

## Client Alert

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### Malaysia's Accession to the Madrid Protocol

Malaysia finally deposited its instrument of accession to the Madrid Protocol with the World Intellectual Property Organization on 27 September 2019 which allows the Protocol to come into force in Malaysia on 27 December 2019.

It is anticipated that the new Trademarks Act which was passed by the Parliament on 23 July 2019, will come into force on 27 December 2019. Proposed Trademarks Regulations 2019 have been published by the Intellectual Property Corporation of Malaysia ("MyIPO") providing details on the implementation of the Madrid Protocol in Malaysia.

#### Highlights of the new Trademarks Act 2019 ("the Act")

The Act has been amended to align with the requirements of the Protocol such as providing for registration and protection of non traditional marks and allowing multi class trademark applications. Further details and highlights are set out below.

##### 1. *Registration of non-traditional trademarks*

Non-traditional trademarks such as shape of goods or their packaging, sound, scent, colour, hologram, positioning, and sequence of motion will be recognised; provided that it is capable of being represented graphically and is capable of distinguishing goods or services from those of others.

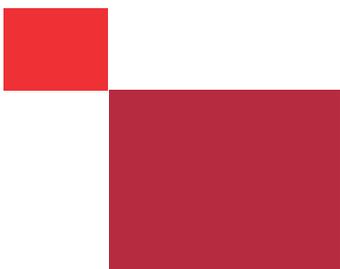
##### 2. *Absolute and relative grounds of refusal*

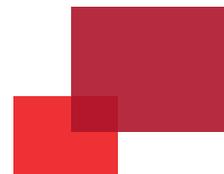
The new Act categorises the substantive grounds of refusal into absolute and relative grounds of refusal and introduces the following additional grounds of refusal:

- where a mark consists exclusively of a shape as a result of the nature of the goods themselves, or which is necessary to obtain a technical result or if the shape gives substantial value to the goods;
- where a mark consists exclusively of a sign or indication which is customary in the country or in the *bona fide* and established practices of the trade;
- where a mark consists exclusively of the name of a country.

##### 3. *Recognition of collective marks and abolishment of defensive and associated trademarks*

Associations such as clubs, trade unions and societies can now register the mark used by its members to distinguish its goods and services from other members of association under the new trademark laws.





The new Act also abolished the concept of defensive trademarks and associated trademarks.

4. *Reduction of the registration conclusive period*

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

5. *Recognition of trademark as a form of security interest*

The new Act recognises a registered trademark 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.

6. *Introduction of "registrable transaction"*

A person with an interest in a registered trademark by virtue of a transaction or affected by a transaction affecting a registered trademark will be able to register such transaction on the Register of Trade Marks. The transaction which would qualify as a "registrable transaction" will be provided in the guideline or practice directions but it is anticipated that this would include assignment, licensing and grant of security interest over a trademark.

7. *Licensing regime*

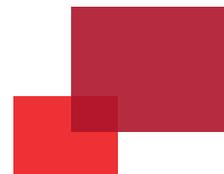
The new Act abolishes the system of registered user under the Trade Marks Act 1976 and replaces it with a licensing regime. Under the new law, a licence would be effective only if it is in writing and is signed by or on behalf of the grantor. The recordal of a trademark licence is advantageous given that notice is deemed to be given to the public once the licence is recorded on the Register.

Additionally, the new Act provides that the rights and remedies available to the exclusive licensee is concurrent with that of a registered proprietor in respect of infringement proceedings.

8. *Expansion on scope of trademark infringement*

A registered proprietor will be able to bring a trademark infringement action for a sign that:

- (i) is identical with or similar to the registered trademark; and
- (ii) is used in the course of trade without the consent of the registered proprietor in relation to goods or services similar to (not just identical with) those for which the trademark is registered.



9. *Acts not constituting trademark infringement and relief for groundless threats of infringement proceedings*

Notwithstanding the expansion on the scope of trademark infringement, the new Act also extends the list of acts not constituting infringement to use for a non-commercial purpose and use for the purposes of news reporting or commentary.

Under the new Act, any person who is subjected to groundless threats of infringement proceedings may seek a declaration that the threats are unjustified, an injunction to prevent the threat from continuing, or damages in respect of any loss sustained by the threats.

10. *Expansion on grounds for revocation for non-use*

The new Act expands the grounds for revocation on non-use to include circumstances whereby the trademark has become a common name in the trade for the product or service for which it is registered in consequence of the registered trademark proprietor's inactivity. In addition, a trademark may also be revoked if the use of trademark is liable to mislead the public as to the nature, quality or geographical origin of those goods or services.

11. *Sanctions and enforcement*

Previously, the criminal enforcement and penalties for counterfeits and infringement lies only under the Trade Description Act 2011. The new Act consolidates the provisions in respect of criminal sanctions against infringement of a registered trademark and counterfeit goods and services.

In addition to the introduction of criminal sanctions, the new Act has also provided powers to the enforcement officers, which include amongst other, powers to investigate, arrest suspects, search and seize goods which are suspected to be subject matter of an offence under the new Act.

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