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KASS INTERNATIONAL SDN. BHD.

INTELLECTUAL PROPERTY UPDATE MALAYSIA

Your Professional Guide in the IP Maze

PROTECTING TRADEMARKS OVERSEAS

**JULY
2004
HIGHLIGHTS**

**Intel Wins Injunction in
Malaysian Passing Off Case**

**Medical Acts -
Non-patentable inventions**

**Maxis Wins Injunction in
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HOW & WHY?

With the current trend towards the globalisation of trade and the economy, more and more companies are looking beyond their national boundaries in order to gain a competitive edge in the international market. As cross border trading expands, so too will the importance of registering and protecting trade marks overseas. A well chosen trademark, be it the company name, business, a slogan or a simple word or device is a valuable commercial asset to a business and carries with it the reputation and goodwill generated by the company.



Before a company begins to venture into overseas markets to trade on its goods and services, it is vital to secure adequate trademark protection in the foreign countries in which it wishes to expand into. Trademark registration will give the owner exclusive rights to the mark in the country where trademark registration is sought and will ensure that the

trade mark is not copied or misused by others. Proper registration of trademarks will facilitate and quicken trademark infringement action against unlawful use of a registered trademark in the foreign country concerned, thus saving considerable amount of time and expense. A valid trademark registration will further

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assist a trademark owner in exercising his or her rights in prohibiting the importation of counterfeit goods into the country.

Not only does trademark registration prevent others from using an identical or similar mark, it gives the trademark owner the opportunity to benefit financially from the trademark by entering into licensing and franchising arrangements with foreign entrepreneurs. Furthermore, a business owner can gain instant recognition by virtue of an internationally registered trademark.

Each country has its own version of trademark laws although there are a number of international treaties which govern the laws in member nations. Trademark owners wishing to obtain registration in foreign countries will need to apply to each individual country in accordance with the filing and registration requirements of that country. To protect a mark from misuse overseas, it is advisable to initially choose a strong trademark that is registrable, that is a mark which is not descriptive of the goods and services which it is used on, not a geographical name, a surname or a mark that is confusingly similar with other marks. International searches should be performed before a trademark is adopted for use in the foreign countries in which the business owner wishes to sell or intends to sell the goods and services.

A trademark owner wishing to protect his or her mark overseas will have to register through a local trademark agent of that particular country. The main requirements for registering a mark overseas are as follows:-

- *Name of the applicant or owner of the trademark*
- *Full address of the applicant's place of business*
- *The applicant's nationality and place of incorporation*
- *A copy of the representation of the trademark*
- *A specification of the goods or services*
- *A Power of Attorney form, duly notarised*

National trademark laws vary widely and it is always advisable to consult a trademark lawyer for specific legal information and advise regarding the trademark laws and local registrability standards of a particular country.

As more and more companies begin to expand their businesses abroad, it is of vital importance to obtain trademark protection overseas as they risk losing their trademark rights altogether in the absence of registration. Obtaining adequate trademark protection overseas can be a determining factor in the success of a business expansion plan abroad.

Intel Wins Injunction in Malaysian Passing Off Case

In a recent decision in *Intel Corporation v. Intelcard Systems Sdn Bhd & Ors* [2004] 1 CLJ 550, Intel Corporation successfully obtained an interim injunction against the Defendant who dealt with smart cards and information technology security solutions. The Defendant was using the trade name Intelcard Systems Sdn. Bhd. and registered the domain name *www.intelcardsystems.com*.

The three principles in *American Cyanamid v. Ethicon Ltd.* (HL) 2 WLR 316 were relied upon in seeking the injunction. The tort of passing off was raised by the Plaintiff as a serious issue to be tried. The learned Judge held that the Plaintiff had acquired goodwill and reputation in the name "INTEL". Not only was the use of the word "INTEL" by the Defendant a misrepresentation, the field of business of both the Plaintiff and Defendant was closely connected so as to give rise to confusion.

An interesting point raised by the Defendant in denying that they committed passing off was that there were hundreds of other companies using the name "INTEL" and there were several other domain names all over the world using the word "INTEL" without the Plaintiff's permission. The Defendant was also advertising and trading openly using the name "INTEL" and there had not been any reported incidence of falsehood, deception or conspiracy. However, the real test here as laid down by the learned Judge in this case was whether the Defendant when using the name "INTEL" when knowing the Plaintiff's goodwill and reputation in the name was seen as to deceive and steal the business or commercial advantage of the Plaintiff and to

misrepresent a false association with the Plaintiff.

In granting the injunction, the Judge held that damages would not be an adequate remedy to the Plaintiff as the Defendant's acts of cashing in on the goodwill of the Plaintiff will damage the Plaintiff's reputation and further, in the event the Defendant succeeded at trial, the Plaintiff will be able to compensate the Defendant.

The Defendant submitted that the balance of convenience lies in not granting the injunction because it would shut down the Defendant's business and further the Defendant had been in business since 1997 and there had not been any damage to the Plaintiff's business. However, in his judgement, the learned Judge stated that the injunction was to prevent the Defendant from using the name "INTELCARD" as it is similar to the Plaintiff's name "INTEL" but it does not prevent the Defendant from carrying on with its smart card business under any other name.

This case also considered the issue of delay by the Plaintiff in bringing this action in 2002 although the Defendant was in business since 1997. It was held that the Plaintiff need not have been aware of the Defendant's presence and since there were hundreds of infringers using the name "INTEL", the Plaintiff could not have been expected to discover the Defendant's activities until they were notified, in this case by the Plaintiff's solicitors.

This case also highlights that in a case where there has been interference of goodwill of the proprietor's goods or business, they need not show that damage had resulted as it might encourage more infringers to commit similar acts resulting in the proprietor's name or trademark to be just another generic name.

* The decision is being appealed to the Court of Appeal

Medical Acts—Non-patentable inventions?

The Malaysian Patents Act provides that an invention is patentable if it is new, involves an inventive step and industrially applicable. “Invention” is not defined in the Act but is stated to mean “an idea of an inventor which permits in practice the solution to a specific problem in the field of technology, and that an invention may be or may relate to a product or process”.

Notwithstanding the above, “methods for the treatment of human or animal body by surgery or therapy, and diagnostic methods practised on the human or animal body” are not expressly stated as non-patentable inventions. But products used in any such methods are patentable.

The Malaysian patent office has not issued any examination guidelines and there has been no judicial interpretation of the above provisions in Malaysia. However the Malaysian legislation is identical to the provision in the European Patent Convention (EPC) and the court decisions in Europe on the interpretation of the above provisions would be highly persuasive in Malaysia, though not binding on the Courts.

In Japan, a method of treating, diagnosing or operating on a disease in a human is considered not industrially applicable and therefore not patentable. The Japanese Patents Act does not have any express provision on this subject matter. The Japanese Patent Office (JPO) has in its latest revision of its examination guidelines in August 2003 sought to illustrate the application of the law by way of Examples. It is certainly worth studying the Revised Guidelines.

In Malaysia, the practice has been along the lines of European Patent Office. Claims on the method of treatment of human or animal body by therapy using pharmaceutical products as allowed in the USA and in other jurisdictions has been recasted as Swiss - type claims. The latter format being “The use of Product X in the preparation of a medicament of the treatment of disease/ condition Y in a patient/ animal in need of such treatment”.

The above claim would be in addition to product claims on Product X and/ or process claims on the method of manufacture of Product X.

Claims on equipment, apparatus, tool or kits have to be drafted carefully without reference to its manner of use/ application on the human or animal body.

In the next issue of this newsletter, we shall explore further on the patentability of new methods of diagnosis such as removal of body tissues or fluids for diagnosis, regeneration of skin from tissues taken from the human body for the purpose of reintroduction onto the human body.

Maxis Wins Injunction In Passing Off Case

In a recent decision Malaysian decision, *Maxis Sdn Bhd v Suruhanjaya Syarikat Malaysia & Ors* [2004] 2 MLJ 84, the Maxis Group of Companies ('the Applicant') successfully obtained an interim injunction against Maxis Sdn Bhd & 4 others ('the Defendants') who were using the name "MAXIS".

Maxis Sdn Bhd was incorporated in 1992 where it was engaged in the business of information and systems services provider for a brief period in 1993 and currently has no business activity. The Applicant however only adopted the brand name "MAXIS" in 1995. It registered its trademarks in Malaysia and Singapore and expended huge amounts of money to promote and market the name "MAXIS" in the field of telecommunications particularly.

It was strongly argued by the Defendants that they had the legal rights to use the name "MAXIS" because of the prior registration of the Defendant's company name Maxis Sdn Bhd. It is for this reason that the Defendants have brought the main action against the Registrar of Companies for allowing the use of the name "MAXIS" by the Applicant when the company Maxis Sdn Bhd was already in existence. The learned Judge however held that the outcome of the action against the Registrar of Companies could only be decided after full trial.

For the purpose of deciding whether the Defendants had the rights to use the name "MAXIS" for trading purposes, the learned Judge was satisfied that the Applicants had established a serious issue to be tried in order to grant the injunction. The Defendants argued that the Applicant's reputation and goodwill was only confined to telecommunication and further the Defendant undertook not to engage in business activities in the same field as the Applicants. It was held that the Applicant had acquired sufficient goodwill and reputation and had promoted the word "MAXIS" to be a name associated and belonging to the Applicants, sufficient enough to establish a passing off case. It was held in this case that the cause of action in passing off is not restricted to only cases where the parties are engaged in a common field of business activity but is also extended to any business that may mislead others into thinking that those products or services are the goods or services of another.

In establishing the element of misrepresentation by the Defendant, the learned Judge held that the manner of use of the "MAXIS" mark on the Defendant's printed publications was almost identical to that of the Applicants and the action of the Defendant in taking up premises in the building "Menara Maxis" which housed most of the offices of the Applicant was also another form of action by the Defendant to mislead and create confusion in the public

In granting the injunction, the Judge held that damages would not be an adequate remedy to the Applicant as the amount of damages and injury to goodwill and reputation was difficult to quantify and if it can even be deduced, the Defendant did not have the means to pay. Further, the balance of convenience was also in favour of the Applicant in preserving the status quo as the Defendants have not been engaged in any trade for sometime now and therefore an interim injunction will not inconvenience the Defendants.

This case demonstrates that mere prior incorporation of a company with a disputed trademark is not by itself enough to base a case on passing off. Trading activities and evidence of public confusion or deception is required.

Grants Offered by the Malaysian Government

Brand Promotion Grant

The Government in its efforts to develop and promote Malaysian brands in the international market for products and services originating from Malaysia has introduced the **Brand Promotion Grant** for companies which is at least 60% equity owned by Malaysians. Such companies can obtain a 50% matching grant on the approved cost of the activities related to brand development and promotion which is subject to a maximum grant of RM 2 million per company. In order to qualify for this grant, the company must own the brand and must be the registered owner of the trademarks concerned. Brands of foreign owned companies purchased by Malaysian companies are not eligible for the grant. Companies interested in applying for the grant must submit a brand strategy with a comprehensive proposal for the development of promotion of the brand in question together with a business and marketing plan. The grant only covers the expenses involved in brand development and promotion such as trademark and patent registration fees, the cost of conducting brand research, advertising and promotion, designing and redesigning products and product packaging and labelling.

Market Development Grant

This grant is introduced to assist Small and Medium Enterprises (SMEs) in undertaking activities for the development of the export markets for eligible activities such as participation in trade missions and international trade fairs, for the preparation of promotional items, promotion of brands overseas and the designing of product packaging. The SMEs must have an annual sales turnover not exceeding RM 25 million and with not more than 150 full-time employees and has at least 60% equity held by Malaysians.

Malaysian companies can obtain a 50% matching grant on the approved cost of the eligible activities subject to a maximum of RM60,000 per company. Once the grant of RM60,000 is fully utilized, the company is no longer eligible to apply for the grant. The claimable expenses under this grant can include the participation fee that is paid to the organiser of a trade fair, cost incurred in relation to the production of promotional items such as brochures and catalogues, the trademark registration fees for the purpose of registration of the brand in Malaysia or overseas, advertisement expenses and expenses incurred in designing and improving the product pac

Increase in KASS' Professional Staff Strength

Mr. Vernon Raj joins the staff as a Patents Technical Officer and holds a Bachelor of Engineering (Mechanical) from University Tenaga Nasional. He is currently involved in the drafting of patent descriptions in the mechanical arts.



IP News From the European Community

Nestle Waters France v OHIM

The Court of First Instance held that Nestle's three dimensional shape mark for a bottle as distinctive. Nestle's trademark here consisted of the shape of the packaging of the product which was a container for beverages.

Taking into account that the operators of the beverage market used the shape of the goods as a means of differentiating themselves from competitors, consumers too were capable of perceiving of the shape of the packaging as an indicator of origin. The distinctiveness of the mark was assessed by looking at the overall impression created and here it was held that the combination of the features of Nestle's three dimensional shape of the bottle was capable of holding the attention of the public and enabled them to distinguish the goods contained in the packaging from goods from another origin.

"DOUBLEMINT"

The European Court of Justice (ECJ) ruled against Wrigley in the registration of "DOUBLEMINT" as a Community Trademark. The ECJ decision supports the earlier decision of the Community Trademark Office which held that the combination of the words "DOUBLEMINT" describes the product characteristics.



This ruling sends this issue back to the lower court for re-examination based on the more stricter test of whether the mark at issue is capable of being used by others to designate a characteristic of their goods and services. If so, the said mark might deprive other companies the means to describe their products.

KASS News

PATENT, INDUSTRIAL DESIGN AND TRADEMARKS MAINTENANCE SERVICES

KASS Technology Resources Sdn. Bhd. ('KTR') now undertakes to maintain the growing portfolio of patents, industrial design and trademarks in Malaysia and overseas where we assisted clients to obtain the rights. KTR is a fully owned subsidiary of KASS International Sdn. Bhd. and controlled and managed by the same Directors and staff of KASS International Sdn. Bhd. Computerised records enables KTR to send out advance notice/ reminders to clients on renewal dates.

KASS AWARD 2004

The 2004 KASS Award goes to University Sains Malaysia for its invention entitled "EZEBV Amp: A DNA based diagnostic kit for detection of Epstein-Barr Virus Nasopharyngeal Carcinoma (NPC). This invention was selected by a panel of judges as the best invention in the Malaysian Invention and Design Society (MINDS) I-TEX Exhibition held in Kuala Lumpur in May 2004.

TALKS

Mr. P. Kandiah was invited by Waseda University, Tokyo, Japan to deliver a talk on 'Enforcement of Intellectual Property Rights in Malaysia' at an International Symposium on an enforcement of the Intellectual Property Rights ("IPRs") in Asia. The Symposium was held at the International Conference Center, Waseda University Tokyo, Japan on 22 March, 2004.

Pursuant to the deliberations at the conference, the firm was appointed to collate all updated cases on IPRs in Malaysia. Waseda University will be establishing a database on all reported IPR cases in the Asia-Pacific region countries.

WORKSHOP

KASS International Sdn. Bhd. was invited to conduct a full day workshop on Intellectual Property Rights in Manufacturing Companies by Renesas Semiconductor (Malaysia) Sdn. Bhd., Penang, Malaysia on 13 April, 2004 at the factory premises. The company, which is a joint venture between Hitachi Ltd. and Mitsubishi Electric Corporation, is involved in the design and manufacture of semiconductors. The workshop was conducted by Mr. P. Kandiah and Ms. Chloe Tai.

INTERNATIONAL CHAMBER OF COMMERCE (MALAYSIA)

KASS International Sdn. Bhd. is a founder member of the Malaysia Chapter of International Chamber of Commerce identified locally as International Chamber of Commerce (Malaysia). Mr. P. Kandiah is a Director of the Company and sits in the Legal Affairs Committee. Ms. Jyeshta Mahendran is a member of the Legal Affairs Committee – Intellectual Property Group while Ms. Sushil Kaur is a member of the Biosociety Group.

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This newsletter is intended only to provide an alert service on matters of concern or interest to readers and should not be treated as legal advice on the issues discussed. In case there are specific queries, please contact us.