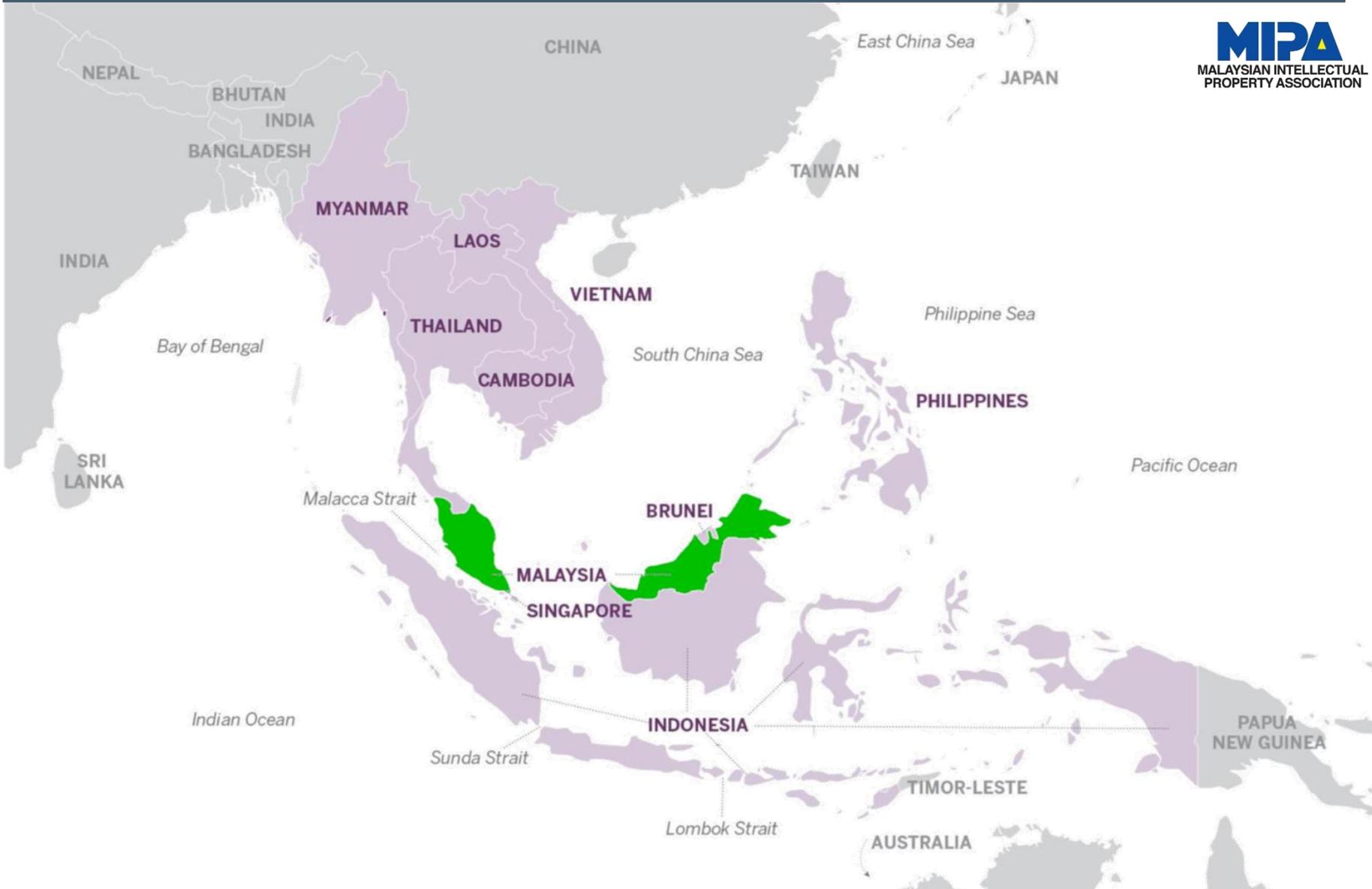


IP Matters of concern when investing in Malaysia

Chris Hemingway
Director, Marks & Clerk (Malaysia) Sdn Bhd

August 2019



So why invest in Malaysia?

Why invest in Malaysia?

- Young and educated workforce, upper middle income group, strong market for consumer goods
- 3 of top 10 largest shopping malls in world in Malaysia - ranked as 4th best shopping city in world (after New York, Tokyo and London)
- Malaysia is ethnically very diverse:
 - 50% Malay, 23% Chinese, 12% Indigenous, 7% Indian, 8% Other
- Rich in natural resources, and biodiversity
- Stable economy, consistent year-on-year growth of 4-5%
- Ranked 15th (out of 189) for 'doing business' by World Bank Group

How easy is it to enforce IP?

Malaysian Legal System

- Common law, based on UK (with Australian influence). Constitution also provides for Syariah (Islamic) law.
- Fused legal profession, like US, but IP agents separate, like UK.
- IP cases heard in dedicated High Court, typically within 12-18 months.
- Appeal stages to Court of Appeal (three judges) and, with leave, to apex Federal Court (five judges).
- Adversarial system, no jury trials.



Is Malaysia politically stable?

Malaysian News

- May 2018: First ever change of government since independence
- New government focused on eliminating corruption and rebuilding economy
- Prime Minister Dr Mahathir (age: 94), was also leader in 1981-2003

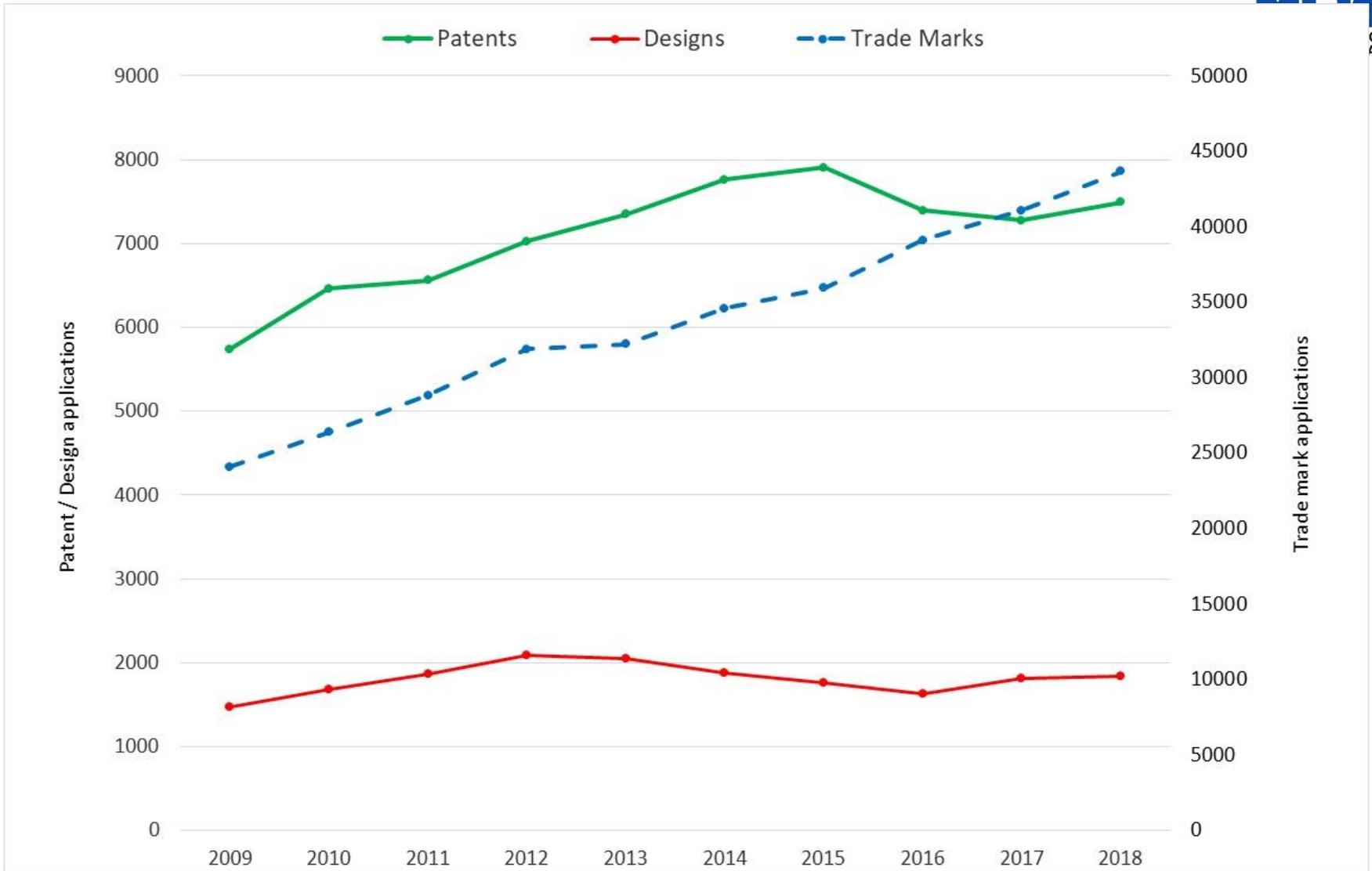


Who is responsible for
regulating IP in Malaysia?

Malaysian IP Statistics

- IP matters administered by Intellectual Property Corporation of Malaysia (MyIPO)
 - Internal patent examination - examiners typically have technical background.
- About 7,500 patent applications filed annually (in top 25 of world)
- About 45,000 trademarks
(should be joining Madrid Protocol in Jan 2020).
- About 1,800 Registered Designs
- Voluntary Registration of Copyright





Malaysian Trade Marks Act 1976

- Came into force 1983
- Based on old UK Trade Marks Act
- New Trade Marks Act currently before parliament
 - Provides for multi-class applications
 - Allows non-traditional trade marks e.g. colour, sound, smell, 3D, animation
 - Implements Madrid Protocol
 - Term of new trade marks will run from filing date irrespective of priority
 - Expected to go into force in October 2019



Malaysian Patents Act 1983

- Came into force 1986
- Based on old UK Patents Act
- Earlier patents 'extended' from UK patents
- Provides for 'Utility Innovations'
- New Act possibly in the next few years?
- Official fees significantly increased in 2011
- Some changes to fees in 2017 (e.g. specifications)



What to look out for in patent prosecution in Malaysia?

Utility Innovations

Typical Utility Model	Malaysian Utility Innovation
Novelty only (not inventive step)	Novelty only (not inventive step)
Maximum Term = 10 years	Maximum Term = 20 years
Not substantively examined before grant	Substantively examined before grant
Limitation on subject matter in some countries (e.g. products only)	No limitation on subject matter
Limited number of claims in some countries	One claim only
Weaker than a patent	Stronger than a patent?

Term

- Standard term of patent = Up to 20 years from filing date, subject to annual renewals after grant due on anniversary of filing date.
- But note term if filed <1/8/01 = longer of 15 years from grant or 20 years from filing
- Renewals due annually on **day before** anniversary of **grant**
- Utility Innovation initial term is 10 years, but may be extended by two successive 5-year terms subject to providing evidence of use (in Malaysia) before end of existing term.

Filing

- PCT national phase due at priority + 30 months
- Reinstatement (late entry) allowed up to 12 months past deadline
 - within 2 months of removal of cause for failure
 - notarised statutory declaration explaining why failure was ‘unintentional’
 - (but note low threshold)
 - additional fees per month late
- Specification must be submitted in English **on filing**
- Voluntary amendments can be submitted on entering national phase (can help reduce excess claim fees)
- Agent Authorisation and Statement of Inventorship may be submitted **after** filing.

Claims

- Two-part form (similar to Europe) preferred but not strictly enforced
- Multiple dependencies allowed
- Should include reference numerals in parentheses (also in abstract)
- Extra fees payable for more than 10 claims (USD6 each)
- Swiss-type claims acceptable
 - EPC 2000 format claims (“Compound X for use in the treatment of disease Y”) treated as compound *per se* claims
 - Method of Treatment claims not allowed

Foreign Filing Licence

Section 23A

No person **resident** in Malaysia shall, without written authority granted by the Registrar, file or cause to be filed outside Malaysia an application for a patent for an invention, unless it has been filed in Malaysia more than two months previously

- Permission normally given unless national security concerns
- Note test is residence not citizenship, so Malaysians living abroad are unaffected
- Severe penalties for breach (RM15000 and/or 2 years in jail)
- ‘cause to be filed’ may extend to patent agents!

Note: for PCT, permission can be simultaneously requested on filing at MyIPO



Examination

- Examination request required within 18 months from FILING date (or 4 years from PCT filing date) – but deadline in both cases can be extended up to 5 years from filing date if there is a corresponding application in a prescribed country*. Two main options:
- Substantive (must also provide details of applications filed and any search/examination reports issued in prescribed countries*);
or
- **Modified** (bring specification into conformity and provide English copy of patent granted in a prescribed country*)
 - Pros: usually cheaper and faster than substantive examination (typically reaches acceptance within 12 months)
 - Cons: Has to be identical to foreign granted patent

* Prescribed countries = Australia, Japan, Korea, UK, US, Europe

Office Actions

- First office action usually repeats what is said in PCT or foreign office action if available
- Only 2 months to reply if examination requested after 15/2/2011 (otherwise 3 months to reply)
- 1 extension of up to 6 months available at additional charge (although extra extension can be obtained with SD)
- 3 months to file voluntary divisional from first office action, or in response to non-unity objection

Acceleration

- Expedited examination
 - Pros: Grant within 3 months
 - Cons: Reason required, expensive – extra USD1250
- PPH
 - Currently available with JPO, EPO, CNIPA (and PCT where ISA=JPO or EPO)
- ASPEC
 - Use search and examination documents from other ASEAN offices (Singapore, Cambodia, Indonesia, Lao PDR, Brunei, Philippines, Thailand, Viet Nam).
- PPH and ASPEC typically accepted within about 8 months (comparable to Modified Examination which averages around 9 months). Charge = USD250 in addition to USD790 for Substantive Examination (compared to USD690 for Modified Examination)



Any concerns with the IP
ecosystem?

Limitations

- Searches can only be conducted on title and abstract (which can make it difficult to determine relevance for an FTO/infringement search)
- Specifications are not currently available for free. Granted specification = RM40, pending application = variable depending on number of pages (often >RM200).
- Limited grounds for Appeal at MyIPO. Only option is High Court, which is expensive by comparison)
- Courts are dedicated but not specialist, so judges do not usually have technical or IP backgrounds – can lead to some unexpected decisions.

Amendment

- Post-grant amendment allowed
- However 2015 Federal Court decision affirmed that during litigation, amendments (which includes rewriting dependent claim as independent) are NOT allowed.
- Therefore if independent claims are invalidated, all dependent claims are invalidated! Dependent claims now worthless!
- Hope: 2019 Federal Court case includes request to review above decision, to allow dependent claims to survive by being rewritten as independent claim, thereby allowing patent to be maintained as valid (albeit with narrower scope)

- *Ranbaxy vs Pfizer [2011, 2013]*
- *SKB Shutters Manufacturing Sdn Bhd vs Seng Kong Shutter Industries Sdn Bhd [2014 CA; 2015 FC]*
- *Merck Sharp & Dohme Corp & Anor vs Hovid Bhd [2017 CA; 2019 FC]*

IPonline

- MyIPO replaced IT system in December 2018
- Lots of problems causing significant processing delays
 - Filing/Grant/Renewal certificates being issued at <10% normal rate
 - Very few trade mark office actions for the last 6 months (patents ok)
- Task Force set up to assist comprising:
 - MyIPO
 - MIPA
 - Bar Council
- Please bear with us!



Who to contact about my IP?

Marks & Clerk (Malaysia) Sdn Bhd

- Established in 2009.
- 5 Qualified IP Agents/Lawyers including a UK/EP patent attorney (one of only two known to be in Malaysia), plus 2 more trainees expected to qualify soon.
- Multi-lingual staff (English/Malay/Tamil/Cantonese/Mandarin/Melanau).
- Awards/Recognition:
 - Managing Intellectual Property - Prosecution Firm of the Year 2019
 - Managing Intellectual Property - both directors listed as 'IP Stars'
 - Asia IP – Tier 1 for both patent and trade mark prosecution
 - IAM Patent 1000 – Highly Recommended
 - WTR 1000 - Recommended



Contacts

Dr Chris Hemingway

chemingway@marks-clerk.com.my

Tel: +60 (3) 2283 8986 | Fax: +60 (3) 2283 7898

Marks & Clerk (Malaysia) Sdn Bhd

Unit 6, Level 20, Tower A

Menara UOA Bangsar

5 Jalan Utama 1, Taman Bangsar

59000 Kuala Lumpur

Malaysia
