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Malaysia Update: Trademarks Bill 2019

The long awaited Trademarks Bill 2019 ("**Bill**") which will replace the current Trade Marks Act 1976 ("**Act**") was passed on 2 July 2019 after the Second Reading at the House of Parliament. This will facilitate Malaysia's accession to the Madrid Protocol as set out under the ASEAN Economic Community Blueprint 2025.

Briefly, the Madrid Protocol allows a trade mark owner in Malaysia to seek protection of their trade mark in several countries that are part of the Madrid system simultaneously by filing one application with a single fee.

Some of the notable key changes under the Bill includes:

- *Accession to the Madrid Protocol*

The accession to the Madrid Protocol will allow a trade mark owner in Malaysia to seek protection of their trademarks in over 120 countries by filing one application with a single fee. While the Bill has yet to prescribe the manner in which the Madrid Protocol is to be implemented, it empowers Ministers to make regulations to give effect to the same. The accession will also change the current single class filing system to the multi-class system, allowing trademark proprietors to file for registration of their trademarks in multiple classes of goods and services in a single application.

- *Registration of non-traditional trademarks*

The Bill provides recognition to non-traditional trademarks such as shape of goods or their packaging, sound, scent, colour, holograms, positioning and sequence of motion, provided that it is capable of:

- (i) being graphically represented; and
- (ii) distinguishing goods or services from those of others.

There had been uncertainty over the registration of shape marks in Malaysia in the past and the clear protection laid out by the Bill will likely change this and align Malaysia's trademarks laws with those in some other countries.

- *Filing date*

The filing date of a trademark application will only be recorded upon fulfilling the formality requirements and where the requirements are fulfilled on different days, the last of those days. It is therefore imperative to ensure that all information and documents required are complete at time of filing so as not to delay the filing date. The Bill



also provides that the priority date would have no effect on the filing date save for purposes of examination of prior trademarks.

- *Absolute and relative grounds of refusal*

The Bill categorises the substantive grounds for refusal into two categories, i.e., absolute grounds of refusal and relative grounds of refusal. The absolute grounds of refusal are somewhat largely similar to the grounds for prohibitions on registration under the current Act, which includes amongst others use of trademarks which is likely to cause confusion or deception or if it contains or consist of offensive matter. The notable addition under the absolute ground of refusal is in respect of shape marks, in that, the Bill prohibits registration of shapes which:

- (i) result from the nature of the goods themselves;
- (ii) is necessary to obtain a technical result; or
- (iii) gives substantial value to the goods.

On the other hand, the relative grounds of refusal is similar to existing regime in respect of prior mark citations i.e. where objections are based on earlier similar or identical trademarks and well-known trademarks.

The Bill also provides an express recognition of common law rights under the law of passing off for unregistered marks and trademarks which contravenes copyrights or industrial design laws.

- *Reduction of the registration conclusive period*

The Bill shortened the registration conclusive period from 7 years to 5 years, making it more difficult to challenge a registered mark once 5 years have lapsed.

- *Recognition of collective marks*

The Bill also provides recognition and rules governing collective marks for associations such as clubs, trade unions and societies.

- *Recognition of trademark as a form of security interest*

The Bill recognises trademarks as a form of security interest, treating it as an object of personal or movable property despite its intangibility. Consequently, this would mean that trademarks are assignable by way of security and can be subject to a charge. Following such, it is expected that there may be a requirement to register the security interest over a trademark to protect an assignee or chargee against a third party acquiring a conflicting interest in the trademark without knowledge of the security interest.



- Replacement of system of registered user with statutory recognition of licensing

The Bill abolished the system of registered user under the Act and replaced it with a licensing regime. While practically the effect is largely similar, the Bill provides more clarity on the position of trademark licences. The Bill also provides that a licence would be effective only if it is in writing and is signed by or on behalf of the grantor.

- Expansion on the scope of trademark infringement

The Bill expanded the scope of trademark infringement to allow registered proprietors of a trademark to bring an action for infringement for goods and services that are *similar* to the goods and services claimed under the registered mark. Previously under the Act, an infringement action may only be brought if the infringer uses the offending mark in relation to goods or service within the scope of registration of the registered trademark. The Bill also codifies the meaning of "use of a sign" to include, amongst others, application of the sign to goods or their packaging, offering or supplying services under the sign, stocking goods under the sign for purposes of offering or exposing the goods for sale or of putting them on the market and using a sign on invoices, catalogues or commercial documents. Remedies which are ordinarily awarded to successful claimants in an infringement action are also codified, which includes injunctions, damages, account of profits and mandatory orders where the infringement involves the use of counterfeit marks.

Currently, there is no indication on the date of coming into force of the new trademark laws and that the trademark regulations which seek to clarify certain changes under the Bill remains pending. However, preparations are underway at the Intellectual Property Corporation of Malaysia to allow for international filings.