

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

INTELLECTUAL PROPERTY DIVISION (IPD),
MINISTRY OF DOMESTIC TRADE AND CONSUMER AFFAIRS,
MALAYSIA

**STUDY
ON
ENHANCEMENT OF INTELLECTUAL PROPERTY RIGHTS
ADMINISTRATION CAPACITY THROUGH UTILIZATION OF
INFORMATION TECHNOLOGY
IN
MALAYSIA
(PHASE 1)
(SUMMARY)**

JANUARY 2003

**UNICO INTERNATIONAL CORPORATION
FUJITSU TECHNO RESEARCH LIMITED**

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03-004

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Abbreviations

4GL	Fourth Generation Language
ADSL	Asymmetric Digital Subscriber Line
AIPN	Asian Industrial Property Network
APEC	Asia-Pacific Economic Cooperation
API	Application Program Interface
ASEAN	Association of South East Asian Nations
CD-ROM	Compact Disc Read Only Memory
CPU	Central Processing Unit
CS	Common Software
DVD	Digital Video Disk
EP	Europatent
EPO	European Patent Office
FSS	Figurative Search System
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GB	Gigabyte
GB	U.K. Patent
GDP	Gross Domestic Product
GNP	Gross National Product
HRD	Human Resource Development
HST	Hyper Script Tool
HTML	Hyper Text Markup Language
IC	Integrated Circuit
ICT	Information and Communication Technology
ID	Industrial Design
IDC	International Design Classification
IDF	Industrial Design Form
IMP	Industrial Master Plan
IP	Intellectual Property
IPD	Intellectual Property Division
IPDL	Intellectual / Industrial Property Digital Library
IPR	Intellectual Property Right
IPTC	Intellectual Property Training Center
ISDN	Integrated Services Digital Network
ISP	Internet Service Provider
ISP	IT Strategy Plan
IT	Information Technology
J/V	Joint Venture
JDBC	Java Data Base Connectivity

JP	Japan Patent
JPO	Japan Patent Office
K-Economy	Knowledge-based Economy
KIPO	Korean Industrial Property Office
KLCC	Kuala Lumpur City Center
KLIA	Kuala Lumpur International Airport
LAN	Local Area Network
LMW	Licensed Manufacturing Warehouse
MAMPU	Malaysia Administration and Management Planning Unit
MDC	Multimedia Development Corporation
MDTCA	Ministry of Domestic Trade and Consumer Affairs
MECM	Ministry of Energy, Communications and Multimedia
MINDS	Malaysian Invention and Design Society
MIPA	Malaysian Intellectual Property Association
MIPC	Malaysia Intellectual Property Corporation
MITI	Ministry of International Trade and Industry
MOE	Ministry of Education
MOSTE	Ministry of Science, Technology and Environment
MOT	Ministry of Trade
MSC	Multimedia Super Corridor
MSE	Modified Substantive Examination
NDP	National Development Policy
NEP	New Economic Policy
NITA	National IT Agenda
NVP	National Vision Policy
ODBC	Open Database Connectivity
OJT	On the Job Training
OPP	Outline Perspective Plan
PAJ	Patent Abstracts of Japan
PANTAS	Patents and Trade Marks Automation System
PC	Personal Computer
PCT	Patent Cooperation Treaty
PIA	Promotion of Investment Act
PIKOM	Persatuan Industri Komputer Dan Multimedia Malaysia (Association of the Computer and Multimedia Industry of Malaysia)
R&D	Research and Development
RDBMS	Relational Database Management System
RIP	Rural Internet Program
RM	Malaysia Ringgit
SE	Substantive Examination
SIRIM	Standards and Industrial Research Institute of Malaysia

SPLT	Substantive Property Law Treaty
TCP/IP	Transmission Control Protocol / Internet Protocol
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
UKPO	United Kingdom Patent Office
USP	United States Patent
USPTO	United States Patent Office
VSS	Verbal Search System
W&IS	Workflow and Imaging System
WCT	WIPO Copyright Treaty
WIPO	World Intellectual Property Organization
WLL	Wireless Local Loop
WO	WIPO (PCT) Application
WO (PCT)	WIPO (PCT) Application
WPPT	WIPO Phonograms and Performances Treaty
WTO	World Trade Organization
WWW	World Wide Web
XML	eXtensive Markup Language

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Part I: Outline of the Study and Organization of the Report

1 Background, Objective and Scope of the Study

1.1 Background of the Study

The strong economic expansion in Malaysia in the late 1980's and afterwards spearheaded the unprecedented growth of the Asian economy - what was referred to as the "East Asian miracle" - with the average annual growth rate reaching an impressive 8.7%. At the same time, however, a labor shortage became apparent and a continued increase in the country's current account deficit surfaced as a side effect of industrial development that increased the imports of equipment and materials significantly. To overcome this situation, the government decided to promote industrial development that does not depend upon a low-cost labor force, and as a key objective to achieve such industrial development, it announced a structural reform to develop the knowledge-based economy, referred to as the "K-Economy," focusing on the upgrading of technology levels and management capabilities, the strategic expansion of R&D activities, active use of information and communication technology (ICT), and the enhancement of education and training.

As the core of the engines for knowledge-based economic development, the Second Industrial Master Plan (IMP2, 1996 – 2005), which provides a guideline for the country's current industrial policy, proposes the "Manufacturing ++" concept as a future vision for industrial development in Malaysia. The concept envisages the transition from the conventional type of assembly industries to those characterized by capabilities in the field of R&D, design, distribution, and marketing, thereby to encourage their mutual linkages and increase value added.

To materialize the objectives' concept, efforts are to be made to promote the development and upgrading of technical and creative capabilities, including indigenous R&D and design resources, while introducing advanced technology and management know-how to support development of such capabilities. In this connection, the development of an effective legal and administrative system to protect intellectual property rights (IPR) plays a critical role.

In fact, application for the intellectual property rights in the country has been growing rapidly in response to the major change in the country's economic and industrial policies as well as the growing number of cases of technology transfer from the foreign countries.

1.2 Request for the Study

Under the above-cited economic background, Malaysia has been developing the

institution and system needed to facilitate technology transfer from industrialized countries. It has joined basic international treaties relating to IPR, including the Paris Convention, the Berne Convention, and the WIPO Treaty. Also, it ratified the WTO TRIPS Agreement and has been developing the legal and administrative systems to meet the minimum standards for IPR protection, which are mandated to signatory countries.

At the same time, modernization of the IP administration system has progressed rapidly in cooperation with the WIPO and other organizations. The Intellectual Property Division (IPD), responsible for administration in the field, has built a computer-based system (PANTAS: Patents and Trade Marks Automation System) to manage the processing of patent and trademark applications, that has been in use since the mid-1990s.

However, the system has still to be perfected to maximize the efficiency of IPD's work. The system has not been enabled to handle some areas of IP and the administration processes and is unable to be adapted to certain changes in the legal and administrative system.

To promote a further modernization of the IP administration system, the Government of Malaysia made a request for the present development study to the Government of Japan in August 2001.

In response, the Japanese government sent a preliminary study team to Malaysia in March 2002 and discussed with the Malaysian counterpart a general framework, contents and other particulars of the development study. They agreed and signed the Scope of Work that defines the details of the development study.

1.3 Objective and Contents of the Study

The primary objective of the present study is to seek to ascertain the ways to upgrade IP administrative service capabilities of the Malaysian government through the effective use of information technologies. An emphasis is placed on administration work in the fields of IP administration, including the processes of application, examination, registration, and search.

In the preparatory discussion, the Malaysian counterpart raised the following issues to be addressed particularly in the development study:

- Formulation of a system of the overall industrial design administration utilizing IT
- Upgrading of the patent document search system environment for patent examination

- Upgrading of the trademark figurative search system environment

The present study is positioned as Phase 1 of the “Study on Enhancement of Intellectual Property Rights Administration Capacity through Utilization of Information Technology in Malaysia”, to be followed by the Phase 2 study. Major activities in each phase are described as follows¹.

Phase 1

- (1) Overall review of the current state of intellectual property administration and examination (patent, trademark, design, and geographic indication)
- (2) Basic design for the pilot computer system development for improvement of efficiency in IPR administration in the following areas:
 - 1) Overall administration of industrial design application;
 - 2) Upgrading of the system environment for patent document search; and
 - 3) Upgrading of the figurative search system for trademark applications.

Phase 2

- (3) Development of the selected pilot computer system and its implementation test
- (4) Development of recommendations on future plan of IPD for further utilization of IT in IPR administration

The Phase 2 study will be finalized upon completion of the Phase 1 study, through discussion between the Japanese side and the Malaysian side, as to whether the study will be continued and what scope it will have.

Study area

The study is conducted Kuala Lumpur, Malaysia.

¹ Among them, activities related to the “Upgrading of the figurative search system environment for processing of trademarks applications” are confined to the analysis of the current state and major issues because the Malaysian side intends to implement it as a part of the on-line filing and searching system that is currently under development. No system design has been carried out on this aspect.

2 Study Procedures and Organization of the Report

2.1 Outline of Study Procedures

The present study was conducted in three stages. The first field survey was carried out to agree on the general study plan and its detailed content, and to investigate the current conditions of the study subject.

Following the first field survey, the study team conducted the first stage of home-office work in Japan, by which means the survey results were analyzed and a conceptual design of the system was developed. Then, the second field survey was conducted to agree on the system concept and to conduct detailed surveys for the basic design.

The second stage of home-office work was conducted to develop the basic system design on the basis of the agreed development concept and the results of detailed surveys. The overall results were compiled, together with the results of surveys and analyses made up to that point, as a draft final report, which was submitted to the Malaysian counterpart. During the third field survey, the study team made a presentation and held discussions on the draft final report with the counterpart.

2.2 Organization of the Final Report

The report consists of two volumes: “Summary” and “Main Report” (Figure I-2-1). The final report covers all aspects of the present study, including the content of the progress reports made and submitted during the second field survey.

“Part 1: Outline of the Study and Organization of the Report” describes the objective, scope and implementation outline of the study. “Part 2: Intellectual Property Protection System in Malaysia and Background of IT Utilization in the Administration” analyzes the country’s socioeconomic conditions, the IPR protection system and the related administration system, and the needs for IT utilization in improvement of the intellectual property administration system. “Part 3: Current Situation of Intellectual Property Administration System of IPD, and the Application Management and Examination / Search Process” analyzes intellectual property registration systems in detail and IPD’s application management and search services. Finally, “Part 4: Study and Basic Design of Intellectual Property Administration Capacity Enhancement of IPD using IT” proposes a strategic direction for IT utilization in IPD’s application management process, and search and examination processes. In particular, the basic concept of IT based process automation is proposed to meet the main goals of upgrading efficiency of industrial design administration service and upgrading the foreign patent document search system environment, on the

basis of detailed analysis of the present process. Then, basic system design is developed and proposed.

Figure I-2-1 Organization of the Report

● Summary

● Main Report

- I. Outline of the Study and Organization of the Report
 - Objective, scope and implementation outline of the study
- II. Intellectual Property Protection System in Malaysia and Background of IT Utilization in the Administration
 - Social and economic background
 - IPR protection system and their administration system
 - Outline of the IT utilization plan in Malaysia and within the Malaysian government, and the current state of progress
- III. Current Situation of Intellectual Property Administration System of IPD, and the Application Management and Examination / Search Process
 - IPD overview
 - The outline of the present system for application processing and searching
 - The patent and utilizing model system and its administration and examination process
 - The trademark system and its administration and examination process
 - The industrial design system and its administration and examination process
- IV. Study and Basic Design of Intellectual Property Administration Capacity Enhancement of IPD using IT
 - Basic consideration for IT utilization
 - Streamlining of the overall industrial design administration system
 - Upgrading of the patent document search system environment
 - Upgrading of the figurative search system environment for trademark application processing

**Part II: Intellectual Property Protection System in
Malaysia and Background of IT Utilization
in the Administration**

1 Social and Economic Background

1.1 Socioeconomic Indicators

Key indicators showing the country's socioeconomic conditions are summarized in Table II-1-1.

**Table II-1-1 Key Economic Indicators
(as of 2000)**

		Total	Peninsula	Sabah	Sarawak
Land areas	(km ²)	330,113	131,666	73,997	124,450
	(%)	100.0	39.9	22.4	37.7
Population	('000)	23,263	18,590	2,603	2,071
	(%)	100.0	79.9	11.2	8.9
Population density		70.5	141.2	35.2	16.6
GDP	(RM mil.)	209,400	142,036	15,000	52,364
	(%)	100.0	67.8	7.2	25.0
GDP per capita	(RM)	9,000	11,264	5,762	25,284
	(US\$)	2,368	2,964	1,516	6,654
Unemployment	(%)	3.4			
Rate of price increase	(%)	1.6			

Malaysia has a population of approximately 23 million and around 80% (18.6 million) live in the peninsula. The country's GDP totaled RM210 billion (US\$55.26 billion) in 2001 (preliminary figure). Per capita GDP is US\$2,400.

The unemployment rate is relatively low at 3.4%, while the inflation rate has been stable at 1.6% compared to 1999. Manufacturing industry is the largest industrial sector and holds nearly a 30% share.

1.2 The Present Development Goal

Clearly, a major factor for Malaysia's economic growth are primary products made in plantations (estates), such as palm oil, rubber and cocoa, and petroleum and natural gas, the export revenues of which have fueled economic development. In addition, exports of electronic products and textile products has increased their weight in the late 1980s, and strong investment, technology transfer and global market access provided by foreign

capital have contributed significantly to this performance.

At the same time, the high economic growth caused a labor shortage in the country where the workforce is relatively small, and labor costs rose rapidly in comparison to neighboring countries. The per capita GDP soared 60% between 1990 and 1995, reaching RM9,786 (US\$4,000), and the unemployment rate declined to 2.8%, considered to be near full employment.

As a result, labor-intensive industries depending upon low-cost labor lost their advantage in Malaysia. This is reflected in the economic development policy in place after the late 1990s, which emphasized the departure from labor-intensive production. It was first indicated in 7th Malaysia Plan (MP7), which advocated a transformation from an investment-driven economy to a productivity-driven one (by upgrading technical capability, deepening of capital, and efficiency of corporate management). Then, it decided to terminate promotion of labor-intensive industries (capital investment per employee of RM55,000 or less) and set key targets to achieve the goal, such as the target level of R&D investment as 1% of GDP and the share of college graduates majoring in science and technology at 43% in 2000.

Also, the Multimedia Super Corridor (MSC) plan was proposed and Multimedia Development Corporation (MDC) was established as the official organization responsible for implementation of the plan.

Further, the 2nd Industrial Master Plan (IMP2) proposes the “Manufacturing ++” concept to focus on the development of R&D, design, distribution and marketing capabilities in order to depart from the conventional assembly production.

At present, Malaysia’s economic development is guided by the 3rd Outline Perspective Plan (OPP3) and the Eighth Malaysia Plan (8MP) that sets forth a specific economic development plan for the first five years of OPP. 8MP aims to accomplish Vision 2020 (to become an industrialized country by 2020) and proposes structural reforms to create a “knowledge-driven” economy as a key device to achieve the vision. Generally referred to as K-Economy (knowledge-based economy), the main concept here is the strengthening of Malaysia’s capability to innovate; adapt and create indigenous technology; and design, develop and market new products, thereby providing the foundation for endogenously-driven growth. In particular, the plan calls for the upgrading of technology and managerial capability, aggressive expansion of R&D activities, effective use of information and communication technologies, and further augmentation of education and training.

1.3 Importance of IPR Protection for Development of the Knowledge-Driven Economy

To promote the structural reform to the knowledge-driven economy, it is critical to have a system and institution to support technology transfer. In Malaysia, technology transfer has been made as a part of foreign direct investment. In the future, however, the technology imports by local enterprises in the form of joint ventures, or by licensing, should be encouraged in addition to conventional foreign direct investment.

In this context, it is imperative to create and maintain an environment that ensures that the provider (licenser) will be able to gain an appropriate return. Thus, Malaysia needs to develop not only infrastructure to encourage technology transfer, including optimization of legal control and oversight of licensing and foreign investment, but also a legal and other systems to assure proper protection and enforcement of IPR.

1.4 Needs for IPR Protection and the Efficient Administration System

To achieve the knowledge-intensive society, it is important to encourage creative activities such as invention, innovation and design, which give birth to IPR. Creative activities can be encouraged by properly protecting their fruits as a legal right. At the same time, there must be a system to make existing IPR known to the public, so as to encourage creative activities while contributing to prevention of duplication of efforts, and while also promoting effective use of the existing rights by making them available for commercial use.

At the same time, such efforts should be incorporated into a formal system and institution that is internationally acceptable in order to meet the needs arising from globalization of economic activities. It should harmonize with an international framework that has been developed as part of multilateral efforts.

In developing the international framework for IP protection, a major bottleneck has surfaced: the long period required from application to granting of legal rights (registration) of IPR. As the number of patent and other applications is growing rapidly in many countries, the streamlining of the examination process is in high demand. The delay in the processing of IP applications often hinders proper protection and use of inventions and innovations for an unduly long period of time.

As discussed later, Malaysia has already been making various efforts to improve efficiency of the IP administration system and service. Yet, it still takes nearly seven years until an applicant is granted a patent.

The present study was therefore conducted to develop a plan for continuous improvement of the IP application management work and related administrative service.

2 Intellectual Property Protection System in Malaysia and Overview of the Administration System

2.1 Intellectual Property Protection in Malaysia

The intellectual property protection system in Malaysia covers the following six rights.

1. Patents
2. Trademarks
3. Industrial designs
4. Geographical indications
5. Layout designs of integrated circuits
6. Copyrights

The Patents Act provides for utility models.

Among them, the trademark protection system established in 1976 is the oldest, followed by that for patents in 1983, copyright in 1987, and industrial design in 1996. Then, as the country ratified the WTO TRIPS agreement in 2000, legal protection systems for geographical indications and IC layout designs were introduced.

2.2 Legal System and International Involvement for IP Protection

2.2.1 Legal system

Malaysia gained independence from the U.K. in 1957 and became the Federation of Malaya consisting of Malaya, Sabah and Sarawak. Later, it has become Malaysia, and the intellectual property protection system has changed accordingly. Originally governed by the British legal system, IP protection was transferred to the three different legal systems in Malaya, Sabah and Sarawak upon independence, and the systems have since been integrated into the present unified system. Because of its history, the present IP laws and their execution ordinances contain various provisions to ensure smooth transition from the previous legal systems.

2.2.2 Malaysia's international involvement for IP protection

(1) Participation in International Treaties and Organizations

Malaysia is a member nation of the Paris Convention¹ and the World Intellectual Property Organization (WIPO)², effective January 1, 1989. It also joined the Berne Convention³ on October 1, 1990, marking full-scale involvement in the basic institution that forms an international framework for protection and management of intellectual property rights.

Malaysia stepped forward by ratifying the WTO TRIPS agreement on January 1, 1995, to make an international commitment to clear the minimum standard for IP protection and develop the legal procedures to enforce the rights, which are mandated as trade aspects of IP protection. And the amendment and enactment of relevant national laws and regulations have been made to fulfill the commitment.

On the other hand, the country has still to sign international treaties relating to international registration of intellectual property, such as the Patent Cooperation Treaty (PCT), the Madrid Protocol on registration of emblems and ensigns, and the Hague Protocol on international registration of designs.

The country is expected to sign the following IP-related treaties in the near future.

- PCT
- Budapest Treaty

(2) Regional cooperation

Within the region, Malaysia is a member of the following organizations that conduct IP protection activities:

- Asia-Pacific Economic Cooperation (APEC)
- ASEAN Economic Cooperation
- ASIA-EUROPE Economic Arrangement

¹ The treaty was concluded in 1883 with the ultimate objective of protecting industrial property rights in the international context. It was amended several times since then. Under the Paris Convention, signatory countries form a federation to coordinate matters that can be internationally harmonized, while accepting intellectual property rights established in each country. The matters that cannot be coordinated within the framework of the Paris Convention are subject to a special agreement.

² An inter-governmental organization under the United Nations, as established pursuant to the "Treaty on the Establishment of the World Intellectual Property Organization" that was signed in Stockholm in 1967. WIPO is also a successor of BIRPI (Bureaux internationaux reunis pour la protection de la propriete intellectuelle) that has integrated the international secretariats for the Paris and Berne conventions by incorporating these functions, while serving as the international secretariat for the PCT and a receiving agency of international filing of patents.

³ Treaty on the Protection of Copyrights; signatory countries form a federation.

(3) International levels of cooperation

In addition to the international and regional levels of cooperation, IPD is active in establishing and maintaining collaborative relations with patent offices (or intellectual or industrial property offices), including the following:

- European Patent Office (EPO)
- Japan Patent Office (JPO)
- United Kingdom Patent Office
- Australian Industrial Property Office (IP Australia)
- Others (KIPO, ASEAN IP Offices⁴)

(4) TRIPS agreement

Upon ratification of the TRIPS agreement, the existing laws were amended in 2000 (enacted in August 2001). Also, the following laws were newly enacted as required by TRIPS.

- Geographical Indications Act
- Layout Designs of an Integrated Circuits Act

2.2.3 Administrative organization

The Ministry of Domestic Trade and Consumer Affairs (MDTCA) is responsible for public administration relating to intellectual property protection, and the Intellectual Property Division (IPD) is in charge of field operation of the IP protection system.

2.3 IP-related Organizations

Malaysia has various private organizations engaged in IP-related activities, as in other countries, in addition to public organizations authorized under the IP laws. Some of them maintain the collaborative relationships with counterpart organizations in other countries. Nevertheless, not all of the organizations are active. They are classified into the following types.

- 1) Persons and organizations that provide services of the agents who are defined under the IP laws. In fact, these organizations are most closely associated with IP application and registration and thus have the close relationship with IPD. SIRIM and MIPA are prominent organizations in this category.
- 2) MINDS (Malaysian Invention and Design Society) is an organization to encourage

⁴ IPD meets with patent offices (or IP offices) in ASEAN countries bi-annually to discuss the issues relating to intellectual property and promotion of regional harmonization between ASEAN countries.

invention and disseminate information on invention.

3 IT Utilization Plans in Malaysia and within the Malaysian Government

3.1 Outline of Government-led IT Plans

Malaysia emphasized use of ICT for its development along the line with the goal of K-Economy (or Knowledge-based Economy).

The first step toward K-Economy was taken in the mid 1990s, when two national initiatives - National IT Agenda (NITA) and Multimedia Super Corridor (MSC) Plan – were launched. To support these initiatives, various efforts were started in the fields of human resource development (HRD), science and technology (S&T), research and technology (R&D), information infrastructure (“infostructure”), and financing. An emphasis is also placed on an effort to prevent a knowledge divide from arising in the process.

As for development of the communication infrastructure, an emphasis is placed on the reduction of the digital divide through promotion of purchase of personal computers and gaining access to the Internet. As for construction of high speed communication backbones for Internet use, networks connecting key nodes, such as KLCC, KLIA (the new airport) and Cyberjaya, have been completed, whereas plans for networking to existing cities and rural regions have just commenced.

3.2 Coordination of Government IT Plans and the Potential Effect on the Present Study

Malaysia Administration and Management Planning Unit (MAMPU) is responsible for ensuring technical consistency among IT projects implemented by various government agencies and organizations.

Each agency is required to submit its IT Strategy Plan (ISP) to MAMPU, which monitors the progress of ISPs. MAMPU has developed and distributed a guideline for ISP development to agencies. In August 2002, it planned to construct a standard data dictionary for ICT and plans to publish it on its Web-site and in printing.

While IPD’s IT plan is not directly linked to other government IT plans, it will contribute to promotion of E-Government. In particular, the on-line application and search system that is currently under development will help promote E-Public Services, and the work processing system will allow the government to gain experience and know-

how applicable to other IT projects.

On the other hand, the progress of other IT plans, especially the upgrading of the communication environment, will help improve the quality of IPD's on-line service by facilitating access to the system and database, thereby to allow the on-line service users and the IPD examiners to obtain necessary data and information quickly and efficiently, such as foreign patent documents and IPR protection system in other countries.

**Part III: Current Situation of Intellectual Property
Administration System of IPD, and the
Application Management and
Examination/Search Process**

1 Overview of IPD

1.1 Overview of IPD

(1) The IP protection system and IPD

The IPD (Intellectual Property Division) is primarily responsible for operation of the IP administrative system, which covers copyrights and industrial property rights.

The laws governing patents, trademarks, and industrial designs assume the following organs:

- 1) Patent Registration Office (Article 9 of Patent Act), Central and Regional Trademark Offices (Article 5 of Trademarks Act), and Industrial Design Registration Office (Article 5 of Industrial Design Act) which are in charge of operation and administration.
- 2) Minister
- 3) Registrar, deputy registrar, assistant registrar

IPD is an organ designated as (1) above with the officials in (3) to perform their duties.

(2) IPD's objectives and major service areas

IPD provides service in the following four areas.

- 1) IP registration: Patents/utility models, trademarks/service marks, industrial designs, geographical indications (no registration is made for copyrights and IC design layout rights).
- 2) IP advisory service: at the IPD offices, by e-mail, and by telephone
- 3) Public search facilities for patents, trademarks and industrial designs
- 4) Information dissemination through notification and distribution at the IPD offices, Web publishing, and preparation of textbooks for examiners used at IP Training Center

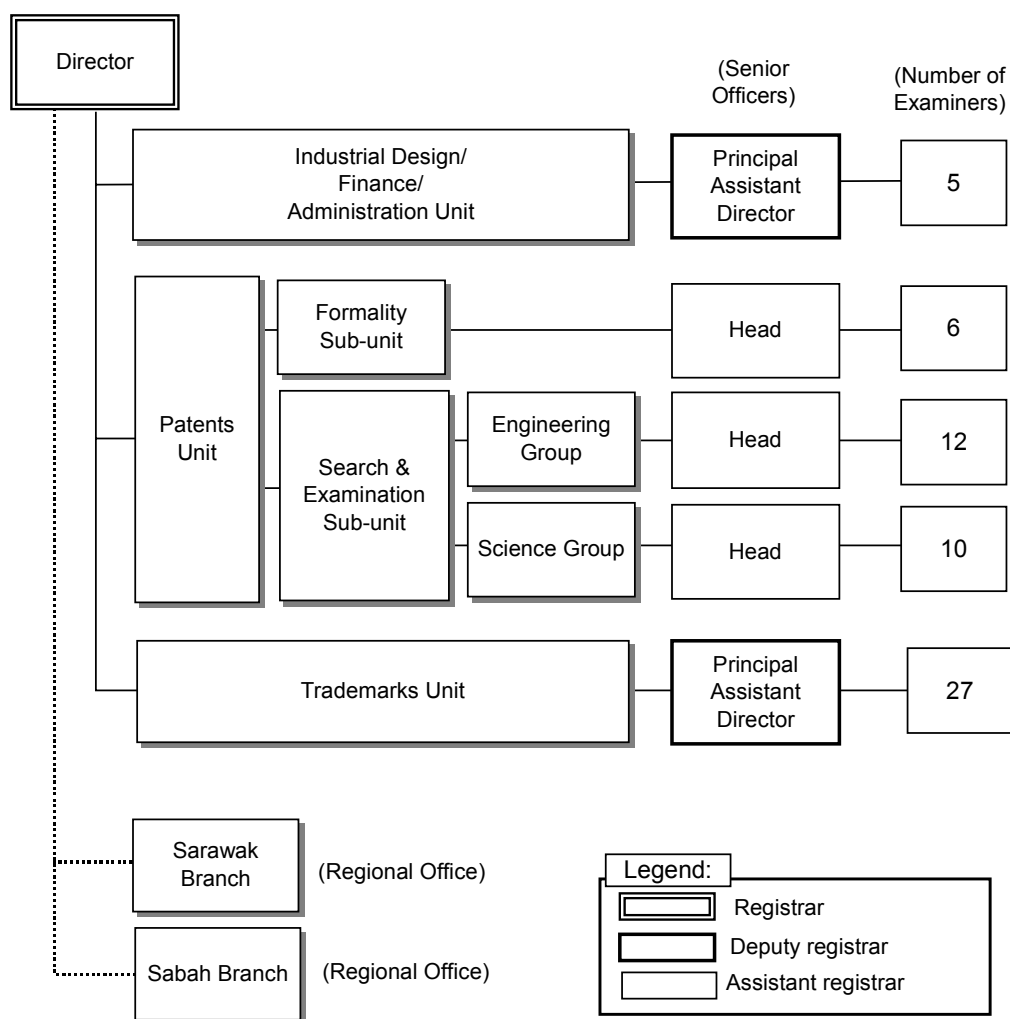
1.2 Organization and Staffing

IPD is a division of MDTCA. It is headed by Director, who serves as Registrar as designated by each of the IP laws and he is the only Registrar appointed according to the IP laws.

Within the IPD, there are three operational units responsible for patents, trademarks and industrial designs, respectively (Figure III-1-1), with five senior officers. Two senior officers are Principal Assistant Directors and serve as the heads of Industrial Design /

Finance / Administration Unit and Trademarks Unit respectively. They also serve as Deputy Registrars. Other three senior officers are the heads of three sub-units of the Patents Unit (Formality Sub-unit; and Engineering Group and Science Group of Search & Examination Sub-unit).

Figure III-1-1 Organization Chart of IPD



Trademarks and IC layout rights are handled by two officers working directly under the Director. Geographical indications are handled by one Trademark Examiner at the Trademarks Unit.

The examiners working in the above units and sub-units serve as the Assistant Registrars.

IPD has regional branches in Sabah and Sarawak, which are equivalent to Regional

Offices as provided for by the IP laws. No other regional office is provided. The branch offices merely receive (not accept) applications and transfer them to the head office. They also provide advisory service. Furthermore, Sarawak Branch provides post-registration services for trademark owners.

1.3 Staff Training and Dissemination Activity

Whereas the Administration Unit is responsible for information dissemination activity at the IPD offices, the IPTC (IP Training Center) conducts public education (information dissemination for the general public) and examiner training programs. IPTC is located within the Training Center for Government and is operated by the IPD.

1.4 Reorganization of IPD to a Public Corporation

At present, the IPD is a division of MDTCA. It will be reorganized to a public corporation, Malaysia Intellectual Property Corporation (MIPC), in the near future.

2 Outline of the Present Computerized Application Management System and the Search System

2.1 System Outline

IT utilization on application, examination, and registration process

The application, examination and registration services, particularly those for patents and trademarks, comprise the work area where process automation using a computer system is most desirable because of the substantial backlogs. IPD already has a computer system, PANTAS (Patents and Trade Marks Automation System), which has been in use since December 1997. The system is more or less operating smoothly for patent application and patent data are stored using the dedicated software called CS (Common Software). However, improvement is necessary for the foreign patent document search system that is used in the examination process.

As for trademark application, the system handling character-based trademarks is more or less operating efficiently. Figurative trademarks (including those with letters together) however, can only be searched manually, because the search system that had been planned to be introduced, called FSS (Figurative Search System), was found to have a problem related to classification. Some data stored in the FSS are being exported to the CS, and new data are stored in the CS, but no search tool has been developed.

Industrial design registration system was introduced very recently (in 1999) and the applications are entirely processed manually. As applications grow in number, however, the need for computerization grows.

Finally, geographical indications, which registration was started in 2000, do not need computerization for the time being as no application has been filed.

IT utilization on public search service

Public search service is provided by manual procedures or similar means rather than the computerized information service system as used in many countries, such as Intellectual/Industrial Property Digital Library (IPDL).

For patent and trademark (character) search, the user can use a public-access personal computer in the search room (next to the application counter), from which a search can be made using the CS query service. On the other hand, figurative trademarks (including partial ones) and industrial designs need to be searched by looking into drawing file books kept in the search room.

Recently, applications from SMEs (particularly for trademarks) are increasing and the

search service is increasingly used to check prior applications. As manual search takes considerable time and effort, not to mention the risk of oversight, the need for early improvement has been expressed by users, patent agents in particular.

IPD is currently building on-line application and search service systems, which was tested in December 2002. The full-scale operation is scheduled in April 2003. The on-line systems will cover patent and trademark applications, their on-line search, and collection of service fees.

2.2 PANTAS

2.2.1 Software configuration of PANTAS

PANTAS consists of the following subsystems:

- 1) Management of administration and procedures: CS (Common Software)
- 2) Input of electronic images of application documents: W&IS (Workflow and Imaging System)
- 3) Patent and trademark search: VSS (Verbal Search System) and FSS (Figurative Search System)
- 4) Foreign patent document search: MIMOSA and Bibliographic

PANTAS's software configuration is shown in Figure III-2.2-1.

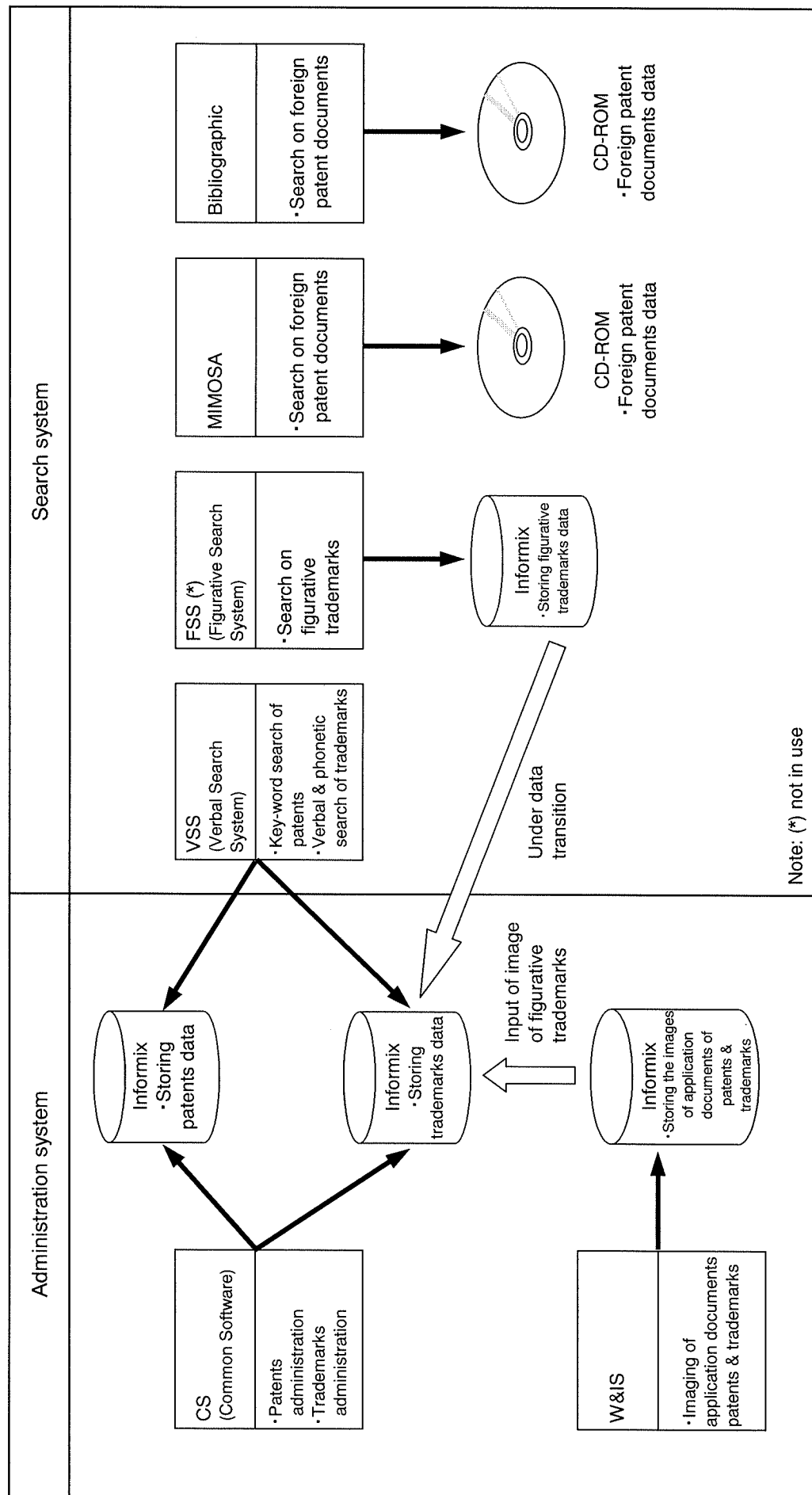
(1) Software for management of administration and procedures

Applications accepted by the IPD are input to the CS, except for image data of figurative trademarks. The application data are viewed, updated and used in the subsequent process, including formality and substantive examinations, registration, and publication, via the CS.

At the same time, all application documents are recorded as image data in W&IS, which serve as electronic files to replace paper¹. In fact, W&IS is used only for data imaging and storing. In the case of figurative trademarks (including trademarks containing figures), figurative portions are taken out of the image data and are stored in the CS.

¹ At present, paper files are also kept in custody.

Figure III-2.2-1 Outline of Software Configuration of PANTAS



(2) Search software

There are two types of search, internal search conducted by examiners in the examination process and public search conducted by outside users. For search by examiners, VSS is used to search patent data stored at IPD. Search covers the data stored in the CS. Foreign patent document data are provided on CD-ROM by EPO, USPTO and JPO and are searched by MIMOSA and Bibliographic. Also, the IPD accesses IPDL of foreign patent agencies via the Internet.

As for trademark search for examination purposes, character data are searched by VSS, which views data stored in the CS. Figurative trademarks and trademarks containing figures are manually searched because the plan to use the FSS was abandoned due to the classification problem.

None of the above systems are used for public search. Patent and character-based trademark data can be searched using the CS's query function, but figurative trademarks and trademarks containing figures have to be manually searched.

2.2.2 Stored data volume

At present, PANTAS stores data on 360,000 trademarks and over 53,000 patents as of July 2002. Trademark data have been stored since 1934 and patent data since 1986.

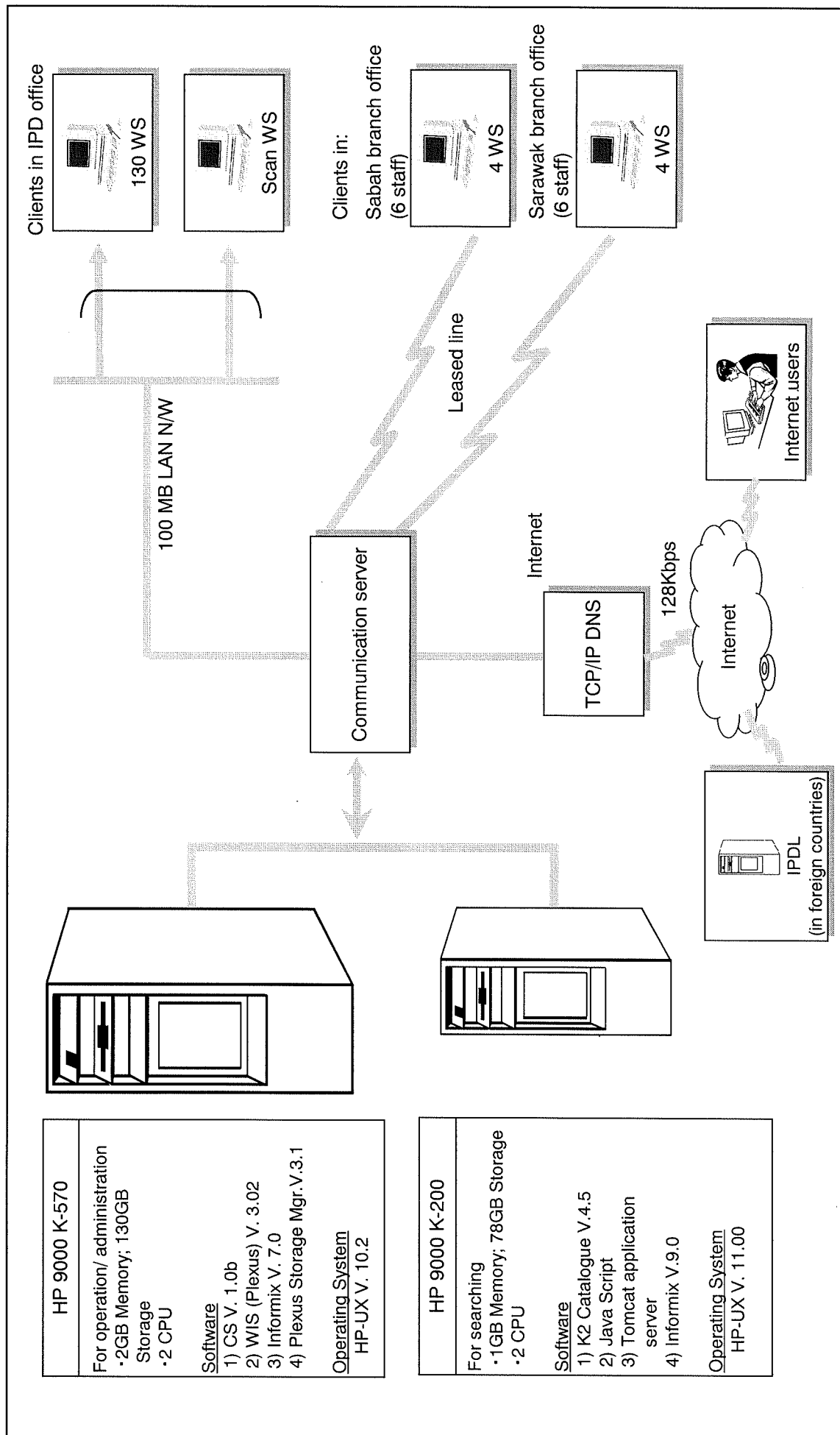
2.2.3 Hardware configuration of PANTAS

IPD's present computer system that runs PANTAS is based on client-server architecture. The networking configuration is illustrated in Figure III-2.2-2.

(1) Server systems

There are two server systems, one running on K-570 (HP9000) and used for business processing, and the other running on K-200 and used for search. The two server systems are physically connected, but not logically connected. Thus they do not provide mutual backup by mirroring and there is no backup in the case of system failure. Backup copies of data are created and stored in the external storage for each system.

Figure III-2.2-2 Hardware Configuration in IPD



(2) Client system

The client system consists of 130 workstations, which are primarily used by the business process system that handles patent and trademark application processing (CS clients).

The Sabah and Sarawak offices have 4 workstations each and these are connected to the server at IPD's head office via leased lines.

(3) Internal network

The two server systems and 130 workstations are interconnected via a communication server to form a 100Mbps LAN.

(4) External networking

IPD's systems are connected to external networks (Internet) via the communication server, using TCP-IP protocol and at the rate of 128Kbps.

2.3 CS (Common Software)

CS is the core software of PANTAS for patent and trademark application management.

2.3.1 Structure of software

(1) Composition of software

CS is designed based on server-client architecture and operated on the following software configuration.

On the server side only Informix Database is installed (databases are managed separately for patents and trademarks) and Common Software program made with HST (Hyper Script Tool) is installed in the client terminal that communicates to the server via ODBC (Open DataBase Connectivity) and communication control API (Application Interface) that is called I-net provided by Informix.

(2) CS software module

Hyper Script Tool is adopted as a development language of the CS software program installed in the client terminal.

The folders for storing modules are divided by each CS operation main screen, and the aforementioned three files are stored in each folder. CS Ver. 1.0 has the customized module for the IPD's use. The individual file storage folder "My" exists as a lower

folder of the object folder in case of modules exclusively customized for Malaysia.

2.3.2 Feature of CS (Common Software)

(1) Flexible system design to suit various operational requirements in each country

CS is modulated to be applicable to the business forms used in each country, and in addition, the parameter setting is designed to be versatile. These are considered to be major factors contributing to CS be used by many the IP agencies.

(2) Convenient user interface

After logging on, the top menu is controlled by the security function of CS, and only the list of the menu of the department to which the user belongs is displayed.

(3) Security function

Putting the restriction on the business menu that can be used according to individual log-on information becomes possible by setting the security level at the group management level to which the registered user belongs and each registration ID, and also setting the security level for individual businesses.

The above security function restricts access to the external business screens and allows the external contract operators with low-level security clearance to access only the limited operational menu. Thus, proper security is ensured. The security level can be set at up to four stages.

(4) Manipulatory feature

User's stress has been reduced by limiting the access concentration on the server by means of adopting client server soft composition which enables quick transit to the next screen.

On the other hand, there have been many issues, in terms of minute points at the time of accessing the CS, as follows;

1. The education program of the provider was poor
2. Inadequate service related to offering the manual to the user, so users had to learn how to use the system by themselves
3. There was no help for software etc.

However, the users as a whole are satisfied at the present stage because operation has already been carried out on a stable basis for a long term, and the users have become accustomed to the system.

3 The Patents and Utility Innovation Registration System, and the Administration Management and Examination Process

3.1 Legal System and the Country's Participation in International Treaties

(1) The present legal system

The present legal system for protection of patent/utility innovation in Malaysia is based on the Patents Act of 1983 (Act 291) and Patents Regulations of 1986 (enacted on October 1, 1986).

The Act was amended in 1986 (Act 648), 1993 (Act 863, enacted on August 1, 1995), and 2000 (enacted on August 1, 2000) to reflect the country's ratification of WTO's TRIPS Agreement (Agreement on Trade Related Aspects of Intellectual Property Rights, dated January 1, 1995).

Utility innovation is also protected within the framework of the Patents Act.

(2) International treaties

Regarding international treaties related to patent systems, Malaysia is a signatory of the Paris Convention, having signed it on January 1, 1989.

The country is a member of WIPO (1989), GATT (1957) and WTO (1995). Note that, upon its ratification of the WTO/TRIPS agreement, the government amended the Patents Act on August 1, 2000 for harmonization purposes. Also, Malaysia has implemented a TRIPS review twice so far (as of July 2002), in November 11, 2001 and in June, 2002.

To further adapt itself to globalization of the patent system, the country is currently in the process of legislation or other procedures to accede to:

- The Patent Cooperation Treaty (PCT)
- The Budapest Treaty²

(3) Application of modified substantive examination

The country applies the modified substantive examination procedure to the following "prescribed countries;" U.K., U.S., Europe and Australia. In addition, modified

² Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure

substantive examination will be applied to Japan, starting on July 1, 2002³, and the government has already completed the required domestic procedures.

3.2 Current State of Patent Application, Registration and Extension

(1) Annual patent application and registration trends

Tables III-3-1 to III-3-2 show the recent changes in the number of patent and utility innovation applications received (from October 1986 to June 2002) and granted (from October 1988 to June 2002). The number of applications grew rapidly year after year up to 1997, and it somewhat stabilized in the range between 5,500 and 6,500 thereafter. The number of applications granted grew steadily and reached 1,800 in 1996, and declined rapidly between 1997 and 2000. In 2001, as the CS became fully operational and IPD doubled the number of examiners, it significantly improved its work capacity and the number of applications granted rose to around 1,500 per year⁴. Nevertheless, IPD still has a large backlog that has accumulated in the past and is in the process of processing applications filed in 1996.

Table III-3-1
Patent and Utility Innovation Application Received

	1998	1999	2000	2001	June. '02
Malaysia	193	218	206	271	167
Japan	1,276	1,178	1,278	1,287	457
U.S.A.	2,157	2,154	2,203	1,931	800
U.K.	382	343	324	222	144
Germany	485	530	542	588	214
Others	1,470	1,412	1,674	1,635	698
Total	5,963	5,835	6,227	5,934	2,480

Table III-3-2
Patent and Utility Innovation Application Granted

	1998	1999	2000	2001	June. '02
Malaysia	21	39	24	20	11
Japan	118	173	94	402	173
U.S.A.	213	245	139	522	254
U.K.	55	58	34	92	36
Germany	24	40	23	76	43
Others	135	166	91	373	176
Total	566	721	405	1,485	693

Source: IPD

Note that IPD does not maintain application data on utility innovation, but it estimates that applications for utility innovation represent less than 1% of the annual total figures.

³ The MSE will be applied to the applications filed on and after the date retroactively.

⁴ Partly because examination was started for applications subject to modified substantive examination.

(2) Foreign applications filed and granted

Local applications⁵ account for only 4% of total applications made since 1986, and foreign applications hold a dominant share.

Of foreign applications, U.S. applicants account for 35%, followed by Japanese (20%), German (7%) and British (7%).

(3) Breakdown of applications granted by field

Table III-3-3 summarizes the changes in the number of patent applications granted between 1988 and 2002 (June), by field (section). Of total applications granted up to June 2002, chemistry and metallurgy hold the highest share of 28%, followed by human necessities 18%.

**Table III-3-3 Recent Trend in Patent Applications Granted
(Annual Total: 1988 and 2002 (June))**

Section	88-92	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Total	%
Human necessities	727	215	260	336	285	150	104	132	61	155	102	2,527	18.11
Performing operations; ¹⁾	553	169	267	268	323	138	98	112	59	233	104	2,324	16.66
Chemistry; Metallurgy	818	503	505	542	483	196	141	191	110	288	179	3,956	28.36
Textiles; Paper	42	15	12	27	31	13	4	9	8	18	3	182	1.30
Fixed constructions	154	37	71	48	76	32	18	21	19	44	13	533	3.82
Mechanical engineering; ²⁾	174	52	79	61	103	45	31	49	42	102	45	783	5.61
Physics	186	155	192	194	178	82	64	68	36	231	107	1,493	10.70
Electricity	186	138	243	277	322	132	106	139	70	399	140	2,152	15.43
Total	2,840	1,284	1,629	1,753	1,801	788	566	721	405	1,470	693	13,950	100.00

Notes: 1) Transporting

2) Lighting; Heating; Weapons; Blasting

Source: IPD

3.3 Outline of the Patent and Utility Innovation Registration System in Malaysia

Malaysia issues a patent to the person who is first to file the application. Substantive examination is conducted upon request and includes the modified substantive examination

⁵ Applications made by local residents(companies) in Malaysia.

if requested. No patent application is made public until the issuance, after which it is published in the Public Gazette. Each patent is valid for 20 years after the filing date and the utility innovation for 10 years (and can be renewed twice).

(1) Requirements for patentability

An invention must satisfy the following three conditions if they are to be considered as patentable; novelty, involvement of an inventive step, and industrial applicability.

(2) Application

1) Application by foreigners

A foreigner or non-resident who does not have a residence or domicile in Malaysia may apply for patent through a registered patent agent.

2) Languages

All documents submitted for patent application, including associated statements and documents, must be written in Malay or English.

3) First filing obligation and priority claim

The Patents Act requires that a resident (including a foreigner residing in Malaysia) first file a patent application in the country, provided that an applicant may, upon the Registrar's written authorization, first file his application in other country.

As Malaysia subscribes to the Paris Convention, priority may be claimed on the basis of a patent application in other signatory nation thereof, provided that an application should be filed in Malaysia within 12 months after the respective foreign application.

(3) Disclosure of patent applications

No patent application is disclosed prior to the granting of a patent, after which it is published in the Gazette, issued twice a month by the Government Printing Agency. As PCT requires publication within 18 months after the filing date, however, IPD intends to amend Patents Act accordingly in preparation for participation in the PCT.

(4) Substantive application

In Malaysia, patents are granted and issued upon examination. Substantive examination is conducted upon request by the patent applicant, following completion of formality examination. It must be conducted within 2 years after the filing date (and may be extended to 3 years upon request by the applicant). Note that the request for

preliminary examination (formality examination) is no longer required as a result of the amendment in 1995.

Substantive examination includes a modified substantive examination, and the applicant should select either substantive examination or the modified one, as appropriate, when making the request. As mentioned earlier, the modified substantive examination can be requested for a patent application which has at least one corresponding foreign patent application filed at the patent office in the U.S., the U.K., Europe or Australia.

(5) Life of patent

A Malaysian patent is valid for 20 years after the filing date under the amended act of 2001 (enacted on August 1), while the validity of 15 years after the date of grant applies to any application filed before the date of enactment pursuant to the old act.

(6) Utility innovation

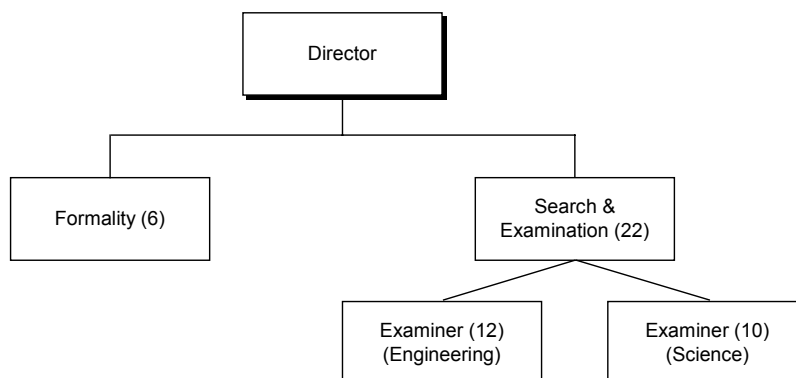
Protection of utility innovation is warranted under the Patents Act. The required conditions for registration of utility innovation is limited to novelty only. However, the same requirements as patents are applicable to utility innovation as regards to non-registerable factors, and application for examination.

A utility innovation is valid for 10 years after the filing date, again under the amended act of 2001, and any application filed before August 1, 2001, can only have a life of 5 years after the date of grant. In both cases, the validity may be extended upon request by the applicant, up to two times.

3.4 Organization of IPD Patent Unit

Figure III-3-1 shows the present organizational chart of the IPD Patent Unit. The Director of IPD is the Registrar, under which there are two sub-units responsible for patent examination, namely the Formality Sub-unit and the Search & Examination Sub-unit. The Formality Sub-unit consists of 6 Assistant Registrars and the Search & Examination Sub-unit 22 Assistant Registrars, totaling

Figure III-3-1 Organization of IPD / Patent Unit



Note: Figures in () denote the number of examiners as of July 2002.

Source: IPD

28. All of them are examiners. As IPD is scheduled to be made into a public corporation next year, it plans to double the present staffing.

3.5 Application Management and Examination Process

The general flow of the entire process of application management and examination is illustrated in Figure III-3-2.

(1) The applicant files the application

To record the filing date, preliminary check is done at the reception counter. If application fulfills all requirements then will be passed along for formality examination the same day.

(2) Formality examination

The examiner in the Formality Sub-unit (Formality Examiner) primarily checks the description and other content of the application to see if they meet the formality requirements. This is conducted using IPD's own check sheet. The formality examination process usually takes 3 days and a Formality Report is prepared and sent to the applicant. Applications that meet the requirements are sent to the subsequent step.

(3) Substantive examination or modified substantive examination

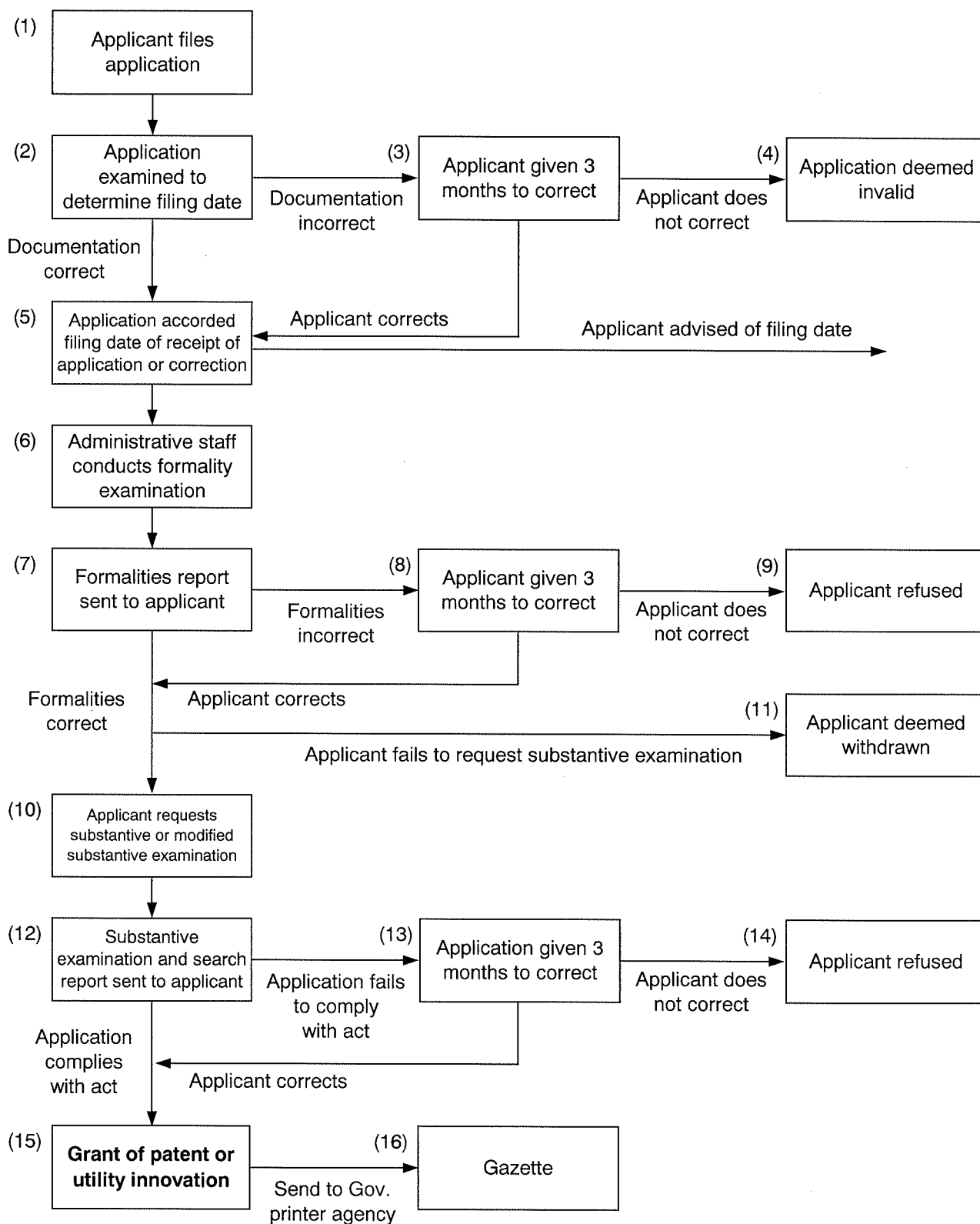
After completion of the formality examination, the applicant is required to request the substantive examination or the modified substantive examination within 2 years after the filing date. The substantive (or modified substantive) examination is undertaken by the Search and Examination Sub-unit).

Although Patents Regulations require substantive or modified substantive examination to be completed within 5 years after the filing date (Article 27), a large number of applications have required more than 5 years. In fact, IPD is currently examining patent applications filed in 1996.

(4) Registration and renewal of patent rights

Applications which are found to meet the patentability requirements through the substantive or modified substantive examination process are then sent to the Registration Unit for approval, which generally takes a few months.

Figure III-3-2 Application Management Process Flow of Patent



Source: IPD

(5) Applications refused

Around 30 - 40% of patent applications have been refused for any of the following reasons:

- 1) No request for examination;
- 2) Voluntary withdrawal; or
- 3) No payment of the patent fee

4 Trademark Registration System and the Administration Management and Examination Process

4.1 Legal System and the Country's Participation in International Treaties

(1) The present legal system

The present legal system for trademark protection in Malaysia is based on the Trade Marks Act of 1976 (Act 175), enacted in September 1983 and Trade Marks Regulations of 1997.

The act was amended in 1994 (Act A881) to reflect the country's participation in the Paris Convention and in 2000 (Act A1078) to reflect the ratification of WTO's TRIPS Agreement.

(2) International treaties

As for trademark-related international treaties, Malaysia is a member of the Paris Convention (signed on January 1, 1989), while it has not joined the Trademark Law Treaty of 1994, the Madrid Agreement of 1981 and the Madrid Protocol of 1989.

(3) Trademark classification

The Nice Classification (45 classes) is used for trademark registration in Malaysia, 34 classes for goods and 11 classes for services. In addition, the Vienna Classification is used for symbols for marks which consist of or contain figurative elements.

4.2 Current State of Trademark Application, Registration and Extension

(1) Annual application and registration trends

Annual changes in the number of trademark applications and registrations between 1998 and 2002 (up to June) are shown in Table III-4-1. The annual number of trademark applications, which remained at around 14,000 in 1998 and 1999, grew rapidly to 18,800 in 2000. Then it fell to 16,600 in 2001 and rose again in 2002, presumably exceeding 20,000 on an annual basis.

On the other hand, the annual number of trademark registrations dropped from 4,400 in 1998 to around 1,700 in 1999 and 2000. It surged to 8,000 in 2001 and is expected to reach slightly below 10,000 in 2002.

In fact, IPD registered 8,000 applications, or approximately 50% of the total number of application in the same year, in 2001 when the CS system started commercial operation. Between January and June 2002, the percentage of registration rose to 64%,

indicating that the CS improved IPD's productivity significantly.

Table III-4-1 Trend of Volume of Trademarks Application and Registration

		Volume of Trademarks Application				
(2) Local applications	Year	1998	1999	2000	2001	2002 ^{*)}
	Total	14,879	13,694	18,802	16,583	10,128
		Volume of Trademarks Registration				
As shown in Table III-4-1 (cited before), local applications remained slightly over 30% of the annual total between 1998 and 2000 and increased thereafter to 47% in 2002 (up to June).	Year	1998	1999	2000	2001	2002 ^{*)}
	Local	1,521	439	449	1,483	1,127
	Foreign	2,869	1,226	1,323	6,517	3,773
	Total	4,390	1,665	1,772	8,000	4,900

Note: As of end of June, 2002

Source: IPD

(3) Future outlook for trademark applications

IPD's Trade Mark Unit estimates that the number of trademark applications will grow at around 10% annually in the future. MIPA also expects an upward trend at least in the next five years.

The outlook is based on the substantial growth of local applications in recent years, which appears to come from the following factors.

- 1) With the imminent implementation of the ASEAN FTA (Free Trade Agreement), there is increasing awareness of the need for trademark protection.
- 2) The government's efforts to promote protection of intellectual properties by using tax incentives are taking effect.
- 3) Other government activities to improve public recognition of intellectual properties are also producing results.

In recent years, local consumers have become increasingly conscious of the quality and performance of goods and services, rather than price. Local companies, particularly small and medium companies, accordingly have recognized the importance of trademarks protection.

4.3 Outline of the Trademark Registration System in Malaysia

Malaysia protects trademarks that are officially registered. However, it protects unregistered trademarks also, prohibiting registration of well-known marks and marks

resembling those of others. For widely known trademarks, it has been ruled to adopt Article 6 of Paris Convention and Article 16 of TRIPS agreement, and apply standard of “internationally well-known”.

Both defensive trademarks and certification trademarks are considered as registerable trademarks. Also, Malaysia has adopted an examination system of trademarks that does not require requests from the applicants. Applied trademarks are to be reported in the gazette after applied trademarks are assessed as registerable. The gazette-reported trademarks are to be formally registered if there is no opposition or oppositions were rejected. The duration of trademarks registration is 10 years after the registration and the registration is renewable.

(1) Requirements for trademark registration

As for well-known marks, the act protects foreign well-known marks not registered in Malaysia by applying Article 6 of the Paris Convention and Article 16 of the TRIPS Agreement. In addition, under the TRIPS Agreement, the scope of application is extended to services.

(2) Application

1) Application by foreigners

A foreign individual or company which does not have a residence or domicile in Malaysia may apply for trademark registration in the country through an agent (Trade Marks Agent) who is listed in the Register.

In fact, approximately 95% of trademark applications are filed by agents, and the remaining 5% by individuals or companies.

2) Prior application and filing date

Application may be filed in three cities, Kuala Lumpur, Kuching, and Kota Kinabalu, while examination is made solely at IPD’s central office in Kuala Lumpur. The filing date is the date when an application is reached at IPD.

3) Classification of goods and services

Classification of goods and services for trademark registration is primarily based on the Nice Classification (Version 8, 45 classes). No other sub-classification is used.

4) Language used in the application

There is no restriction about the language to be used for trademark application. The applicants, however, must attach a translation to the application, if they apply marks

using such a foreign language as Japanese and Chinese, and make an oral presentation on the mark to IPD on the filing date.

(3) Examination

Trade Marks Act requires examination before registration. Upon reception of a trademark application, the register causes a search to ascertain registered trademarks (including those having “pending” status) to see if there is an identical or closely resembling mark. Based on the examination results, the registrar accepts the application, expresses an objection or intent to accept conditionally by requiring modification or limitation. The above examination, conducted by the examiner after the formality check, is initiated without the request of the applicant.

(4) Publication of trademark applications

Trademark applications are made known to the public after formal acceptance, by publication in the gazette.

(5) Duration of registration

The duration of trademark registration is 10 years after the registration date, which can be renewed. For a registered trademark not used by the registered owner for more than 3 years, the registrar may cancel its registration upon request of a third party.

4.4 Organization of IPD Trade Mark Unit

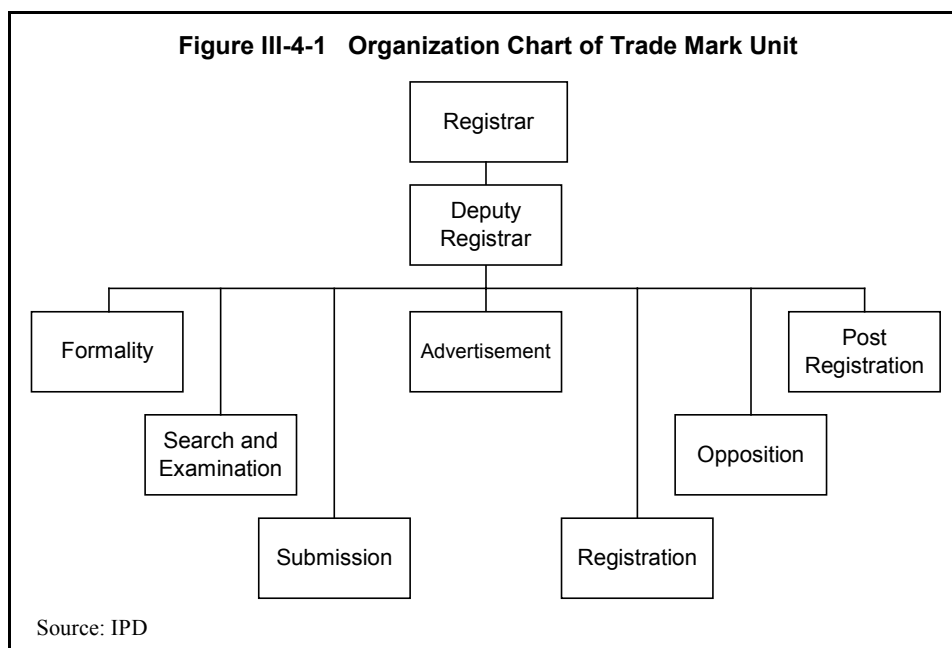
To perform the duties and services prescribed, the act requires that the Central Trade Marks Office to be established in Kuala Lumpur, and regional offices in Sabah and Sarawak.

Trade Mark Unit consists of seven Sub-units. The organization and staffing of the Trade Mark Unit are summarized below.

		(persons)
1	Registrar	1
2	Deputy Registrar	1
3	Formality Sub-unit	6
4	Advertisement Sub-unit	3
5	Post Registration Sub-unit	2
6	Search & Examination Sub-unit	16
7	Opposition Sub-unit	1
8	Submission Sub-unit	2
9	Registration Sub-unit	1

As shown in Figure III-4-1, IPD's Director serves as the Registrar of Trade Marks, who is also the Registrar under the patent and industrial design laws.

The Trade Mark Unit is headed by the Principal Assistant Director, who is the Deputy Registrar.



All the sub-units other than Advertisement Sub-unit and Registration Sub-unit are staffed by Assistant Registrars. The two sub-units have clerical staff only.

IPD's Sabah and Sarawak offices are responsible for accepting and forwarding trademark applications, and no examination or registration takes place (except for preliminary check upon reception).

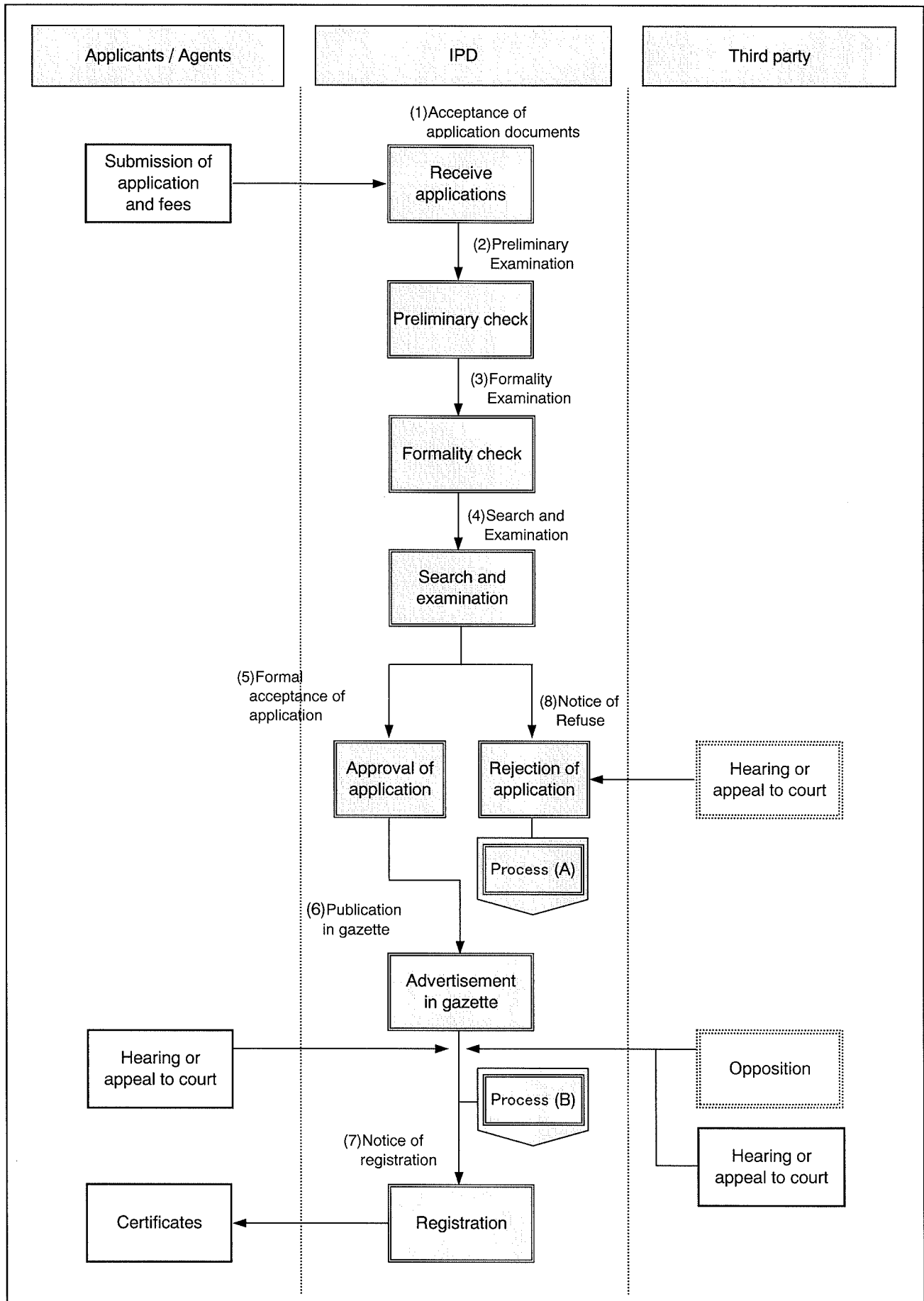
4.5 Application Management and Examination Process

Figure III-4-2 shows the general work flow from trademark application to examination and registration.

(1) Preliminary examination

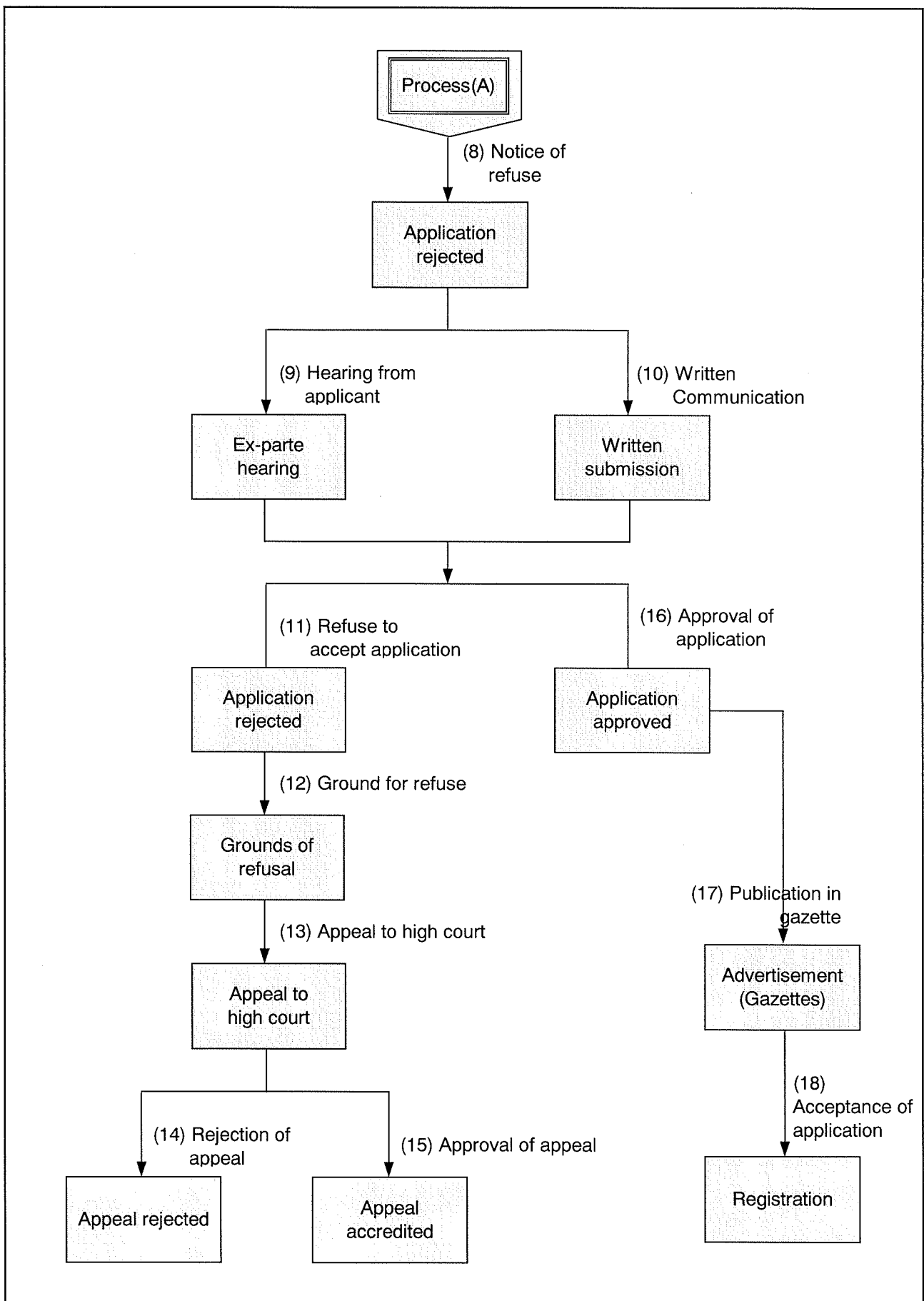
The IPD staff member who has received the application checks the content and validity of the application form and classifies it according to the form of application (new registration, renewal, opposition, supplement, etc.). Upon completion of preliminary examination, information on the applicant and the application is recorded in the computer system. It takes approximately 15 minutes to input the above information. Around 70 applications are processed per day and the average of 28 applications are input per day by each staff member of the Formality Sub-unit.

Figure III-4-2 Application Management Process of Trade Marks (1/3)



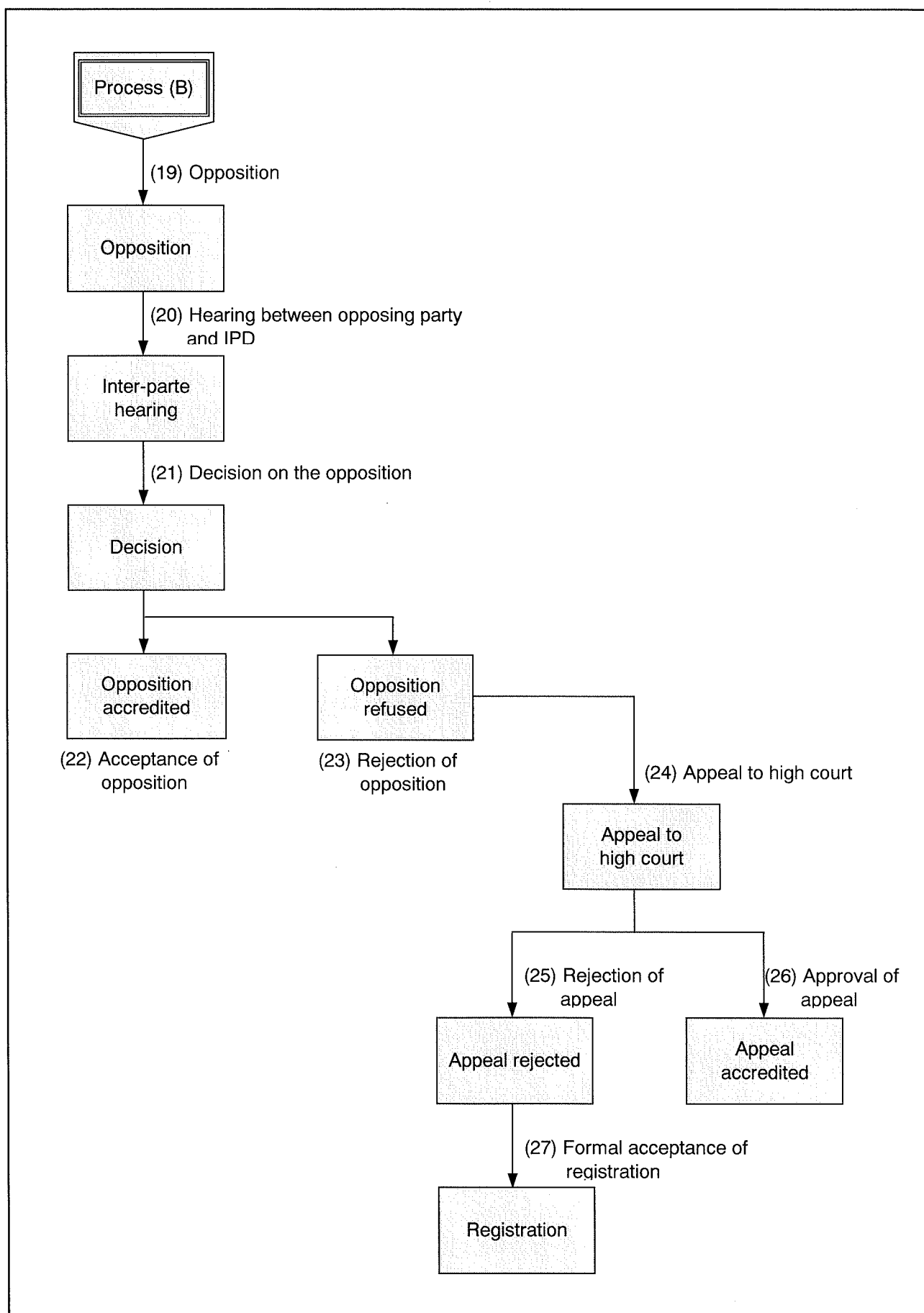
Source: IPD and Study Team

Figure III-4-2 Application Management Process of Trade Marks (2/3)



Source: IPD and Study Team

Figure III-4-2 Application Management Process of Trade Marks (3/3)



Source: IPD and Study Team

(2) Formality examination

The content of the application is examined visually. If the application is found to be deficient in content or information, submission of supplemental information or another request is made to the applicant by telephone or letter. The applicant is required to submit a supplemental document within six months after receiving the request.

(3) Search and examination

This process examines novelty of a mark applied for registration by searching applied and registered trademarks to find any similarity. Examination covers letters, phonetics, and figurative elements.

The examination on letters and phonetics are carried out using a computerized search system, VSS. Regarding trademarks which consist of letters or letters with figures, more than 360,000 trademark applications or registrations from the past are stored in a computer database.

Examination of figurative marks to check for identical or similar marks is conducted manually due to the delay in development of the database. For each application that has been accepted, a search card is prepared and classified according to figurative elements (based on the Vienna Classification). When the stock of search cards in a particular class reaches the sufficient number, trademark applications in the class are compared with registered trademarks (including those in pending) to determine sameness or similarity. As a result, the search process takes around one month after acceptance of the application.

Normally, the examination takes 3 months.

(4) Formal acceptance of the application

Upon completion of the entire examination process (preliminary, formality, and search and examination), the application is formally accepted by IPD unless it is refused. IPD issues the notice of acceptance (Letter 05) to the applicant. Generally, it takes approximately 7 months from IPD's reception of the application to formal acceptance.

(5) Publication in the gazette

If no opposition is filed against the application in the final acceptance stage, the trademark should be published in the gazette within 2 months after completion of the final adjustment process. In general, it takes 11 months from initial acceptance of the application to the publication in the gazette, or 4 months from formal acceptance of the application.

(6) Notice of registration

When no opposition is filed against the trademark that is published in the gazette, the trademark application is determined to be valid. IPD issues the certificate of registration signed by the Deputy Registrar and sends it to the applicant together with the notice of registration (Letter 08). It generally takes around 15 months from the submission of application documents to the notice of registration.

(7) Notice of refuse

As for a trademark application which has been refused in the examination process in (3), the notice of refuse (Letter 04) is sent to the applicant by specifying a reason for rejection. The Trade Mark Unit receives 1,000 – 1,300 applications a month, of which 60% have been registered and the remaining 40% have been refused. Major reasons for refusal include the lack of novelty (presence of identical or similar mark) and violation of the Trade Marks Act of 1976.

(8) Renewal of trademarks

Up to now, 99% of registered trademarks have been renewed.

5 Industrial Design Registration System, and the Administration Management and Examination Process

5.1 Legal System and the Country's Participation in International Treaties

(1) Currently applicable laws and their development

Registration and protection of industrial designs in Malaysia today are based upon the Industrial Designs Act 1996 (Act 552). This Act was put into force on September 1, 1999 together with the Industrial Designs Regulations 1999 which came into operation on the same day.

(2) Membership to international conventions and agreements and implementation of conforming laws

Malaysia is a signatory or member of the following international conventions and agreements and has acceded to the following organizations with respect to protection of industrial designs.

- Paris Convention - January 1, 1989
- World Intellectual Property Organization (WIPO) - January 1, 1989
- WTO/TRIPS Agreement - January 1, 1995

However, Malaysia has not joined the Hague Agreement concerning the International Deposit of Industrial Designs.

There is no particular international convention or agreement relating to industrial design protection which Malaysia is currently planning to join. Though Malaysia has not joined the Locarno Agreement, for the purpose of administration of industrial design registration in Malaysia, the Locarno Classification is used (currently, its sixth edition is used).

5.2 Industrial Designs Application, Registrations and Extension

(1) Change in the annual number of applications, registrations and extensions

The numbers of applications for industrial design registration, grants of industrial design registration and grants of extension of industrial design registration made annually in Malaysia since the enforcement of the Act are shown in Tables III-5-1 to III-5-3 and Figure III-5-1.

The annual number of applications was approximately 700 in 2000 and each subsequent year. The number of registrations was reported to be approximately 600 for the year 2001. These figures are expected to remain unchanged in the coming few years. As to the applicants' nationalities, approximately 33% of the applications were filed within Malaysia, approximately 21% were filed from Japan, and 12% from the United States.

**Table III-5-1 The Yearly Change in Number of Applications
for Industrial Design Registration**

	1999	2000	2001	2002 (June)
Domestic applications	84	234	321	159
Foreign origin applications	120	533	448	211
Total	204	767	769	370

**Table III-5-2 The Yearly Change in Number of Grants of
Industrial Design Registrations**

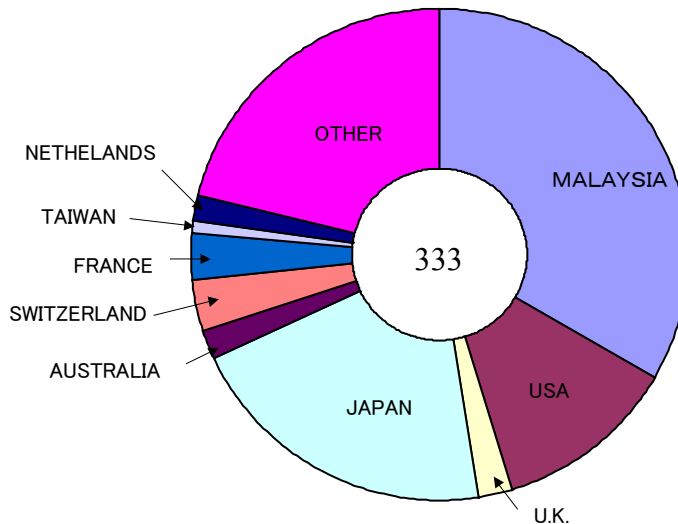
	1999	2000	2001	2002 (June)
Domestic applications		60	170	62
Foreign origin applications		245	475	133
Total		305	645	195

**Table III-5-3 The Yearly Change in Number of Grants of Extensions
of Industrial Design Registrations**

	1999	2000	2001	2002 (June)
Total	164	682	717	326

Figure III-5-1 Volume of ID Application

January to June (2001)



(2) Prospect of future applications

Steady growth has been seen in the numbers of both new applications and grants of registration in the past. Recognition of the industrial design registration system is still insufficient among the industry, since the system is still in its early days.

The extensions of industrial design registrations granted to date have been based on applications for extension of registration period for industrial designs registered in the United Kingdom. The extension based on Malaysian Law will start on and after September 1, 2004, since the extension is applicable to the designs after 5 years since their filing date after September 1, 1999.

5.3 Outline of Industrial Design Registration System in Malaysia

The industrial design protection system in Malaysia is essentially modeled after the design registration system in the U.K. While the act differs greatly in appearance and organization from the U.K. law that has a long history of amendment, its content is substantially similar and IPD largely follows the U.K. system in terms of actual operation and precedents.

However, the Malaysian system differs in several key aspects from the U.K. counterpart, which are described as follows.

- Substantive examination
- Time to publish applications
- Validity of registration and extension
- Extension of U.K. registration
- Publication of design drawings
- Head office and branch offices (Sabah and Sarawak)

(1) Requirements for registration, and publication of applications

Novelty is one of the requirements for industrial design registration. The existence of publicized design in Malaysia is one of the causes of loss of novelty. The date for judging the priority is either the filing date or the priority date. The view of design is publicized immediately after acceptance of the application.

(2) Types of applications

There are five types of applications for registration of industrial designs in Malaysia as follows.

- a) Ordinary Application
- b) Application for a Set of Articles
- c) Multiple Application
- d) Application for Associated Designs
- e) Divisional Application

An application for industrial design registration is officially received when all of a predetermined form (ID Form 1), six representations of the industrial design, and the prescribed fee, are submitted. Upon receipt of all three parts, a filing date and an application number are given.

1) Application language and application by foreigners

The language of the application procedures and documents must be Bahasa Malaysia or English, according to regulations, and it should be noted that even though the applicant submits all the documents in English, all the official documents prepared and sent out to the applicant by the ID Unit are in Bahasa Malaysia.

2) Foreign applicants

Any applicant whose ordinary residence is outside Malaysia must appoint an agent in Malaysia for an application for industrial design registration.

3) Filing date

The date of acceptance at IPD (including branch offices) is recorded as the application date. In cases of mailing, the date of arrival is normally regarded as the date of acceptance. Should the registered mail be delayed, the mail is regarded to have arrived after the period required for ordinary mail.

IPD's branch offices (Sabah, Sarawak) only receive documents. At present, the branch offices only transfer submitted applications and fees to the main office of the IPD and do not undertake checking of the basic parts or according of filing dates and application numbers. After acceptance, the documents are sent to Kuala Lumpur and examined all together. However no application form had been accepted (as of September, 2002).

4) Priority claim

Priority can be claimed based on an earlier application for industrial design registration in a country which is a member of the Paris Convention when an application for industrial design registration is filed in Malaysia within 6 months from the filing date of the earlier application. No extension under Section 43 is available to the 6 months period for filing a Malaysian application of industrial design registration from the filing data of the earlier application.

(3) Formality examination

All of the applications duly received undergo examination. The Act (Section 21) expressly requires examination only on the formal requirements. Specific items of the formal requirements are prescribed by the Regulations and include bibliographic particulars, the language, ID Forms used, fees, etc. However, the IPD is currently carrying out examinations on the merits of applications for industrial design registration with respect to certain requirements for registerability other than those expressly designated as the formal requirements by the regulations. Those other requirements consistently reviewed are novelty with respect to the industrial designs for which Malaysian applications for registration have been filed, compliance to the definition of industrial designs under the Act (or eligibility), and so forth, which are ordinarily treated in substantive examination in other countries. The official position of the IPD in this regard is that these aspects are reviewed as a part of the formality examination because the Act only provides for the formality examination, and hence no substantive examination is carried out.

(4) Period of registration of industrial designs

The period of registration of industrial designs is 5 years from the filing date (which is the priority date in case where priority claim is applicable). Extension may be granted up to twice for 5 years each by application. Accordingly, the maximum period is 15 years from the filing date. The extension is applicable to registered industrial designs in the United Kingdom which are in force as of the date of the enforcement of the Act, according to the transitional provisions contained in the Act.

(5) Transitional provisions

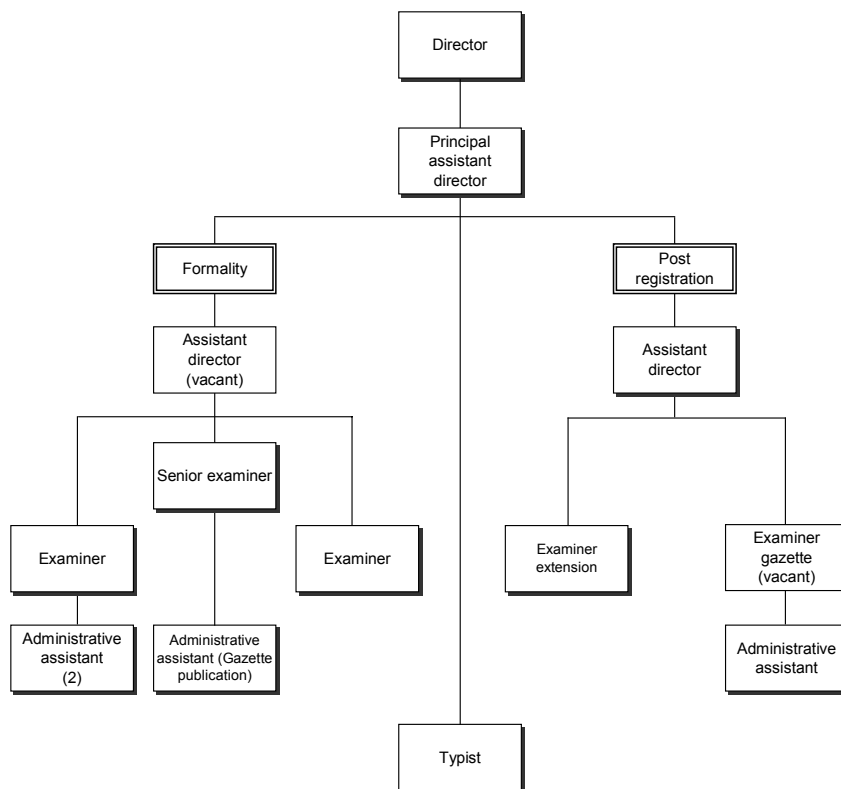
In accordance with transitional provisions in the Act, registered industrial designs in the United Kingdom which was in force as of the date of the enforcement of the Act continued in force in Malaysia, and an extension of the period of registration may be applied upon lapse of such a United Kingdom registration.

5.4 Organization of IPD Industrial Design Unit

The Industrial Designs Act 1996 (Act 552) provides that a Registrar shall be appointed to carry out administration of the laws, and that Industrial Designs Registration Office headed by the Registrar shall be established.

For the purpose of actual operation of the administration, the post of the Registrar is taken by Director of Intellectual Property Division (IPD). In the IPD, the Industrial Design Unit (ID Unit) is organized and functions as Industrial Designs Registration Office taking charge of the administration of industrial designs registration in accordance with the Act. Figure III-5-2 shows the

Figure III-5-2 Organizational Structure of ID Unit in IPD



organizational structure of the ID Unit at present. Currently, the ID Unit is headed by Principal Assistant Director of the IPD. He assumes the post of the Deputy Registrar provided by the Act. The ID Unit is divided into a Formality Group and a Post Registration Group and has five Examiners in addition to the Principal Assistant Director himself as well as five other supporting staff. The ID Unit is not sufficiently staffed to the extent that some functional positions are currently vacant.

5.5 Application Management, Examination and Registration Process

The requirements and procedures for application management, examination and registration of industrial designs to be adopted by the IPD, are provided by the Act and the Regulations. Overall flow of process is shown in Figure III-5-3 and III-5-4.

(1) Reception of application

The industrial design applications are accepted at the same counter as that of patent and trademark applications. After the receipt, all the documents in the application are placed into a separate paperboard folder, and the application file is put ready to undergo examination to examiners (Assistant Registrar).

(2) Examination

All applications for industrial design registration that were accepted (or accorded filing dates) and not withdrawn undergo examination. New application files are distributed to the three formality examiners in order of acceptance.

Examinations are conducted in accordance with the checklist. If it is discovered, when referring to the regulations, that the documents are incomplete or the payment of fees is deficient, an inquiry or a notice of objection for reasons of formality is prepared. If there is any other reason of objection related to the other requirements, a notice of reasons for refusal is prepared and delivered to the applicant or agent. Normally, formality examination requires 5 minutes and preparation of an inquiry requires approximately 20 minutes. Examination of the other requirements requires 20 minutes on average. Since 80% of new applications result in query or refusals, the examiners' work is considerable. The aforementioned query or refusals are caused by the inexperience of agents because the system is relatively new, the ambiguous design, the incompleteness of application forms and the deficient payment.

Since the power of attorney of the agent (ID form 10) is not checked at the time of acceptance, it would be sufficient if the document, which is not included at the time of acceptance, is supplemented within two weeks of the acceptance.

Figure III-5-3 Flow of Industrial Designs Registration

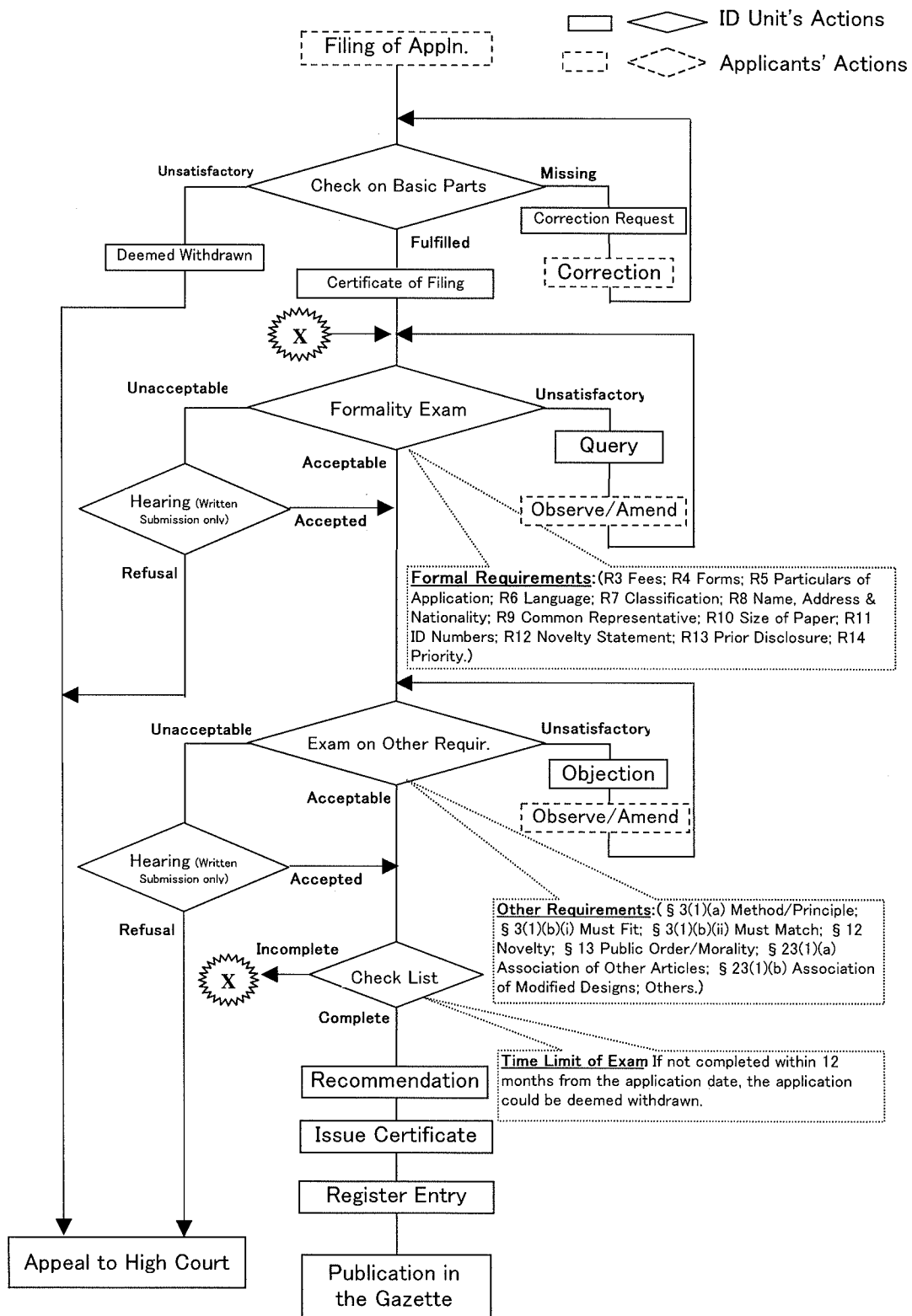
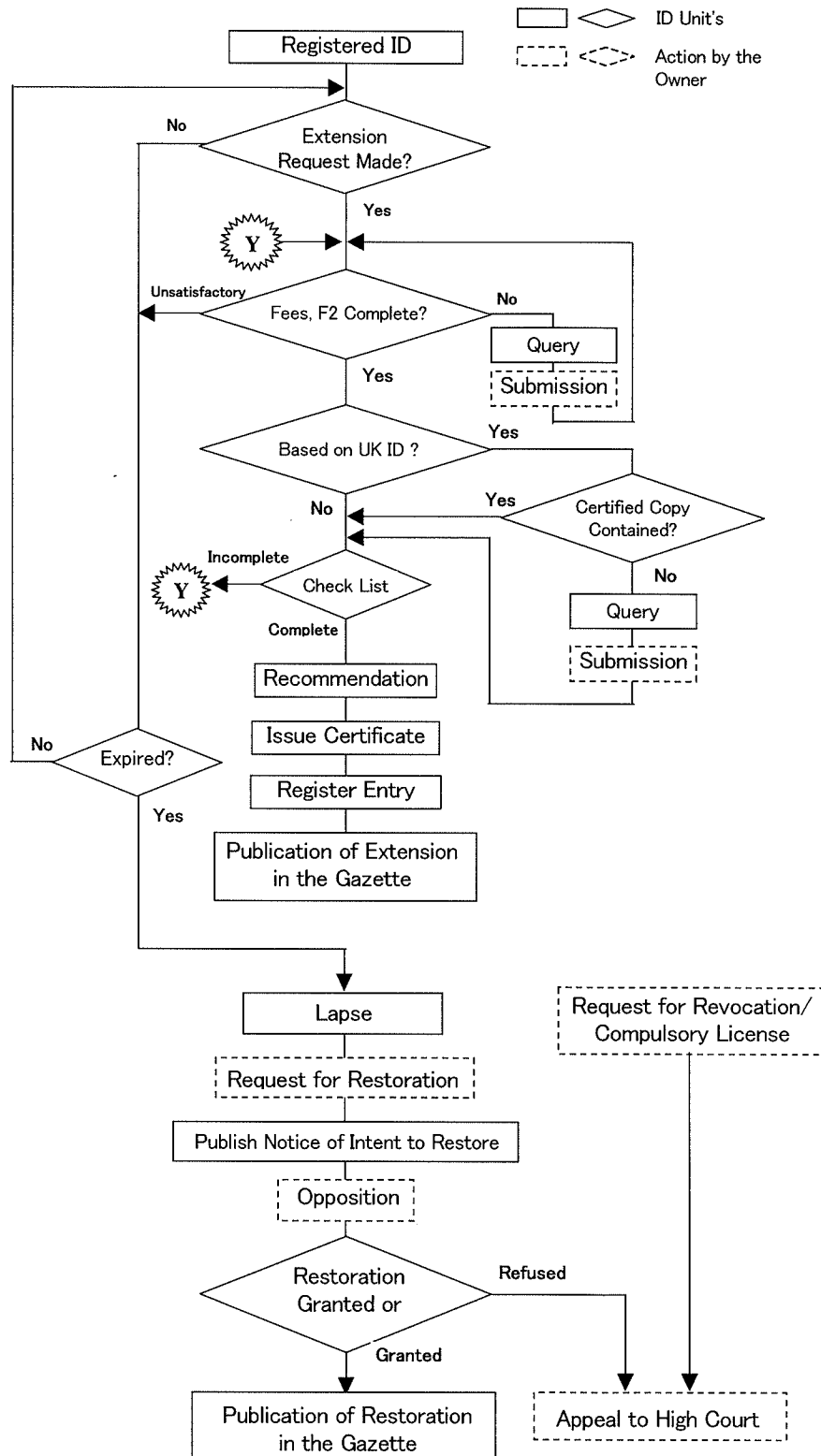


Figure III-5-4 Flow of Post Registration of Industrial Designs



(3) Registration

An application for permission of registration signed by the deputy registrar or the registrar is filed with respect to the case that satisfies certain formalities and with respect to which the examination of other requirements is completed and the certification is issued. Normally the issuance of a certificate takes 4 to 8 weeks from the decision of registration assessment.

The Register is kept in the IPD in the form of a book, and registration of an industrial design takes place by entering various particulars and the issue date of the certificate into it. The books of the Register for registration of industrial designs included are physically separate from those for extension or renewal of registration period, or those for assignment, etc. requiring recording in the Register.

(4) Publication in the official gazette

After registration, preparation of publication of registered industrial designs is carried out and publication in the gazette is effected in due course. The publication in the gazette is in English. The items published in the gazette are the predetermined bibliographic particulars and the views (selected views if the applicant selected only part of the views) of the registered designs. Publication in the gazette is made monthly at present.