

Malaysia – Trademarks Roundup 2022

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The second anniversary of the Malaysian Trademarks Act 2019, on December 27 2021, came and went without much fanfare. By the time the new year of 2022 had announced itself, the general perception was that the relevant stakeholders and the national regulatory agency (“MyIPO”) had grown accustomed to the new legislation that repealed the archaic 1976 act.

Be that as it may, after many months of battling the pandemic, the 2019 Act’s enforcement thus far has impacted the Malaysia landscape in more ways than one. This article will discuss the relevant developments that have taken place.

Trademarks Growth

The final number of trademark filings for 2021 was 50,500 whereby almost 60% of the said filings was accounted for by foreign applicants. This was a change to the balance that existed before the pandemic when the number of local applicants was almost equal to the number of foreign applicants.

At the time of writing the statistics available through MyIPO’s website had only been updated until the end of August 2022 with a total of 31,540 applications having been filed. Again, the number of foreign applicants was significantly higher at 19, 899 (an increase of 3%) than the number of local applicants which stood at 11,641.

Assuming a constant amount of 3,942 marks being filed monthly, an extrapolation of the available numbers suggests that about 47,310 trademark applications were filed in 2022. If this were indeed the case, then there would have been a 6% drop in the number of trademark filings handled by MyIPO from 2021.

One reason may be that local businesses in Malaysia are still reeling from the economic impact of the pandemic and have put their intellectual property strategies on hold to concentrate on riding out their business challenges.

Out of the total trademark applications that were filed in 2022, the exact number of these applications that are of the Madrid system origin cannot be ascertained. MyIPO remains reticent to sharing their international application statistics which would provide a clearer picture of the country’s filing trends.

As for trademarks that were accepted for registration in the same year, it is heartening to note that proportionally more marks were registered by MyIPO. As a comparison, 34,304 trademark applications were registered in 2021. Up to August 2022, a total of 24,043 marks had been registered by MyIPO. Extrapolating once again on the numbers that are made available, it can be suggested that the number of trademarks which were allowed registration by the end of the year could have reached up to 36,000, which would be almost a 5% increase in marks that were registered.

Trademarks Administration

2022 as a whole may best be remembered by how often, and for how long, the majority of the Malaysian workforce had to work from home or on a hybrid basis. This was primarily due to the highly contagious Omicron variant that was pervasive that year.

MyIPO continued to serve practitioners and the public by making available its IP Online filing system and accepting manual filing in its day-to-day transactions. Perhaps the most keenly felt challenge in the Malaysian trademarks landscape in 2022 was the shortage of MyIPO officers.

Whilst the search and examination unit seemed to be doing well with its scope of works churning out various notifications of provisional refusals, perhaps the same cannot be said for the appeals and hearing units.

As a quick recap, under the new act there was a significant change in the examination procedure where the applicant no longer had the luxury of, at first, filing written representations to the Registrar arguing against the raised objections and then having the option of a Hearing if the submissions are rejected.

Since the perceived "second bite at the cherry" has been nipped in the bud, so to speak and applicants are now given an ultimatum of filing written representations or requesting for a hearing, more and more of them have chosen the latter option, which is to file for a hearing so that their local agent or representative is able to argue their case fully.

However, this has created a bottleneck at the Hearing Unit, which Henry Goh understands to be severely understaffed. This means that while most applicants are opting for a hearing to prosecute their applications fully, there has been an accumulation of cases that concern the setting of hearing dates. At the time of writing, it is understood that MyIPO is unable to cope with the deluge of hearing requests and is now fixing hearing dates for requests filed in 2020 or early 2021. Due to the staff shortage, even with hearings being fixed and heard, decisions may be issued late as the same officers are dealing with the files.

This snowball effect of late hearing dates being scheduled in addition to late decisions being rendered does not bode well for applicants, some of which may lose interest in their applications simply because of the protracted length of time it takes for their marks to be accepted.

It is hoped that the Malaysian IP Office will make serious inroads in addressing this issue so that it will not lose the confidence of both local and foreign applicant stakeholders.

Trademarks Legislation

Insofar as trademarks are concerned, there were no significant changes in legislation. However, the Malaysian government passed the new Geographical Indications Act, ("the GI Act 2022") which replaced the previous Geographical Indications Act 2000 on 18 March 2022.

A geographical indication (GI) is distinct from a trademark. A GI is essentially a protected mark for a collective group of producers or a responsible authority from an area or region that manufactures or produces a specific product. The most obvious example that comes to mind would be champagne from the Champagne region in France. Malaysia with its rich and abundant natural resources is home to a plethora of goods produced in certain specific regions and some have been registered as GIs. The ones that are commonly known would be Bario Rice and Sarawak peppers from Sarawak.

Due to the promulgation of the GI Act 2022 and to give effect to the same, the Trademarks Act 2019 was amended through the Trademarks (Amendment of First and Second Schedule) Order 2022 (“the Order”) and the Trademarks (Amendment Regulations) 2022 (“the Regulations”).

The key amendments under the Order and Regulations include:

- a) Prohibition of registration of a collective mark containing a GI if it includes an indication term that is identical to any goods or services in Malaysia, or where the GI is not protected or has lost its protection from its country of origin, or where the goods do not originate from there so as to mislead the public as to the source of the collective mark.
- b) Prohibition of registration of a collective mark which has been applied for or has been registered under the GI Act 2022 for identical or similar goods and where the goods do not originate from the indicated GI.
- c) Prohibition of registration of a collective mark in respect of a wine or spirit where the collective mark is used in relation to wines or spirits not originating from the place indicated by the initial GI and even excludes GIs accompanied by terms of expression such as “kind”, “type”, “style” or any similar word or expression.
- d) The invalidation of a registered collective mark with a GI is allowed where the mark was wrongly registered, or the mark has fallen into disuse or lost protection in its country of origin, or where the GI has become a common name for goods in Malaysia.
- e) An applicant for a new collective mark/certification trademark that has a GI from any other country except Malaysia must furnish the Malaysian IP Office with evidence that the mark has been granted GI in its country of origin; and
- f) For opposition proceedings involving collective or certification marks with GIs, the notice of opposition must contain a statement that such opposition is based on the registration of a GI under the GI Act 2022 with a representation and full particulars of the registered GI is included in the said grounds of opposition.

As can be seen from above, these amendments and changes to the Order and Regulations were necessary to give full effect to the new GI Act 2022 while maintaining the sanctity of collective and certification trademarks falling within the purview of the Trademarks Act 2019.

Trademark Litigation

Once most workers came back to working in the office, so did the judiciary and court officers. However, the trend of hearing cases online via Zoom or even a hybrid mode of a combination of online and physical hearings still seems to be the norm. Regarding the number of cases, it can be surmised that there has been a slowdown in intellectual property cases being filed in the past year.

One of the cases that decided in 2022 was **Oatly AB v Pahang Pharmacy Sdn Bhd [2022] MLJU 3042**. This case is interesting as it dealt with revocation of a trademark under the new Section 46 of the Trademarks Act 2019.

The facts of the cases were as follows:

1. The defendant has three trademarks for the word OATLEY, that have been registered since 2013 under the old act in classes 05, 16 and 29 respectively (“the Defendant’s marks”).
2. The plaintiff, a Swedish company, is a manufacturer of oat based dairy products and substitutes and sell its goods under the brand name OATLY.
3. The plaintiff was successful in registering its OATLY trademark in 2016 and 2020 for Classes 29, 30 and 32.
4. To expand its business in Malaysia the plaintiff then filed a further seven new applications in multiple classes, but the said applications were issued with provisional refusals stemming from the Defendant’s prior registrations.
5. The plaintiff then investigated and conducted a market survey to determine if the defendant’s registered trademarks were used in the market and subsequently filed an originating summons to expunge the registrations from the trademarks register for non-use under Section 46(1) of the Trademarks Act 2019.

At the hearing of the plaintiff’s application to expunge, counsel for the plaintiff informed the court that his client is relying on limb (b) of the aforementioned section which states: *The registration of a trademark may be revoked by the Court on an application by an aggrieved person on any grounds as follows: where the use of the goods or services under paragraph (a) has been suspended for an uninterrupted period of three years, and there are no proper reasons for non-use.*

The plaintiff took the position that there was a three-year period of non-use, where use had been suspended from 2019-2022 after the defendant had shown they were using the registered trademarks between 2013-2016. Therefore, the calculation as to when the non-use period of three years came into question.

Based on the facts of the case and evidence produced during the Hearing, the Judge determined the case as follows: –

- The plaintiff had successfully established prima facie case of non-use by the defendant during the market survey that had been undertaken. There was evidence to show that the defendant had not been using its registered trademarks after registration i.e., after 2016.
- The burden of proof once the plaintiff had established non-use then shifts to the defendant to show that it was still using its registered trademarks or if there had been no use, there were proper reasons for the same.
- Evidence adduced had shown that the defendant had not used their registered trademark since 2016 and had relied on the pandemic as a proper reason for non-use in addition to submitting their business plan to use its registered trademarks on its registered goods between the period of November 2021 – September 2022.
- The above was however rejected by the court as the defendant was not able to proffer any reasons whatsoever for its non-use of its registered trademarks between 2016 and the onset of the pandemic.

As a result, the Judge ordered the expungement of the defendant's trademarks in classes 05 and 29 only whilst leaving the remaining registration intact.

The takeaway of the case suggests that if a registered proprietor does not actively use its trademark that has been registered then the possibility of losing it is very real. Additionally, the time frame for calculating the three years period of non-use, while usually taken from the date of registration (or the date of notification of registration) may change once the plaintiff is able to show non-use and the burden of showing use then shifts to the defendant proprietor to prove that there had been use of the registered mark up to the application to revoke, failing which it must clearly indicate good and proper reasons for the non-use.

Conclusion

2022 can be seen as a challenging year for the Malaysian trademark landscape, but one ought to remain optimistic that things will improve in 2023. Local businesses seem to be slowly getting back on their feet and there is continued interest among foreign entities in protecting their trademarks in this small but significant market within the region. MyIPO should endeavour to improve itself in all its operational aspects to sustain such interest, which in turn will be good for the Malaysian economy.