



# I POTENTIAL NEWSLETTER

ASEAN INTELLECTUAL PROPERTY NEWS UPDATE

January 2020

Spring Edition



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# Malaysia Trademarks Act 2019 – What to Expect?

The House of Representatives has passed the Trademarks Bill 2019 on 2 July 2019. The Senate then further approved the Bill on 23 July 2019. The new Trademarks Act will highlight few notable changes that resemble the Singaporean Trade Marks Act, UK Trade Marks Act 1994 and the Australian Trade Marks Act 1995.

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then further approved the Bill on 23 July 2019. The new Trademarks Act will highlight few notable changes that resemble the Singaporean Trade Marks Act, UK Trade Marks Act 1994 and the Australian Trade Marks Act 1995.

The most vital change in this new Trademarks Act is the Malaysia's Accession to the Madrid Protocol. On 27 September 2019, Malaysia becomes the 106th member state of the Madrid Protocol as Datuk Muez Abdul Aziz, the Secretary General of Ministry of Domestic Trade and Consumer Affairs deposited the instrument of accession of the Madrid Protocol relating to the Madrid Agreement concerning the International Registration of Marks to Francis Gurry, the Director General of World Intellectual Property Organisation (WIPO). This gives a radical change to the registration of marks application in total as the brand owners may now protect their trademarks by filing just one international application in one language and pay just one set of fees in a single currency as compared to the national or regional route whereby the brand owners need to file different applications to different regions and involving different languages and currencies. The new Bill is silent on the manner of the implementation of this Madrid Protocol thus giving the Minister the power to impose regulations to affect the same. This Madrid Protocol is expected to not just benefit the local entrepreneurs but also to ease traders all around the globe in expanding their business in Malaysia.

It is also vital that the term "trade mark" has changed to "trademarks". Further, non-traditional marks are also recognised to be protected under the new Act.

The new Act in implementing the Madrid Protocol is expected to save costs and time as the individual applications to register a mark in different classes can now be done by using just single application designating those classes.

Thus, the time taken for the formality examination phase of multi-class applications can be completed much sooner as compared to the previous practice.

Next, the filing date of a trademark application is determined or recorded on the date when all the formality- requirements are fulfilled. In the event the requirements are fulfilled on different dates, the filing date is the last date. As such, it is essential for applicants to ensure all information and documents required are well prepared so not to delay the filing date

Another vital point in the new Act is the trademark applications will be examined as governed under Section 23 and Section 24 of the new Act. This new Act does not allow registration of a shape mark when the shape is the result from the nature of the goods, the shape is necessary to obtain any technical result or the shape gives substantial value to the goods. Thus, Section 23 discusses an extensive list of

absolute grounds of refusal on registrations that is similar with the current Act, which includes inter alia that such marks are descriptive, non-distinctive, generic or otherwise incapable of graphic representation. Furthermore, Section 24 lists down the relative grounds of refusal on registration in respect of prior mark citations where objections are based on identical trademarks and well-known trademarks. The new Act also recognized the common law rights under the law of passing off for unregistered marks that differ with copyrights or industrial design laws.

Under the current Act, any infringement action can only be taken if the alleged infringer uses the offending mark of the goods and services within the scope of registration of the registered trademark. Now, the scope has been expanded whereby the registered proprietors of a trademark is allowed under the new Act to take action for infringement of goods and services that are similar to the goods and services under the registered mark. The new Act further elaborates the meaning of "use of a sign" to include, inter alia, application of the sign in goods or packaging, offering or supplying services under the sign, using sign on invoices, catalogues or commercial documents. The new Act also states on remedies awarded to successful claimants in the action that includes injunctions, damages, account of profits and orders by the Court.

Besides that, the Parliament makes further changes to the current Act by recognising trademarks as forms of security interest. It can be sold licensed, used for collateral or even transformed into securities. The Government of Malaysia had given MyIPO the responsibility to implement Intellectual Property Valuation (IP Valuation) initiative under the 2013 Budget. Thus, this would enable trademarks to be used as a collateral to get financial loan and simultaneously is used as a security interest. Section 2 of the new Act discusses the trademark securitization and monetization falls under the "registrable transactions".

Further, to protect the registered brand owners, the new Act introduces provisions on "Offences". The provisions give power to the appointed Authorised Officers to conduct investigation and further take the necessary steps in the name of justice.

The new Act had changed the registration conclusive period to 5 years instead of 7 years thus it is more difficult to challenge a registered mark.

In conclusion, the new Act is expected to broaden the practicality of registrations of marks not only in local markets but also in the international level. This will simultaneously gives higher opportunities to entrepreneurs to protect their marks, rights and businesses from infringers that would affect the goodwill of their businesses.





# The Intellectual Property of Singapore (IPOS) supports ASEAN Industry 4.0



Chief Executive of Intellectual Property of Singapore (IPOS), Mr. Daren Tang, “We hope that our new initiatives and partnerships will allow us to bring further value global innovation flows, strengthen our position as one of the hubs for these flows, and ultimately help drive future growth for our economy and the region”.

To support the Fourth Industrial Revolution or Industry 4.0, public issues such as cybersecurity, cross-border terrorism, climate change and international trade shall be fairly managed and thus effective governance at regional and global levels are vitally necessary.

Mr. Lee Hsien Loong, the then-ASEAN chair said that, “The Fourth Industrial Revolution is a dynamic and continuing process. We cannot predict how exactly it will unfold, but I am optimistic about ASEAN’s future because ASEAN has its own competitive strengths, and by pooling our ideas and resources and integrating our economies, we will be in a strong position to ride on this fourth wave to bring tangible benefits to our economies and our peoples.”

As such, the IPOS has shown tremendous efforts by series of initiatives to support the ASEAN’s Industry 4.0 development by signing six Memoranda of Understanding (MOU) and partnership agreements with so many stakeholders in order to broaden Singapore’s global innovation societies. Further, IPOS and eight other Intellectual Property (IP) firms in ASEAN which are Brunei, Cambodia, Malaysia, the Philippines, Vietnam and Thailand are reported to launch a new ingenuity to accelerate the Industry 4.0 patent applications by putting the priority to key emerging technologies for instance fintech, robotics patent applications and cybersecurity.

This pilot project is called as the ASPEC Acceleration for Industry 4.0 Infrastructure and Manufacturing (ASPEC-AIM) will be running for two years and this will give the space to businesses and thus the innovators to observe a turnaround period for six months. ASPEC is ASEAN Patent Examination Cooperation which is a regional work-sharing program that decreases any cost and waiting period in getting a patent in any ASEAN member country.

In addition to that, the participating ASEAN IP firms have further agreed to widen the scope of ASPEC to include Patent Cooperation Treaty Reports (PCT) under a new initiative named as PCT-ASPEC and this will be running for three years starting on 27 Aug 2019.

This gives opportunities to patent applications to use their PCT reports from ASEAN International Searching Authority (ISA) and International Preliminary Examining Authority (IPEA) to accelerate their patent applications in other ASEAN countries. Singapore and the Philippines are among the 23 IP firms in the world that appointed as ISA and IPEA. ISA and IPEA are appointed international authorities that perform international search and international preliminary examinations.

IPOS further announced that under the IPOS’ Accelerated Initiative for Artificial Intelligence, IPOS has approved an artificial intelligence (AI) patent for e-commerce giant Alibaba Group in three months as compared with an average of two to four years. IPOS is reported has executed several MOUs during the IP Week at Singapore 2019 Conference whereby the MOUs includes MOU with the UK Intellectual Property Office to launch a wider framework for both offices to discover cooperation in IP protection, utilization and commercialization. Another MOU executed was with Brazil’s National Institute of Industrial Property to encourage the facilitation of innovative enterprises from both countries. Not only that, both countries have also executed collaborative agreements for instance Pilot Patent Prosecution Highway (PPH).

It was reported as well that IPOS had executed MOU with Qatar Free Zones Authority in order to show encouragement in bilateral economic engagements via exchanging information on the best practices and knowledge on IA as well as IP management.

IPOS really had taken a step further by executing other agreements that includes and implementation work plans with the Intellectual Property Office of Vietnam and extension of the PPF with China’s National IP Administration until 31st August 2021.

On the other hand, to enhance knowledge and information in IP protection, management and commercialization among Chinese enterprises, IPOS had agreed with IPR Daily to ensure development in cooperation activities for examples seminars and training programs to the Chinese enterprises involved.

By Suhaida Shuhaimi.

Source:

- 1) <https://www.businesstimes.com.sg/government-economy/singapore-unveils-intellectual-property-initiatives-to-support-asean-industry-40>
- 2) <https://theaseanpost.com/article/aseans-response-industry-40>

## Singapore Court of Appeal's decision in *Société des Produits Nestlé v Petra Foods (Nestlé v Petra Foods)* that, "recognition and association are not sufficient".

In *Nestlé v Petra Foods*, Nestlé argued that the two-finger and four-finger shape of KitKat chocolate bars were infringed by Petra's Take-It products, which also feature two-finger and four-finger chocolate wafer bars. The Court of Appeal however dismissed the lawsuit and found that the distinctive character that must be present is not just any distinctiveness, such as might result from an "unusual, new or visually distinctive" shape, but the appearance of the mark must convey indication of origin.

IPOS stated that with regards to the trade origins of the goods in Ferrero, Ferrero had not established that the purchasing public would rely solely on the Application Mark without referring to the trademark name 'Ferrero Rocher'.

Although there have been "very extensive sales" to and in Singapore of Ferrero Rocher chocolates, IPOS continued stating that, the overwhelming majority of these sales were in boxes that prominently featured the word mark 'Ferrero Rocher' on the outside as well as on each of the individually-wrapped pralines.

The IP Adjudicator found that it would not be correct to permit registration for chocolate products of a mark of which the main

feature is a gold spherical ball shape merely because the Application Mark combines with that shape and colour the other features such as the brown pleated paper cup with two gold stripes around it and a white oval sticker. None of these features adds anything to the trademark distinctiveness of the Application Mark as a whole because the average consumer would view them as merely functional or decorative elements.

The Applicant had also conducted a survey by which 400 people in 24 locations around Singapore were asked if they knew the product when shown a picture of the Application Mark. However, the IP Adjudicator considered that the survey results failed to show that the Application Mark functions as an indication of trade origin without the word mark 'Ferrero Rocher'. As it must be shown that distinctiveness of the Application Mark as a Trademark on its own, recognition and association are insufficient.

Therefore, the IP Adjudicator maintained the objection that the Application Mark is devoid of any distinctive character and could not be protected in Singapore.






# AIPO Capital Launches Its First Intellectual Property Venture Capital Funds

AIPO Capital, a Venture Capital Management Corporation registered with the Securities Commission Malaysia, is established by members of the AIPO Angel Investors Club, an angel network matching growth companies with angel investors.

With its wide networks and access to continuous deal-flow of promising technology-oriented high growth companies that have unique intellectual property proprietary advantages, AIPO Venture One is organized for the purpose of making investments in companies with the capability and the track record to emerge as the candidates of mergers or acquisitions and ready for Initial Public Offerings.

Presently, the General Partners of AIPO Capital are:

Mr. Joseph Kam - Joseph has been a venture capital investor who has also spent a lot of his corporate life as strategic planner and company restructuring.

Mr. James Loy - James has over 20 years working experience in companies ranging from start-ups, public listed and investment banks. He also worked in corporate finance of an investment, helping companies to raise capital and undertake mergers and acquisitions.

Mr. Henry Liu - Henry has vast experience in audit, finance and accounting. He was CEO as well as CFO of many companies, including multinational companies.

Mr. Lok Choon Hong - Mr. Lok is the founder of PINTAS IP Group, a regional professional IP firm that specializes in protection, globalization and monetization of IP assets, of which he has gained the confidence and trust within his business associates. He is also a committee member of Malaysian Business Angel Network, the official governing body for angel investors in Malaysia.

AIPO Capital's professional collaboration with PINTAS IP Group, AIPO Angel Investors Club, SAMENTA, and MBAN, is believed to facilitate proactive deal generation for AIPO Venture One.

## AIPO Capital General Partners see great potential in growth companies in the new decade of 2020.

The Association of Southeast Asian Nations (ASEAN) is forecasted to exhibit robust economic growth at an annual average of 5.1% between 2018 – 2022. The association is predicted to be the world's fourth largest economy by 2050 with digital transformation expected to be a significant contributor to its growth.

One of ASEAN's main focuses is the fourth industrial revolution or Industry 4.0 as a catalyst to increase avenues of future growth. ASEAN Member States are rapidly establishing visions and policies to integrate technologies such as Internet-of-Things (IoT) and Artificial Intelligence (AI) into their country, with the aim to be leaders in the global and regional digital economy.

Industry 4.0 will have significant impact on ASEAN given that manufacturing accounts for more than 35% of ASEAN's GDP and is valued at over a trillion USD. Productivity increases from Industry 4.0 technology adoption is estimated to net between \$216 and \$627 billion in economic gains annually by 2025.

Mr Joseph Kam noted that it is now timely to establish a new venture fund to invest in growth companies which could take advantages of new technologies in the new decade beginning 2020. The four General Partners believe AIPO Venture One represents an exceptional investment opportunity for institutional and individual investors in both traditional industries and new emerging areas such as information and communications technology, artificial intelligence, robotics, blockchain, industries 4.0 and digital payments.

In addition, the exits for the portfolio companies are numerous, such as listing on stock exchanges, trade sales or even a merger and acquisition. Bigger regional venture and private equity funds are also seeking growth companies with the potential to scale-up their business models across many countries. In Malaysia, investors can expect to make significant investment return from the investment by listing of their companies in the Bursa Malaysia via the IPO, ACE and LEAP market or regional exchanges for high technology companies.

## Government initiatives, tax incentives and tax exemptions for the development of intellectual property, and to facilitate the eco system of growth companies

In recent years, the Malaysian government has introduced several initiatives such as Equity Crowd Funding (ECF), Peer to Peer Lending (P2P), IPO for the small and medium industry through the Leading Entrepreneur Accelerator Platform (LEAP) market listing in Bursa Malaysia; tax incentive; and tax exemptions – it is proposed that qualifying intellectual property income derived from patent and copyright software of qualifying activities be given 100 percent tax exemption for a period of up to 10 years. (effective for applications received by Malaysian Investment Development Authority (MIDA) from 1 January 2020 until 31 December 2022)

The success of local companies such as GRAB, LAZADA, SHOPEE, and NOVA has spurred many new entrepreneurs to establish new ventures. These initiatives allow companies to grow more efficiently which can be enhanced through the discipline of venture capital management by the participation of venture capital firms, such as the AIPO Venture One, to provide capital, corporate guidance and business opportunity to expand and develop critical networks for growth locally and internationally.

Feel free to contact us at +6016-285 5276 or email to [vc@ipowner.org](mailto:vc@ipowner.org) for more information

# Contact Us

# PINTAS

Today's Asset, Tomorrow's Value



## Malaysia Pintas Consulting Group

### Kuala Lumpur

Suite 2B-21-1, Level 21, Block 2B,  
Plaza Sentral, Jalan Stesen Sentral 5,  
KL Sentral, 50470 Kuala Lumpur, Malaysia  
Mobile: +6012-797 5077  
Email: [pintas.my@pintas-ip.com](mailto:pintas.my@pintas-ip.com)

### Selangor

No. 19, Jalan SS1/36, 47300 Petaling Jaya,  
Selangor, Malaysia  
Tel: +603- 7876 5050  
Fax: +603- 7876 2678  
Mobile: +6012- 797 5077  
Email: [marketing@pintas-ip.com](mailto:marketing@pintas-ip.com)

### Penang

75-2, Bayan Bay, Block B,  
Persiaran Bayan Indah,  
Bayan Lepas, 11900  
Penang, Malaysia  
Mobile: +6016- 288 0678  
Email: [pintas.solution@pintas-ip.com](mailto:pintas.solution@pintas-ip.com)

### Johor Bahru

Bilik 1,2 & 3, Tingkat 18,  
Kompleks Tun Abdul Razak (Komtar JBCC),  
Jalan Wong Ah Fook,  
80000 Johor Bahru, Malaysia  
Mobile: +6010- 566 6077  
Email: [pintas.jb@pintas-ip.com](mailto:pintas.jb@pintas-ip.com)

### Sabah

Pintas Jesselton PLT  
Unit 13-2, 2nd Floor,  
Block B, Lintas Square, Jalan Lintas,  
88300 Kota Kinabalu,  
Sabah, Malaysia  
Mobile: +012-797 5077  
Email: [patent11@pintas-ip.com](mailto:patent11@pintas-ip.com)

## Singapore

IPintas Pte Ltd  
151 Chin Swee Road,  
#12-14, Manhattan House,  
Singapore 169876.  
Tel: +65-6250 2070  
Fax: +65-6737 1805  
Mobile: +65- 9747 2579  
Email: [pintas.sg@pintas-ip.com](mailto:pintas.sg@pintas-ip.com)

## Brunei

Pintas Company  
P.O. Box 18, Anggerek Desa Complex,  
BB3780 Brunei Darussalam  
Tel: +673- 873 8478  
Fax: +673- 245 2112  
Email: [pintas.brunei@pintas-ip.com](mailto:pintas.brunei@pintas-ip.com)

## Myanmar

Pintas-Bizlaw Consult (Myanmar) Co., Ltd  
No: 527 (A-2) Zay Ya 18th street, 10th  
Ward,  
South Oak Ka Lar Pa Township, Yangon.  
Mobile: +959- 428 505 888  
Email: [international@pintas-ip.com](mailto:international@pintas-ip.com)

## China

Pintas Inc (Customer Service Office)  
Room 1811, 18th Floor, Far East Tower,  
No. 1101, Pudong Road (s) Pudong,  
Shanghai, 2002120, China  
Mobile: +008-613 0221 76477  
Email: [pintas.china@pintas-ip.com](mailto:pintas.china@pintas-ip.com)

## United States of America

Pintas LLC (Customer Service Office)  
P.O. Box 190943, Boise,  
Idaho 83719-0943 United States of America  
Mobile: +1 571 225 5624  
Email: [pintas.us@pintas-ip.com](mailto:pintas.us@pintas-ip.com)