



# malaysian intellectual property association

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## RE: Consultation Paper – Proposed Trade Marks and Patent s (including Utility Innovations) Fees Revision (Bil: 1/2014/PC/TM&PA dated 3<sup>rd</sup> December 2014)

Dear Sirs

The Malaysian Intellectual Property Association (MIPA) was established in 1989 and comprises a broad base of membership including lawyers, IP agents, IP owners and others with an interest in IP. MIPA's members thus cover a wide variety of stakeholders, and are grateful for the opportunity to provide feedback on the proposals.

In view of the abovementioned consultation paper, we invited our members to provide their views and answer a brief survey. The survey results have been consolidated and summarised below, and members' supplementary comments are appended hereto.

### Question 1: Are you in favour of the proposed revision to combine the trade mark filing and advertisement fees?

**90%** of respondents were **against** this proposal. The main concern seems to be that the advance payment for the advertisement fee will not be refundable.

### Question 2: Do you think the proposed increase in fees is appropriate (if not, what rate of increase would be acceptable to you)?

**95%** of respondents indicated that the proposed increase in fees is **inappropriate**. The average increase which was considered acceptable was 8.9%

### Question 3: Are you regularly using the online filing system (if not, why)?

67% of respondents regularly use the online filing system at present. However of those that provided further comments, **91%** indicated that the system was **problematic**, 73% found it unreliable, 64% indicated it was restrictive compared to manual filings, and 45% said it was not user-friendly.

**Question 4: Would the proposed revision by MyIPO to increase fees more for non-online actions encourage you to start using or use more of, as the case may be, the online filing system?**

**60%** of respondents indicated that they would **not** be encouraged to use online filing by the increase in fees, primarily due to the issues mentioned in response to Question 3.

**Question 5: If the proposed revision by MyIPO to increase fees is implemented, what impact (if any) do you foresee the implementation would have on the number of new applications being filed?**

**95%** of respondents thought that the number of new applications being filed would **decrease**.

## Summary

It is clear that the **vast majority** of respondents are **against MyIPO's proposal** to combine the trade mark filing and advertisement fees.

In addition, respondents **almost unanimously** thought that the proposed **increase in fees was far too high**, and if implemented, would result in a decrease in the number of new patent and trade mark filings (as occurred with designs when the corresponding fees were raised a few years ago). This would have a **chilling effect on innovation**, particularly on local applicants such as Universities, and as a result would have a detrimental impact on Malaysia achieving developed nation status by 2020.

Furthermore, the majority of respondents would **not be encouraged to use online filing** if the manual filing fees were significantly higher, because the online filing system is **too problematic and unreliable**. It is noted that a wide variety of issues were highlighted by both regular users and those that do not currently use online filing, and fixing these would appear to be the key to increasing the proportion of filings online.

Given the strong opposition to the proposals by stakeholders (and the detrimental effect it would have on the number of applications), we hope that their views will be given fair consideration and the proposals will be rejected accordingly.

Nevertheless, several ideas arose from the survey which may assist in producing a revised proposal in future, for example:

- Having the *option* to pay the advertisement fee in advance (rather than making it compulsory)
- Providing an effective refund system for the advertisement fee if the trade mark application is rejected before this stage
- Raising the fees by a more modest 5-10% - but on the condition that at least the major problems with the online system are fixed first.

MIPA would be pleased to provide feedback on any future consultations.

Yours sincerely



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## **APPENDIX**

### **Member 1: Comments**

*"Here are my personal views, as an individual member of MIPA, on the proposed fees revision for patents.*

*1 IP owners, both local and overseas, are particularly cost-sensitive these days. I am concerned that any proposed increase in fees may lead to lower levels of business for both MyIPO and the IP profession in Malaysia. As an example, one can look at the noticable drop in the numbers of new design applications filed in Malaysia since the official fees were raised substantially by MyIPO in 2012.*

*2 As far as widening the gap between fees for online and manual filing, I understand MyIPO's intention to encourage use of the online system. Nevertheless, the system is not available or usable on every occasion due to system issues, server downtime, and the like. This means agents sometimes have no choice but to file manually in order to meet legal or client deadlines. In these circumstances, it will be difficult for agents to explain to their clients, the higher fees payable. Therefore, for now, the gap if there must be one, should be kept reasonable.*

*3 As far as the fee structure is concerned, I would prefer a simplification in which the fees for Form 17 and 22 were abolished and bundled into a single patent/UIC application filing fee. I would also propose that the fees for claims in excess of 10 be made payable at the time of requesting substantive examination rather than at the time of filing. This would lower the intial filing costs and encourage applicants to rationalise their number of claims before examination commences, which should reduce the burden on MyIPO Examiners.*

*4 Further in regard to rule changes, it would be highly beneficial if Form 17 could be amended so that it can be signed by the agent rather than the applicant in the manner of the current TM 1."*

### **Member 2: Comments**

*"With implementation of GST and also if the proposed increase of fee(s) for Q2 2015 is materialised, the burden to local applicant would increase and it would be difficult to see number of application from resident to improve.*

*A 10% increase would be acceptable, but please postpone to 2016"*

### **Member 3: Comments**

*"If the proposed revision by MyIPO to increase fees is implemented, we will receive more queries by clients".*

### **Member 4: Comments**

*"The system used is outdated and limited to Internet Explorer 10. Web browser such as google chrome is not compatible and could not be used. In addition, with window 8.1, internet explorer now is version 11. Version 10 and 11 is totally not compatible. For those who are using window 8.1(the latest operating system) could not use the MyIPO online system. Even the digital certificate issued by the Administrator in Putrajaya is using the old system i.e. Internet Explorer. Please check with the MyIPO IT department.*

*There will be problems on the online system during the server down and system hiccup. Applicants will complain when manual filing fee is so much higher than the online filing fee but the system is not stable all the time. We need a fullproof system like USPTO or EPO or IPOS."*

## **Member 5: Comments**

*“Domestic applicants and/or SMEs may be discouraged to file new applications in view of the substantial increase in fees. Further for trade mark applications, MyIPO suggestion to collect ‘upfront fees’ assumes that the application will not encounter objections and might not proceed to registration.”*

## **Member 6: Comments**

*“We understand the advantages in combining Publication with Filing Fee for TM (in that this will shorten the registration period and avoid abandonment due to non-response to OA). However, many applicants appreciate the staggered payments required from them as they can manage the cost of a Trademark Application based on this process.*

*The upfront payment will be too onerous on the applicants, especially the local applicants –which are 50% of the numbers of annual trademark filing in Malaysia.*

*Also, in the event they decide to abandon the mark midway, they can choose not to pay the publication fee and with businesses, having that option is always good.*

*A win-win solution may be that two options are given to the applicant (similar to how it is currently done in Phillipines and similar to how Malaysia handles SE deadlines in patent prosecution), whereby the applicant can choose to pay publication fee upfront, during time of filing or choose to file after acceptance of the mark. “*

*“Fees being higher for manual filing is valid as it will encourage more users to use the online filing system. However, with more people using the online filing system, the system should be 100% reliable and error-free.*

*Until the system is reliable and error-free, no differentiation should be imposed between manual and online filing.*

*On the assumption that the system is 100% reliable and error-free and ALL BUGS have been fixed, is the fee increase appropriate? NO. Reasons being:*

- (i) On the whole, as the increase in fees is almost 30-50% more for most aspects of the trademark and patent procedure. That is an extremely high rate to increase the official filing fees and the impact will certainly be felt by the Applicants. Any fee hike (in any industry) should always be gradual so that the end-user does not feel the pain and difficulty in remitting the fees due to the administrative body.*
- (ii) With the GST being introduced next year in the second quarter of 2015, applicants will already face increase in costs in all their expenditures. MyIPO should therefore postpone any increase they intend to implement, perhaps at least for a year.*
- (iii) The current fee hike will be prohibitive to local applicants who seek protection. As innovation and IP is much needed for a country’s growth, especially a country trying to get more active in the knowledge-based economy, MyIPO should be encouraging the protection of IP by providing reasonable fees, and incentives.*
- (iv) The act of MyIPO increasing the fees very soon after the previous increase (which was fairly recent- Feb 2011) is not a positive sign for applicants.’*

*If the proposed revision by MyIPO to increase fees is implemented the number of new applications being filed will likely to decrease (especially with local clients who are always cost-conscious and have a lot of other expenses to settle in running their business)*

*Fees being reduced for certain areas (TM 17A –cancelling entry in Register and TM 26 –correcting clerical errors) is encouraging.”*

### **Member 7: Comments**

*"It is probably too soon to increase the filing fees given that fees have just been increased in 2011*

*Further, there are still many problems with the e-filing system (e.g. some forms regularly go missing if it is available online at all; multiple step recordals, if filed online, tend to be extremely confusing to officers as it is possible to show the "flow"; "missing" or incorrect filing particulars are still common – correction of which may take days; representation which are correctly filed go missing or appear distorted / unclear after being processed by the e-filing system; etc – the list goes on). Such "teething problems" should be sorted out before an increase can be justified.*

*There are also many pending applications filed before 2011 which have yet been sorted out by MyIPO. It is therefore arguably unacceptable for an increase to be implemented if there are so many applications pending under the "old system".*

*We use the online system as and when it is possible for us to do so but are forced to file applications manually when the online system is "buggy" or inadequate".*

### **Member 8: Comments**

*"MyIPO is financially ok with 25000 trade mark applications a year. It must encourage more applications. Increasing the fees will discourage new applications.*

*We are not using online filing because:*

- 1. Electronic payment is not foolproof*
- 2. No refunds of 'electronic money' if excess*
- 3. We have to upgrade our internet speed download and more costs*

*The proposed higher fees for manual filings is unfair and discrimination. Unless online is 100% perfect, no 'system down' excuses."*

### **Member 9: Comments**

*"We regularly use the online filing system but it is probematic and more restrictive compared to manual filing system. The proposed revision to increase fees would not encourage us to use more of the online system as the issue here is the online filing system is problematic and not because of the fee."*

### **Member 10: Comments**

*"It seems worrying if MyIPO increases the fee for manual tremendously as the MyIPO online system at the moment is always facing problems for inaccessible especially industrial design, trademark and patent searches.*

*When the online system is on maintenance, there is no announcement from MyIPO.*

*To my opinion, there is no issue MyIPO increases the fee but please make sure there is a 24 hours support team and server back- up plan. This is to avoid users like us could not file any applications at the very last minutes instructions from the clients.*

*Otherwise, manual way will still be preference. In addition, if the online system is down, with huge differences between manual filing and online filing, we are having difficulties to explain to our clients on this additional cost incurred.*

*Can MyIPO assist us to reduce the official fee to online fee if the online system is down when we file manually?"*

## **Member 11: Comments**

*“While it is welcomed that MyIPO is looking to improve its ICT systems, there seems to be a misapprehension that use of the current system should be encouraged as it works well. We cannot stress enough that it **does not** (for patents at least). Many issues were raised in the consultation session at MyIPO in May earlier this year and it appears that most of them have not yet been addressed. Some are so serious that an applicant’s rights may be severely and unrecoverably impacted, and therefore we do not currently feel that the system can be relied upon for regular use.*

*For example in August we tried filing a patent application using IPOnline and noted that after attaching all the relevant documents, the Form 1 generated by the system showed the abstract and drawings as having 0 pages. We tried to call an IPonline officer but there was no answer, so as a precaution, an Email (enclosing all the documents) was sent to MyIPO on the same day. However, it was several weeks before a reply was received notifying us that the IPonline documents were incomplete, and when we pointed out that the documents had also been sent by Email, it took several more weeks to receive a written confirmation that the matter had been resolved. Obviously this delay is unacceptable when dealing with inextensible deadlines such as those relating to priority claims, and if we had not taken precautions in this case, it would have been too late to recover the application by the time that we were notified of the problem.*

*In a more recent example, we tried filing a patent application earlier this month (December) but this time we found that our agent ID number was initially not recognised when electronically signing the form, and Form 22 (which was unavailable) could not be omitted (although Form 17 could). This issue with Form 22 also occurred in the August application, and on calling the IPonline helpdesk we were advised to file a ‘fake’ Form 22, which we used as a workaround this time. However, this generates the additional problem that there is now a discontinuity between the fees payment and the proper Form 22 submission, which is difficult to track.*

*Other issues include the attachments being limited to 5Mb (patent specifications often exceed this), the applicant search function (which often shows multiple near-identical addresses for the same applicant – see USM for example), certain acronyms which are not defined in the system (e.g. IPTA or IPTS in relation to Universities – how do we know which to use?), and not being able to take over representation and renew a patent simultaneously (as required in order to pay a renewal for a transfer case).*

*Turning now to the proposal to increase the official fees, it is noted that the manual filing fees are being increased significantly more than the online filing fees. However, it does not seem fair to penalise applicants for not using a system which does not work properly (by having much higher fees for manual filings). As stated by the Japanese Patent Office when their officers visited Malaysia earlier this year, the way to increase online applications is to listen to user feedback and improve the system in response to the issues raised. This is how the JPO reached an online filing figure of 98%. Disproportionately raising the fees for manual filings is unlikely to have a significant effect on the online filing figures – IPonline is avoided not because users are unaware or technophobic, but because it simply doesn’t work sufficiently well to meet most user’s requirements, and they are not going to change their minds until at least the major issues are fixed.*

*In any case, given that the fees were raised significantly by around 30-50% or more in 2011, it seems unjustifiable to significantly increase the fees again after such a short time (it is noted that the proposed fees are to be increased by 100% or more). In our opinion this is likely to have a greater impact on local applicants (where the budgets are tighter) than foreign applicants, and therefore is detrimental to Malaysians’ rights. As a result the number of local filings may be reduced which seems to go against the national intention of promoting innovation in Malaysia. For future reference, we believe a more modest general increase of around 10-20% (i.e in line with inflation) across the board may be considered more acceptable.*

*On a positive note, we welcome the abolishment of the online fees for obtaining copies of patents, as we believe this will help ensure that Malaysian patent documents are more readily available as prior art on an international basis, and improves Malaysia’s reputation for IP generally. However, we disagree with the proposal to combine the trade mark application and advertisement fees at this time, as while we believe this may improve efficiency, we are concerned that if the applicant wishes to withdraw the application*

*prior to publication, it will be very difficult to obtain a refund of the publication fees – this is based on the fact that we have several outstanding requests for refunds in respect of trade mark matters at present, some of which date back more than two years! As a result the applicant's costs may be unnecessarily increased. Nevertheless if an efficient refund system was implemented, this issue may be mitigated.*

*In light of the above we hope that the proposal to increase fees is rescinded as in our opinion it is unjustified and inequitable.”*

**Member 12: Comments**

*“We noted that the last fee increase by MYIPO was made effective on 15 February 2011. In view of a short span of time, MYIPO has decided to increase its fee again and this time by a huge margin for a certain portfolios. Besides that, the plan to remove the Form TM31 at the Acceptance stage raises few doubts among us.*

*We have study through MYIPO's proposal document and would like to enquire further and/or provide our feedbacks and/or proposal hoping that the change of procedure and/or fee will be implemented (if any) without much hassle:*

*1) The Form TM31 is proposed to be abolished meaning Applicants will have to pay the publication fee upfront together with the application fee. Should the Applicant's trademark is objected and the said Applicant does not wish to proceed for the appeal, what will be the procedure for refund of the unexhausted publication fee and how long does it take for MYIPO to issue the refund? Based on our past experience, MYIPO's turn-around time in processing refund is relatively slow, a refund could sometimes takes months or if not years.*

*2) Since the Form TM31 is proposed to be abolished, how will MYIPO notify the Applicant after an appeal and/or Hearing? Will there be any office letter informing the same or the Applicant will have to wait for the mark to be published in the Gazette?*

*3) In normal circumstances, a disclaimer of a trademark will be imposed in the Form TM31. With the said form proposed to be abolished, how will the Applicant's made aware of any disclaimer being imposed? What will happen if the Applicant disagree with the disclaimer and wish to appeal for waiver?*

*4) The purpose of abolishing the Form TM31 by MYIPO is to ensure a smoother and faster process. Kindly indicate the estimated time frame from filing a new application until the publication in the Gazette. Will the duration be more a less the same like filing for an expedited examination? If yes then what is the purpose of the Applicant having to pay extra for expedited examination?*

*5) We would suggest that the E-Filing fee for Registered agents in comparison to non-Registered agents should be lower as Registered agents pay a yearly renewal fee to MYIPO to have their agents' membership renewed. This is also to encourage existing Registered agents to continue their profession in this line of industry.*

*6) A complete trademark procedural flowchart should be provided due to the proposed change of procedure.*

*7) Extension of time fee via Form TM27A should be re-consider as the proposed increment is on the high end.*

*We hope that the general public including Registered agents like us will be given a proper and thorough brief before the implementation is being roll out. Besides that, we also hope that MYIPO will look into all the proposal and/or feedbacks received by various parties including us in order to better improve their services.*

*We understand that the fee increment and/or change of procedure may be unavoidable, nevertheless MYIPO should ensure that the services offered are of the highest standard and quality so that the increment of fee will be justifiable.”*