

**CHECKLIST OF ISSUES ON ENFORCEMENT<sup>1</sup>**

Responses from Malaysia

**Civil and Administrative Procedures and Remedies**

*(a) Civil judicial procedures and remedies*

**1. Specify the courts which have jurisdiction over IPR infringement cases.**

The High Courts in Malaysia have all the jurisdictions over the intellectual property right civil infringement cases and there is no limit as to the quantum of claims made by the parties.

**2. Which persons have standing to assert IPRs? How may they be represented? Are there requirements for mandatory personal appearances before the court by the right holder?**

Rights holder or their authorized agent or power of attorney. They can appear personally or be represented by a legal counsel.

**3. What authority do the judicial authorities have to order, at the request of an opposing party, a party to a proceeding to produce evidence that lies within its control?**

In pursuance to Order 24, Rules of the High Court 1980, a party may petition the court for ordering its opponent to produce any documents within the opponent's control which are pertinent to the case, that is, procedures for discovery and inspection of documents within the control of all the parties involved in the proceedings.

**4. What means exist to identify and protect confidential information brought forward as evidence?**

As a general rule under the common law, proceedings in court are not subject to restrictions relating to fair and accurate publication which is an important tenet of freedom of speech. Exceptional circumstances entrenched by established facts may provide exceptions whereby publication of judicial proceedings and more particularly matters affecting the administration of justice may be fettered or restricted either upon an application for such proceedings to be held *in camera* or in chambers or by way of the grant of an injunction (gag order). The three exceptions to the rule prescribing the publicity of the courts of justice are firstly in suits affecting wards, secondly in lunacy proceedings and thirdly in trade secrets cases - those cases where secrecy is of the essence of the cause e.g. secrecy of a process of manufacture or discovery of invention.

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<sup>1</sup> Document IP/C/5.

**5. Describe the remedies that may be ordered by the judicial authorities and criteria, legislative or jurisprudential, for their use;**

- **injunctions;**
- **damages, including recovery of profits, and expenses, including attorney's fees;**
- **destruction or other disposal of infringing goods and materials/implements for their production;**
- **any other remedies.**

Injunctions

The general jurisdiction to grant injunctions is expressed in Chapter IX of the Specific Relief Act 1950 and paragraph 6 of the schedule to the Courts of Judicature Act 1964. In addition, the jurisdiction to grant injunctions is part of the equitable jurisdiction of the court. For trademark infringement and passing-off cases, the grant of an injunction is governed by the general provisions mentioned above. For copyright infringement cases, Section 37(1) of the Copyright Act 1987 states that relief by way of injunction shall be available to the plaintiff. This is also the case in patent infringement cases wherein Section 60(1) of the Patents Act 1983 lays down that if an infringement is committed, the court shall grant an injunction. Likewise, Section 35(1) of the Industrial Designs Act 1996 echoes the same tenet.

In practice, a plaintiff who has succeeded at trial is granted a permanent injunction as a matter of course. In very few cases final injunctions have been refused, and these are limited to situations where the scale of infringement is trivial or it is probable or certain that the infringing act will not be repeated by the defendant.

Damages, including recovery of profits, and expenses, including attorney's fees

- Damages

Damages are a matter of right. A successful plaintiff is entitled to compensation for any harm caused to him which flows directly and naturally from the tortious act. Damages is a legal remedy for which there is no discretion to refuse in intellectual property right cases, unless the case was wholly *quia timet* in nature.

In trademark infringement and passing-off cases, the general principles on damages are relied upon.

In copyright infringement cases, Section 37(1) of the Copyright Act 1987 makes specific mention of relief by way of damages or accounts that shall be available to the plaintiff. Further, Section 37(2) of the same allows the court to award additional damages for the infringement after having regard to the circumstances of the case, namely the flagrancy of the infringement and whether any benefit was shown to have accrued to the defendant by reason of the infringement. This type of damages, i.e. exemplary and aggravated damages are thought to be awarded for such matters such as injury to the author's reputation or feelings, unjust enrichment, existence of scandalous conduct, deceit and such which includes deliberate and calculated copyright infringement.

In patent infringement cases, Section 60(1) of the Patents Act 1983 states that damages shall be awarded to the patentee if he has proven an infringement has occurred.

Section 35(1) of the Industrial Designs Act 1996 lays down that a court may award damages or an account of profits. However, Section 35(3) of the same provides for a situation where the court may exercise its discretion to refuse to award damages or to make an order for an account of profits. If the defendant satisfies the court that firstly at the time of the infringement he was not aware that the industrial design was registered and secondly he had prior to that time taken all reasonable steps to ascertain whether the industrial design had been registered, such an award may be refused.

Although the onus is upon the plaintiff to show what damage has been suffered, it is not necessary to prove any particular damage in order to succeed. The court will normally assume that the defendant's wrongful acts have caused harm and if the quantification of it is difficult, or not susceptible of mathematical accuracy, a fair or nominal figure for compensation will normally be awarded. Some heads of damages which are taken into account when quantifying damages are listed as below:

- loss of sales and profits,
- damage to goodwill or reputation,
- loss of licensing opportunity, and
- stress of competition forcing plaintiff to lower his prices.

- Account of profits

The plaintiff has an option whether to claim either damages or profits but he cannot have both. The principle of an account is that the defendant is treated as having carried on his infringing activities on behalf of the intellectual property right owner and is therefore under a duty to hand over to the intellectual property right owner the profits made by the infringement. Generally, an account of profits is an equitable remedy and there is a discretion to refuse it or to limit it to take into account such factors as the defendant's innocence, inequitable conduct by the plaintiff or delay prejudicial to the defendant.

- Costs

Essentially, there are two sets of costs in any civil action. The first is party-to-party costs or costs as between the parties, i.e. costs including fees, charges, disbursements, expenses and remuneration which one party may recover from the other party. The second is solicitor-and-own-client costs or costs payable to a solicitor by his own client.

The power of the court to award costs is derived from paragraph 15 of the schedule to the Courts of Judicature Act 1964, and the manner in which it is to exercise this power is set out in Order 59 rule 2(2) of the Rules of the High Court 1980. The costs of an incident to an intellectual property right action, as the costs in any other action, are in the discretion of the court which has full power to determine whom and to what extent such costs should be paid.

The normal order is for costs to follow the event. Generally the court follows the ordinary rule that the unsuccessful party shall pay the costs of the litigation, such

costs being taxed upon the usual scale between party to party. In a usual case, a party who is awarded costs will still be out of pocket to the extent that the costs payable to his solicitor exceed the costs he has recovered from his opponent. This happens because of the different bases for the assessment of costs which apply as to recovery between the parties (the party and party basis) and recovery by the solicitor from his client (the solicitor and client basis).

Only in isolated cases have the successful intellectual property right plaintiffs been refused relief at trial and have been ordered to pay the costs of the action, e.g. the defendant offered undertaking at an early stage of the trial and the plaintiff refused the offer, trivial case where action commenced without notice to an innocent purchaser, etc. There are also a handful of instances where the successful defendant has been refused costs, e.g. the defendant acted dishonestly.

#### Destruction or other disposal of infringing goods and materials/implements for their production

Delivery up of the infringing goods or destruction on oath is ancillary to the grant of an injunction. The power of the court to grant this remedy evolved from the equitable principles: it is not ordered because the plaintiff has any sort of proprietary right over the items. Though the normal form of the order is for actual destruction or delivery up of the infringing articles, it may be modified in certain cases. For example, in trademark infringement cases an order for obliteration/erasure of the infringing mark may be ordered if possible, and in patent infringement cases if the infringing article can be rendered non-infringing by some alteration or by removal of some part.

An order for delivery up or destruction of materials/implements to produce the infringing article will not be granted if the materials/implements are not themselves an infringement but may be used as part of an infringing apparatus. For instance, in literary copyright infringement cases the printing plates may be the subject matter of such an order but it is very unlikely that the courts would include the actual printing machine itself as part of the order for destruction.

The defendant is not entitled to any compensation for loss caused to him by such destruction or delivery up and cannot set off the value of goods delivered up against a claim for damages.

#### Any other remedies

The court also has equitable powers to order that the defendant publishes corrective statements and apologies to correct the effect of the infringement.

#### **6. In what circumstances, if any, do judicial authorities have the authority to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the goods of services found to be infringing and of their channels of distribution?**

The court also has equitable powers to order that the defendant discloses to the successful plaintiff the source of the infringing products and also the channel of distribution. In addition, the court may also order that the defendant discloses to the successful plaintiff the names and addresses of the persons to whom the defendant had supplied and distributed the infringing products to.

It is also possible for an intellectual property right holder to apply to the court for a Norwich Pharmacal Order. The Norwich Pharmacal Order is sought when it is necessary to obtain information for the purpose of ascertaining the identity of a potential defendant, so that proceedings may be commenced against him. An intellectual property right holder could bring a specific action by writ

against a person for discovery of the name of a potential defendant if that person had facilitated the wrongdoing of the potential defendant and has the necessary information.

**7. Describe provisions relating to the indemnification of defendants wrongfully enjoined. To what extent are public authorities and/or officials liable in such a situation and what "remedial measures" are applicable to them?**

Where a defendant who has been wrongly made a party to a suit there are several modes of recourse open to him. Ultimately the defendant will want to be compensated for the loss/damage he suffered as a result of such a suit. The question of liability of public authorities and/or officials does not arise in civil suits as they do not come into the picture due to the fact that they are provided certain legal immunities under the various laws when the acts done are in good faith.

Recovery of costs

Some of the immediate remedies available via civil provisions include the recovery of the defendant's costs. Costs will be awarded to the defendant in such an instance. If the plaintiff sues more than one party and the courts find only one defendant to be liable, then two types of orders can be made in regards costs:

- The first is called the Bullock Order which requires the plaintiff to pay the successful defendant his costs, and allows the plaintiff to recover them from the unsuccessful defendant as part of the plaintiff's costs in the action. For example, where the plaintiff sues two defendants, D1 and D2 and only D1 is found liable, D1 will pay the plaintiff's costs and the plaintiff will pay D2's costs. The court's main concern here is to protect the successful defendant.
- The second is called the Sanderson Order. By this order the court directs the unsuccessful defendant to pay the costs of the successful defendant directly to him. For example, where the plaintiff sues two defendants, D1 and D2 and only D1 is found liable, D1 will pay both the plaintiff's and D2's costs. The court will be more disposed towards granting this order when the unsuccessful defendant is in a better position to pay the costs.

Malicious prosecution

A defendant who has been wrongly enjoined can commence a suit in malicious prosecution and claim for, *inter alia*, damages and injury he has suffered to his reputation and standing. In an action for the tort of malicious prosecution, the plaintiff must prove the following ingredients:

- the defendants prosecuted him;
- the prosecution ended in the plaintiff's favour;
- that the prosecution lacked reasonable and probable cause; and
- that the defendant acted maliciously.

**8. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost.**

There are no provisions governing the length and cost of proceedings. The length and cost of intellectual property right proceedings depend largely on the complexity of the issues raised and the peculiar facts of each case.

Intellectual property right cases that are argued out at full trial are normally long drawn and tedious. For example, in passing-off cases evidence will have to be led to establish goodwill and reputation and in patent infringement cases expert witnesses will be called as a matter of course. The average actual duration of an intellectual property right trial is around ten (10) days, though in complicated and extremely contentious cases the actual duration may stretch to twenty (20) days over a period of several months up to a year. Generally, an intellectual property right case is disposed of within three (3) to four (4) years from the date of filing the action, though in some cases this may take longer. In exceptional cases where early trial is ordered, the intellectual property right case can be disposed of within two (2) years from the date of filing the action.

The actual costs incurred vary depending on the nature of the intellectual property right dispute. Generally, the solicitor and own client costs ranges from RM 100,000.00 to RM 500,000.00 with for example a simple trademark infringement matter usually attracting the lower limit of the scale and a difficult patent infringement matter or a multiple infringement matter at its upper limit.

(b) *Administrative procedures and remedies*

**9. Reply to the above questions in relation to any administrative procedures on the merits and remedies that may result from these procedures.**

Malaysia chooses to deal with cases on infringement of intellectual property right through judicial proceedings.

**Provisional Measures**

(a) *Judicial measures*

**10. Describe the types of provisional measures that judicial authorities may order, and the legal basis for such authority.**

Interlocutory injunctions

- Jurisdiction

The jurisdiction to grant interlocutory injunctions is expressed in Section 51(1) of the Specific Relief Act 1950 and paragraph 6 of the schedule to the Courts of Judicature Act 1950. In addition, the jurisdiction to grant injunctions is part of the equitable jurisdiction of the court.

- Types of injunctive relief

An application for an interlocutory injunction may be made by any party to a cause or matter at any stage of the proceeding. There are several types of such injunctive relief available to an applicant (either the plaintiff or the defendant) in a civil suit. These include restrictive/prohibitive orders where a party is ordered to refrain from doing something, mandatory orders where a party is required to perform a positive act or *quia timet* orders where there is a threatened or continuing wrong which is calculated to infringe the plaintiff's rights.

- Interlocutory prohibitory injunctions

The principles which determine whether the interlocutory injunction should be granted were laid down by the House of Lords in the leading case of *American Cyanamid Co v Ethicon Ltd [1975] AC 396*. There are several questions to be asked:

- Is there a serious issue to be tried? If the answer is no, then the application fails *in limine*. Here, all the plaintiff has to show is that there is a valid cause of action at law. The chances of success are immaterial.
- Once the court has found that there is a serious issue to be tried, it should go on to consider the adequacy of the respective remedies in damages available for either party.
  - The court asks whether if the plaintiff were to succeed at trial, would he be adequately compensated by an award of damages for the loss he would have sustained as a result of the defendant's continuing to do what was sought to be enjoined between the time of the application and the time of the trial. If damages would be an adequate remedy and the defendant would be in a financial position to pay them, no interlocutory injunction should be granted.
  - If on the other hand damages would not provide adequate remedy for the plaintiff in the event of his succeeding at trial, the court should then consider whether on the contrary hypothesis that the defendant were to succeed at trial in establishing his right to do that which was sought to be enjoined he would be adequately compensated under the plaintiff's undertaking as to damages for loss he would have sustained by being prevented from doing so between the time of the application and the time of trial. If damages would be an adequate remedy and the plaintiff would be in a financial position to pay them, there would be no reason to refuse an interlocutory injunction.
- It is where there is doubt as to the adequacy of the respective remedies in damages available to either party or to both that the question of balance of convenience arises. This is a term of the art which refers to the balancing exercise by the judge in weighing the risks that injustice may result from his deciding the application one way rather than the other. The various matters which may need to be taken into consideration in deciding where the balance lies is not exhaustive; it varies from case to case. Some examples would be preservation of the *status quo*.
- There may also be other special factors to be taken into consideration in the particular circumstances of individual cases eg intellectual property right cases.

This has been accepted by the Malaysian courts.

- Interlocutory mandatory injunctions

An interlocutory mandatory injunction generally requires the respondent to perform a specific act to undo what he has done in the past. This remedy is given specific statutory effect by Section 53 of the Specific Relief Act 1950.

Because the award of an interlocutory mandatory injunction will often amount to granting the applicant the entire or major part of the relief claimed, the courts are far more reluctant to grant an interlocutory mandatory injunction than it would an interlocutory prohibitory injunction. The courts have declared that the discretion to grant an interlocutory mandatory injunction must be only exercised in exceptional and extremely rare cases.

As such, the standard of proof in such applications are higher than that required for a prohibitory injunction. For such an injunction to be awarded, the plaintiff's case must be unusually strong and clear, and the defendant has no arguable defence.

#### Anton Piller orders

An Anton Piller order enables the plaintiff or his representatives to enter the defendant's premises to search for, inspect and seize the material, whether documents, articles or other materials, so that they may be preserved until trial. The general practice is for the plaintiff's solicitors to arrange and supervise the execution of the order. The defendant may also be ordered to give information concerning his activities in relation to a particular matter. The Anton Piller order does not allow the plaintiff or his representatives to enter the defendant's premises or take his property unless the defendant consents to these acts. However, if the defendant refuses to give his permission, he may be liable for contempt.

The main reason for an Anton Piller order is to enable the plaintiff to discover and preserve evidence against the defendant in the defendant's possession and is likely to be destroyed or concealed by him. Other reasons would include to identify and obtain evidence against others who have been involved with the defendant in the tortious acts, to prevent the defendant from warning others to destroy or conceal evidence and to prevent further damage to the plaintiff. The Anton Piller order is normally used in conjunction with the other interlocutory remedies.

The principles governing the grant of an Anton Piller order are as embodied in the case of *Anton Piller KG v Manufacturing Processes Ltd* [1976] Ch 55, where the following conditions were laid down:

- There must be an extremely strong *prima facie* case. The Anton Piller Order will not be made to enable a plaintiff to fish for evidence in order to justify mere suspicion.
- The damage, potential or actual must be very serious for the applicant.
- There must be clear evidence that the defendants have in their possession incriminating documents or things, and there is a real possibility that they may destroy such material before any application *inter partes* can be made. Here there is a difference between a real possibility and extravagant fears which seem to afflict all plaintiffs who have complaints of breach of confidence, breach of copyright or passing-off.
- The harm likely to be caused by the execution of the Anton Piller Order to the respondent or his business affairs must not be excessive or out of proportion to the legitimate object of the order.

### Mareva injunctions

The Mareva injunction is a remedy which is collateral to the main action. The Mareva injunction enables the seizure of assets until conclusion of the trial so as to preserve them for the benefit of the creditor, but not to give charge in favour of any particular creditor. It generates exclusively rights *in personam* rendering a breach a contempt of court. Although the Mareva injunction is most frequently exercised prior to judgement, the court may, in the appropriate circumstances grant the injunction after judgement in aid of its execution. The order is addressed to the defendant but also binds third parties who are affected by it, e.g. banks. In recent times the courts have expressed a willingness to extend the Mareva injunction to assets outside the jurisdiction.

The courts in Malaysia have accepted the principles enunciated in the case of *Third Chandris Shipping Corporation v Unimarine S.A. [1979] QB 645* whereby to succeed in an application for a Mareva injunction, the claimant must satisfy four basic principles:

- That he has a valid cause of action over which the court has jurisdiction.
- That he has a good arguable case. Here this means that the plaintiff must demonstrate a likelihood of success, but he does not have to establish a particular degree of likelihood.
- That the defendant has assets within jurisdiction. In most cases the plaintiff will not know the extent of the defendant's assets, but he may have indications of what assets are available, e.g. bank accounts, land, chattels, company's goodwill, choses in action.
- That there is a real risk that the assets may be disposed of or dissipated so that the judgement cannot be enforced.

### Other forms of interim relief

- Sale of perishable property, Order 29 rule 4 of the Rules of the High Court 1980.
- Order for samples to be taken, Order 29 rule 3 of the Rules of the High Court 1980.
- Order for detention, preservation or custody of property, Order 29 rule 2 of the Rules of the High Court 1980.
- Early trial, Order 29 rule 5 of the Rules of the High Court 1980.

## **11. In what circumstances may such measures be ordered *inaudita altera parte*?**

Effective use of interlocutory measures may require that action be taken without giving prior notice to the other side. The courts have powers to adopt provisional measures *inaudita altera parte* i.e. without prior hearing of the other side in appropriate cases. These are cases of utmost urgency or where any delay is likely to cause irreparable harm to the intellectual property right holder, or where there is a high risk of evidence being destroyed or funds being dissipated to thwart a judgement. The above-mentioned provisional remedies, i.e. interlocutory injunction, Mareva injunction and Anton Piller orders may all be made *inaudita altera parte*. Indeed, for Mareva injunctions and Anton Piller orders, it is the norm that such applications be made on an *ex parte* basis.

**12. Describe the main procedures for the initiation, ordering and maintenance in force of provisional measures, in particular relevant time-limits and safeguards to protect the legitimate interests of the defendant.**

- Procedure for interlocutory injunctions

The procedure to be followed is governed by Order 29 of the Rules of the High Court 1980. Interlocutory injunctions can be made *ex parte* or *inter partes*.

For *inter partes* applications, the applicant must first commence the proceedings by issuing and serving the originating process. An application may only be made before the issuance of the originating process if the case is one of urgency. He then issues and serves a summons in chambers which notifies the defendant the date and time of the hearing of the applications and the terms of the order sought. The summons in chambers will be supported by an affidavit in support of the application which sets out the facts and the grounds on which the claim to the injunction is based. A certificate of urgency is usually also filed. The defendant has an opportunity to answer to the allegations raised by way of filing and serving an affidavit in reply, and the plaintiff's response thereto is limited to addressing points which have not been raised before. This process can go on until parties decide not to file any further affidavits or until there are no issues to be addressed. The application will then be heard by the judge in chambers and a decision is usually granted on the day of the hearing though in more complicated cases judgement may be reserved. Generally, *inter partes* interlocutory injunctions are disposed of between two (2) months to eight (8) months. This is largely dependant on whether the parties require time to file their affidavits in reply.

*Ex parte* interlocutory injunctions are valid twenty-one (21) days from the date of grant. There is no provision to extend its duration, so if the order lapses there is a need for the applicant to re-apply for a fresh interim injunction. If the applicant wishes to continue the injunction until trial or further order he should make his case at the *inter partes* hearing on the return date. The applicant must first commence the proceedings by issuing the originating process. He then issues a summons in chambers supported with an affidavit as in the case of an *inter partes* application, and also files a certificate of urgency. The only difference is that none of these documents are served on the defendant until after the order is granted. The *ex parte* interlocutory injunction is not so common these days after the introduction of Order 29 rule 2A of the Rules of the High Court 1980 which imposes new and stringent conditions which the affidavit must satisfy. The defendant may also apply for the discharge or variation of the *ex parte* interlocutory injunction.

An undertaking as to damages ought to be given on every interlocutory injunction. The plaintiff should in the affidavit supporting the affidavit depose both his willingness to volunteer and his ability to honour an undertaking as to damages. The cross-undertaking in damages is to ensure that if the interlocutory injunction is discharged, the person obtaining the injunction undertakes to pay such damages as the court may be of the opinion to compensate the other party for the loss suffered as a result of the grant of the injunction.

- Procedure for Anton Piller orders

The application for an Anton Piller order is more often than not made *ex parte* so as not to give the defendant an opportunity by notice to obstruct the purposes of the

remedy. The documentation required and duration of proceedings are similar to those of an *ex parte* interlocutory injunction, though special requirements apply to the affidavit in support of the application.

As the Anton Piller order is a draconian measure, there are various safeguards for the protection of the defendant. Besides the undertaking as to damages like in the case of an interlocutory injunction, the following guidelines have been formulated by the courts to prevent an abuse of the procedure:

- Orders should extend no further than the minimum extent necessary to achieve the purpose for which they are granted. So, once the plaintiffs' solicitors have had an opportunity to take copies of documents, these should be returned to the owner.
- The solicitors executing the order should prepare a detailed record of the items they are about to remove.
- Items which are not clearly within the scope of the order should not be taken. It is wholly unacceptable if the defendant is procured by the executing solicitors to give consent to additional material being removed. Such consent will only be deemed to be freely and effectively given if the defendant's solicitor is present to ensure and confirm that the consent was a free and informed one.
- Where the ownership of the materials is in dispute, it is not appropriate for the plaintiff's solicitors to retain them pending trial.
- There is a heavy duty on the part of the plaintiff to provide full and frank disclosure.
- No order should be made for the delivery up of a defendant's wearing apparel, bedding, furnishings, tools of his trade or stock in trade which it is likely that he uses for the purposes of a lawful business.
- All orders should specify clearly what chattels or classes of goods are to be delivered up. A plaintiff's inability to identify what he wants delivered up and why is an indication that no order should be made.
- The terms of an Anton Piller order must be clear so that the plaintiff is not entitled to take advantage of any ambiguity during the execution of the order.
- The Anton Piller order will include notification to the defendant that he is at liberty to apply for a variation or discharge of the order upon giving short notice.

When faced with an Anton Piller order the defendant may be able to claim privilege against self incrimination.

- Procedure for Mareva injunctions

The procedure which concerns the application for an interlocutory injunction and the duration of proceedings apply to the Mareva injunction. The application is invariably made *ex parte* so that the defendant is not given the opportunity to dispose of or

dissipate his assets prior to the making of the order. It may be necessary for hearings of applications of Mareva injunctions to be conducted *in camera*, especially where the injunction is sought against banks and similar lending institutions which utterly depend on confidence in their financial stability if they were to carry on business normally. Special requirements apply to the affidavit in support of the application.

As a safeguard to the defendant, the plaintiff is also required to furnish an undertaking as to damages. The Mareva injunction may also be discharged or varied on the application of the defendant.

**13. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost.**

There are no provisions governing the length and cost of interlocutory injunctions, Anton Piller orders or Mareva injunctions.

Generally, *ex parte* applications are heard within seven (7) days of filing and an order is normally made on the hearing date itself.

Hearing dates for *inter partes* applications are fixed within two (2) months of the date of filing, though in the majority of contested applications another date would be taken as parties may still wish to file affidavits in reply. In heavily contested *inter partes* applications, the actual duration of proceedings is two (2) days. Nevertheless such applications are usually disposed of in one (1) day.

The cost of interlocutory applications varies depending on the nature of the case and the type of relief sought. Generally, the solicitor and own clients cost for an *ex parte* interlocutory injunction is approximately RM 10,000.00, and in the case of an *inter partes* interlocutory injunction the range is between RM 20,000.00 and RM 40,000.00 depending on the complexity of the case. As for Mareva injunctions, the cost is around RM 20,000.00. Anton Piller orders, including execution would cost at least RM 50,000.00 upwards depending on the number of premises to be entered.

(b) *Administrative measures*

**14. Reply to the above questions in relation to any administrative provisional measures.**

No comment.

**Special Requirements Related to Border Measures**

**15. Indicate for which goods it is possible to apply for the suspension by the customs authorities of the release into free circulation, in particular whether these procedures are available also in respect of goods which involve infringements of intellectual property rights other than counterfeit trademark or pirated copyright goods as defined in the TRIPS Agreement (footnote to Article 51). Specify, together with relevant criteria, any imports excluded from the application of such procedures (such as goods from another member of a customs union, goods in transit or *de minimis* imports). Do the procedures apply to imports of goods put on the market in another country by or with the consent of the right holder and to goods destined for exportation?**

Under the current laws, border control measures exist for counterfeit trademark and pirated copyright goods only. The provisions governing the former were just introduced recently and are found in Part XIVA of the Trade Marks Act 1976, whereas the provisions for the latter existed for some time now under Section 39 of the Copyright Act 1987, but were also recently amended to bring

Malaysia in line with Section 4 of the Agreement on Trade-Related Aspects of Intellectual Property Rights. Counterfeit trademark goods are defined exactly as in the Agreement on Trade-Related Aspects of Intellectual Property Rights, whereas the restriction on importation of infringing copies of copyrighted works covers any copy of a work made outside Malaysia the making of which was carried out without the consent or licence of the owner of the copyright in the work.

Goods in transit are excluded from the application of such procedures. Section 70D(8) of the Trade Marks Act 1976 specifically excludes goods in transit. The Copyright Act 1987 is silent, but it is argued that the definition of "import" does not include goods in transit or goods in a bonded warehouse. *De minimis* imports, i.e. goods of a non-commercial nature contained in travellers' personal luggage or sent in small consignments are also excluded from the application of such procedures. Section 39(3) of the Copyright Act 1987 states clearly that the section shall not apply to the importation of any copy by a person for his private and domestic use. The Trade Marks Act 1976 is silent, but it is submitted that a general reading of Part XIVA suggests that it does not cover such an instance.

The border control procedures do not apply to parallel imports, i.e. goods put on the market in another country by or with the consent of the right holder and to goods destined for exportation.

**16. Provide a description of the main elements of the procedures relating to the suspension of the release of goods by customs authorities, in particular the competent authorities (Article 51), the requirements for an application (Article 52) and various requirements related to the duration of suspension (Article 55). How have Articles 53 (security or equivalent assurance), 56 (indemnification of the importer and of the owner of the goods) and 57 (right of inspection and information) been implemented?**

- Counterfeit trademark

The competent authority for enforcing border control measures is the Customs Department.

Any person may submit an application to the Registrar of Trade Marks supported by documents and information relating to the goods stating that:

- he is the proprietor of a registered trade mark or an agent of the proprietor having the power to submit such an application;
- that, at a time and place specified in the application, goods which are counterfeit trademark goods are expected to be imported for the purpose of trade; and
- he objects to such importation.

(Section 70D(1) Trade Marks Act 1976)

In practice, there is a standard form for this application, i.e. Form TM 30. Upon the grant of approval, the Registrar of Trade Marks shall also require the applicant to deposit a security. The quantum of the security deposit must, in the opinion of the Registrar be sufficient to:

- reimburse the Government for any liability or expense it is likely to incur as a result of the seizure of the goods;

- prevent abuse and to protect the importer; or
- pay such compensation as may be ordered by the court if the applicant fails to take action for infringement within the retention period.

(Section 70E Trade Marks Act 1976)

If approval is granted, it is valid for only sixty (60) days commencing from the day approval was given, unless withdrawn before the end of the period by the applicant. (Section 70D(5) Trade Marks Act 1976). Once approval is granted, the Registrar of Trade Marks will immediately take the necessary measures to notify the Customs of the impending shipment. The Customs shall then take the necessary action to seize and detain the identified goods.

As soon as is reasonably practicable after the goods are seized, the Customs shall issue a notice to the Registrar, importer and applicant of the seizure and the whereabouts of the goods, and that unless an action for infringement is instituted by the applicant within a specified period from the date of the notice the goods will be released to the importer. (Section 70G Trade Marks Act 1976) If the applicant requires an extension of time to file the infringement suit, he may request for the same from the Registrar of Trade Marks.

The Registrar may permit the applicant or the importer to inspect the seized goods and to remove a sample of the seized goods if he agrees to give the requisite written undertakings, namely that he will:

- return the sample of the seized goods to the Registrar at a specified time that is satisfactory to the Registrar; and
- take reasonable care to prevent damage to the sample.

(Section 70H Trade Marks Act 1976)

If the applicant fails to take action for infringement within the retention period, the importer or the owner of the goods may apply to the court for an order of compensation against the applicant. (Section 70K Trade Marks Act 1976)

- Pirated copyright

The competent authority for enforcing border control measures is the Customs Department, though in copyright cases the Ministry of Domestic Trade and Consumer Affairs and the Police are also empowered to search for and seize any infringing copies which are prohibited from being imported into Malaysia. (Section 39(6) Copyright Act 1987)

The owner of copyright in any work, or any person authorised by him may make an application to the Controller of Copyright to request that during the period specified in the application copies of the work made outside Malaysia without the consent of the copyright owner shall be treated as infringing copies. The application shall:

- be in such form as may be prescribed;
- state that the person named in it is the owner of the copyright; and
- be supported by such documents and information, and accompanied by such fee as may be prescribed.

(Section 39(1A) Copyright Act 1987)

Upon receipt of the application the Controller of Copyright shall inform the applicant whether the application has been approved and if so, specify the period during which the copies will be treated as infringing copies. Upon approval, the Controller of Copyright shall require the copyright owner to deposit a security which in the Controller's opinion is sufficient to reimburse the Government for any liability or expenses which may be incurred in consequence of the detention of the infringing copies or in consequence of anything done in relation to a copy so detained.

(Section 39(5) Copyright Act 1987)

When seizures are made, the seizing officer shall forthwith give written notice to the owner of the infringing copies details of such seizure and the grounds thereof.

(Section 39(7) Copyright Act 1987)

**17. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost. How long is the validity of decisions by the competent authorities for the suspension of the release of goods into free circulation?**

The border control measures are so new that they have yet to be invoked by the intellectual property right holders.

**18. Are competent authorities required to act upon their own initiative and, if so, in what circumstances? Are there any special provisions applicable to *ex officio* action?**

The intellectual property right holders have to take their own initiative to lodge official complaints to the competent authorities. Section 70o of the Trade Marks Act 1976 provides for *ex officio* action.

**19. Describe the remedies that the competent authorities have the authority to order and any criteria regulating their use.**

When an official complaint from the intellectual property right holder has been lodged through the Registrar of Trade Marks, any authorised officer may detain or suspend the release of goods which based on *prime facie* evidence are counterfeit trademark goods. The authorised officer will then inform the Registrar of Trade Marks, the importer and the proprietor of the trademark of the detention. From there onwards, the proprietor will take action against the importer. Remedies are available only through recourse to the courts of law.

### **Criminal Procedures**

**20. Specify the courts which have jurisdiction over criminal acts of infringement of IPRs.**

The courts are the Sessions Courts and the Magistrate Courts. The Sessions Courts may impose maximum penalties provided for by the law, whereas the Magistrate Courts may impose penalties of a fine not exceeding RM 10,000.00 and an imprisonment of not exceeding five (5) years unless otherwise provided by the law.

**21. In respect of which infringements of which intellectual property rights are criminal procedures and penalties available?**

Criminal procedures and penalties in respect of infringements of intellectual property rights are available in the trademarks law and copyright law.

With respect to trademarks infringement, criminal procedures and penalties are available where trademarks are used as trade descriptions. It is a criminal offence under the Trade Descriptions Act 1972 where false trade descriptions are used on goods in the course of trade or business. This is commonly known as fake or counterfeit products.

Matters pertaining to copyright are governed under the Copyright Act 1987. Under the Act, it is a criminal offence for any person who during the subsistence of copyright: under section 41:

- makes for sale or hire any infringing copy;
- sells, lets for hire or by way of trade, exposes or offers for sale or hire any infringing copy;
- distributes any infringing copy;
- possesses, otherwise than for his private and domestic use, any infringing copy;
- by way of trade, exhibits in public any infringing copy;
- imports into Malaysia, otherwise than for his private and domestic use, an infringing copy; or
- makes or has in his possession any contrivance used or intended to be used for the purpose of making infringing copies.

It is also a criminal offence for any person who causes an unauthorised literary or musical work to be performed in the public.

**22. Which public authorities are responsible for initiating criminal proceedings? Are they required to do this on their own initiative and/or in response to complaints?**

The Enforcement Division of the Ministry of Domestic Trade and Consumer Affairs is given the necessary power to initiate criminal proceedings under the Trade Descriptions Act 1972 and the Copyright Act 1987. The officers of the Division who have the power of enforcement and prosecution are appointed under the Trade Descriptions Act 1972 and the Copyright Act 1987 as the Controller, Deputy Controller and Assistant Controller, respectively. The Royal Malaysian Police has also similar power under the Copyright Act 1987.

Under the Trade Descriptions Act 1972, the Enforcement Division may initiate on their own without the complaint from the right owner. No warrant is needed to enter any premises except premises used for dwelling. However, if the fake or counterfeit products are not too familiar to the authorities, assistance from the trademark owner is usually required.

Under the Copyright Act 1987, it is specifically provided that the authority may act upon complaint from the copyright owner. To enter and search any premises, a search warrant is needed. However a search warrant may be dispensed if there is reasonable grounds for believing that due to the delay in getting a warrant from a court the infringed items may be removed or destroyed.

**23. Do private persons have standing to initiate criminal proceedings and, if so, who?**

Generally, private persons do not have the *locus standi* to initiate criminal proceedings unless that person is an advocate and has been consented in writing by the Public Prosecutor.

**24. Specify, by category of IPR and type of infringement where necessary, the penalties and other remedies that may be imposed:**

- **imprisonment;**
- **monetary fines;**
- **seizure, forfeiture and destruction of infringing goods and materials and implements for their production;**
- **other.**

The penalties for offences of applying false trade descriptions are under the Trade Descriptions Act 1972 as follows:

- For an individual, a fine not exceeding RM100,000.00 or imprisonment not exceeding three (3) years or both. For any subsequent offences, a fine not exceeding RM250,000.00 or imprisonment not exceeding six (6) years or both.
- For a body corporate, a fine not exceeding RM250,000.00 and for any subsequent offences, a fine not exceeding RM500,000.00.

For offences under section 41(a) to (f) of the Copyright Act 1987, the law provides for a fine not exceeding RM10,000.00 or an imprisonment of not exceeding five (5) years or both for each infringing copy. For any subsequent offences, a fine not exceeding RM20,000.00 or an imprisonment of not exceeding ten (10) years or both for each infringing copy. For offences under paragraph (g), a fine not exceeding RM20,000.00 or an imprisonment of not exceeding ten (10) years or both for each infringing copy. For any subsequent offences, a fine not exceeding RM 40,000.00 or an imprisonment of not exceeding twenty (20) years or both for each infringing copy. This concerns anyone who:

- makes for sale or hire any infringing copy;
- sells, lets for hire or by way of trade, expose or offers for sale or hire any infringing copy;
- distributes any infringing copy;
- possesses, otherwise than for his private and domestic use, any infringing copy;
- by way of trade, exhibits in public any infringing copy;

- imports into Malaysia, otherwise than for his private and domestic use, an infringing copy; or
- makes or has in his possession any contrivances used or intended to be used for the purpose of making infringing copies.

For an offence of causing a literary or musical work to be performed in public, the penalty is a fine not exceeding RM25,000.00 or an imprisonment of not exceeding three (3) years or both.

**25. Describe provisions governing the length and any cost of proceedings. Provide any available data on the actual duration of proceedings and their cost, if any.**

The duration of court proceedings generally depends on the complexity of the case and the volume or number of cases produced by the respective districts or states. Under the Trade Descriptions Act 1972, an investigation for an offence may take three (3) weeks while under the Copyright Act 1987, it may take six (6) weeks. Upon completion of the investigation, if there is a *prima facie* case, it will then be taken to court. Prosecution of a case would depend on whether or not the accused person pleads guilty to the charge, number of witnesses forwarded by the prosecution, complexity of the case and other issues brought by the defence attorney.

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