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Enforcing IP rights is high on the government's agenda, says Karen Abraham of Shearn Delamore & Co

Top of the to-do list

As the books close for the first quarter of 2008, Malaysia's economy continues to sustain its growth trend in the global market, despite the risks of a slowdown in the US economy. This growth is also mirrored in the IP sector from the upward trend of IP court cases being filed to the number of trade marks filed at the Intellectual Property Corporation of Malaysia (MyIPO). This increase in growth demands that the country provides a suitable infrastructure to instil confidence in investors and to generate more R&D activity.

National IP day

Malaysia celebrates its National Day on August 31 each year. In addition to the National Day, since 2005 Malaysia has also celebrated National Intellectual Property Day on April 26. The IP Day offers an ideal opportunity to inform, educate and promote the importance of IP as a tool for economic, social and cultural development. This year the IP Day exhibition will be on April 24 at the Kuala Lumpur Convention Centre and aims to encourage a culture of creativity among Malaysians. MyIPO's director general Kamel Mohamad has announced that this exhibition will provide avenues for Malaysians to deepen their understanding of the latest developments in the IP sector and IP rights. The highlights of the exhibition include a showcase of local products that carry registered trade marks and brands that are known to the public for their quality. There will also be seminars covering topics such as IP protection and entrepreneurship, commercialization and licensing of IP and grants and loans to facilitate innovation. The exhibition will be divided into five zones catering to innovation, product development, marketing, services and an IP gallery. Among those participating are government agencies, individual inventors, local and multinational companies, institutions of higher learning, research institutions, small and medium enterprises, financial institutions, the local chamber of commerce and entrepreneurs. The purpose of IP Day is also to recognize innovators and inventors through awards in various categories, namely organizations, individuals, industrial designs and young inventors.

National Intellectual Property Policy (NIPP)

The Prime Minister of Malaysia, Dato' Seri Abdullah Badawi, announced that the NIPP aims at "strengthening the Intellectual Property Landscape to attract more foreign investors to Malaysia as well as to encourage speedier and more effective technological transfers, which will enable local manufacturers to reap full benefits from research and innovations".

On April 27 2007 the NIPP was launched with the following goals in mind:

- To harness intellectual property as a new engine of growth for the enhancement of economic and social prosperity.
- To maximize the contribution of IP with the creation of an environment that encourages continuous creation of intellectual property, provides a high standard of IP protection, promotes the development of supporting industries and builds human resources to implement the policy.
- To recognize that in the current knowledge-based economy intellectual property is a valuable commercial asset and a critical business tool that provides

Karen Abraham



Karen Abraham is an advocate and solicitor for Malaysia and South Australia. She jointly heads the intellectual property and IT department of Shearn Delamore & Co. She is president of the International Association for the Protection of Intellectual Property (AIPPI) Malaysian Chapter. Abraham's practice covers both litigation and advisory matters relating to intellectual property and IT. She has crafted brand management programmes for leading multinational companies throughout the world. Abraham has also designed anti-counterfeiting and anti-piracy programmes and strategies for some of the largest global IP brands. She has actively advocated mediation of IP disputes in Malaysia and has been appointed to the Panel of Neutrals of INTA. Abraham is also an accredited mediator of the Malaysian Mediation Centre and an Associate Member of the Chartered Institute of Arbitrators (UK). She is the author of several international publications and has been invited to speak at conferences organized by leading international IP organizations and associations, including ACG (UK), ASEAN IPA, AIPPI, ASIPI, APAA, INTA, IPBA, LawAsia and MARQUES.

Janet Toh



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She holds an LLB (hons) degree from the University of Bristol. She also holds a Master's in Law from the National University of Singapore where she published a thesis on "Trade Mark and Copyright Protection in Cyberspace: Domain Name Disputes, Browsing and Linking on the Net". She commenced her pupillage with Shearn Delamore & Co in 2001 and was admitted as an advocate and solicitor of the High Court of Malaya in 2002. Janet is a committee member of the Licensing Executives' Society of Malaysia and a member of the Malaysian Intellectual Property Association.

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competitiveness. The strategic managing and harnessing of intellectual property is a gateway to enhance Malaysia's long-term competitiveness.

Strategies

- To implement the NIPP, the following strategies have been outlined:
- Guaranteeing the highest standard of IP protection.
- Promotion of IP-generated activities.
- Development of IP management capabilities.
- Development of an infrastructure for IP-based transactions, particularly trading, licensing, collateralisation and securitisation.
- Protection of Malaysian IP interests.

As part of the implementation of the NIPP, the Malaysian government has announced the following measures:

- The setting up of a RM5 billion (\$1.59 million) national IP fund specifically for the purpose of promoting the growth of intellectual property.
- The establishment of a special IP Court to expedite the disposal of IP-related cases.
- The creation of a National IP Institute to provide specialized IP training programmes and to raise general awareness about intellectual property.

The key highlights of the implementation plan in the area of trade marks, patents and copyright were the establishment of a registration system for famous marks; a Patent Linkage System between the patent registration and the Drugs Authority on Pharmaceutical Products for granting marketing approval under the Ministry of Health; and a voluntary registration system for copyright.

IP fund

During a meeting with representatives of IP industries held by the Ministry of Domestic Trade and Consumer Affairs (MDTCA) in January last year, it was announced that the RM5 billion fund had been approved for the furtherance of the NIPP, and that two separate committees, the Steering Committee and the Monitoring Committee, together with an Action Council, would be formed to implement the NIPP. About RM1 billion (\$318,000) from the fund was put aside in 2007 for the setting up of the IP Court and to facilitate the acceleration of IP cases being heard and adjudicated. It is expected that another RM2 billion will be spent between 2009 and 2010 to set up an IP Academy and that the remaining RM2 billion will be allocated to initiative packages aimed to reinforce the NIPP in 2011 and 2012.

Industry feedback

At the recent meeting held in January 2008, the MDTCA invited feedback and suggestions from the relevant industries on ways to strengthen the system of protection of IP rights in Malaysia, and the role of these industries in the development of intellectual property in Malaysia.

The Motion Picture Association (MPA) recommended that Malaysia should prepare legislation towards developing Malaysia into a leading IP hub. As an example, the MPA recommended that copyright protection be extended from 50 years to 70 years and that a provision for internet piracy be included in the Copyright Act.

The Malaysian International Chamber of Commerce and Industry (MICCI) on the other hand called for the appointment of judges that have commercial background and for judges and prosecutors to be given training in the field of intellectual property. The MICCI also recommended that penalties should be commensurate with crimes, and that amendments should be made to the relevant legislations if necessary.

The American Malaysian Chamber of Commerce suggested

that an independent enforcement unit be established to carry out effective border control.

More specialist courts

The establishment of the long-awaited specialized IP court, which was officially launched on July 17 2007, is a major step by the Malaysian government and in particular the MDTCA towards combating the increasing piracy of copyrighted materials and counterfeiting of goods in Malaysia. The setting up of the IP Court shows Malaysia's commitment to accord the highest standard of protection to IP rights. To further improve the administration of IP-related disputes, 15 Session Courts in every state were designated to handle these matters, with six High Courts sitting as special designated courts in states with the most number of IP infringements, namely Kuala Lumpur, Selangor, Johor, Perak, Sabah and Sarawak. These specialized courts hear cases involving various IP-related matters, including offences and disputes arising under the Trade Descriptions Act 1972, Patents Act 1983, Copyright Act 1987, Optical Discs Act 2000 and Trade Marks Act 1976.

The IP Court's swift decision-making caught the public's attention when Aussino (M) Sdn Bhd, was found guilty of copyright infringement by the then newly launched IP Sessions Court on the September 4, some two months after the court was officially launched.

Reward schemes

The Malaysian Institute of Microelectronic Systems (MIMOS), a government-owned research and development organization specializing in information and communications technology and microelectronics, has implemented an internal IP reward scheme with the aim of boosting IP in Malaysia. MIMOS aims to encourage IP generation as part of its key performance indicators. The underlying objective of the reward scheme is to drive and inculcate a culture that fosters innovation, creativity and productivity. MIMOS' collective target is for every MIMOS employee, at any level of the organization, to have one patent disclosure accepted by the Patents Committee each year. In line with the government's initiative to reward and recognize contributions made by researchers, for every patent commercialized, the recipient stands to receive a cash reward of up to RM500,000 (\$159,000). Once researchers have filed five patents, they are eligible for a gold badge award.

Apart from this scheme, the Multimedia Development Corporation Sdn Bhd has also established an MSC Malaysia IP Grant Scheme to provide assistance in defraying some of the costs incurred by qualified local MSC Malaysia Status Companies in obtaining IP protection. The scheme is designed to subsidize up to 70% of the initial costs (on a reimbursement basis) of filing for applications to register trade or service marks, patents (including utility innovations) and industrial designs, whether in Malaysia or elsewhere.

Border control

The current border measure provisions under the Trade Marks Act, which aim to assist seizures of infringing trade mark materials, have been found to be under-utilized, if indeed utilized at all. The compulsory payment of a bond, requirements to initiate civil proceedings for trade mark infringement coupled with detailed shipping information on the counterfeit products limit their practical impact. But Customs authorities have been taking a more proactive approach, and appear to be willing to receive complaints and input directly from brand or trade mark owners so that they can police border measures more effectively. Customs officers, stationed at every gateway to Malaysia, have been made aware of their ex officio powers to take the necessary action to stop the import and export of counterfeit goods.

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This year, the first joint IP training programme for the Royal Malaysian Customs and MDTCA officials was held on February 14 at the Customs' headquarters in Putrajaya, with participants from Customs all over the country together with officials from MDTCA. The training programme was conducted by a leading brand owner in the luxury industry with the aim of providing Customs with an overview of intellectual property and the laws protecting it in Malaysia, and of how Customs can assist brand owners in enforcing their rights against counterfeiters. The training programme allowed MDTCA to share its extensive enforcement experience with the Customs, and to educate and encourage them to work together with MDTCA in curbing counterfeiters at the border. Due to the success of the training programme, there are currently talks to have the IP training on a regional basis in order for Customs officers from other regions to benefit from such training programmes.

Crackdown

Since the Optical Discs Act 2000 the battle against pirated copyright works and attempts to strengthen the protection of IP rights by licensing and regulating the manufacture of optical discs still continues. Although the Optical Discs Act 2000 introduced various measures to control the spread of optical discs piracy, such as imposing compulsory schemes of licensing requirements as well as marking codes on optical discs, the problems have not yet been overcome.

In addition to the reduction in the number of optical disc plants from 44 to 26, in the past two years successful raids have been conducted on licensed factories and on unlicensed facilities, in which Malaysian law enforcement authorities successfully seized or sealed DVD and VCD replicating machines that were suspected of having been used to manufacture pirated optical discs. This has resulted in pirates trying to conceal

their illegal activities through the construction of hidden compartments and tunnels.

Since becoming a member of the Patent Cooperation Treaty (PCT) on August 16 2006, the number of patent filings in Malaysia fell from more than 6,286 in 2005 to 4,800 in 2006 and only 2,372 in 2007. However, the number of PCT applications entering the national phase in Malaysia has been increasing steadily. In preparation for the anticipated increase in PCT national phase filings, the Patent Office has recruited more patent examiners – 20 in 2006 and recently another 19. The present total is 72 patent examiners.

Biotechnology

The Malaysian Biotechnology Corporation (Biotechcorp) was set up under the purview of the Ministry of Science, Technology and Innovation as the one-stop agency to spearhead the development of the biotechnology industry in Malaysia. Its mandates are to nurture and accelerate the growth of Malaysian biotechnology companies, create an environment conducive for biotechnology, and actively promote foreign direct investments in biotechnology.

Biotech companies that qualify for Bionexus status will enjoy tax incentives including 100% income tax exemption for 10 years commencing from the first year a company derives profit and government grants for research. Between 2005 and 2008 Biotechcorp facilitated the approved investment of close to RM1 billion (\$312 million) with 36 Bionexus companies. Presently there are 51 Bionexus companies and the target is to have 70 Bionexus companies by end of this year. Practitioners may contact Shearn Delamore & Co for information on the application process for Bionexus status and eligibility criteria.

Intellectual property has been high on Malaysia's national agenda and continues to take priority in various sectors. The government never ceases to devise innovative policies and measures to protect the country's IP infrastructure.

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- Regulatory Approvals For Food & Drug
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