

## Malaysia: Trademarks Act 2019– What’s New?

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***“The 163-page Trademarks Bill 2019 certainly means more than just contracting “trade mark” into a single word. In these articles, we highlight the most important changes to our existing Trade Marks Act 1976.”***

Since coming into force in 1983, the Malaysian Trade Marks Act 1976 is feeling the effects of the passage of time and will at long last be overhauled when the new Trademarks Act 2019 comes into force in late 2019. The bill was presented for first reading in Parliament on 9 April 2019 and was passed after the second reading on 2 July 2019.

While still fresh from the Parliamentary oven, we highlight some significant welcome changes in the new Act especially for the rights holders. It is worth noting that many of the proposed changes mirror or resemble the trademark provisions in other Commonwealth jurisdictions such as the UK Trade Marks Act 1994, the Australian Trade Marks Act 1995 and the Singaporean Trade Marks Act to name a few.

### **Accession to the Madrid Protocol**

The new Act will facilitate Malaysia’s accession to the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (also known as the Madrid Protocol) which allows the filing of a single application to register a trademark in up to 120 countries. The days of Malaysian trademark owners filing separate national applications in these countries to obtain trademark protection will soon be over and so will filing Malaysian applications by foreign owners from these countries in Malaysia.

The new Act does not elaborate on the implementation of the Madrid Protocol but instead empowers the Minister to make regulations to give effect to the same, including all matters relating to international applications, requests to extend protection afforded by international registrations to Malaysia, transformation of international applications/registrations, cancellation of international registrations as well as fees and renewal procedure. It is expected that the regulations would substantially reflect the terms in the Madrid Agreement and the Protocol Relating to the Madrid Agreement.

### **Expansion of registrable subject matter**

The new Act now recognises the registrability of non-traditional marks such as sound, scent, holograms, positioning and animations as long as they are capable of being represented graphically (can be visually depicted) and distinguishing goods or services of their owners from those of others. This expands Malaysia’s offering in the international arena but some challenges may be expected for the new registrable subject matters, such as the question of scent marks being graphically represented.

### **Applications in multiple classes**

The new Act ushers in the long-awaited change: individual applications to register a mark in different classes will be replaced by a single application designating those classes. This brings about a reduction of paperwork with the intention of further reducing the time taken for the completion of the formality examination phase.

Together with the multiple-class applications are corresponding provisions for divisions and mergers of applications for effective management by rights holders of their portfolio of trademarks. Applications and registrations may now be divided into two or more separate applications or registrations, as the case may be. Similarly, two or more separate applications or registrations may now be merged into one application or registration.

### **Filing date unaffected by priority date**

The new Act streamlines the filing date of applications which will now be the date of receipt by the Trademark Office of the trademark application. It further provides that any claimed priority date will have no effect on the filing date except in searches for earlier trademarks.

Another important change to note is that where the formality requirements are fulfilled on different dates, the filing date shall be the last of those days. For instance, under the existing Act, submission of the translation or transliteration for a mark containing non-roman or non-English characters after the application is filed has no impact on its filing date. Under the new Act, however, the filing date will change accordingly.

### **Series marks**

The new Act sees a substitution of the words “other matter” with “standard fonts”. While this provides clarity for the scope of a series mark, it is a narrowing down of marks which may form a series as it now leaves almost no room for interpretation to decide if a group of marks are eligible for a series registration if it is not “standard font”.

### **Relative grounds and absolute grounds**

Trademark applications will now be examined under two main sections, namely, Sections 23 and 24 of the new Act. Section 23 sets out an extensive list of absolute grounds for refusal concerning the inherent registrability of the marks with the primary grounds being that such marks are descriptive, non-distinctive, generic, or otherwise incapable of graphic representation. Specifically, the new Act prohibits registration of a shape mark if the mark is simply a result of the nature of the goods themselves, or the shape is necessary to achieve a technical result or the shape otherwise contributes substantial value to the goods.

Section 24 sets out a list of relative grounds for refusal which hinge on examination of earlier marks including well known marks. The provisions largely resemble the existing regime and it is anticipated that the Registrar’s current approach to examining new applications will continue.

### **Possibly no more second bite of the cherry**

In an interesting development, the new Act now provides that an applicant may only avail itself to one round of argument at the Registry level if registration is refused as opposed to the present two rounds of arguments. This initial refusal is known as the Registrar’s provisional refusal. If the Registrar maintains his refusal following the applicant’s representations, he will issue the total provisional refusal where the applicant’s next course of action would be to appeal to the High Court. This may be undesirable for rights holders as it could signal an increased cost and complexity to overcome the Registrar’s objections in future.

### **Voluntary disclaimer irrevocable**

Unlike the present regime on disclaimers, they may now be offered by applicants only and shall not be revoked if the Registrar accepts their applications. The “disclaimers” to be imposed by the Registrar would instead be known as “conditions” and “limitations”.

### **Registrable Transactions**

The new Act introduces a new concept of “registrable transactions” which are to be defined by the Registrar in his guidelines or practice directions. While no such guidelines or practice directions have been issued, the Singapore Trade Marks Act defines “registrable transactions” to include an assignment of a trademark or any right in it, the grant of a trademark licence, the grant of any security interest (whether fixed or floating) over a trademark, a court order transferring a trademark and the making by a personal representative of an assent in relation to a trademark. It is expected that Malaysia will adopt a similar position.

The importance of these provisions lies in the enforcement, in that any registrable transaction that is not applied for registration would be ineffective against another person with a conflicting interest in the trademark to which the registrable transaction relates. For instance, a person who becomes proprietor of a trademark by virtue of a registrable transaction (e.g. assignment) may not claim remedies for any infringement which occurs before his application to register the assignment.

### **So Long, Registered Users**

The new Act does away with the present system of registered users and replaces it with licensing provisions. Though being a registrable transaction, licences are exempt from registration and would be effective so long as it is in writing and is signed by the licensor.

The new Act further provides that a licence will be binding on the licensor’s successors-in-title unless otherwise stated, or where a person who acts in good faith and without notice of the licence has given valuable consideration for the interest in the trademark.

### **Renewals**

Renewals that are due when the new Act comes into effect will be subject to the new provisions, while trademarks registered before the new Act comes into force will be dealt with under the existing Act.

It is further stated that the renewal fee under the new Act would be applicable even if such fee has been paid before the new Act comes into force. While this suggests an undesirable case of double payments, it is anticipated that the proprietors would only need to pay the additional amount, if any.

### **Duties of Trademark Agents**

It is arguable in the past that trademark agents under the existing Act may refuse service of cause papers for court proceedings (e.g. infringement and rectification claims). The new Act now appears to provide that cause papers may be served on trademark agents. This departs from all other cases where plaintiffs are required to obtain leave from the Court for service on defendants who are out of jurisdiction.

It is also worth noting that the new Act now recognises that communications made between trademark applicants or proprietors and their trademark agents are privileged to the same extent as a solicitor-client privilege.

### **Conclusion**

In this part of our two-part discussion, we highlight the salient changes to the present Malaysian Trade Marks Act 1976 in relation to trade mark applications and registrations. In our next article, we set out the changes to the Act with regards to the enforcement of trade mark rights by rights holders.

If you have any queries or require more information, please feel free to get in touch with us.



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