

HENRY GOH

Intellectual Property Updates

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INSIDE THIS ISSUE:

- *Is Innovation in Crisis?*
- *Trade Description Order 101*
- *Substantive Examination of PCT National Phase Applications*
- *Prime Numbers for IP Enforcement*
- *News at Henry Goh*

IS INNOVATION IN CRISIS?

by Ameen Kalani

Patent filings and IP litigation may experience growth during recessionary times. The flip side of this increase is that companies may be facing increasing litigation costs as they defend their products and market positions globally. IP departments and their portfolios may be seen as cost centres and are often the target of corporate cost cutting measures. In an economic downturn they may be asked to make cost reductions to serve the greater corporate good. While it is easy for a corporate finance department to specify an arbitrary budget cut, it is not always easy for the IP department to implement those cuts. Should the cuts come from allowing certain patents to lapse into abandonment? What if the patents are important to the revenue base of the company? Should fewer patents be filed? What impact will that have on future competitiveness of the company? These are tough questions which need to be answered.

To discover which companies innovate best, BusinessWeek joined with The Boston Consulting Group to produce their annual ranking of the most innovative companies (see Table 1). Apple is in the top position for several such consecutive surveys owing to another innovative milestone, the Apple iPhone. The Tata Group of India made it into the top ten innovative companies list for the first time at a ranking position of 6. Tata was not even in the top 50 innovative companies list in 2007 and the main reason it is in the top ten for the 2008 survey is the introduction of Tata Nano, a new car that will revolutionize the car industry. Overall, the 2008 list of innovative companies is very well-represented globally and hints at the global redistribution of innovative capabilities.

According to the World Intellectual Property Organization (WIPO), the number of interna-

tional patent filings under the Patent Cooperation Treaty (PCT) grew by 2.4% in 2008, to nearly 164,000 applications (see Table 2). Although the rate of growth was not as high as it was during the previous three years, the total number of PCT applications filed during the year 2008 represented the highest number of applications received under the PCT in any single year.

According to the Director General of WIPO, Mr. Francis Gurry, "Historically, patent filings tend to dip during periods of economic difficulty simply because fewer resources are available for investment in the innovation cycle. Once the economic cycle improves, patenting activity tends also to recover. That said, economic crises have, in the past, been a catalyst for innovation as greater emphasis is placed on improving standards of efficiency, doing more with less and identifying and developing smarter business solutions. In the current economic climate, technology, innovation and creativity are critical in creating opportunities for economic renewal and addressing pressing global issues such as climate change."

A cursory examination of the survey and PCT filing statistics show that India and China are becoming more attractive places for technology development and entrepreneurship. The BusinessWeek - Boston Consulting Group survey and the PCT filing statistics indicate that many world class companies recognize the importance of sustained investment in research, development and innovation in order to remain competitive even during these difficult global economic times. To sustain competitive advantage and thrive in the long term, innovative companies must continue to use intellectual property to protect their valuable ideas.

	Company	Country
1	Apple	USA
2	Google	USA
3	Toyota	Japan
4	G.E.	USA
5	Microsoft	USA
6	Tata Group	India
7	Nintendo	Japan
8	P&G	USA
9	Sony	Japan
10	Nokia	Finland

Table 1: World's top 10 most innovative companies (Source: Boston Consulting Group, BusinessWeek).

	Company	Country	Total
1	Huawei Tech.	China	1,737
2	Panasonic	Japan	1,729
3	Philips	Holland	1,551
4	Toyota	Japan	1,364
5	Bosch	Germany	1,273

Table 2: World's top 5 PCT applicants for 2008 (Source: WIPO).

TRADE DESCRIPTION ORDER 101

by Azlina A Khalid

The rudiments of a Trade Description Order were once again underlined in a recent decision written by Abdul Aziz Mohamad J (now FCJ) for the case **Thye Hat Chan Sdn Bhd v Thye Shen Trading Sdn Bhd & Anor [2008] 6 MLJ**.

Thye Hat Chen (“THC”), the Registered Proprietor of two trade marks (“the ABC trade marks”) had applied for and obtained, ex parte, a Trade Description Order (“the TDO”) under Section 16 of the Trade Descriptions Act 1972 (“the Act”). The TDO granted was in relation to the ABC trade marks but the extracted TDO had been amended to indicate a get up. THC’s solicitors did not take steps to rectify the variation in the said TDO. THC subsequently lodged a complaint with the Controller of Trade Descriptions which resulted in the raid and seizure at both Respondents’ premises by the Enforcement Unit from the Ministry of Domestic Trade and Consumer Affairs. The Respondents thereafter applied for leave to intervene and set aside the TDO.

Upon consideration of the facts and circumstances, the Judge held that the sole purpose of obtaining a TDO is to aid in the en-

forcement of the Act where once granted, it is deemed as conclusive proof of a false trade description. As such, a TDO when granted must be accurate in form and substance. Further, it was incumbent upon the Applicant to make full and frank disclosure when applying for the TDO. Details of offending parties, if known to an Applicant must be disclosed so that the Hearing will proceed on an inter partes basis. For THC, the technical and procedural errors that occurred above led to their TDO being set aside and them having to pay damages to the Respondents arising from the unlawful seizure of the latter’s goods.

Comments: The judgment rendered is in line with the accepted case laws pertaining to Trade Description Orders [See **Dalam Perkara Johnson & Johnson (1993) 3 MLJ 122** and **Majuperak Tepung Beras Sdn Bhd v Tiga Gajah Cho Heng Sdn Bhd (2001) 3 MLJ 508**]. This decision perhaps serves as a timely reminder to potential applicants of the high burden they need to discharge when applying for a Trade Description Order. However, once validly granted, it is an effective enforcement tool for Registered Proprietors.

SUBSTANTIVE EXAMINATION OF PCT NATIONAL PHASE APPLICATIONS

by Dave A Wyatt

The term for requesting substantive examination of a PCT national phase application in Malaysia is 4 years from the International Filing Date. This term differs from that of direct (non-PCT) applications, which remains 2 years from the national filing date. The difference has caused confusion among some clients and associates, who had expected the 2-year term would apply universally.

An advantage for PCT applicants is that the examination request due date can be docketed immediately on your side without wait-

ing for us to confirm and report the national phase filing.

It is also possible to obtain a deferment of examination by submitting a request for the same within the applicable 4- or 2-year term. Deferment may be attractive in the current economic climate. It will allow the examination request to be submitted up to 5 years from the International Filing Date for a PCT national phase filing and up to 5 years from the national filing date for a non-PCT case.

PRIME NUMBERS FOR IP ENFORCEMENT

by Lim Eng Leong

For the good part of this decade, Malaysia has intensified efforts to curb intellectual property rights (IPR) infringement; in particular trade mark counterfeiting and copyright piracy. These efforts are in tandem with the National Intellectual Property Policy (NIPP) to increase the confidence of investors and IPR owners in the country and to spur more growth in the economy; now more than ever.

Leading the charge at the enforcement front is the Ministry of Domestic Trade & Consumer Affairs (MDTCA) and helping to conclude matters is swifter prosecution in the specialized IP court. Enforcement is carried out mostly under the purview and powers conferred by the Copyright Act 1987, Trade Descriptions Act 1972, Optical Discs Act 2000, Trade Marks Act 1976 and Trade Description Directive (Original Labels) 2002. The statistics set out below speak for themselves.

Spot-checks and investigations are conducted by the Enforcement Unit of MDTCA, both proactively and based on public complaints. In the last recorded year, a total of 1,015,589 premises, including optical disc factories, abandoned storehouses, shops and night markets underwent such checks. These checks resulted in raids and seizures of infringing goods worth over a whopping RM145 million (USD42 million); out of which 11,902 cases were brought against the perpetrators and RM3.1 million (USD885,715) worth of compounds or fines collected thereof.

From the above tabulation, the subset figures relating to **copyright piracy** are as follow:-

Year	No. of Premises Inspected	No. of Cases	Estimated Seizure Value (RM/USD Million)
2004	25,508	4,390	59.2 / 16.9
2005	38,069	3,812	100 / 28.6
2006	38,166	3,792	120 / 34.3
2007	70,863	2,720	54.9 / 15.7
Sept. 2008	113,340	1,317	17 / 4.9
TOTAL	285,946	16,031	351.1 / 100.4

Source: MDTCA

Analysis: Copyright piracy, especially optical discs (CDs & DVDs) piracy has been a problem plaguing the country for many years. The

increasing number of premises inspected annually reflects MDTCA's stepped-up efforts in combating copyright piracy; including the use of sniffer dogs. On the other hand, the somewhat decreasing number of cases and seizure value implies that most of these hot-spots are becoming piracy-free; a good indication of IPR awareness amongst the businesses.

The subset figures relating to **trade mark counterfeiting** are as follow:-

Year	No. of Cases	Estimated Seizure Value (RM/USD Million)
2004	3,914	78.2 / 22.4
2005	2,606	12.2 / 3.5
2006	2,018	42.7 / 12.2
2007	1,936	56.2 / 16.1
Sept. 2008	624	17.3 / 4.9
TOTAL	11,098	206.6 / 59.1

Source: MDTCA

Analysis: The number of cases brought against trade mark infringers is decreasing steadily and hopefully this is a reflection of less infringement in the marketplace.

The Trade Descriptions Act 1972 also empowers raids and seizures of goods bearing false trade descriptions. In the last recorded year, such goods worth RM62 million (USD17.7 million) were seized and 3,345 cases were brought under this Act as a result thereof.

With specialized IP courts, came the appointment of specialist judges that possess the expertise and interest to manage the sometimes technically complex IP issues. As at November 2008, half of the cases before the IP courts were prosecuted under the Trade Marks Act 1976 and the Trade Descriptions Act 1972. 15% of the cases were under the Copyright Act 1987 and 15% under the Optical Discs Act 2000. The remaining 20% were made up of cases in relation to the Patents Act 1983 and Industrial Designs Act 1996.

The above demonstrates that Malaysia is taking steps in the right direction; not only as part of implementing the NIPP but to clear herself from the USTR (United States Trade Representative) IP Watch List.

THANK YOU FOR MAKING HENRY GOH THE #1 CHOICE FOR IP PROSECUTION IN MALAYSIA



The #1 choice again.

Henry Goh & Co has been ranked in the top tier for both patent and trademark prosecution in Malaysia in Managing Intellectual Property's 2009 survey of the world's leading IP firms.

The annual survey is based on five months of research in which practitioners worldwide are asked to recommend the leading practices in 70 jurisdictions. Henry Goh has been consistently ranked in first place for patent prosecution since 1998.

These results reflect the hard work and commitment of our dedicated professionals," says Karen Goh, Managing Director of Henry Goh. "We are honoured to have the confidence of our clients and associates the world over, and we thank them for their vote. Henry Goh's core values of high quality and personalized service will continue to distinguish us from the rest in today's increasingly competitive environment."

WELCOMING THE YEAR OF THE OX



Wendy Tay with her five-year service award.

The annual Henry Goh Chinese New Year luncheon this year was held at the Kuala Lumpur Westin Hotel's East Restaurant. Mrs Henry Goh graced the occasion and joined in as everyone took part in the traditional mix of Yee Sang with vociferous enthusiasm to usher in the new lunar year. Wherever else the Ox of Prosperity was it could not have failed to hear the resounding call of welcome from the people of Henry Goh. The Westin hotel's kitchen also deserves mention for the delectable lunch and consideration for vegetarians at Henry Goh.



Karen Goh leading the Yee Sang mix.

As is Henry Goh tradition, the luncheon included the presentation of outstanding achievement and long service awards to the firm's employees. Rajeswari a/p Ramasamy, Tham Kiang Yong, Chang Bee Hoon and

Sanda a/p Kannappan all walked away with ten-year service awards, while Wendy Tay and Noor Azizi were honoured with five-year service awards.

2009 JPAA IP PRACTITIONERS SEMINAR



The Henry Goh team with speakers from the JPAA.

Henry Goh was proud to be well-represented by its IP practitioners at the 3rd bi-annual seminar held in Kuala Lumpur on 2 & 3 March 2009; jointly organized by the Japan Patent Attorneys Association (JPAA), Intellectual Property Corporation of Malaysia (MyIPO) and Malaysia Intellectual Property Association (MIPA). A wide-range of topics on patent and trade mark laws was

presented by JPAA members. Attendees had the opportunity not only to exchange experiences on the respective national IP practices but also to foster stronger camaraderie with their peers from Australia, China, Hong Kong, India, Japan, Indonesia, Singapore, Taiwan, Thailand and Vietnam.