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Madrid System for the International Registration of Marks -

Madrid Protocol

easy steps

TO PROTECT your IP

Rumusan Kes Cap Dagangan

(Trade Marks Case Summary)

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MyIPO welcomes any original and unpublished contributions which are of interest to IP experts, IP agents, academicians, corporate and professional bodies. Manuscript should be submitted in English or Malay language, ranging from 1,500 to 2,500 words and to be submitted in softcopy.

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Editor's Note

The first edition of MyIP Bulletin was launched by YB Minister of Domestic Trade, Co-operatives and Consumerism on 26 April 2011 in conjunction with the National IP Day celebration. MyIP Bulletin strives to serve as a national platform to discuss various issues on intellectual property among IP practitioners, academicians, corporate bodies and public at large. It also serves as one of the tools to raise awareness on the importance of Intellectual Property Rights (IPR) protection.

In conjunction with the National Seminar on Madrid Protocol this October, "Trade Marks" has been selected as the theme for this second edition. Amongst the highlights of this second edition are: **Madrid System for the International Registration of Marks - Madrid Protocol and Trade Marks Case Summary.**

In the article of "Madrid System for the International Registration of Marks - Madrid Protocol", we emphasize on the system and its advantages. The Madrid Protocol aims to provide international registration of trade mark with **ONE** application, **ONE** set of documents, with **ONE** number and **ONE** renewal date covering more than **ONE** country.

By acceding to the Madrid Protocol, the trade marks owners will be able to file a single application to obtain protection in various countries that are the Contracting Parties of the Madrid Protocol. At this juncture, the initiative to organise the National Seminar on Madrid Protocol is the first step towards fulfilling Malaysia's commitment under the ASEAN IPR Action Plan 2011-2015 which is aim to accede to the Madrid Protocol by 2015.

Thank you.

MyIP Bulletin Editor

Geographical Indications: An Added Value for Your Products

Dato' Azizan Mohamad Sidin
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Like any other intellectual property (IP), geographical indication (GI) is an intangible asset that will give an added value to goods particularly with regard to the quality of the goods and reputation it gains worldwide. The reputation it gains not only for the goods but also the geographical area from where it originates. In short, GI is an alternative marketing tools to promote the goods and the place of origins. But why do we need to protect our GI? What are the benefits of having a GI protection? Where to register a GI? How GI brings the goods and its place of origins in the eyes of the world?

Definition of GI

GI can be defined as an indication for the consumer to denote the place of origin where the product originated from or is manufactured where the quality, reputation or other characteristic of the goods is essentially attributable to their geographical origin. The most essential criterias for GI are the quality, reputation or other unique and distinctive characteristics which are influenced by specific local factors of the geographical area such as environmental factors like climate and soil. Without these specific criteria, GI goods cannot be differentiated with the same goods from other areas.

GI can be used on natural or agricultural product or any product of handicraft or industry. An example of GI is Sarawak Pepper, the first registered GI in Malaysia. In Republic of Czech, Bohemia Crystal, a decorative glass produced in the region of Bohemia is famous for its beautiful and colourful glass and crystal ware.

Protection of GI in Malaysia

Protection for GI is provided under the Geographical Indications Act 2000 and Regulations. The Act was enacted on 15 June 2000 and was enforced on 15 August 2001.

Registration of GI accords a better protection and advantages to the owner of GI. Any qualified applicant may apply for registration at the Intellectual Property Corporation of Malaysia (MyIPO), an agency under the Ministry of Domestic Trade, Co-operatives and Consumerism. Application can be filed manually or online via IP Online portal at www.myipo.gov.my. Once registered, GI is protected for a term of ten years from the date of filing and renewable for every ten years thereafter. The protection of GI is territorial in nature and applicant needs to file for GI registration in each country where protection is required.

Registered and Potential GI in Malaysia

Since the enforcement of the GI Act 2000 until August 2011, MyIPO has received 30 applications both from local and foreign applicants. To date, there are eighteen (18) registered GI in Malaysia which include four (4) from foreign countries. They are Sarawak Pepper, Sabah Tea, Borneo Virgin Coconut Oil, Tenom Coffee, Sabah Seaweed, Bario Rice, Buah Limau Bali Sungai Gedung, Sarawak Beras Biris, Sarawak Beras Bajong, Kuih Lidah Kampung Berundong Papar, Tambunan Ginger, Sarawak Sour Eggplant, Sarawak Layer Cake, Sarawak Dabai, Pisco, Scotch Whisky, Cognac and Parmigiano Reggiano.

The number of applications is relatively small compared to other components of IP and more promotions are needed to highlight the importance of registering GI as Malaysia has a number of potential GIs such as Nenas Babagon, Madu Matunggung, Pua Kumbu Sarawak, Tembaga Ladang, Songket Tenun Terengganu, Sampan Pulau Duyong, Halia Bentong, Labu Sayong, Tekat Benang Emas Perak, Cencaluk Melaka, Gula Melaka, Mangga Tobiar (Tobiar Gold), Nira Yan, Beras Kedah and Belacan Miri.

GI Ownership Concept

Registration of GI is based on an affiliation ownership concept for the producers who are carrying on an activity in that specified geographical area and not an individual ownership concept. Therefore, a person who is carrying on activity as a producer or a group of producers in the geographical area, or the competent authority; or a trade organisation or association is encouraged to register GI on their capacity. For instance, competent authority includes government agencies and state government. Whereas, trade organisation or association includes chamber of commerce or State Farmers' Organization. Due to the concept of affiliation ownership, it is vital for the producers and competent authorities to co-operate to ensure Malaysia's GIs are protected and are managed properly for better returns.

Advantages of Registered GI

The registration of GI protects the interest of producers and consumers. The registered proprietor of GI enjoys the exclusive rights to exploit the geographical indication and gains recognition at domestic and international level for the distinctiveness of his goods in the market.

In any case of infringement, the registered proprietor of GI is allowed to take necessary action against the infringer. The certificate of registration is accepted as a prima facie evidence in the court of law. Producers of similar products in other geographical regions are excluded from using the GIs to prevent others from free riding on the reputation of the protected goods.

Furthermore, the protection of GI will give value-added to the goods and it helps to promote the goods. Consumers are willing to pay higher prices for goods that are geographically specified and combined with guarantees of quality. Therefore, GI can be commercially leveraged to enhance the income of the producers involved in production of the unique goods.

GI gives an added value to the goods by defining and protecting a GI in two important and related market-oriented benefits:

i) verification of authenticity and protection from misuse or fraudulent labeling by unauthorized parties.
ii) the improved market access or the potential premium price gained by the GI designation that confirms reputation or act as a form of assurance for a desirable attribute such a quality.

Geographical Indications: An Added Value for Your Products

GI marketing is successful only when the particular goods have its own established reputation for quality. GI labels represent recognition given to the goods for its quality based on the origin of goods and its unique characteristic whereby as an alternative marketing tools, GI is similar to famous or well-known trade mark. Moreover, consumers nowadays, are more discerning on the quality of goods and will rely on the labels they trust, which represent the quality of the goods and in this case, the GI labels.

Thus, with successful GI-based marketing, market pressure may in fact challenge local productions to be increased and adjusted to meet market demands.

For GI-based marketing to work, adequate legal protection of GIs is absolutely necessary especially when it involves penetration to other foreign countries' market taking into account the territorial nature of GI protection. Furthermore, GI has become one of the priorities in certain bilateral trade negotiation between Malaysia and other countries.

In addition, GI can be utilized as a commercial basis for the development of rural areas, the preservation heritage and the promotion of small and medium enterprises in the rural economies context as GI is also often associated with non-monetary benefits such as the protection of knowledge and community rights. The goal of 'rural development' is to give the producer higher long-term incomes through sustainable production methods.

In respect of agricultural and tourism, GI can also become an engine of growth for agro-tourism by focusing on agriculture to encourage tourism by preserving traditional method of producing the GI goods. Agro-tourism involves touring local farms to viewing the growing, harvesting, and processing of locally grown foods as well as sampling them on site or in local restaurants and cafe. The best examples of such tourism are built around the tea industry in Ranau, Sabah. This would include experiencing the sprawling tea plantation surrounded by pristine rainforest in cool mountain air, touring the tea factory and plantation, participating in variety of recreational activities and visiting various places of interest in the nearby area including historial Kundasang War Memorial, Kinabalu Park, Poring Hot Spring and Quailey's Hill. The tourist will also have the opportunity to taste freshly-made tea pancakes and Sabah Tea Pandan Tarik, a popular menu items available only at the Tea House. All these fascinating experiences are offered by the Sabah Tea Garden agro-tourism packages which is famous for its GI based product of Sabah Tea.

Sabah Tea is planted on acreage of 6,200 at an elevation of 2,272 feet above sea level in the district of Ranau, Sabah. Approximately 1,000 acres have been developed with tea plantation and the remaining land of the tea garden is still a rainforest which is part of the world's oldest rainforest of 130 million years old; Mount Kinabalu, leaving the harvest for Sabah Tea untouched and pure. By leveraging GI, the specific geographical area will be an attractive destination for tourists who are interested in those particular GI goods.

Conclusion

GI is a valuable asset that can play a vital role in consumer marketing and competing for a greater share of global trade. The successful use of GIs stimulates rural development and improves the livelihoods of their producers. It also recognizes and supports the concept of 'local'. The potential long-term value is not only economic (jobs, greater income, tourism) but also social in terms of the recognition of customary and value-adding traditions that convey a very local sense of a people, their history and their relationships to a place.

GI in Malaysia is still in the infant stage and hope that the Malaysian GIs will develop to be well known GIs and in parallel with world's famous GI such as Champagne, Darjeeling Tea, Bohemian Crystal and others.

FACTS AND FIGURES

a) Global copyright licensing amounts to £600 billion a year, almost 5% of world output, and is the UK's third largest export sector.

b) The Scotch Whisky Association has won its first legal action under a 2009 law against misusing the geographical indication, which goes beyond the 2008 EU Regulation. The Association settled a dispute with Reynald & Sons, which agreed to stop selling and advertising spirits that falsely suggested they were Scotch Whisky. It was the first case brought under the Scotch Whisky Regulations 2009 in the UK.

c) East Asia led in PCT applications in 2010, with roughly 164,300 filed, according to WIPO.

d) A new study has found that, although eight in 10 PC users said they value legal software over pirated software, the commercial value of global piracy for PC software spiked 14% globally in 2010 to $59 billion.

e) By 2015, China intends to increase the amount of patent applications from 1.7 per 10,000 inhabitants to 3.3.

source: Managing IP Magazine June/July/August 2011

The Interface between Intellectual Property Rights (IPR) and Competition Law in Malaysia

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The recent emergence of the Competition Act 2010 in Malaysia has significantly created awareness on the issues pertaining to competition law. The long awaited Competition Act 2010 ("the Act") was passed by Parliament on 21 April 2010. Royal Assent was thereafter granted by the *Yang di-Pertuan Agong* on 6 June 2010 followed by a notification in the Gazette which was published on 10 June 2010. The Act however will only come into force from 1 January 2012.

Many stakeholders are wondering about the application of this law and the impact it may have on the business community operating either inside or outside of Malaysia. Certain business norms and strategies previously used by business operators may infringe the law and attract the attention of the Malaysia Competition Commission (MyCC), the regulatory body that has been recently set up.

Firstly, it is pertinent to look at the aim of having the Competition Law in place in this country. The most common stated objectives of the Competition Law are to benefit the consumers as they will eventually enjoy lower prices, better products or services and a wide variety of products or services to choose from. Nevertheless, it is important to understand the concept of Competition Law and the principles underlying it.

There are two main practices that constitute an infringement of the Act; one would be the anti-competitive agreements and the other would be an abuse of a dominant position. The first prohibition is on agreements which are either horizontal or vertical between enterprises insofar as such agreements have the *object* or *effect* of significantly preventing, restricting or distorting competition in any market for any goods or services[1]. The second prohibition is when an enterprise engages, whether independently or collectively, in a conduct which amounts to an abuse of its dominant position in a market. This may be, by way of, for example imposing unfair purchase or selling prices or adjusting outputs or trading terms[2].

As the law is rather new in the Malaysian context and the public has yet to understand its implications, there are numerous issues which are still in grey areas and which will be further developed through

[1] Section 4(1) of the Malaysian Competition Act 2010 (Act 712)
[2] Section 10(1) of the Malaysian Competition Act 2010 (Act 712)

jurisprudence. One area that raises many concerns is the interface between IPR and Competition Law in Malaysia.

Generally, the main idea of both IPR and Competition Law seems to be conflicting as IPR subjects intellectual assets to the owner's exclusive control whilst Competition Law seeks to avoid any barriers to enter into the market and benefit the consumers by ensuring that multiplicity of suppliers of any goods, services and technologies may compete amongst each other effectively. The end result would eventually lead to advantages to the consumers. However, it is also pertinent to note that both IPR and Competition Law are complementary to each other as they both aim at promoting innovation and competition in the market.

Although all matters concerning IPR in Malaysia are regulated by the Intellectual Property Corporation of Malaysia (MyIPO), any practices which are in breach of any prohibitions under the Competition Act 2010 will be within the jurisdiction of MyCC. Regardless of the fact that the Act does not stipulate any express provision in relation to IPR, any anti-competitive practices in relation to IPR matters are still subject to the application of the Competition Act 2010. Possible exemptions are however available if they are made in accordance with the grounds provided for under the Act.[3]

MyCC which is established pursuant to the Malaysia Competition Commission Act 2010 (Act 713) notes the tension with regard to the interface between IPR and Competition Law and therefore acknowledges that there is a need to strike a balance between the two by allowing the protection of the IPR holder's interest legitimately while equally protecting against abuses that may unjustifiably distort competition. As a young competition regulatory body, the focus point of MyCC at present is on the main prohibitions of the Act. Nevertheless, MyCC may adopt concepts or approaches which are common to most competition laws as different positions taken by outside jurisdictions will certainly provide a certain level of guidance to MyCC in addressing this issue.

[3] Section 5 of the Malaysian Competition Act 2010 (Act 712)

Achieving Global IPR Standards – MyIPO's Way

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Generally, Intellectual Property (IP) encompasses expressions of ideas, thoughts, codes and information. Intellectual Property Rights (IPR), however, treats IP as a kind of real property called intangible property of the minds. In what ways global IPR standards are measured depend very much on the level of enforcement through the Agreement on Trade Related Aspects and Intellectual Property Rights (TRIPS).

The Intellectual Property Corporation of Malaysia (MyIPO) which comes under the jurisdiction of the Ministry of Domestic Trade, Co-operatives and Consumerism now manages the IP system in Malaysia with much zeal and vigour. The Honourable Minister, Dato' Sri Ismail Sabri Bin Yaakob has recently pressed more changes and improvements to the existing IP laws; a major role that MyIPO makes in favour of the changing needs and standards of national and global IPR.

What is Intellectual Property Corporation of Malaysia (MyIPO)?

In Malaysia, the IPR is administered by the Intellectual Property Corporation of Malaysia (MyIPO), an agency corporatized on the 3 March 2003 under the Intellectual Property Corporation Act 2002. Historically, it was administered by the Trade Mark Office prior to 1962 and with the enforcement of the Trade Marks Act 1976 and the Patents Act 1983, the said body changed its name to the Trademark and Patent Office in 1983 under the Ministry of International Trade and Industry (MITI). Thereafter, on the 27 October 1990, it was reverted to the Ministry of Domestic Trade and Consumer Affairs (MTDCA). Subsequently in 1991, the Intellectual Property Division was established to administer the copyright and industrial designs IPR.

MyIPO was known as the Perbadanan Harta Intelek Malaysia (PHIM) or Intellectual Property Corporation of Malaysia (IPCM). This IPCM has the autonomy in finance and administration and MyIPO's name was then used effectively since 3 March 2005 at the inaugural launching of National Intellectual Property Day. It continues to implement six (6) Acts related to IPR, which are Trade Marks Act 1976; Patents Act 1983; Copyright Act 1987; Industrial Design Act 1996; Layout Design of Integrated Circuits Act 2000 and the Geographical Indication Act 2000 until today.

What is Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS)?

TRIPS is an international agreement administered by the World Trade Organisation (WTO) which sets down minimum standards for many forms of IP regulation as applied to national of other WTO members, which includes Malaysia. It was negotiated at the end of the Uruguay Round of the GATT in 1994.

TRIPS agreement introduced IP law into the International trader system and remains the most comprehensive international agreement on IP to date.

TRIPS contains, viz, requirements that Nation's laws must meet; for example, the copyright rights, rights of performers and producers of sound recordings & broadcasting organisations, geographical indications, industrial designs, integrated circuit layout designs, patents, new plant varieties, trademarks, confidential information and/or trade secrets.

Hence, in order to enter into the international markets opened by WTO, every country is mandated by TRIPS to enact and upgrade the strict IP laws.

What MyIPO has done in meeting global IPR standard?

With recent government efforts of meeting KPIs (Key Performance Indications), the voluminous of backlog cases and the increasing number of IP registrations have been speeded up tremendously by the same number of staff available. Despite this heavy target burden, MyIPO is at the same time able to cope with many changes made to improve the present IPR system and protection in Malaysia from 2010 until this year. These bold and progressive steps undertaken by MyIPO are as follows:

a) Raising the Legal and Regulatory Bar;
b) Increasing core operational service efficiency;
c) Promoting IP Awareness across all IP related parties;
d) Sourcing IP experts in capacity building programs;
e) Improving Information Technology infrastructure;
f) Cooperating with International IP Organisations;
g) Protecting the Interest of National Intellectual Property Rights.

In raising its legal and regulatory bar, the proposed amendments to the laws of Patent Act 1983, Trade Marks Act 1976, Copyright Act 1987, Industrial Designs Act 1996, Geographical Indications Act 2000 and the Layout-Designs of Integrated Circuits Act 2000 were made in 2008. Consultations with all relevant IP stakeholders were then conducted in 2009 through a few dialogue arrangements and meetings for feedbacks and opinions. In 2010 until now, however, MyIPO has forwarded these proposed IP law changes and amendments to the House of Parliament for readings and adoptions. The overall rationale of amendments are to improve the legal structure and delivery services in line with International Practice and acceding to International Treaties such as the Madrid Protocol, Singapore Trademark Law Treaty (STLT), Budapest Treaty, WIPO Copyright Treaty (WCT) and WIPO Performances and Phonograms Treaty (WPPT). Currently Malaysia is not a member of the WCT, WPPT and the STLT. At the international scene, Malaysia acceded to WIPO and Paris Convention in January, 1989; the Berne Convention in December, becoming a signatory to TRIPS Agreement in January, 1996 and later joined the Patent Cooperation Treaty (PCT) on 16 May 2006.

MyIPO realises its efforts from the immediate passing of both the Patent Regulations (Amendment) 2011 and the Trade Marks Regulations (Amendment) 2011 that came into operation on the 15 February 2011. The amendments to the parent Acts of Patents, Trade Marks and Industrial Designs are to be tabled in Parliament in March, 2012. The proposed Copyright Amendments Act 2011 is scheduled for second reading in Parliament Session in the month of October/November, 2011.

Such active promulgation of new laws from old ones proved MyIPO's serious efforts in meeting global IPR standards. There is also a possibility of having a non examination utility model to spear greater innovations and inventions of small improvements in our country. In this year, the new provisions for expedited examination in Patents and Trade Marks have changed the image of how the Registry works to meet the industry needs for all short and a clear cut cases for approvals. The total pendency period of 39 to 43 months have been reduced to 20 to 26 months for patent granting and the substantive examination period was also shortened from 24 months to 18 months from the date of filing. As regards to the period for Trade Marks Registration, the total pendency period of 18 to 20 months has been reduced to 6 months and 3 weeks to 12 months from the date of filing. Cheaper fees for online filings were also implemented by the new regulations.

Further, MyIPO has also increased its core operational efficiency in recruiting 16 new Patent Examiners in January 2011 and bringing a total number of Examiners to 80. Improved system of promotions for existing skillful staff has also maintained their moral and work ethics in coping with the increasing applications. As at August, 2011, the office has received 17% new online trade marks applications as compared to manual applications (Manual: 15,629; Online: 3,205). 2.4% for new online patent applications as compared to manual filing (Manual: 4,194; Online: 99) and 0.4% for new online industrial designs applications as compared to the manual transactions (Manual: 1,187; Online: 5).

Achieving Global IPR Standards – MyIPO's way

Another major role played by MyIPO is promoting IP awareness through various activities such as exhibition, seminars, roadshows, etc. Beginning 2005, the Government has set every 26 April of the year as the date for National IP Day which marked the starting of a year-long IP awareness activities targeting industry, academia, government officials and other key stakeholders. In 2010, MyIPO has organised 43 seminars, workshops and courses related to IP and participated in 30 exhibitions. In 2011, MyIPO will aggressively promote IP at grass-root level and reaching out to most rural SMEs of every State to protect the SME's IP for their business growth by launching IP Mobile. The Intellectual Property Training Centre (IPTC) which runs programs to focus on public IP awareness, planned very closely with our local media and road-shows. On May 2011, IPTC organised programs such as SMEs IP in Biznes Malaysia, RTM TV1, TV3, Bulletin Awani, Technopreneur Innovation Open Day 2011 at TPM, Branding Beyond Awareness 2011 at MITC in Malacca, Made in Malaysia Products in PWTC KL, Publication of Patent Agent Examination 2011 in most local newspapers such as Berita Harian, Harian Metro, Kosmo, Utusan Malaysia, the STAR, Sinar Harian, and Utusan Sarawak.

Besides the external marketing, MyIPO further looked into its internal marketing of various capacity building programmes. There are trainings for its MyIPO staff in key learning process, development priorities in leadership, management and technical skills. Several capacity building seminars on basic foundations of IP, patent draftings and commercialisation of IP for all stakeholders were also hosted by the IPTC.

As far as the information technology infrastructure is concerned, MyIPO did not lag behind in introducing the international search system of EPOQUE.Net and SOPRANO. EPOQUE.net is a comprehensive search tool for patent examiners operated by EPO. It is geared to and optimised for patentability searching and patent data. It provides consistent, complete, exact and reproducible results as needed in a patentability search. SOPRANO, on the other hand, is a short acronym for Software for Property Rights Administration of National Offices. It is an office workflow system which provides the requisite functionalities to manage the procedures of granting patents. The implementation of this system is expected to help increase productivity, the number of applications processed and patent grants. The successful electronic filing (e-filing) and e-search system have also improved the IT Infrastructure. As reported earlier, the PANTAS Online Filing that was mooted in 2007 have tremendously brought much revenue incomes to the Corporation with increasing applications filed in 2011. On 15 February 2011, this e-filling system was upgraded to cater all types of filing for Trade Marks, Patents, Industrial Designs and Geographical Indications. It is now known as the IP Online Filing system. Payment can be made using credit card and prepaid account. Today a total of 4,021 applications were received via IP online and 805 users have registered to the system.

Over the years, MyIPO has been working very closely with International Organisations and with increased international cooperation. It sought to actively collaborate with International Body like WIPO and other IP Offices around the world, i.e. European Patent Office (EPO), Japan Patent Office (JPO), Korea Intellectual Property Office (KIPO), IPO Australia, United States Patent and Trade Marks Office (USPTO). The regional cooperation with ASEAN IP Offices marked another milestone of sharing and reducing workload. The ASEAN working Group on Intellectual Property Cooperation (AWGIPC), for example, was engaged to discuss the possibility of implementing the Patent Prosecution Highway (PPH) and IPS since 2009 to accelerate patent prosecution, and improve patent quality by sharing information and search results amongst ASEAN Patent Offices.

Protecting National IPR – The biggest challenge

The challenges faced by MyIPO are numerous. The biggest challenge is to decide on how to maintain a balance between the interests of our national IPR and international IPR. The interests of the National IPR are often affected by the following neglect of IP Funding, IP experts, IP Research and Development, IP Agency Cooperation, IP Representation and a legitimate voice to the world. The developing countries are subservient to the big nation like US, EU and Japan. Further internal challenges can be categorised into needs for speed, expertise, more

filings, amendment of the law, legislative policy, examination procedure and regulatory procedures. External challenges can be received as High Quality Decisions, Licensing and Franchising and how to create better incentives for the IP industry.

The way forward for MyIPO

According to the Director General of MyIPO, Dato' Azizan Bin Mohamad Sidin, several pipeline programs will be considered as the ways forward for MyIPO to move on. They are:-

1. To put into operation the Copyright Voluntary Notification System;
2. To establish a MyTKDL Digital Library for storing all Traditional Knowledge(TK) and Genetic Resources (GR) data and provide a legal mechanism for TK & GR;
3. To accede to Madrid Protocol;
4. To accede to Budapest Treaty;
5. To accede to WIPO Copyright Treaty (WCT) and WIPO Performance and Phonograms Treaty (WPPT);
6. A member of Hague Convention;
7. To become an International Search Authority (ISA); and
8. Build a better collaboration between WIPO-IP Australia and MyIPO in all IP related matters.

In Conclusion

There is no doubt that MyIPO has successfully played a tremendous roles in changing the Malaysian IP and IPR landscapes and meeting global standards set by TRIPS and assisted by WIPO. Such progressive steps are ongoing and will be regularly reviewed and monitored to improve a healthy environment for the Malaysian IP business and trade to thrive. On the other hand, to what extent Malaysia has impact the World is yet to be seen because Malaysia has hardly any influence at all in terms of a fair voice representation to GATT, an international forum that are still dominated by the US, EU and Japan which set Global IP & IPR standards in lieu of the national interests of developing countries. As a member of WTO, strict compliances with TRIPS will still remain a challenging task for Malaysia to balance its national interest vis-à-vis the international interests.

MADRID PROTOCOL

Madrid System for the International Registration of Marks

Introduction

The system of international registration of marks is governed by two treaties; the Madrid Agreement Concerning the International Registration of Marks, 1891 (Madrid Agreement) and the Protocol Relating to the Madrid Agreement, 1989 (Madrid Protocol). The objectives of this system are to simplify the procedures of protecting a trade mark with minimum cost and formalities and to facilitate the subsequent management of the protection. The system is administered by the International Bureau of WIPO, which maintains the International Register and publishes the WIPO Gazette of International Marks.

The Madrid Protocol is to introduce new features to the Malaysia Trade Mark system. The basic principles of the Madrid Agreement and Madrid Protocol are the same but differ in a number of aspects such as the fees and the time limits in issuing a refusal protection of the mark from the Contracting Parties.

The Madrid Protocol is a filing treaty and not a substantive harmonisation treaty. It provides a cost-effective and efficient way for trade mark holders both individuals and businesses, to ensure the protection for their marks in multiple countries through a single international application. The application may be filed in French, English or Spanish.

The Function of the International Registration System

A trade mark can be filed internationally only if it has been applied or registered (or, where the international application is governed exclusively by the Protocol, if registration has been applied for) in the Office of origin. Subsequently, it will be presented to the International Bureau of the World Intellectual Property Organisation (WIPO) in Geneva, Switzerland by the Office of Origin. An international application may claim priority under Article 4 of the Paris Convention by choosing either the filing date with the Office of origin or a prior filing date with another Office which not necessarily be a party in the Agreement or Protocol.

WIPO will conduct a formality examination and notify each contracting party in which protection has been requested by the applicant. The national trade mark office of each country or contracting party designated for protection has the right to determine whether or not protection for a mark may be granted. Each designated Contracting Party has the right to refuse protection and any refusal must be notified to the International Bureau by the Office of the Contracting Party concerned within 12 or 18 months

as specified in the Agreement or Protocol. The refusal is recorded in the International Register and published in the Gazette and a copy is transmitted to the holder of the international registration. Any subsequent procedure, such as review or appeal, is carried out directly between the holder and the administration of the Contracting Party concerned, without any involvement on the part of the International Bureau. The Contracting Party concerned must, however, notify the International Bureau of the final decision taken in respect of such review or appeal. This decision is also recorded in the International Register and published in the Gazette.

On the contrary, the trade mark is deemed to be registered in the designated countries if there is no refusal after the time limit has ended or refusal has been overcome. The rights arising from marks registered are defined and enforced under the national law in each country designated for protection. An application which complies with the applicable requirements will be recorded in the International Register and published in the WIPO Gazette of International Marks.

The Madrid Protocol simplifies the subsequent management of the mark with a simple, single procedural step serves to record subsequent changes in ownership or in the name or address of the holder with the International Bureau.

Becoming Party to the Agreement or Protocol

Any State which is a party to the Paris Convention for the Protection of Industrial Property may become a party to the Agreement or the Protocol or both (“Contracting Parties”). In addition, an intergovernmental organisation may become a party to the Protocol (but not the Agreement) where the following conditions are fulfilled: at least one of the Member States of the organisation is a party to the Paris Convention and the organisation maintains a regional office for the purposes of registering marks with effect in the territory of the organisation.

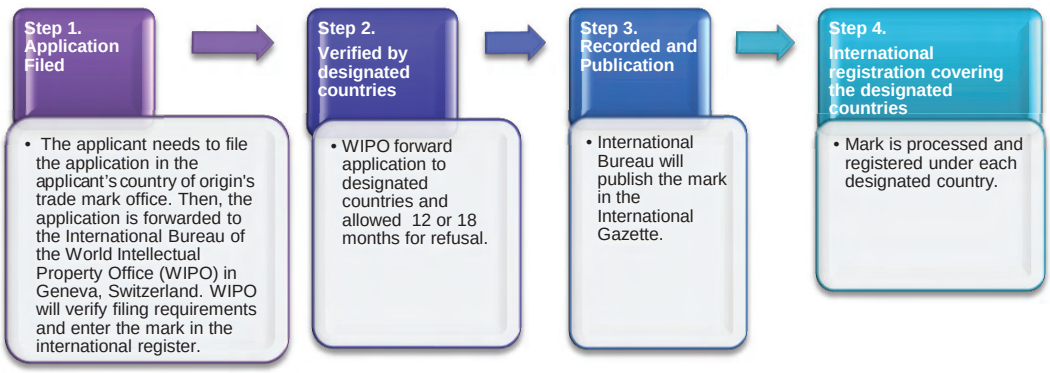
Every member of the Madrid Union is a member of its Assembly. Among the important tasks of the Assembly are the adoption of the programme and budget of the Union and the adoption and modification of the implementing regulations, including the fixing of fees connected with the use of the Madrid system.

Madrid Protocol

Currently, 85 countries have joined the Madrid Protocol including Australia, China, France, Germany, Japan, the European Union, the United Kingdom and the United States of America. Madrid Protocol filing requirements are as follows:

- Applicant name and address.
- For company, indicate State and Country of incorporation
- Mark Specimens
- List of goods or services.
- Countries to be covered by application (countries of designation)
- Priority Claim: Filing Date, specifics and which convention of priority

Madrid Protocol Application Process:



Malaysia's Position

Malaysia is currently amending the Trade Marks Act 1976 to include provision of Madrid Protocol. The Bill is expected to be tabled in Parliament by middle of next year and Malaysia is expected to accede to the Madrid Protocol upon the enforcement of the amendment of the Trade Marks Act 1976. By joining Madrid Protocol, it will bring benefits to national interest to allow Malaysia's home grown brand to have easy access into the world market. In addition, international registration provides cost saving to trade mark owners who intend to file trade mark in multiple countries as the trade mark owners have only to file single application to one Trade Mark Office instead of filing separately with Trade Mark Office of the various Contracting Parties.

Top Ten No. of Application Filed by Contracting Parties under Madrid System

			2006	2007	2008	2009	2010	Share	Growth
1	**Germany**	(DE)	5,663	6,090	6,214	4,793	5,006	12.60%	4.40%
2	**European Union**	(EM)	2,445	3,371	3,600	3,710	4,707	11.90%	26.90%
3	**United States of America**	(US)	3,148	3,741	3,684	3,201	4,147	10.40%	29.60%
4	**France**	(FR)	3,705	3,930	4,218	3,523	3,565	9.00%	1.20%
5	**Switzerland**	(CH)	2,468	2,657	2,885	2,671	2,893	7.30%	8.30%
6	**Italy**	(IT)	2,958	2,664	2,763	1,872	2,596	6.50%	38.70%
7	**China**	(CN)	1,328	1,444	1,585	1,358	1,928	4.90%	42.00%
8	**Benelux**	(BX)	2,639	2,510	2,667	1,968	1,922	4.80%	-2.30%
9	**Japan**	(JP)	847	984	1,278	1,312	1,577	4.00%	20.20%
10	**Russian Federation**	(RU)	622	889	1,190	1,068	1,218	3.10%	14.00%

Total International Registrations Recorded under Madrid System in 2006–2010

2006	2007	2008	2009	2010
37,224	38,471	40,985	35,925	37,533

Total Renewals Recorded under Madrid System in 2006–2010

2006	2007	2008	2009	2010
15,205	17,478	19,472	19,234	21,949

Reference:

i. Madrid System for the International Registration of Marks
http://www.wipo.int/madrid/en/

ii. Madrid Protocol
http://www.uspto.gov/trademarks/law/madrid/index .jsp

iii. International Trademark Registration Through Madrid Protocol
http://www.intellectfront.com/services/trademark-madrid.html

Do you know?

a) When applying for trade marks or any intellectual properties, public reception is one of the crucial notes to be considered. This can be seen in US which Sony applied a trade mark phrase "Shock and Awe" for PlayStation game and due to the fact that it was applied during the day after invasion in Iraq, it needed to be withdrawn for fear of public backlash.

b) IP protection is a territorial effect which required the IP owners to apply for IP protection in country he intends to get IP protection. To facilitate the IP owners, the international registration e.g Madrid Protocol and PCT provide cost savings to trade marks and patents owners who intend to file trade marks and patents in multiple countries as the owners can file a single application to one Office.

c) In Malaysia, to file trade marks or patents application via online filing is much cheaper than manual filing.

d) Malaysia ranks highly as a safe country to live in based on the Global Peace Index (GPI) 2011 survey, it also ranks highly in its efforts in implementing and putting into place safe measures to protect and to enforce intellectual property rights (website: Managing IP).

SNAPSHOTS OF MADRID PROTOCOL AROUND THE WORLD

JAMAICA

(African Continent)

MOVING TO SIGN MADRID PROTOCOL

The Industry, Investment and Commerce Minister, Dr. Christopher Tufton at the Observer Monday Exchange said that Jamaica is expeditiously working towards signing the Madrid Protocol, which will allow for easier international registration of trademarks and globally certifying indigenous Jamaican products. He added by signing the Madrid Protocol it will effectively gives Jamaican intellectual talents the ability to register with one agency, Jamaica Intellectual Property Organisation (JIPO) rather than in each country that they would want to protect their brand, which is expensive and difficult to enforce.

NEW ZEALAND

(Australasian Continent)

A STEP CLOSER TO MADRID PROTOCOL

Politicians in New Zealand have passed the third reading of the Trade Marks Amendment Bill 2008, which will see the country accede to the Nice Agreement, the Singapore Treaty on Trademarks and the Madrid Protocol. A simple explanation on the Madrid Protocol is that it enables owners of trademark applications and registrations to obtain trade mark protection for a number of countries and/or regions using a single application. A single filing fee is payable in the applicant's home currency thus, proceeding through the Protocol is much less expensive than filing nationally.

COLUMBIA

(Latin American Continent)

PAVES WAY FOR MADRID SYSTEM IN LATIN AMERICA

Columbia could be the first Latin American country (apart from Cuba) to join the international trademark system when its Bill 061 was approved by the Senate and is now waiting to be considered by the House of Representatives. If the bill passed, it might provide the momentum Madrid System proponents seek throughout the region. INTA President, Gerhard Bauer in his letter to Congressman Eduardo Jose Castaneda Murillo urged the Colombian House of Representative to pass the Bill in the interest of promoting global trade and as major trading partner in the region, Colombia can take the lead in its approach to economic development through adopting pragmatic policies designed to promote trade and social-well-being simultaneously. INTA also believes that the Protocol will be an instrument to help local business, which in turn will contribute to Colombia's economic growth and will facilitate the registration of trademarks coming from abroad.

Rumusan Kes Cap Dagangan *(Trade Marks Case Summary)* – LB (Lian Bee) Confectionary Sdn Bhd melawan Qaf Limited dan Gardenia (KL) Sdn Bhd (2011)

Baru-baru ini satu kes berkaitan isu perlanggaran cap dagangan telah diputuskan oleh Mahkamah Rayuan. Di dalam kes LB (Lian Bee) Confectionary Sdn Bhd melawan Qaf Limited dan Gardenia (KL) Sdn Bhd. Hakim Mahkamah Rayuan iaitu Hakim Nihrumala Secara, Hakim Sulaiman Daud dan Hakim Jeffrey Tan antara lain telah memutuskan bahawa keputusan Hakim Mahkamah Tinggi yang mendapati cap dagangan perayu 'Squiggle' telah melanggar cap dagangan berdaftar 'Squiggle' dikekalkan.

Fakta Ringkas

Qaf merupakan sebuah syarikat Singapura yang terlibat di dalam industri makanan, termasuk industri pembuatan dan pemasaran pastri dan beraneka jenis roti di rantau Asia Pasifik sejak tahun 1970. Cap dagangan milik Qaf 'Gardenia' telah didaftarkan di dalam daftar cap dagangan bagi barangan roti pada tahun 1985. Gardenia yang juga terlibat dalam industri pembuatan roti merupakan syarikat yang ditubuhkan di Malaysia di mana Qaf memegang syer sebanyak 70%. Melalui perjanjian perlesenan antara mereka, Gardenia telah diberi hak untuk memasarkan barangan rotinya di bawah jenama 'Gardenia'.

Qaf juga merupakan tuan punya jenama 'Squiggles' di Malaysia di mana cap dagangan tersebut telah didaftarkan di dalam daftar pada 20 Ogos 2004 bagi "roti, ban, pastri, gulungan roti, kuih muih, biskut dan kek-kek' di dalam kelas 30. No. pendaftaran cap dagangan tersebut ialah 01005742. Manakala Gardenia pula telah direkodkan sebagai pengguna berdaftar bagi cap dagangan 'Squiggles' tersebut. Cap dagangan Squiggles ini telah digunakan ke atas barangan ban dan roti yang bersalut coklat berinti strawberi atau coklat malt, sebagai sebahagian daripada beraneka jenis roti yang dihasilkan di bawah jenama 'Gardenia'.

Manakala Lian Bee pula merupakan sebuah syarikat yang terlibat di dalam perusahaan pembuatan, pengeluaran dan pemasaran beraneka jenis biskut, roti, manisan dan ban sejak penubuhannya pada tahun 1992. Pada tahun 2002, Lian Bee telah turut mengeluarkan ban berintikan krim dengan menggunakan cap dagangan tidak berdaftar 'Squiggle'.

Qaf dan Gardenia ('Responden') telah memulakan prosiding di Mahkamah Tinggi mendakwa cap dagangan Lian Bee ('Perayu') 'Squiggle' telah melanggar cap dagangan berdaftar 'Squiggles' dan memohon suatu perintah di Mahkamah Tinggi di bawah seksyen 16 (1) Akta Perihal Dagangan (APD)

bagi menetapkan bahawa cap dagangan Perayu adalah suatu perihal dagangan palsu dalam penggunaannya pada 'roti, ban, pastri gulungan roti, kuih-muih, biskut dan kek-kek' yang tidak dibuat, dikeluarkan atau diedarkan oleh mereka.

Keputusan Mahkamah Tinggi

Hakim Mahkamah Tinggi telah membenarkan permohonan Qaf dan Gardenia. Hakim Mahkamah Tinggi mendapati cap dagangan Perayu adalah mungkin memperdayakan atau menyebabkan kekeliruan kerana kedua-duanya menggunakan perkataan yang hampir-hampir sama, mempunyai sebutan dan bunyi yang sama serta digunakan pada produk yang sama, iaitu ban berintikan coklat atau krim. Persamaan tersebut berkemungkinan menyebabkan orang awam akan beranggapan bahawa ban berintikan krim Perayu yang dipasarkan dengan cap dagangan 'Squiggle' adalah merujuk kepada produk yang sama yang dikeluarkan oleh Responden dengan cap dagangan 'Squiggles'.

Hujahan Perayu

Peguam Perayu telah berhujah bahawa tiada perlanggaran memandangkan perkataan 'Squiggle' tidak digunakan oleh Perayu sebagai cap dagangan.

Disamping itu, Peguam Perayu turut berhujah bahawa Hakim Mahkamah Tinggi telah tersilap apabila mendapati cap dagangan Perayu 'Squiggle' menyerupai atau hampir menyerupai cap dagangan berdaftar 'Squiggles' hingga boleh memperdayakan atau menyebabkan kekeliruan di antara kedua-dua produk kerana bungkusan ban Perayu dan responden jelas mempunyai perbezaan yang ketara.

Antara hujahan peguam perayu ialah seperti berikut:

- Susunan reka bentuk cap dagangan pada bungkusan ban Responden adalah mendatar manakala reka bentuk cap dagangan pada bungkusan ban Perayu adalah secara menegak
- Terdapat perkataan 'Gardenia' yang kelihatan dengan jelas pada bungkusan ban Responden berbanding perkataan 'Bee's' pada bungkusan ban Perayu,
- Terdapat perkataan 'Funky Strawberry' dan 'Choco Malto' pada bungkusan ban Responden
- Terdapat perbezaan dalam bentuk huruf bagi kedua-dua perkataan 'Squiggles' dan 'Squiggle'

Keputusan Mahkamah Rayuan

Hakim Mahkamah Rayuan menolak hujahan Perayu bahawa perkataan 'Squiggle' tidak digunakan sebagai cap dagangan. Ini kerana perkataan 'Squiggle' tersebut jelas kelihatan dalam huruf-huruf yang lebih besar berbanding huruf-huruf lain pada bungkusan ban. Ini bemakna Perayu bertujuan untuk menggunakan cap Squiggle tersebut sebagai cap dagangan seperti yang ditakrifkan di bawah Seksyen 3 Akta Cap Dagangan (ACD), iaitu bagi membezakan barangan orang yang menggunakan tanda itu dengan barangan orang lain.

Mahkamah Rayuan memutuskan bagi mendapat perintah di bawah Seksyen 16 (1) APD, Responden perlu membuktikan mereka adalah tuan punya atau pengguna berdaftar cap dagangan yang dimaksudkan dan haknya mengenai cap dagangan itu dilanggar dalam perjalanan perdagangan dalam pengertian menurut ACD.

Oleh kerana Qaf adalah pengguna berdaftar cap dagangan 'Squiggles' melalui sijil pendaftaran bertarikh 20 Ogos 2004, maka ia adalah keterangan prima facie mengenai sahnya pendaftaran asal cap dagangan itu menurut Seksyen 36 ACD. Manakala Gardenia pula telah didaftarkan sebagai pengguna berdaftar cap dagangan tersebut. Oleh yang demikian, Perayu bukan tuan punya cap dagangan 'Squiggles'.

Hakim Mahkamah Rayuan juga telah menggariskan panduan bagaimana sesuatu cap itu diputuskan telah melanggar cap dagangan berdaftar. Bagi persoalan samada wujudnya perlanggaran seperti yang diperuntukkan di bawah Seksyen 38 ACD, Elemen yang perlu dipenuhi ialah pertama; Perayu bukannya tuan punya atau pengguna berdaftar cap dagangan 'Squiggles'; dan kedua; cap Perayu 'Squiggle' yang digunakan sebagai cap dagangan adalah serupa atau hampir-hampir menyerupai cap dagangan berdaftar 'Squiggles' bagi ban Responden hingga mungkin memperdayakan atau menyebabkan kekeliruan di dalam perjalanan perdagangan mereka.

Hakim Mahkamah Rayuan telah merujuk kepada beberapa kes penting yang telah memutuskan berkenaan isu 'keserupaan' seperti kes ***Pianotist Co Ltd's Application (1906) 23 RPC 772*** dan ***Australian Woollen Mills Ltd v F S Walton & Co Ltd (1937) 58 CLR 641*** dan mendapati Hakim Mahkamah Tinggi tidak tersilap atau tersalah arah dalam memutuskan bahawa cap dagangan Perayu 'Squiggle' telah melanggar cap dagangan berdaftar 'Squiggles'.

Hakim Mahkamah Rayuan telah membuat perbandingan di antara bungkusan ban Responden dan mendapati ciri-ciri penting cap dagangan pada bungkusan yang tersemat dalam ingatan adalah perkataan 'Squiggle' dan perkataan itu lebih menonjol daripada perkataan-perkataan yang lain. Kedua-dua perkataan merupakan kata nama, mempunyai erti dan maksud yang sama. Perbezaan yang ada pada cap dagangan berdaftar 'Squiggles' hanyalah kehadiran huruf 's' di hujung perkataan 'Squiggle'. Oleh itu cap dagangan Perayu 'Squiggle' adalah serupa atau hampir-hampir menyerupai cap dagangan berdaftar 'Squiggles'. Hakim Mahkamah Rayuan memutuskan keserupaan cap dagangan perayu mungkin akan memperdayakan atau menyebabkan kekeliruan dalam ingatan seseorang pembeli yang biasanya mempunyai ingatan yang tidak tepat tentang gambaran sebenar sesuatu cap dagangan. Hakim Mahkamah Rayuan menerangkan peruntukan di bawah Seksyen 38 ACD tidak memerlukan kehadiran kekeliruan sebenar tetapi memadai dengan 'hingga mungkin memperdayakan atau menyebabkan kekeliruan'.

Hakim Mahkamah Rayuan juga telah memutuskan persamaan dari segi bentuk dan bunyi cap dagangan Perayu adalah faktor yang penting dalam menentukan kekeliruan. Kedua-dua perkataan 'Squiggle' dan 'Squiggles' saling menyerupai antara sama lain, dari segi bentuk sebutan dan bunyinya. Sehubungan dengan itu cap 'Squiggle' yang digunakan pada bungkusan ban Perayu mungkin memperdayakan atau mengelirukan pembeli-pembeli dengan cap berdaftar 'Squiggles' milik Responden.

IP NEWS IN BRIEF

ALBANIA

MAKING PROGRESS - IPR NATIONAL STRATEGY TRENDS

Foreign brand owners are increasingly looking to enforce their trade marks in Albania. Considering that the Criminal Code does not expressly stipulated that a trade mark infringement constitutes a criminal offence, there is a new trend for amending the Criminal Code and the Criminal Procedure Code in order to provide for cases when a trade mark infringement may also constitute a criminal offence as well as the relevant procedure involved. This is also in accordance with the National Strategy for IP Rights for 2010 to 2015 in Albania.

Another trend reflected in the National Strategy includes the establishment of a central inspectorate, which, as well as other duties that will be vested by law, will have also be responsible for investigating and inspecting cases of potential IP infringements.

INDIA

TRADITIONAL KNOWLEDGE DIGITAL LIBRARY (TKDL) - A SUCCESS STORY

India is the only country in the world to have set up an institutional mechanism; Traditional Knowledge Digital Library (TKDL) is a database containing 34 million pages of formatted information on some 2,260,000 medicinal formulations in multiple languages. The TKDL enables prompt and almost cost-free cancellation or withdrawal of patent applications relating to India's TK. It is designed as a tool to assist patent examiners of major intellectual property (IP) offices in carrying out prior art searches, the TKDL is a unique repository of India's traditional medical wisdom. It bridges the linguistic gap between traditional knowledge expressed in languages such as Sanskrit, Arabic, Persian, Urdu and Tamil, and those used by patent examiners of major IP offices. India's TKDL is proving a powerful weapon in the country's fight against erroneous patents, sometimes referred to as "biopiracy".

In just under two years, in Europe alone, India has succeeded in bringing about the cancellation or withdrawal of 36 applications to patent traditionally known medicinal formulations. To date the TKDL has enabled the cancellation or withdrawal of a large number of patent applications attempting to claim rights over the use of various medicinal plants. India's TKDL is a unique tool that plays a critical role in protecting the country's traditional knowledge.

ITALY

TRADE MARK OPPOSITION BECOMES REALITY

The decree on the oppositions to Italian trade marks and international trade marks designating Italy was finally published in the Italian Official Gazette on 8 July 2011. Under the provision Article 176 of the Italian IP code, the deadlines for filing a trade mark opposition will be as follows:

i. three months from the publication of the application for all Italian applications filed on or after May 1 and published in the Italian Bulletin on or after July 2011;
ii. three months from the publication of the application for all Italian applications filed on or after May 1 and whose registration is published in the Italian Bulletin on or after July 2011;
iii. the first day of the month subsequent to the month of publication in the OMPI Gazette, starting July 2011, for all international trade marks designating Italy.

Thus, it is possible to file a local trade mark opposition latest by October 2011 and international trade mark opposition on November 2011.

UNITED STATES OF AMERICA

US FIRST-TO-FILE SYSTEM COULD REVIVE HARMONISATION

The US move to a first-to-file system could breathe new life into efforts to harmonise patent law, said WIPO Deputy Director General for Patents, James Pooley. During a luncheon address delivered at the IPO Annual Meeting in Los Angeles, Pooley said the imminent enactment of the America Invents Act – which USPTO commissioner for patents Bob Stoll said will be signed into law – represents a key moment in the fight for unified global patents law.

Protecting Biotechnological Inventions

Ong Chui Koon
SIRIM Berhad

Introduction

One of the greatest challenges to the patent system at present is that of adequately protecting research investment in the field of biotechnology. Research in biotechnology includes new drug discoveries, man-made living microorganisms and products of such microorganism processes, recombinant DNA technology (such as gene splicing techniques, isolation of gene products, engineered proteins and hybridoma technology), new assay methods and to a certain extent, methods for the treatment of the human or animal body by gene therapy.

Patentable Inventions

Whether or not a particular type of invention is patentable depends on the statutory provisions of that country. For a patent to be granted, certain conditions have to be satisfied. According to Section 11 of the Malaysian Patents Act, 1983 (Act 291) an invention is patentable if it is new, involves an inventive step and is industrially applicable. These same three requirements or patentability criteria need to be fulfilled in one form or another in other countries which also have patent systems.

New and Inventive Step

What is "new" or "novel" is defined by Section 14(1) of the Malaysian Patents Act, 1983 i.e. an invention is new if it is not anticipated by any prior art. According to Section 14(2)(a) of the Malaysian Patents Act, 1983, prior art shall consist of "everything disclosed to the public, anywhere in the world, by written publication, by oral disclosure, by use or in any other way, prior to the priority date of the patent application claiming the invention". Under the patent system in most jurisdictions, prior publication or prior use of an invention anywhere in the world would invalidate a patent application, if that publication or use makes the invention available to the public. Hence it is important for the applicant not to disclose the invention before a patent application is filed.

An important question in considering novelty and inventive step in Malaysia is whether earlier patent applications, which have not been published at the priority date of a later application should be taken into account. Unpublished patent applications are not available to the public and should not be considered as part of the state of the art. On the other hand, it has been a principle of patent law from the earliest times that no more than one patent should be granted for the same invention. Generally Section 14(2)(b) of the Malaysian Patents Act, 1983 specifies that the contents of an earlier application shall be considered as prior art.

Disclosure to be Disregarded for Prior Art Purposes

Section 14(3) of the Malaysian Patents Act, 1983 expressly provides that certain disclosures are to be disregarded and thus do not constitute prior art. Of the first-to-file countries, Malaysia is one of the few countries which still has a grace period. In Malaysia, this grace period has a term of 12 months and is limited to the applicants' own publications or use and to publications or use resulting from a breach of confidence. The present system is to enable individual inventors and academic scientists in Malaysia who have published their results before realising that they may be commercially valuable to have a chance to protect their inventions in Malaysia.

Non-Patentable Inventions

There are however certain inventions which are excluded from patents protection in Malaysia (Section 13, Patents Act, 1983). An invention is not patentable if it is any of the following:-

(a) discoveries, scientific theories and mathematical methods;
(b) plant or animal varieties or essentially biological processes for the production of plants or animals, other that man-made living micro-organisms, micro-biological processes and the products of such micro-organisms;
(c) schemes, rules or methods for doing business, performing purely mental acts or playing games;
(d) methods for the treatment of human or animal body by surgery or therapy, and diagnostic methods practised on the human or animal body; however, products used in any such methods are patentable.

These exclusions are not found in the laws of all countries. Also other countries may have more extensive ranges of subject-matter which are barred from patent protection. One good example would be the grant of a United States patent for Harvard's Oncomouse which has been transformed genetically to be highly susceptible to human cancers. In Malaysia, the Oncomouse invention would come within the Section 13 prohibition as an animal variety other than man-made living micro-organisms and would therefore not be patentable.

Chemical and Pharmaceutical Inventions

There are different categories of inventions in the chemical and pharmaceutical fields; for example new compounds, new compositions, new manufacturing processes and new uses. The most straightforward case is that of a new chemical compound of known structure, which will normally be synthesised in a laboratory. A novel compound however cannot be a patentable invention unless it is industrially applicable. In research laboratories, thousands of new compounds are made every year, but the great majority of these are only of theoretical interest. It is not enough to make a compound patentable in the sense that it is useful in the elucidation of some problem of a reaction mechanism, but if, for example, the latter property indicated that the compound would be useful as a stabiliser in paints, then the compound could be patentable.

Another interesting point is whether or not compounds which have no uses except as intermediates in the preparation of other compounds can be patentable. The rule is that if the end products are industrially applicable, then so are intermediates and this applies not only to the immediate precursor of the final product but also to the products of earlier steps in the reaction sequence. Such intermediates can therefore be patentable so long as they meet the criteria of new and inventive step.

A compound may still be patentable even if its chemical structure is not known. Here the difficulty lies in defining the compound in such a way that it can be claimed unambiguously. This can be done by defining the compound in terms of its properties and defining how the compound is made.

New physical forms of known compounds may also be patentable chemical inventions. The drug griseofulvin was known to be an effective agent against fungal infections of the skin, but could only be used locally because the compound was so insoluble that if it was taken orally none of it was reabsorbed into the bloodstream. It was found that by reducing the particle size of the griseofulvin to very small dimension, reabsorption was greatly improved and the drug could be used orally. Griseofulvin in powder form having a surface to volume ratio greater than a specified figure was patentable per se.

New processes for the preparation of known compounds are patentable inventions. These processes may be completely new and applicable to a wide range of end products, as for example reduction using boron hydrides or alkylation using Grignard reagents.

In Malaysia, an invention of a method for the treatment of the human or animal body by surgery or therapy, and diagnostic methods practised on the human or animal body are excluded from patent protection. However, products used in any such methods are patentable. Accordingly, new compounds which have a pharmaceutical utility are patentable per se in most countries including Malaysia.

It is found that when a compound is administered to the human or animal body, some of the compound may be excreted unchanged but some or all of the compound may be metabolised resulting in a series of metabolites which are excreted or broken down further. It frequently happens that one or more of the metabolites is also pharmacologically active, and it is common to find that the activity of the compound which is administered is entirely due to an active metabolite. In this situation it is more correct to regard the metabolite as the drug and the compound administered as bioprecursor or “pro-drug”. Pro-drugs, although inactive in themselves, may be useful for example because they may be more stable or better absorbed by the body then the active compound itself. A compound which at the time of filing is believed to have its own pharmaceutical activity may later turn out to be the pro-drug of an active metabolite. This should not, however, affect the intrinsic patentability of the substance.

Selection Inventions

A situation which occurs quite frequently in chemical inventions such as new drugs is that an earlier publication may disclose a broad group of compounds, and the invention is a narrow subgroup of these compounds. So long as no members of the narrow subgroup are specifically disclosed, then the compounds are novel, even though they may have been described in general terms. The narrow subgroup of compounds will, however, only be patentable if it has some distinct or clear advantage over the other members of the broad class, that is, if

there is an inventive step in choosing that particular subgroup from all those generally disclosed. Inventions of this type are referred to as "selection inventions".

Pharmaceutical Compositions

New pharmaceutical compositions may be:

(i) combination preparations comprising two or more known pharmaceutically active ingredient
(ii) new drug delivery systems (e.g. a new kind of tablet having controlled rate of release when swallowed) and
(iii) compositions comprising a compound not previously used as a drug, together with any conventional pharmaceutical carrier

Combination preparations comprising two or more known pharmaceutically active ingredients and new drug delivery systems, would be patentable in Malaysia.

The amendment to the Patents Act 1983 [Patents (Amendment) Act 1993] to include a new subsection 14(4) will allow compositions comprising a known compound not previously used as a drug to be patentable. This is a special case of "first pharmaceutical use" protection.

Natural Products

Very many natural products, both from plant and animal sources, have useful pharmacological properties. One frequently hears that natural occurring products are not patentable, but this is not the case. A claim to a newly discovered natural product may be valid if it is drafted in such a way as to distinguish the claimed product from the product as found in nature. This may be done by claiming the product in pure form, or as having defined physical characteristics which imply a certain degree of purity.

Microbiological Inventions

Microbiological inventions generally involve the use of a new strain of microorganism to produce a new compound or to produce a known compound more efficiently. The new organism may have been found in nature or may have been produced in the laboratory by artificially induced mutation or by more specific techniques such as genetic engineering. If the microorganism produces a novel product, such as a new antibiotic of which the structure is known or which can be characterised by a "fingerprint claim" then the novel product may be claimed as any other new chemical, subject to the requirement of sufficiency of description. However, if the end product is already known, process protection will be available but such protection will be weak. It would be preferable to patent the new microorganism itself.

Recombinant DNA Technology and Hybridoma Technology

In recombinant DNA technology, there are two basic types of inventions. The first relates to techniques and methods which are generally applicable to the production of a wide range of gene products. The second relates to specific products. Both these two types of inventions are patentable in Malaysia. An example of the first type of invention is the gene-splicing techniques made by Cohen at Stanford and Boyer at the University of California. The Cohen-Boyer patent, US-A-4,237,224, was issued in December 1980 and claims a method of producing a protein by expression of a gene inserted into any unicellular host. An example of the second type of invention relates to the production a specific protein product by a transformed microorganism.

The product may be one whose structure is already known (e.g. amino acid sequence), or one which has been isolated in pure state but whose structure is not yet elucidated, or maybe a product known only by its activity in some impure mixture. In the last of these cases, the product can be claimed per se as a new compound characterised by its structure. Examples of products which have been obtained by genetic engineering methods include peptide hormones, human growth hormone and urokinase.

In hybridoma technology, patents have been granted for rat myeloma cell lines. The myeloma cell line, of course, had to be deposited in a culture collection centre so as to satisfy the requirement of sufficiency of description.

Conclusion

The importance of biotechnological research in general and of patents in particular is likely to further increase rather than decrease in the future. The interest to motivate scientists to find invention on one hand and high investment in this field on the other hand renders this branch of technology extremely lucrative and also make patent protection necessary. In this article I have tried to give an over view on the current situation of patentability of biotechnological inventions without having the pretension to be complete. There are many more interesting issues on patents in this field as there will be new challenges for patent protection in the future due to the rapid development of biotechnology research worldwide

FACTS AND FIGURES

a) In 2010, the company with the highest patents filing for PCT applications is PANASONIC CORPORATION with 2,154 applications.

b) For 2009 and 2010, the top PCT applicants by Malaysian in WIPO statistics is MIMOS Berhad with 64 and 89 applications, respectively.

source: WIPO Statistics

Rebroadcasting and The Need for Equitable Remuneration; The Issue of Fair Compensation for Singers, Performers, Music Publishers etc.

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1. Rebroadcasting – the current issue

1.1 In recent years, the rebroadcasting rights of owners of copyright of sound recordings, broadcasts and public performances has become a centre of concern for copyright owners, licensors as well as the public at large.

1.2 The concern is brought about as these rebroadcasting rights are the economic rights of copyright owners, i.e their right to equitable remuneration, whereby in practice these rights are often being licensed and collectively administered by collecting societies which represents different categories of right holders and we see a reaction to prices charged for these copyright uses by collecting societies.

1.3 Establishments like budget hotels, hospitals, gyms, shopping malls and food stalls, or work places like factories which rebroadcasts copyright materials to the public at large are challenging the rights of copyright owners to remuneration collected on their behalf by collecting societies.

The issue then would be whether copyright owners are being double compensated for their copyright whereby the owners are being paid by broadcasting agents who broadcasts the same to end users who then rebroadcasts the same material to the public.

2. Exclusive right

2.1 s. 13 (1) Copyright Act 1987 ("the Act") gives the owner of copyright the exclusive right to control in Malaysia, the reproduction in any material form, the communication to the public, the performance, showing or playing to the public, the distribution of copies to the public by sale or other transfer of ownership; and the commercial rental to the public in a literary, musical or artistic work, a film or a sound recording or a derivative work.[4]

2.2 s.15 of the Act[5] provides that, copyright in a broadcast shall be the exclusive right to control in Malaysia the recording, the reproduction, and the rebroadcasting, of the whole or a substantial part of the broadcast, and the performance, showing or playing to the public in a place where an admission fee is charged of the whole or a substantial part of a television broadcast either in its original form or in any way recognizably derived from the original.[6]

2.3 "Broadcast" is defined in s.3 of the Act[7] to mean a transmission, by wire or wireless means, of visual images, sounds or other information which-

(a) is capable of being lawfully received by members of the public; or

[4] Article 11bis Berne Convention
[5] Copyright Act 1987 (Act 332), s 15(1)
[6] Article 11(1) Berne Convention
[7] Copyright Act 1987 (Act 332), s 3

(b) is transmitted for presentation to members of the public and Includes the transmission of encrypted signals where the means for decrypting are provided to the public by the rebroadcasting service or with its consent;

3. Copyright infringement

3.1 Under s.36(1) of the Act, copyright is infringed by any person who does, or causes any other person to do, without the licence of the owner of the copyright, an act the doing of which is controlled by copyright under the Act. Therefore, a person is not at liberty to record or to reproduce a substantial part of the broadcast unless they have the express permission or a licence from the copyright owner.

3.2 Subsection (2) provides that 'notwithstanding subsection 13(1), paras s 13 (2)(a), (g), (gg), (ggg), (gggg), (h) and (o) shall apply to the copyright broadcast'.[8]

4. Copyright exceptions

4.1 In some cases, rights are inconvenient, especially in the digital arena and hence the Act also provides for digital exceptions for private copying. Hence, copyright exceptions are needed to balance the rights of authors vs. other public interests such as right to education, access to information, research etc.

4.2 Coupled with our obligation under TRIPS Art 13 and also Berne Convention, Art 9(2), which provides that members shall confine limitations or exceptions or exceptions to exclusive rights to certain specific cases which do not conflict with the normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder, s13(2)(a)-(p) and s15(2) of the Act provides the balance in line with Malaysia's international obligations in the area[9] i.e it provides a framework for permitting certain exceptions to the exclusive rights of copyright owners. It specifies the circumstances which are exempt or excluded from such copyright control, for example s 13(2)(a) provides that the right of control vis-à-vis copyright in a broadcast does not include the right to control the recording or reproduction of such broadcasts which are by way of 'fair dealing' for the purposes of non-profit research, private study, criticism, review or the reporting of current events, subject to the condition that if such use is public, it is accompanied by an acknowledgement of the title of the work and its authorship, except where the work is in connection with the doing of any of such acts for the purposes of non-profit research, private study and the reporting of current events by means of sound recording, film or broadcast.

5. The law in relation to fair dealing

5.1 Section 13(2)(a) precludes the copyright owner from asserting control vis-a-vis his rights where the reproduction, communication, distribution or sale to the public of the copyrighted work is by way of, fair dealing for the purposes of non-profit research, private study, criticism, review or the reporting of current events …' (the section goes on to specify the need for acknowledgement of title of the work where the 'fair' use is public, save when such use is for the purposes of non-profit research, private study and the reporting of current events vide sound recording, film or broadcast).

[8] Copyright Act 1987 (Act 332), s 15(2)

[9] Copyright Act 1987 (Act 332), s 13(2)(a)

5.2 In other words where the use of the copyrighted work is for the purpose of non-profit research, private study, criticism, review or the reporting of current events, such use is exempt from copyright control under the Act. The section is drafted so as to specify with particularily the only circumstances or occasions of use which would qualify for exemption, namely non-profit research, private study, criticism, review or the reporting of current events. The section does not provide for a broad and unspecified category of acts of 'fair dealing' or use, of which the circumstances of non-profit research, private study, criticism, review or the reporting of current events provide some specific examples. This is evident from the fact that the words 'fair dealing' are immediately qualified by the words 'for the purposes of' and followed by the specific events or circumstances in which copyright control is precluded.

5.3 Professor Khaw Lake Tee in her erudite treatise Copyright Law in Malaysia,(3rdEd), LexisNexis in reference to fair dealing was of the view that under the Act, fair dealing was qualified by the purpose for which such dealing was done, namely non-profit research, private study, criticism, review or the reporting of current events.

5.4 Similar sentiments had been echoed previously in Beloff v Pressdram Ltd and another [1973] 1 All ER 241, where Ungoed Thomas J referred to the defence of fair dealing in s 6 of the former UK Copyright Act 1956 and said that such use or dealing must be:

" … directed to and consequently limited to and be judged in relation to the approved purposes. It is dealing which is fair for the approved purposes and not dealing which might be fair for some other purpose or fair in general."

In Pro Sieben Media AG v Carlton Television Ltd [1998] FSR 43 Laddie J also limited the discretion of the courts in relation to fair dealing provisions of the UK Copyright, Designs and Patents Act 1988 when he said:

"fair dealing provisions are not to be regarded as mere examples of a general wide discretion vested in the courts to refuse to enforce copyright where they believe such refusal to be fair and reasonable".

5.5 Before considering those specific purposes, it is also necessary to comprehend the phrase 'fair dealing'. It is not defined under the Act. Unlike other jurisdictions, for example Singapore and Australia, the factors to be taken into consideration in determining whether a dealing amounts to a 'fair' dealing have not been set out in the Act.

5.6 In the oft-quoted case of Hubbard and another v Vosper and another [1972] 1 All ER 1023 at p 1027 Lord Denning MR said:

"It is impossible to define what is 'fair dealing'. It must be a question of degree. You must consider first the number and extent of the quotations and extracts. Are they altogether too many and too long to be fair? Then you must consider the use made of them. If they are used as a basis for comment, criticism or review that may be fair dealing. If they are used to convey the same information as the author, for a rival purpose, that may be unfair. Next you must consider the proportions. To take long extracts and attach short comments may be unfair. But short extracts and long comments may be fair. Other considerations may come to mind also. But, after all is said and done, it must be a matter of impression. As with fair comment in the

law of libel, so with fair dealing in the law of copyright. The tribunal of fact must decide."

Again in the Beloff v Pressdram Ltd and another [1973] 1 All ER 241 Ungoed-Thomas J said with regards to fair dealing:

" … fair dealing is a question of fact and of impression, to which factors that are relevant include the extent of the quotation and its proportion to comment (which may be justifiable although the quotation is of the whole work); whether the work is unpublished; and the extent to which the work has been circularised, although not published to the public within the meaning of the Copyright Act 1956."

5.7 In Sillitoe v McGraw-Hill Book Company (UK) Ltd [1983] 9 FSR 545 the court adopted Lord Denning MR's judgment in Hubbard and another v Vosper and another and concluded that fair dealing is a matter of impression.

6. Singapore

6.1 In Singapore the existence of s 35(2) of the Singapore Copyright Act assists in establishing fair dealing. In the case of Aztech Systems Pte Ltd v Creative Technology Ltd [1996] 1 SLR 683 the court applied the section which provides that for the purposes of determining whether a dealing constitutes a fair dealing with the work, the following facts are relevant:

a) the purpose and character of the dealing, including whether such dealing is of a commercial nature or is for non-profit educational purposes;
b) the nature of the work…. ;
c) the amount and substantiality of the part copied taken in relation to the whole work… ; and
d) the effect of the dealing upon the potential market for, or value of, the work ….

7. Malaysia

7.1 Nearer home, the issue of fair dealing arose in the case of **Media Corp News Pte Ltd & Ors v. MediaBanc (Johor Bharu) Sdn.Bhd & Ors [2010] 6 MLJ 657,** the Plaintiffs were broadcasting and media group of companies in Singapore. They delivered information and news to the public through television, radio, newspapers, magazines, movies and out-of-home media. The defendants were a group of companies incorporated in Malaysia providing integrated print/radio/television monitoring agency. The defendants selected television news programmes and commercials, radio news programmes and commercials, and newspaper and magazine advertising from which they collected, compiled, catalogued and archived data and information in a database. The defendants, from the compiled databank, for a fee, provided information to their clients who routinely required information and particulars of the media exposure they received or media exposure of other entities or persons.

7.2 Since the plaintiffs enjoyed broadcast copyright protection under the Act, the defendants are not at liberty to record or to reproduce a substantial part of the broadcast either in its original form or in any way recognisably derived from the original, unless they had the express permission or a license from the plaintiffs. The defendants' acts of copying the news programmes in totality for the purposes of compiling, storing, editing and selling or reproducing segments for sale infringed the plaintiffs' broadcast copyright and their film copyright in the pre-recorded segments of those broadcasts.

> > continue on page 33

Advertorial

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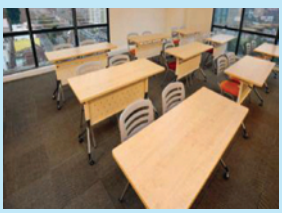

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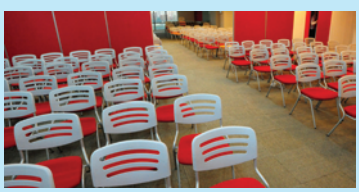

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OCTOBER - DECEMBER 2011

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1. Swinburne University Intellectual Property Week
2. WIPO Experts (Australian) on Patent Search and Examination for New Patent Examine
3. National Seminar on Madrid Protocol
4. Nano Materials & Nano technology - USM

November

1. Statistical Data Analysis Using R an Introduction - USM
2. National Workshop on Geographical Indications (GI's)
3. Surface Analysis Techniques - USM
4. Sub Regional Workshop on the Utilization of Patent Examination Results

December

1. Seminar in co-operation with Biotech Corporation

Note: The above programmes are tentatively scheduled. MyIPO has the right to make any changes without prior notice. For further details, please call 03-2299 8585 / 8593.

7.3 From the thrust of the defendants' submissions they seem to contend that their dealing with the plaintiffs' television news programmes falls within the purview of non-profit research, or review or the reporting of current events. In other words, the defendants appear to contend that their acts amount to fair dealing for the purpose of non-profit research and/or fair dealing for the purpose of review or fair dealing for the purpose of reporting current events.

7.4 Non-profit research was explained by Professor Khaw Lake Tee in her book, Copyright Law in Malaysia as follows: " … The term 'non-profit' is problematic". In the first edition, it was suggested that 'non-profit research' referred to research conducted for non-commercial purposes and therefore research conducted by corporations, companies and other business associations was excluded from this defense. Implicit in those statements was the suggestion that non-profit research was confined to research conducted by bodies other (than) these commercial entities, such as university researchers and academics. However, it is now acknowledged that the above interpretations may not be entirely correct as there may be cases where university researchers are conducting research not purely for the sake of academic research and publication but with a view to potential commercialisation or for projects commissioned by commercial enterprises. Similarly, there could be situations where research by corporations, companies and other business associations may not necessarily be conducted with a view to profit, though such cases may be rare indeed. The qualification 'non-profit' must thus be read in relation to the research itself and not to the persons or entities conducting it, an interpretation which is not inconsistent with the wording of s 13(2)(a) itself.

7.5 On the facts in Media Corp news Pte Ltd & Ors v. MediaBanc (Johor Bharu) Sdn.Bhd & Ors, the following conclusions resulted:

a) The purpose of the dealing was for the purposes of the defendants' media monitoring business. The issue of whether it falls within the specified exceptions in s 13(2)(a) is considered later under 'non-profit research'.

b) The nature of the work comprised the plaintiffs' broadcasts of the television news programmes produced by them.

c) If the exhs P2A–P2D are considered, it was evident that only a relatively short portion of the plaintiffs' entire news programme only was utilised. However the word 'substantial' does not only connote quantity. It also connotes the essence of the broadcast, the message and information communicated thereby. As stated in Hubbard and another v Vosper and another, consideration ought to be given to the number and extent of the reproduction. In the instant case it was not indispute that the entirety of the plaintiffs' television news programmes broadcast, were recorded by the defendants and stored. The relevant part sought by a particular client is then edited, compiled and provided in virtually original form to the client. On these facts it appears to the court that a substantive portion, if not the entirety of the plaintiffs' works were utilised.

d) The impression that arises from a consideration of the annexure of these specially edited and compiled segments of the plaintiffs' broadcasts, was that the defendants have reproduced in substantial part the plaintiffs' broadcasts of their television news programmes. The fact that there

was an express acknowledgement of the plaintiffs' entitlement to copyright does not materially affect this impression.

e) The effect of such dealing on the potential market for, or value of the work, ie the broadcasts was that the plaintiffs ability to market, distribute and sell copies of its own broadcasts at costs designed to take into account the cost of production of such broadcasts was disrupted and adversely affected. This was because, as borne out by the evidence, the public purchases copies of the plaintiffs' broadcasts from the defendants rather than the plaintiffs themselves. They therefore suffer loss. Significantly, the public is mistaken into thinking that the defendants and the plaintiffs were related or conduct a related business.

f) The motive of the defendants in recording continuously the broadcasts of the plaintiffs' television news programmes is to compile an archive of information so as to provide data and analysis to its clients for a fee. The fact that the defendants sought to procure from the plaintiffs'a licence to carry out their recording discloses that the defendants knew and understood that they were infringing the plaintiffs' copyright. The defendants enjoy licences with other broadcasters thereby corroborating the fact that the defendants fully comprehend the extent of their actions. In other words, the defendants, in order to conduct their media monitoring business were prepared to continue to infringe the plaintiffs' copyright in the broadcast of their television news programmes.

7.6 It was therefore held in Mediacorp that, having established the subsistence and infringement of broadcast copyright and film copyright in the pre-recorded segments of the plaintiffs' television news programmes, the court considered the defence of fair dealing for the purposes of non-profit research and concluded that the defendants' operations as a media monitoring agency did not fall within the purview of that statutory exception. Neither did it fall within any of the other exceptions set out in s 13(2) of the Act.

A profit is derived by the defendants from its operations as a media monitoring business, of which the annexure of copies of segments of, inter alia, the plaintiffs' broadcasts comprises an integral part. Therefore the research carried out by the defendants appears to be for profit and does not appear to fall within the purview of this purpose.

7.7 In ascertaining whether the acts of the defendants in recording, storing, compiling, archiving, editing and distributing for sale to their clients or the public, copies of the plaintiffs' broadcasts falls within the purview of this exception, the entirety of the defendants' operations are to be considered as a whole. When considered as a whole, the inexorable conclusion that presents itself on the facts are that the defendants are engaged in a commercial or profit based enterprise, which therefore cannot fall within the definition of 'non-profit research'[10].

[10] Television New Zealand v Newsmonitor Services Ltd (1993) 27 IPR 441 ('the TVNZ case'), a decision of the High Court of New Zealand.

8. Rebroadcasting rights and fair dealing Position in Other Countries

8.1 USA

8.1.1 Unlike the provisions of the copyright statutes in the United Kingdom at that time and the current position in Malaysia in relation to fair dealing as set out in s 13(2)(a), which prescribes a fairly narrow exception to the prohibition against the infringement of copyright, the position in the United States is somewhat different. In that jurisdiction four factors are statutorily provided, the application of which will enable a determination of whether a use is fair. These four factors are the purpose and character of the use, including whether the use is of a commercial nature or is for non-profit educational purposes, the nature of the copyrighted work, the amount and substantiality of the portion used and the effect of the use upon the potential market for or value of the copyrighted work. The various purposes set out there, namely criticism, comment, news reporting and teaching scholarship or research are referred to as examples of fair use but do not serve to provide the defining limits for 'fair dealing', unlike the position under the Act in Malaysia. To that extent the definition of 'fair dealing' in that jurisdiction is considerably wider than in Malaysia under the Act.

8.1.2 In a decision of the United States Court of Appeals for the Ninth Circuit, Kelly v Arriba Soft Corporation 336 F 3d 811 the court deliberated on the defence of 'fair use' in a situation where the defendant had reduced images of the plaintiff's art into low resolution 'thumbnail' images. The court found that although the defendant made exact replicates of the plaintiff's images, the thumbnails were much smaller, lower resolution images that served an entirely different function than the original images. While the plaintiffs images served an aesthetic purpose, the defendant's search engine provider thumbnails were unrelated to any such aesthetic purpose but was designed to help index and improve access to images on the internet. The users were unlikely to enlarge the thumbnails and use them for artistic purposes because the thumbnails were of a much lower resolution than the originals making them inappropriate as display material. The court also found that given the thumbnails' lack of artistic purpose, their use did not stifle creativity. Applying the various factors available under their statute, the appellate court determined that two of the factors stated there weighed in favour of the defendant which was sufficient for a finding of fair use.

8.1.3 S 110(5) under the U.S. Copyright Act of 1976[11], songwriters have a right of public performance. When a radio station plays a song, the writer is entitled to a fee from both the radio station and anyone else who publicly rebroadcasts the song, such as a restaurant. An exemption from the author's right of public performance was created in s 110(5) to allow certain establishments to broadcast songs without obtaining prior permission from the copyright owner or paying royalties. The language in the exemption is vague as to who is exempt. This vagueness has led to a great deal of case law, which often inconsistently interprets the exemption.

[11] Copyright Act of 1976, 17 U.S.C. § 110(5) (1994).

8.1.4 The House Report went on to list exemption factors to be considered, including size, physical arrangement, noise level of the areas within the establishment where the transmissions are made audible or visible, and the extent to which the receiving apparatus is altered or augmented for the purpose of improving the aural or visual quality of the performance for individual members of the public using those areas.

8.1.5 Congress resolved the House and Senate differences greatly in favor of the House Report. The House Conference Report stated:

"It is the intent of the conferees that a small commercial establishment of the type involved in Twentieth Century Music Corp. v. Aiken[12], which merely augmented a home-type receiver and which was not of sufficient size to justify, as a practical matter, a subscription to a commercial background music service, would be exempt."

8.1.6 In this case, George Aiken played the radio without a license via a receiver and four speakers in his fast food restaurant. The copyright owners of the broadcasted songs claimed that the broadcast constituted a "performance" and that their rights to publicly perform their works had been violated[13]. The Supreme Court held that there was no "performance" as defined by the 1909 Act, basing its decision upon the small size of Aiken's establishment and the floodgates that would open should all similar businesses be subject to payment[14]. This exemption gained enough recognition to become an issue under the newly-drafted Copyright Act of 1976.

8.1.7 However, where the public communication was by means of something other than a home-type receiving apparatus, or where the establishment actually makes a further transmission to the public, the exemption would not apply[15].

8.2 Canada

8.2.1 Canada has a provision in its copyright law regarding radio performances in places other than theatres. Article 69(2) of the Canadian Copyright Law provides: In respect of public performances by means of any radio receiving set in any place other than a theatre that is ordinarily and regularly used for entertainment to which an admission charge is made, no royalties shall be collectable from the owner or user of the radio receiving set, but the Board shall, in so far as possible, provide for the collection in advance from radio broadcasting stations of royalties appropriate to the conditions produced by the provisions of this subsection and shall fix the amount of the same.

8.2.2 Thus in Canada, no royalties can be collected for the public performance of the song played on the radio within an establishment other than a theater. This exemption is even broader than the U.S. provision because it applies to all establishments. The difference is that the Canadian exemption allows for collection of royalties from radio stations that include an additional amount in proportion to the distribution of the broadcast. For example, if a Canadian station broadcast over a large area and has high ratings (more listeners), it would pay a higher licensing fee. The intent here seems to be that the station pays a greater proportion to compensate for the fact that revenue is not collected in

[12] 422 U.S. 151, 186 U.S.P.Q. (BNA) 65 (1975).
[13] Id. at 153, 186 U.S.P.Q. at 66.
[14] See id. at 162, 186 U.S.P.Q. at 69.
[15] H.R. Conf. Rep. No. 94-1733, at 75 (1976).

the establishments that secondarily play the radio.

8.2.3 The Canadian exemption appears to be incompatible with the spirit, if not the letter, of Article 11bis(1)(iii) of the Berne Convention, and therefore, with Article 13 of the TRIPS Agreement. As mentioned previously, when a radio or television is turned on, the proprietor creates an additional audience, and a separate right of public performance springs to life. Just because the Canadian radio station pays a larger fee does not eliminate the author's right to collect a payment from a new audience of listeners or viewers. Canada has intervened in the EC-U.S. dispute as a third party because it recognizes that its law may be in jeopardy in light of the controversy over the American exemption.

8.3 Australia

8.3.1 Currently, there are no Australian exemptions to the right of public performance that are similar to § 110(5). However, Australian law is in revision, and the issue of an exemption is subject to Parliamentary Enquiry.

8.4 Japan

8.4.1 Japan also has an exemption for public performance rights. Article 38(3) of the Japanese Copyright Act states:

"It shall be permissible to communicate publicly, by means of a receiving apparatus, a work already broadcast or diffused by wire, for nonprofit-making purposes and without charging any fees to audiences or spectators. The same shall apply to such public communication made by means of a receiving apparatus of a kind commonly used in private homes."

8.4.2 The language in this provision is nearly identical to that of § 110(5) in the 1976 Act, and it would not be a surprise if Japan had looked to the United States for guidance in drafting its exemption.

Article 14 of the Supplemental Provisions to the Japanese Copyright Act permits the public playing of sound recordings in limited circumstances. It does not allow the exemption for broadcasting or cable transmission or for establishments who use the performance to obtain a profit, and Japanese courts have specifically ruled that karaoke clubs, which earn their profit based upon the music, do not qualify for the exemption.

8.4.3 Article 3 of the Supplemental Provisions to the Japanese Copyright Act specifies that the exemption is not allowed if: 1) the establishment serves food or drinks but advertises entertainment by music or has special facilities for such services; 2) if it permits customers to dance on the floor; or 3) if it shows other performances that accompany the music[16]. In light of the language used in the exemption, Japan should formally join the dispute as a third party, since its provision may soon be called into question as well.

8.5 Austria

8.5.1 Austria has in its copyright law a unique exemption for public accommodations that broadcast cinematographic works. Article 56d(1) of the Austrian Copyright Law states that hotels may publicly perform cinematographic works for their guests if: 1) at least two years have passed since the first performance of the cinematographic work in Austria or in a Germanic language; 2) the performance is communicated and

[16] International Copyright Law and Practice, Japan, § 8[1]aii, at Jap-48-49 (Paul Edward Geller & Melville B. Nimmer eds.) (rel. no. 11, Oct. 1999)

distributed by lawful means (e.g. through a lawfully purchased video cassette copy or via an authorized cable broadcaster); and 3) the audience is not charged[17]. In order for the provision to apply, the author must also be compensated for the performance. While both the U.S. and Austrian statutes provide an exemption for the public performance of a copyrighted work, there is a major difference between the two. Under Austrian law, the author enjoys two rights - the right to authorize use of the copyrighted work and the right to be paid for that use. The Austrians treat the exemption like a compulsory license, i.e., they do not require hotels to procure authors' permission to show movies to its guests; however, the Austrian law does require the hotel to compensate the author for that use. The American law exempts the establishment from obtaining permission and from paying royalties. The risk of other countries adopting provisions similar to the § 110(5) exemption seems great, and this may "unreasonably prejudice" the "legitimate interests" of the songwriter.

8.5.2 From the limited scope of fair dealings allowable under the Act, establishments like the budget hotels, hospitals, gyms, shopping malls and food stalls, or work places like factories which rebroadcasts copyright materials to the public at large may be subjected to copyright infringement unless they adequately compensate the owners of those rights.

9. Equitable remuneration.

9.1 Part IVA, Copyright Act 1987 creates a statutory licensing scheme for musical[18] and other works[19] which includes, the reproduction and communication or work to the public or causing the work to be publicly performed, shown or played. At the moment, therefore as the law is, these institutions will have to pay a royalty or "equitable remuneration" to collecting societies representing the various exclusive rights unless more exemptions are created in line with the above countries and in compliance with our international obligations in the TRIPS agreement.

9.2 s. 16B(l) Copyright Act[20] provides that "Where a sound recording is published for commercial purposes or a reproduction of such recording is publicly performed or used directly for broadcast or other communication to the public, an equitable remuneration for the performance shall be payable to the performer by the user of the sound recording."

"Published for commercial purpose" means the sound recording has been made available to the public by wire or wireless means[21].

9.3 There are three possible copyrights involved in a sound recording: the copyright in the musical work i.e (composers, lyricists, songwriters, music publishers), a separate copyright in the sound recording (producers or makers) and still another copyright in the performer's performance (musician, singers). Copyright can coexist and each copyright can have a different owner: a songwriter can have copyright in the music and words, a sound recording company can have copyright in the sound recording, and the musicians and or the singers who perform the song on the sound recording can have a copyright in the recorded performance.

[17] Section 56d(1), Copyright Amendment Law 1996, Federal Law to Amend the Copyright Law and the Copyright Amending Law of 1980, No. 151 (1996), reprinted in Copyright and Neighboring Rights Laws and Treaties, Austria Text 1-05, at 4 (WIPO trans., WIPO 1997).

[18] Copyright Act 1987 (Act 332) s.27A(a)

[19] Copyright Act 1987 (Act 332) s.27A(b)

[20] Copyright Act 1987 (Act 33) s 16B(1)

[21] Copyright Act 1987 (Act 332) s 16B(4)

9.4 The scope of copyright protection differs though between the three rights in a sound recording. The songwriter is more broadly protected than the sound recording and the performer's performance. For example, with regards to the public performance (examples, playing of recordings in shopping malls, bars, nightclubs, discotheques, hotels, airlines and restaurants) and communication by telecommunication of sound recordings and performer's performance (eg: radio, airplay).

9.5 In Malaysia these rights are often being administered by collecting societies recognized under s 27 of the Copyright Act 1987 (Act 332). There appear to be 4 such collecting societies namely, Performers & Artistes Rights (Malaysia) Sdn. Bhd.(PRISM); a private limited company duly incorporated under the Companies Act 1965, established amongst others to collect and administer royalties (public performance, broadcasting and communication to the public) for the performers which it represents, Music Authors Copyright Protection (MACP Berhad) which represents songwriters, lyricists and music publishers, RIM (Recording Industry Association of Malaysia) representing the interests of record companies and recording artists in relation to the broadcast, communication and public playing of recorded music and music videos to which the Copyright Act applies and Public Performance (Malaysia) Sdn. Bhd. or PPM; a licensing body representing recording companies and gives them legal rights and to control and grant licenses for the public performance, playing or showing of their sound recording and music videos.

9.6 These so called collecting societies, negotiate licensing schemes on behalf of their right holders members based on principles of fair compensation[22]. Recital 35 of the European Parliament of the Council of the European Union, Directive 2001/29/EC provides:

"In certain cases of exceptions or limitations, rightholders should receive fair compensation to compensate them adequately for the use made of their protected works or other subject-matter. When determining the form, detailed arrangements and possible level of such fair compensation, account should be taken of the particular circumstances of each case. When evaluating these circumstances, a valuable criterion would be the possible harm to the rightholders resulting from the act in question. In cases where rightholders have already received payment in some other form, for instance as part of a licence fee, no specific or separate payment may be due. The level of fair compensation should take full account of the degree of use of technological protection measures referred to in this Directive. In certain situations where the prejudice to the rightholder would be minimal, no obligation for payment may arise."

9.7 However, these are contracts based purely on negotiation and on underlying principles of "equitable remuneration". Some of these principles may be enumerated as follows: the willing buyer and willing seller principle, the principle of competitive markets, the principle of marginal utility, the principle of marginal cost, the principle of marginal value for intermediaries/resellers, the royalty sharing principle, the risk sharing principle, the principle of competition/financial impact and the surrogate principle[23].

[22] Recital 35, Directive 2001/29/EC

[23] "Equitable Remuneration for Performers and Producers of Recorded Musical Works: Underlying Principles" , by Marcel Boyer

10. How to determine equitable remuneration?

10.1 The recent case before the Copyright Tribunal, Australia, Phonographic Performance Company of Australia Limited (CAN 000680 704) under section 154(1) of the Copyright Act 1968 [2010] ACopyT 1(17 May 2010) (the "Gyms case") may serve as a pointer as to how equitable remuneration may be estimated. A Tribunal can utilize two basic approaches to estimate value. One is the "judicial estimation" and the second method is to hypothesise about the outcome of a fair bargain occurring prior to the use which involves the assessment to work out the value of the copyright exploitation that adds to the user's business, and then, the proportion of that added value which should be allocated to the copyright owner[24].

10.2 In the "Foxtel Case (2006)" before the Copyright Tribunal of Australia, a Screenrights-commissioned survey asked (face-to face) 2,373 Foxtel customers what they would be willing to pay to continue to receive from Foxtel the retransmission of free-to-air broadcast programming as part of their pay television service. Here, judicial estimation was rejected in favour of judicial estimation. The stated preference methodology employed in the Foxtel Case was contingent valuation.

10.3 In the second case from 2007, the "Nightclubs Case" the PPCA-commissioned survey asked (via the Internet), 813 late night venue patrons a series of questions to elicit their preferences for example, they were asked to indicate a preference for either a nightclub with music or a bar with no music.

10.4 In the "Gyms case", the Phonographic Performance Company of Australia Limited (PPCA) surveyed the fitness centres' customers about how much they valued the use of music in the classes. 72 gym patrons were surveyed (face-to-face) and asked which of two hypothetical fitness centres they preferred, where each centres had different attributes including the use of music in fitness classes. Indeed the Gyms Case is the third of a line of cases in Australia in which the party representing the interests of copyright owners relied upon evidence of the value of copyright adds to the business of the copyright users by surveying the preference of the business user's customers. This methodology employed in both the "Nightclubs Case" and the "Gyms Case" was "choice modeling".

11. Conclusion

The above guidelines on fair compensation and the principles relating to equitable remuneration lays the foundation for artistes, singers, performers and songwriters to be adequately protected and compensated as guaranteed under Article 13 of the Federal Constitution i.e no person shall be deprived of his property without fair compensation, a golden thread which would run through every agreement signed between right holders and collecting societies.

In the event of any dissatisfaction as to the adequacy of fair compensation and equitable remuneration given by the collecting societies, redress can be obtained by going to the civil courts or perhaps it would be cheaper and faster if redress is sought from the Tribunal established under the Copyright Act[25] which provides for fall back whereby parties may refer a licensing scheme to the Tribunal set up under the Act[26] which has the power to confirm or vary the scheme as the Tribunal considers reasonable in the circumstances.

[24] "Muscular Melodies", by Assoc Prof David Brennan, Melbourne Law School

[25] Copyright Act 1987 (Act 332) s 27

[26] Copyright Act 1987 (Act 332) s 28

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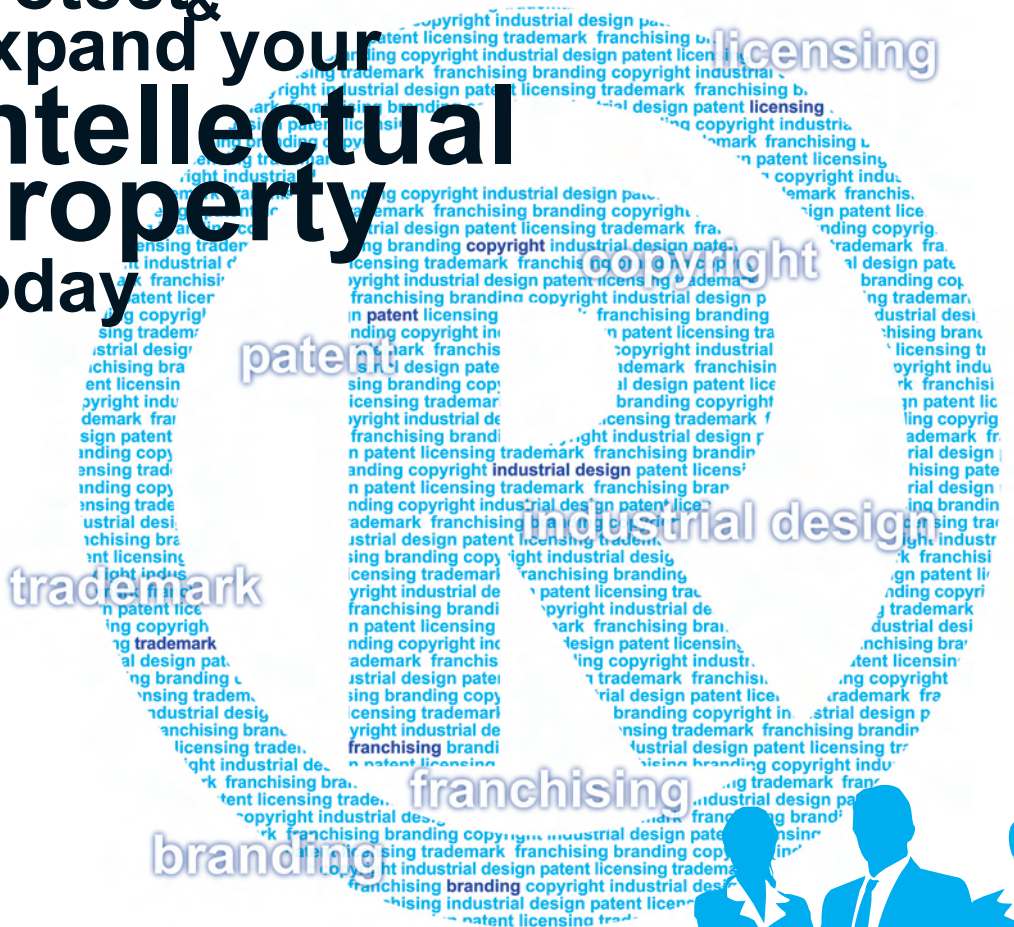

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