Minister YB Datuk Seri Saifuddin Nasution Bin Ismail  
Ministry of Domestic Trade and Consumer Affairs  
No. 13, Persiaran Perdana,  
Presint 2,  
62623 Putrajaya,  
Wilayah Persekutuan Putrajaya  
Malaysia  

June 21, 2019  

RE: INTERNATIONAL TRADEMARK ASSOCIATION COMMENTS ON TRADEMARKS BILL  

Dear YB Datuk Seri Saifuddin Nasution Bin Ismail,  

The International Trademark Association (INTA) is pleased to provide comments on the Malaysia Trademarks Bill 2019.  

INTA is a not-for-profit global association of brand owners and professionals dedicated to supporting trademarks and related intellectual property (IP) to foster consumer trust, economic growth, and innovation.  

INTA’s has 7,200 member organizations from 189 countries. INTA members collectively contribute almost US $12 trillion / €8.8 trillion / ¥73 trillion to global GDP annually. The Association’s member organizations represent over 31,000 trademark professionals and include brand owners from major corporations as well as small- and medium-sized enterprises, law firms, and nonprofits, including 40 organizations in Malaysia.  

Headquartered in New York City, INTA also has offices in Brussels, Santiago, Shanghai, Singapore, and Washington D.C. and representatives in Geneva and New Delhi.  

Comments on Issues for Consultation  

INTA commends the government of Malaysia for moving forward with several beneficial proposals to the current trademark regime. INTA strongly supports amendments that cover:  

• Provisions to join the Madrid Protocol;  
• Inclusion of some non-traditional marks, such as sound, color, 3D, motion and hologram marks; and  
• Multi-class applications.  

INTA is concerned however, that the law currently does not provide for action to be taken against transshipment of counterfeit goods in Malaysia.  

The following are detailed comments on the Bill:
i) Madrid Protocol

INTA welcomes the proposed application of the Madrid Protocol to Malaysia and has the following comments in support of this development. INTA wishes to reiterate its view of the benefits that Malaysia could derive from such application, in terms of facilitating local businesses (in particular small and medium-size entities) to reach out to the world market; of enhancing Malaysia’s attractiveness as a place of business; of promoting Malaysia as an innovative economy; and of reinforcing its international image.

As a result, INTA welcomes and is in favor of the amendments to the Trademark Law to provide for the implementation of an international registration system of trade marks under the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks; and to enhance the mechanism for registering trademarks.

ii) Multi-class applications

INTA supports the proposed amendments to allow for multi-class applications. This will benefit rights holder by enabling them to consolidate what were previously multiple different applications.

iii) Non-traditional Trademarks

INTA supports the broader definition of trademarks which would include the interpretation of “sign” to include: the shape of goods or their packaging, colour, sound, scent, hologram, positioning, sequence of motion or any combination thereof.

These non-traditional marks are protected in many jurisdictions and provide brand owners with greater levels of protection. Consumers rely on these indicators of source, and are an area of innovation for brands to better communicate and build relationships with consumers.

iv) Anticounterfeiting

Counterfeiting detracts from the value of the brands, undermines the effort placed on research and development, and most importantly, diminishes the trust that consumers have in a brand, when those consumers receive counterfeit products of substandard quality and contain health and safety issues. This illegal business activity not only deprives governments of revenues for vital public services, forces higher burdens on tax payers, dislocates millions of legitimate jobs, it also exposes consumers to dangerous and ineffective products. Furthermore, the prominence of counterfeiting in criminal networks has become part of a larger threat.

Indeed, counterfeiters have established complex networks, similar to the supply chains of legitimate businesses, in order to manufacture and distribute their illicit goods. In February 2017, INTA along with ICC-BASCAP released a new report from Frontier Economics entitled “The Economic Impacts of Counterfeiting and Piracy”, which quantifies the global value of counterfeiting and piracy. The study found that in 2013, the estimated value of counterfeit and pirated goods was a staggering US$710-917 billion. The wider economic and social costs were calculated at US$717-898 billion, which include fiscal losses, the costs of crime, and displacement of legitimate economic activity. In 2022, the total estimated value of counterfeit and pirated goods is projected to reach an astounding US$1.90 - $2.81 trillion. The number of jobs lost due to counterfeiting and piracy is expected to reach upwards of 5.4 million jobs in 2022.

Counterfeit Goods in Transit
INTA notes that section 82(8) explicitly excludes goods in transit from being seized should they be counterfeit. INTA strongly encourages Malaysia to prevent the transshipment of counterfeit goods and protect the integrity of the global trading system by preventing criminal abuse of Malaysia’s ports through the transshipment of illegal counterfeit goods.

INTA believes that Malaysian Customs should intercept and seize counterfeit goods in transit. The exemption hurts companies whose products are being counterfeited and distributed within Malaysia and abroad, not to mention any goods in transit that are re-imported from their destination countries back into the Malaysian market.

Allowing counterfeit goods in transit to pass through Malaysia undermines the good work of law enforcement and Malaysia officers and exposes consumers in countless countries to harmful counterfeit products. It may also encourage the use of Malaysia as a convenient transit destination by organized crime.

One of the main arguments to allow goods to transit through a country is the fear of stopping generic drugs en route to other countries. However, dangerous trademark infringements that transit through Malaysia include counterfeit medicines that are misbranded to intentionally mislead consumers and often do not contain the proper active ingredients. Clearly defining counterfeits and limiting the transit provisions of counterfeits will mean that generic products like generic medicines, which do not infringe trademark rights, will not be subject to seizure under the trademark laws. Moreover, these provisions are intended to make clear that only the most serious type of infringement, counterfeiting, is the target for customs action. Stopping counterfeit goods in transit takes these sorts of hazardous goods out of the market.

**Customs Recordation System**

A customs recordal system for trademarks would also be an advantageous means to provide notice to customs of brands that are actively seeking protection from cross-border trade in counterfeit goods. Customs officials are an important line of defense against counterfeit products entering the country. In order to effectively ensure that counterfeits do not enter the market, customs authorities need appropriate resources and tools to identify counterfeits and exchange information with each other and with trademark owners. Currently, there is no efficient system in place to allow trademark owners to provide information that is critical to identifying counterfeit goods, such as identification manuals on how to determine a good is genuine or contact information of a designee of the brand owner to provide any additional support needed, to the customs officers. We recommend that Malaysia enact such a system to complement existing anticounterfeiting provisions.

**Intellectual Property Rights Coordination Center**

INTA welcomes the amendments to streamline domestic and international coordination among law enforcement agencies and wishes to also highlight the importance of information sharing between brand owners and enforcement agencies to achieve effective brand protection. The formation of a national IPR coordination center would be strongly recommended. INTA produced [this guide](#) for government seeking to implement such a body. The goal of the proposed office would be to establish a central coordination unit to fight against counterfeits, piracy, and other intellectual property crimes. Because of counterfeiting’s links to organized crime, money laundering, threats to public safety, etc., many agencies at the national level are looking at this type of crime in isolation without developing the expertise to tackle the complexities of the crime. The IPRC would be a singular unit of coordination between the different industries effected by these crimes, the governmental officials that work to stop it, and the targeted public. The office would also provide coordination between the different governmental offices at the national level and would facilitate coordination between national officials and other jurisdictions globally.
For any questions relating to this submission please contact me or Mr. Seth Hays, Chief Representative, Asia Pacific, at shays@inta.org.

Sincerely,

Etienne Sanz de Acedo
Chief Executive Officer
International Trademark Association

CC:

Deputy Minister, Ministry of Domestic Trade and Consumer Affairs, Yang Berhormat Chong Chieng Jen

Director, Law Department, Yang Berbahagia Datuk Tay Lee Ly

Director General, Malaysia IP Office, Dato’ Mohd Roslan Mahayudin