

IP ALERT

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A Synopsis of the Trademarks Bill 2019

The Trademarks Bill 2019 (“the Bill”) has undergone its first reading in Parliament, and is expected to be passed in the second half of 2019. The Bill is intended to repeal the Trade Marks Act 1976 (“TMA”), to bring it up to date with current times and treaty obligations. We set out a snapshot of the salient changes brought by the Bill. This is not intended to be a comprehensive update as the Bill may be subject to further amendments, and practices may be modified by the yet to be published Trade Mark Regulations.

Accession to the Madrid Protocol

- The Bill contains notable provisions in anticipation of Malaysia’s accession to the Madrid Protocol. The Madrid Protocol and the Madrid Agreement govern the Madrid System for the International Registration of Marks, which is administered by the World Intellectual Property Organisation (“WIPO”).
- The Madrid System is a centralised filing system which streamlines the process of obtaining and maintaining trademark registration in all member countries (which membership currently stands at 104 countries).
- A brand owner may obtain an international registration by filing *one application in one language* and paying *one fee*.

Registration of Non-Traditional Marks

- The Bill will expand the scope of registrable trade marks to include non-traditional marks such as colour, shape of goods or their packaging, sound, scent, hologram, positioning and motion marks.
- Apart from the usual qualification that these marks must be distinctive, they must be capable of being represented graphically. This may pose a challenge to registration of certain types of marks such as scent/smell marks. It remains to be seen how such marks will be dealt with by the Registrar.
- The definition of “use” of a trademark is also extended to include non-visual representation as well as any aural representation of a trademark. Currently, oral use of a mark does not tantamount to infringement of a registered trademark.

Introduction of multi-class applications


- A single application may be made with respect to goods and/or services falling in several classes, in line with contemporary practices in other countries.

Division and Merger of trademark applications and registrations

- For the first time, a trademark application or registration can be divided into two or more separate applications or registrations, and conversely, multiple applications or registrations can be merged. This is in line with the amendments recently made to the Madrid Protocol for international registration.

Absolute and Relative grounds of refusal

- Substantive examination by the Registry of Trade Marks of a trade mark application will be based on both absolute and relative grounds of refusal for registration.
- There is an extensive list of absolute grounds of refusal which includes marks which are descriptive in nature or which have become customary in the country.
- There are also specific qualifications for a shape mark which shall be refused if it consists exclusively of a shape which results from the nature of the goods themselves, or which is necessary to obtain a technical result, or which gives substantial value to the goods.

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- Relative grounds of refusal comprise objection based on earlier similar or identical trade marks and well-known trademarks.
 - There is explicit recognition of common law rights under the law of passing off for unregistered marks and trademarks which offend copyright and industrial design laws. A trade mark will be refused registration if its use in Malaysia is prevented on those grounds and raised by the proprietor of the earlier right in opposition proceedings.
 - There is also express recognition of consent by proprietor of the earlier right as a waiver of the relative grounds objection, though the Registrar retains the discretion to accept such consent, taking into account the interest of the public and the likelihood of confusion. This is a reflection of current practice.

Opposition proceedings

- The Bill introduces specific grounds of opposition by a registered proprietor of an earlier trade mark and allows for continuation of opposition proceedings by a successor-in-title to a trade mark in proceedings originally commenced by its predecessor.
- The Registrar also has express power to defer any opposition proceedings upon request by the opponent or the applicant subject to payment of prescribed fees. This reinforces the current practice by the Registrar.


Expanding the scope of trademark infringement and exemptions


- The scope of trademark infringement is expanded to cover goods or services which are similar (as opposed to being merely identical) to those registered under the trademark. This contrasts with the present position where infringement only lies against use of a similar mark in relation to the goods of services that are actually registered.
- The Bill also enumerates instances of infringing use and further attaches liability to “secondary users” who applies a registered trade mark to any trade document, labels or packaging of goods provided that they know or have reasons to believe that such use is without the authorisation of the registered proprietor. Under the current regime, liability for trade mark infringement is strict.
- The list of exemptions from infringement also extends to non-commercial use, news reporting or news commentary for the first time.
- Reliefs for trade mark infringement are provided far more extensively in the Bill, including that of additional damages that are akin to aggravated damages. Most of the reliefs are already available at present, such as orders for delivery up and destruction.

Groundless threats of infringement proceedings

- Groundless threats provisions and reliefs will be introduced for the first time by the Bill. It will be possible for an aggrieved person to bring an action against a person who threatens trademark infringement without basis.
- Groundless threats provisions do not apply to a manufacturer or importer of goods or supplier of services. Mere notification that a trade mark is registered does not constitute a threat of infringement.
- A person aggrieved may seek a declaration that the threats are unjustifiable, obtain an injunction to restrain the continuance of the threats or recover damages in respect of any losses suffered as a result of the threats.

New provisions on offences

- The TMA in its current form contains no criminal enforcement or penalties against counterfeits and infringement. Such recourse is available under the Trade Descriptions Act 2011 (“TDA”).
 - There is now a consolidated approach by the Bill to comprehensively provide for criminal offences, penalties and enforcement. Thus, criminal offences for counterfeiting a trademark in the TDA have largely been ported over to the Bill. The TDA will also be amended in tandem with the Bill by the deletion of the corresponding provisions
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prescribing offences for trademark infringement. The Ministry of Domestic Trade and Consumer Affairs continues to assume enforcement powers over offences prescribed in the Bill.

- Most notably, after the amendment of both the TDA and the Bill, there is no longer any provision to obtain a Trade Descriptions Order. The Order is usually required by the Ministry in cases where the counterfeit trademark is not identical to the registered trademark.
- The Bill provides that in such an instance, the Registrar's verification (presumably of whether the counterfeit mark is confusingly similar to the registered trademark) shall be first obtained. The Registrar's verification shall be prima facie evidence in any legal proceedings.

Registering a security interest over a trademark

- Registration of a security interest over a pending or registered trademark will be made available under the Bill.

Trademark agents and Privileged Communications

- The Bill introduces provisions for the discharge of a trademark agent. A trademark agent continues to act for the applicant or proprietor until he/she is terminated or files a notice of discharge.
- Partnerships and bodies corporate may be registered as trademark agents subject to satisfaction of requirements to be prescribed.
- More importantly, the Bill extends legal professional privilege to communications between a registered trademark agent and the person appointing him/her.
- The right of lien enjoyed by a solicitor in relation to the documents and property of a client is similarly extended to a registered trademark agent.

No more defensive and associated trademarks

- Both defensive trademarks and associated trademarks are abolished.

Registration of collective marks

- Collective marks will be made available under the Bill. A collective mark is defined as a "sign distinguishing the goods or services of members of the association which is the proprietor of the mark from those of other undertakings."
- Rules governing the use of the collective mark will have to be filed when applying for a collective mark, and these rules will be open to public inspection.


Changes to certification marks


- Rules governing certification marks are set out in the Second Schedule of the Bill.
- Several changes are made in the Bill in relation to certification marks. Notably, the Registrar's consent will be necessary in order to assign a registered certification mark.
- It is also a ground for revocation of a certification mark if the registered proprietor has begun to carry on a business involving supply of goods or services of which the registered proprietor certifies.

Revocation by the Registrar

- The Bill confers additional powers on the Registrar to revoke a trademark registration which under the current regime are limited in nature. The Registrar may revoke a registration where a registration is wrongfully granted in disregard of pending opposition proceedings, or where within 12 months from the date of registration it is deemed reasonable to revoke, having taken into account prescribed circumstances.

Revocation on ground of Non-Use

- The grounds for revocation on non-use of the mark have been expanded to include revoking a mark that has become common in the trade as a consequence of inactivity. There is also a provision for revocation of a mark where, as a result of use, it is liable to mislead the public
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in respect of the nature, quality or geographical origin of the goods or services, amongst others.

- The revocation of a mark by the Court is deemed to take effect from the date of application to the Court unless an earlier date is ordered.
- Any use by the registered proprietor within the period of three months (as opposed to the current one-month period) from the date of application for revocation shall be disregarded unless preparations to use have begun before the registered proprietor is aware of the application for revocation.


Licensees


- A trade mark licence must be in writing and signed by the licensor to be effective. Sub-licensing is now expressly recognised under the Bill.
- The public shall be deemed to have notice of the licence that is recorded with the Registry.
- A licensee may initiate infringement proceedings on its own if the registered proprietor fails to do so within 2 months of being called upon to do so.
- Losses suffered by a licensee shall be taken into account in infringement proceedings and the Court may direct the plaintiff as it deems fit in holding the proceeds of the damages assessed on behalf of the licensee.
- The Bill also has extensive provisions of the rights of an exclusive licensee. To this end, an exclusive licence may provide that the licensee enjoys the same rights and remedies as if the licence had been an assignment.

Other Regulatory Changes

- Apart from substantive legal changes, there are also a number of procedural and regulatory changes introduced by the Bill.
- Certificates of registration will not be issued as of right but only upon request by the registered proprietor. Instead, a notification of registration by the Registrar will be issued.
- Mandatory procedural requirements must be met in order to obtain a filing date. The requirements will be further specified in the Regulations.
- The application date of a trademark application shall be the filing date, irrespective of whether priority of a Convention application is claimed. However, the priority date will serve as the basis for determining the precedence of rights. Currently, the priority date is deemed to be the application date, but such deeming provision is absent in the Bill.
- The presumption of validity of a registered trademark also kicks in after 5 years of registration, instead of the current 7 years.

Transitional Provisions – Pending applications can be examined under new TM Bill

- Extensive transitional provisions are provided in the Bill.
 - Generally, all pending applications (whether for registration, amendments or post-grant applications) which have been examined before the commencement of the Bill shall proceed under the repealed law.
 - For pending applications to record assignment or licence that have yet to be processed or examined as of the date of enforcement of the Bill, the Registrar may direct that these proceed under the new law instead, and appropriate amendments be made to such pending applications as applicable.
 - It will be possible for a pending application which has yet to be examined to be examined under the Bill instead. The Applicant will have to give notice within 2 months from the commencement of the Bill, and this notice will be irrevocable. The trademark application will then be treated as if it was applied for after the commencement of the Bill.
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Any post-registration applications (for instance, renewal, assignment and recordal of change of name/address, revocation) filed after the enforcement of the Bill shall be governed by the new law.

If you have any queries pertaining to the Bill, please do not hesitate to contact [ZICO IP](#). We will endeavor to keep you updated on the progress of the passing of the Bill.

This alert is for general information only and is not a substitute for legal advice.

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