective protection of intellectual property and provide for measures for enforcing IP rights.

Domestic agenda

In the domestic domain, Malaysia has a series of projects and developments planned. These include a number of anti-piracy operations. The biggest of these are detailed below.

Software: 2006 Ops Tulen

This year has seen the launch of one of the most aggressive enforcement campaigns, the 2006 Ops Tulen (Operation Genuine) campaign, implemented by the Business Software Alliance (BSA) with the support of the Ministry of Domestic Trade and Consumer Affairs (MDTCA) to combat software piracy. The main objective of this operation is to eradicate the use of pirated software and to prosecute those that persistently fail to

comply. Under the Copyright Act 1987, offenders – including directors and senior management – can be fined between RM2,000 (\$550) and RM20,000 (\$5,500) for each unlicensed copy and/or face imprisonment of up to five years. Since its launch, some 14,000 companies have been given warnings to use original software for their operations. To gain public support and cooperation in this campaign, rewards have been offered for reports on use of unlicensed software in workplace. Ops Tulen teams visit companies nationwide to educate senior management on the need to audit their software proactively and to use original licensed software in their businesses. BSA has also been organizing roadshows to educate the public on licensing issues and to explain the advantages of using licensed software from its member companies.

Movies: Operation Red Card

The film industry saw the Motion Picture Association (MPA) launch Operation Red Card, an Asian-wide anti-piracy enforcement initiative, in early May this year to coincide with this year's World Cup soccer tournament. Operation Red Card concluded in mid-July. Its aim was to protect sales of cinema tickets and legitimate DVDs and VCDs by reducing the availability of pirated optical discs. Malaysia was included as one of the targets under Operation Red Card. The Operation reportedly resulted in 455 raids, 422 optical disc burners seized, 1,176,003 pirated optical discs seized and 128 people arrested.

Joint enforcement

Venue	Number of inspections/ raids carried out between April 1 1999 and October 16 2005
Night markets	53,834
Food Stalls	13,232
Stalls on five-foot ways of buildings/streets	23,287
Kiosks at shopping complexes	20,261
Shops selling/renting videos/cassettes/optical discs	31,699
Factories manufacturing optical discs/video cassettes	765
Storage premises/warehouses/distribution centres	622
Computer stores	1,254
Miscellaneous/other places (morning markets/ farmers' markets/other factories)	5,339
Total	150,293

(Source: Ministry of Domestic Trade and Consumer Affairs)

As a result of the ban on the sale of optical disc products in open spaces since August 2001, there has reportedly been a drastic reduction in the number of traders operating in open spaces. The government reports that the number of these traders fell from 2,386 in 2001 to 512 in September 2005.

Creative Commons

Creative Commons is a non-profit organization which encourages copyright holders to adopt a flexible approach to copyright licensing by enabling them to assign some rights to the public whilst retaining other rights through licensing and contractual schemes. Malaysia has become the first South-East Asian country to embrace the Creative Commons initiative. The Multimedia Development Corporation (MDeC) launched Creative Commons on March 4 2006. With the Malaysian licence now integrated into the Creative Commons licensing process, members of the public are now able to license their works under Malaysian law. The first Creative Commons Malaysia competition was organized with the aim of encouraging the use of Creative Commons materials to create new works. The MDeC also intends to engage in community building activities. It is hoped that the participation of Malaysia in the Creative Commons project will further enhance the creativity of all Malaysians by encouraging them to participate in the content development and distribution of their works around the globe and in aiding them to gain recognition for their works internationally.

Biotechnology push

In its efforts to be a global player in biotechnology, the government has implemented a national biotechnology policy that aims to build a conducive environment for R&D and the development of the industry while leveraging on the country's existing areas of strength. The

National Biotechnology Policy is underpinned by nine key policy areas, including the creation of an enabling environment through continuous reviews of the country's regulatory framework and procedures in line with global standards and best practice, and developing a strong IP protection regime to support R&D and commercialization efforts.

IP education

As part of ongoing efforts to increase IP awareness among the Malaysian public, April 26 has been declared National Intellectual Property Day. To celebrate the day this year, the MDTCA in cooperation with the Intellectual Property Corporation of Malaysia organized a launching ceremony on April 27. The event included awarding the first IP award in which the contributions of individuals and organizations in the field of IP were recognized.

More agreements: more protection?

Among the items high on Malaysia's IP shopping list is a free trade agreement (FTA) with the US. Malaysia launched the first round of negotiations with the US on June 12 2006 in Penang. The negotiations covered 18 issues, including government procurement, investment, telecoms, competition policy, Customs procedures, industrial goods, agriculture and the environment. Apart from these issues, the area of IP rights is one of the key topics for negotiation. Both Malaysia and the US are still in the middle of negotiations but it is likely that the US will want to see provisions that mirror those agreed with its other FTA partners. The US would certainly like to see Malaysia adhere to as many of the international treaties which it has yet to ratify as quickly as possible.

General provisions of a Malaysian-US FTA

The IP chapter is likely to require Malaysia to ratify or accede to several agreements on IP rights. Malaysia has already acceded to the PCT as discussed earlier. The other treaties which Malaysia has yet to ratify or accede to include the following:

- the Patent Law Treaty
- the Hague Agreement concerning the International Registration of Industrial Designs
- the International Convention for the Protection of New Varieties of Plants
- the Brussels Convention Relating to the Distribution of Programme-Carrying Satellite Signals
- the Trademark Law Treaty
- the Budapest Treaty on the International Recognition of the Deposit of Micro-organisms for the Purposes of Patent Procedure
- the Protocol Relating to the Madrid Agreement concerning the International Registration of Marks

The IP chapter also includes full national treatment commitments. It also requires each party to publish its laws, regulations and procedures concerning the protection or enforcement of IP rights.

Copyright

Malaysia may be expected to extend copyright protection. Recognizing the importance of satellite broadcasts, the chapter ensures that each party will protect programme-carrying satellite signals. It obliges parties to extend protection to the signals themselves, rather than solely to the content contained in the signals.

Trade marks

It is envisaged that Malaysia may be expected to extend protection of trade marks to include sound marks and

scents marks. In addition, trade mark licences may no longer need to be recorded at the Registry in order for a proprietor to assert any rights in a trade mark. Until Malaysia accedes to the Madrid Protocol, companies wishing to protect their brands regionally or internationally will have to pursue national filings in countries where protection is sought. Malaysian companies may, however,

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choose to apply for trade mark protection through the Community trade mark (CTM) prosecution. In this year alone, 33 CTM trade marks have been registered by Malaysian companies and 370 from 1996-2005.

Domain names

The chapter also imposes rules for domain name management that require a dispute resolution procedure to prevent trade mark cyberpiracy. In this regard, the Malaysian Network Information Centre (MYNIC) launched its own domain name dispute resolution service on April 17 2003 to deal with matters where the disputed domain name is identical or confusingly similar to a trade mark or service mark in which the complainant has rights, and where the domain name has been registered and/or used by the respondent in bad faith. The governance and administration of domain name disputes for the .my top-level domain is in accordance with the terms set out in MYNIC's domain name dispute resolution policy (MYDRP) and rules. The Regional Centre for Arbitration in Kuala Lumpur provides on-line dispute resolution services under the MYDRP for resolving disputes between the registrant of a .my top-level domain (TLD) and a third party over the registration or use of the name. So far, there have been five cases decided under the MYDRP.

Adjudication

Another potential item is the setting up of an IP Court in Malaysia, which was mooted in 2003. There is reportedly a backlog of about 800 IP cases in the courts which have been pending between October 2003 and September 6 2004. A Sessions Court dedicated to IP cases has already been allocated in Kuala Lumpur and plans are afoot to increase the number of such courts to cater for IP cases. According to the Minister of MDTCA, Datuk Shafie Apdal, during the opening of an IP seminar for prosecutors recently, the government is hoping to set up an IP Court next year to speed up cases relating to IP infringements in line with the Ministry's commitment to eradicate piracy and counterfeiting activities in the country.

Legislative changes

There are a series of planned amendments in the pipeline. These include:

Plant Varieties Act 2004

The much-awaited New Plant Varieties Act was gazetted on July 1 2004 but has not yet been enforced. This new Act is distinct from the rest of the IP system. It has its own registration system and there is a Plant Varieties Board which has been established under the Act to issue registration certificates for the new plant variety and to grant breeders' rights to the applicant.

Mediation Act

Mediation is a hot topic and is being heavily promoted as the alternative dispute resolution mechanism to civil litigation and indeed even arbitration. Unlike the adversarial trial process, mediation is seen as a tool to help parties repair and improve relations that have been hurt as a result of a dispute. The Bar Council of Malaysia has taken positive steps to encourage mediation as a mechanism for dispute resolution between parties by setting up an ADR sub-committee entrusted with the task of training members of the profession to be mediators. Such training includes courses in mediation conducted by experienced foreign and local mediators. International organizations such as INTA have also held joint conferences with the Bar Council of Malaysia in Kuala Lumpur on the topic of mediation to enable litigants and practitioners develop a better understanding of mediation and to provide information on mediation strategies and practical techniques. Additionally, the Malaysian Bar Council has set up a Mediation Centre in Kuala Lumpur. The Centre operates under a set of rules formulated for a variety of matters relating to mediation, including the cost of such mediation process. Mediation has also been offered by the Legal Aid Bureau as part of its services.

A committee comprising a Federal Court judge and representatives from the Bar and the Attorney General's Chambers is looking into

the possibility of according statutory recognition to mediation as a dispute resolution mechanism. The Mediation Act is tipped to provide for both voluntary and court-directed mediation. Provisions that would have to be considered are regulations in respect of court-annexed mediation, a fee schedule and the consequences if parties did not comply with the court's direction for mediation. Not only will this reduce the backlog of cases in the courts but it may also be more appropriate for certain disputes, including IP disputes, to be decided by specialists in the industry.

Competition Law

There is also in the pipeline a Competition Act which is anticipated to be tabled next year. This Act is expected to provide clarity on anti-competitive actions, conduct and behaviour as well as consistency in applying and enforcing the rules. If it is passed, Malaysia will join the likes of countries like the UK, Japan, Australia, South Korea, Indonesia, Thailand and Singapore which have implemented their own competition laws.

The IP industry in Malaysia waits with bated breath in anticipation of the implementation of a multitude of new terms and trends that lay in store for the expansion of protection, exploitation and enforcement of IP rights and infrastructure in the country.

Karen Abraham



Karen Abraham is an advocate and solicitor of Malaysia and South Australia. She is a partner of Shearn Delamore & Co and specializes in IP litigation, frequently appearing in the appellate courts in Malaysia. She is the president of the International Association for the Protection of Intellectual Property (AIPPI) Malaysian chapter and the past chair of the IP Committee of the Inter-Pacific Bar Association. She has designed and crafted brand management programmes for Malaysian companies and for leading multinational companies throughout the world. Karen has also designed anti-counterfeiting and anti-piracy programmes and strategies for some of the largest IP brands in the world. She has been actively advocating mediation of IP disputes in Malaysia and was recently appointed to the Panel of Neutrals of INTA. Karen is the author of several publications and is regularly invited as a speaker at international IP conferences including INTA, AIPPI, ASIPI and APAA. Karen has been conferred an honorary fellow of the Association of Fellows and Legal Scholars of the Center of International Legal Studies (CILS), Salzburg, Austria.

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