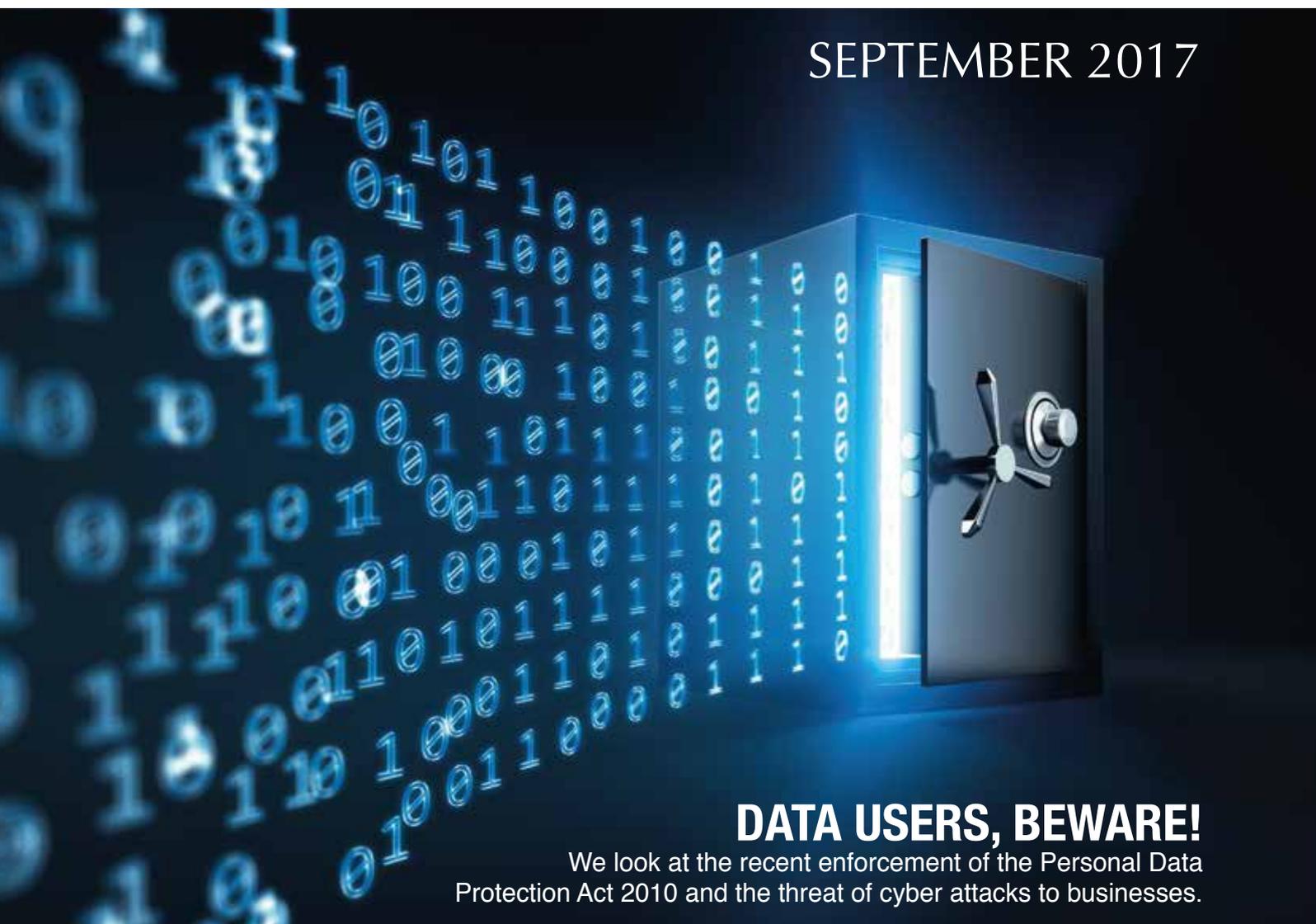


# novitas

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## **DATA USERS, BEWARE!**

We look at the recent enforcement of the Personal Data Protection Act 2010 and the threat of cyber attacks to businesses.

## **TRADE MARK INFRINGEMENT AND PASSING OFF IN RELATION TO TRANSSHIPMENT GOODS**

We discuss the High Court decision of Philip Morris Brands Sarl v. Goodness for Import and Export & 4 Ors and its impact on transshipment goods.

## **SWISS-TYPE CLAIM FOR PATENTS ALLOWED IN MALAYSIA**

We take a look at the recent High Court decision on the patentability of Swiss-type claims used for medical treatments.

# DATA USERS, BEWARE!



## PERSONAL DATA PROTECTION ACT 2010

The enforcement of the Personal Data Protection Act 2010 ("PDPA") seems to have picked up pace with the first criminal prosecution of a company for violating the PDPA. The company, Khas Cergas Sdn Bhd ("KCSB") which owns and operates a local private college known as Victoria International College was charged in the Kuala Lumpur Sessions Court for processing the personal data of a former maintenance technician without a certificate of registration, in contravention to Section 16(4) of the PDPA. KCSB has pleaded not guilty to the charge.

If convicted, KCSB may be liable to a maximum fine of RM500,000, jail term for its officer up to a maximum period of 3 years or both.

## WHAT IS THE CHARGE ABOUT?

Section 16(4) of the PDPA essentially stipulates that it is an offence for a person belonging to the class of data users as specified in the Personal Data Protection (Class of Data Users) Order 2013 to process personal data without a certificate of registration.

Such classes of data users that must be registered are:

- 1) Communications;
- 2) Banking and financial institution;
- 3) Insurance;
- 4) Health;
- 5) Tourism and hospitalities;
- 6) Transportation;
- 7) Education;
- 8) Direct selling;
- 9) Services;
- 10) Real estate;
- 11) Utilities;
- 12) Pawnbroker; and
- 13) Moneylender.

## WHAT SHOULD YOU DO?

The prosecution of this case serves as a stark reminder for all data users to comply with the PDPA and for those specified above, active steps should be taken to register and renew their registration with the Personal Data Protection Department ("PDPA") and ensure that the certificate of registration is displayed at a conspicuous place at the principal place of business, with certified copies of the certificate at each branch.

# IMPACTS OF CYBER ATTACKS ON YOUR BUSINESS

One of the recent issues faced by organisations is the breach of security from ransomware attacks which have affected numerous countries around the world. Malaysia have not been spared. "WannaCry" and "NotPetya" have inevitably become buzzwords familiar to many for the wrong reasons these past few months.

CyberSecurity Malaysia CEO, Amirudin Abdul Wahab, in his statement addressing the WannaCry ransomware said, *"With attacks such as ransomware and hacking, come problems like loss of intellectual property (IP) and trade secrets leading to bad reputation of corporates and companies"*.

Maersk, the shipping company indicated it expects revenue loss of up to \$300 million due to the NotPetya cyber attack.

It is obvious that cyber attacks are something not to be taken lightly and have devastating business effects. Not only will they entail additional cost extorted for the "ransom" payment, but may potentially also bring business operations to a complete halt and in the worst case scenario, a compromise of customers' data or permanent loss of proprietary data and trade secrets.

Implications and threats of cyber attacks are not limited to financial and productivity losses but may extend to other risks including brand tarnishment and violation of the PDPA. In the context of the PDPA, security is in fact one of the principles prescribed under the PDPA that requires compliance. Section 9 of the PDPA requires a data user to ensure practical steps are taken to protect personal data from any loss, misuse, modification, unauthorized or accidental access or disclosure, alteration or destruction. Data users thus have the obligation to ensure compliance by their employees as well as data processors, where such processing is carried out on their behalf.

The PDPD has issued the Personal Data Protection Standard 2015 pursuant to the Personal Data Protection Regulations 2013 ("Regulations") to prescribe the minimum requirement by the Personal Data Protection Commissioner for among others, the Security Standard.

In this regard, a data user is required to:

- Update the Back up/Recovery System and anti-virus to prevent personal data intrusion and such.
- Safeguard the computer systems from malware threats to prevent attacks on personal data.

Failure to comply with the prescribed standards will result in a penalty of a maximum fine of RM250,000 or a jail term not exceeding 2 years or both.

# BEST PRACTICES TO MINIMISE CYBER ATTACKS



These are mere non-exhaustive suggestions. Cybersecurity issues are no longer confined to IT departments. They require a holistic approach and organisation-wide approach to minimise, mitigate and manage risks posed by cyber attacks. It is important to be familiar with the PDPA, its Regulations and the minimum requirements prescribed in the Security Standard, particularly when the PDPD has demonstrated its seriousness in taking aggressive actions against offenders.

# TRADE MARK INFRINGEMENT AND PASSING OFF IN RELATION TO TRANSSHIPMENT GOODS



In the case of *Philip Morris Brands Sarl v. Goodness for Import and Export & 4 Ors* (Civil Suit No.: 22IP-42-09/2012), the Plaintiff claimed against the Defendants for trade mark infringement and passing off in relation to cigarettes bearing the trade mark MALIMBO that allegedly infringed the Plaintiff's MARLBORO trade marks.

This is a case that concerns an alleged transshipment of goods through Malaysia to a business entity in Egypt. A seizure was conducted by the Royal Malaysian Customs Department on the basis that 10 out of 12 containers contained goods under a false declaration. It was stated in the Customs Declaration that the goods were "Omani Marble" but were in fact cigarettes bearing the mark MALIMBO.

The main points decided by His Lordship Justice KK Wong are as follows:

- The Trade Marks Act 1976 also applies to goods within the free trade zone.
- When compared, MALIMBO and MARLBORO are confusingly similar.
- Reference was also made to the meaning of "*in the course of trade*" whereby the term was defined to include "*business conducted for profit, business of a specified nature, a transaction with a person for a thing*".

The Court held that there was use of the MALIMBO mark on the cigarettes "*in the course of trade*" and there is infringement of the MARLBORO trade marks and passing off by the 1st Defendant. The court allowed the Plaintiff's claim with inter alia, the following orders:

- a perpetual prohibitory injunction to restrain the 1st Defendant from infringing the MARLBORO trade marks and passing off MALIMBO Cigarettes as MARLBORO Cigarettes;
- a perpetual mandatory injunction for the MALIMBO Cigarettes in the 10 containers to be destroyed by the Royal Malaysian Customs Department at the 1st Defendant's own expense;
- Inquiry to be conducted by the Registrar to assess compensatory damages payable by the 1st Defendant to the Plaintiff; and
- in the exercise of the court's discretion, an award of exemplary damages amounting to RM300,000.

It is interesting to note that the court also commented that the judgment sends a clear message that ports, airports and territories in Malaysia cannot be used to transit goods by any mode that infringes a Malaysian registered trade mark or which constitute the subject matter of the tort of passing off. This is definitely a good sign for trade mark owners in Malaysia, especially in relation to counterfeit goods that are in transit.

It should also be noted that the Royal Malaysian Customs Department are cognizant of the importance of intellectual property rights and have been active in contacting trade mark owners to assist in identifying goods that are suspected to be counterfeit. To support the efforts made by the Royal Malaysian Customs Department, trade mark owners are advised to engage with the Royal Malaysian Customs Department to record their interest to assist in such anti-counterfeiting efforts so as to ensure a clear line of communication between trade mark owners and the Royal Malaysian Customs Department.

# SWISS-TYPE CLAIM FOR PATENTS ALLOWED IN MALAYSIA



The High Court in the recent case of *Merck Sharp & Dohme Corp & Anor v Hovid Bhd* [2017] 1 LNS 53 (“Merck case”) has clarified that Swiss-type claims are allowed in Malaysia. A Swiss-type claim is generally understood to refer to a “second or further medical use” of a known substance or composition used for a medical treatment. A Swiss-type claim also covers purpose limited process claim directed at the use of a substance for the manufacture of a medicament for a specified medical use. Swiss-type claims have long been accepted in many European countries but its validity has not been questioned until the Merck case. The clarification by the Intellectual Property High Court of Kuala Lumpur is certainly a piece of good news for the pharmaceutical industry.

In the Merck case, the 1st Plaintiff, Merck Sharp & Dohme Corp, had registered a patent in Malaysia (“Merck Patent”) for the following:-

*“Use of alendronic acid or a pharmaceutically acceptable salt thereof, or a mixture thereof, for the manufacture of a medicament for inhibiting bone resorption in a human wherein said medicament is adapted for oral administration, in a unit dosage form which comprises from about 8.75 mg to 140 mg of alendronic acid or a pharmaceutically acceptable salt thereof, on an alendronic acid active weight basis, according to a continuous schedule having periodicity from about once every 3 days to about once every 16 days.”*

The Merck Patent essentially relates to the use of a chemical compound known as alendronic acid or alendronate for the manufacture of a drug used to inhibit bone resorption in humans. It is used to prevent diseases such as osteoporosis. This patented drug is marketed by the 1st Plaintiff under the name *Fosomax*. The 2nd Plaintiff, namely Merck Sharp & Dohme (M) Sdn Bhd, holds an exclusive licence from the 1st Plaintiff to distribute and sell *Fosomax* products in Malaysia.

The Defendant, a generic drug manufacturer, was granted approval by the National Pharmaceutical Control Bureau to market Alendronate tablets (70mg) in Malaysia. The Plaintiffs’ claimed that the Defendant had infringed the Merck Patent by selling the Alendronate tablets.

The Defendant counterclaimed to invalidate the Merck Patent on grounds that the Merck Patent is non-patentable, not novel, lacked inventive step and not industrially applicable pursuant to Sections 13(1)(d), 14, 15 and 16 of the Patents Act 1983 (“the Act”). Amongst the many arguments advanced, the Defendant contended that the Merck Patent was for a treatment method of a human body which is not patentable under Section 13(1)(d) of the Act. Section 13(1)(d) of the Act clearly excludes *“methods for the treatment of the human or animal body by surgery or therapy, and diagnostic methods practised on the human or animal body”* from patentability. However, the 1st Plaintiff contended that the Merck Patent constituted a Swiss-type claim which is not a method of medical treatment prohibited by Section 13(1)(d). The learned Judicial Commissioner, Justice Wong Kian Kheong, agreed with the Plaintiff’s contention and stated the following:

*“Firstly, s 13(1)(d) [of the Patents Act (“PA”)] bars the patentability of a “method” of treatment of human body by therapy (Treatment Method). Having said that, I am of the view that 14(4) PA allows the patentability of the “use” of a Treatment Method. It is noted that s 14(4) PA has been inserted by Parliament by way of Patents (Amendment) Act 1993 with effect from 1.8.1993. The 22 Claims in the [Merck] Patent concern the “use” of alendronate for the manufacture of a medicament to inhibit bone resorption in humans which is adapted for oral administration of certain dosages according to certain continuous schedules. [The Merck] Patent is not a Treatment Method in itself but is instead a “use” of a Treatment Method to inhibit bone resorption. Accordingly, s 13(1)(d) PA does not bar the patentability of the Merck Patent.”*

This is the first case whereby a Malaysian court has allowed a Swiss-type medical use claim. This decision definitely helps to clarify the legal position and may serve as an impetus for the pharmaceutical sector to file more of such inventions in Malaysia.