



ICLG

The International Comparative Legal Guide to:

Copyright 2019

5th Edition

A practical cross-border insight into copyright law

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Anderson Mōri & Tomotsune

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Bird & Bird LLP

Daniel Legal & IP Strategy

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Deep & Far Attorneys-at-Law

Fross Zelnick Lehrman & Zissu, P.C.

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ZY Partners



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Toni Hayward

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Amy Norton

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Caroline Collingwood

CEO
Dror Levy

Group Consulting Editor
Alan Falach

Publisher
Rory Smith

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59 Tanner Street
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Fax: +44 20 7407 5255
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Malaysia

Cheong Shih Wen



Joel Prashant



Seow & Associates

1 Copyright Subsistence

1.1 What are the requirements for copyright to subsist in a work?

In Malaysia, copyright subsists by virtue of the Copyright Act 1987 (“Act”) and copyright protection is accorded without any requirement of registration, deposit or otherwise. Under the Act, copyright will subsist in a work if it: (a) is original; (b) is reduced to material form; (c) belongs to one of the categories of protected works; and (d) complies with the qualifications for copyright. If these requirements are met, a work is protected regardless of the quality and purpose for which it was created. Hence, copyright may subsist in a work by reference to: (i) the status of the author; (ii) the publication of the work; or (iii) the making of the work. Copyright may also subsist in works made by or under the direction or control of the Malaysian Government and prescribed international organisations.

Originality in copyright means that the work must have originated from the author and some effort must have gone into the creation of the work. A literary, musical or artistic work requires originality and reduction of the work into material form for it to be eligible for copyright. However, such requirements do not apply to published editions, sound recordings, films or broadcasts.

Special rules apply to works of architecture and broadcasts. Copyright shall subsist in a work of architecture when it is erected in Malaysia, or any other artistic work incorporated in a building located in Malaysia, or a broadcast transmitted from Malaysia.

Qualified Person

Copyright will vest in a work if the author, or in the case of joint authorship, one of them, is a qualified person at the time of the making of the work. The Act defines “qualified person” in relation to an individual as a person who is a citizen or permanent resident of Malaysia, and in relation to a body corporate, a body established in Malaysia and constituted or vested with a legal personality under the laws of Malaysia. By virtue of Malaysia’s accession to the Berne Convention in 1990, a qualified person in relation to a literary, musical or artistic work or a film also includes a citizen or a body corporate of a country which is a member of the Berne Convention.

Publication of the Work

Copyright shall also subsist in every work which is eligible for copyright and, being a literary, musical or artistic work or film or sound recording, is first published in Malaysia, i.e. made available to the public. A work is also deemed to be first published in Malaysia if it was first published elsewhere but subsequently

published in Malaysia within 30 days of that first publication. By virtue of the Berne Convention, a Berne Union country is obliged to grant the same copyright protection to the nationals or residents of other Berne Union countries that it accords to its own citizens. A Malaysian author’s work, whether or not published, is thus protected in other Berne Union countries. All literary, musical or artistic works and films first published in any of the Berne Union countries are also entitled to copyright protection in Malaysia, irrespective of whether they are published in Malaysia itself. Similarly, such works first published elsewhere in non-Berne Union countries but subsequently published in any of the Berne Union countries within 30 days of their first publication would be entitled to copyright in other Berne Union countries including Malaysia.

1.2 On the presumption that copyright can arise in literary, artistic and musical works, are there any other works in which copyright can subsist and are there any works which are excluded from copyright protection?

Other works that copyright can also subsist in include films, sound recordings, works of architecture, artistic works incorporated within a building, broadcasts, derivative works and published editions.

Copyright protection shall not extend to any idea, procedure, method of operation or mathematical concept. Copyright shall also not subsist in any design which is registered under any written law relating to industrial design.

1.3 Is there a system for registration of copyright and if so what is the effect of registration?

There is no system for registration of copyright in Malaysia. The Copyright (Amendment) Act 2012 introduced Sections 26A, 26B and 26C into the Act and these provisions (together with the Copyright (Voluntary Notification) Regulations 2012) established a new framework for the voluntary notification of copyright into Malaysian copyright law (“Voluntary Notification”).

Voluntary Notification is made by filing: (i) the prescribed forms; (ii) a statutory declaration; and (iii) a copy of the work, with the Controller of Copyright (the Intellectual Property Office of Malaysia) (“Controller”). The Voluntary Notification must be accompanied by payment of the prescribed fees and may be undertaken by: (i) the author of the work; (ii) the owner of the copyright; (iii) an assignee of the copyright; (iv) a licensee of an interest in the copyright; or (v) a person acting on behalf of any of the persons referred to in items (i) to (iv).

While the Voluntary Notification regime does not derogate from the requirement of non-formality for the enjoyment and exercise of copyright protection under the Berne Convention, copyright owners can use Voluntary Notification as *prima facie* proof of ownership over their creative works. However, such *prima facie* proof of ownership can be challenged in court as decided in *Syarikat Faiza Sdn Bhd & Anor v Faiz Rice Sdn Bhd & Anor and another suit [2017] MLJU 1595* mentioned in question 7.1 below.

1.4 What is the duration of copyright protection? Does this vary depending on the type of work?

The term of copyright protection varies, depending on factors such as the precise nature of the material in which copyright subsists, the owner's identity, i.e. Governmental or international organisations, whether jointly authored, and whether the work was anonymous or pseudonymous. The following table sets out the category of work and the duration of copyright:

Category of Work	Duration of Copyright
Published literary, musical or artistic works where the author is known	Copyright shall subsist during the life of the author and shall continue to subsist until the expiry of a period of 50 years after his death. Where the work is undertaken by joint authors, a reference to "author" shall, in such case, be construed as a reference to the author who dies last.
Unpublished literary, musical or artistic works where the author is known	Where such work had not been published before the death of the author, the copyright which subsists in such work shall continue to subsist until the expiry of a period of 50 years computed from the beginning of the calendar year next following the year in which the work was first published.
Literary, musical or artistic works where the author is not known	Where the work is published anonymously or under a pseudonym, the copyright which subsists in such work shall continue to subsist until the expiry of a period of 50 years computed from the beginning of the calendar year next following the year in which the work was first published or first made available to the public or made, whichever is the latest.
Published editions	50 years from the beginning of the calendar year following the year that the edition was first published.
Sound recordings	50 years computed from the beginning of the calendar year next following the year in which the recording was first published or, if the sound recording has not been published, from the beginning of the calendar year following the year of fixation.
Broadcasts	50 years computed from the beginning of the calendar year next following the year in which the broadcast was first made.
Films	50 years computed from the beginning of the calendar year next following the year in which the film was first published.
Works of Government, Government organisations and international bodies	50 years computed from the beginning of the calendar year next following the year in which the work was first published.

Category of Work	Duration of Copyright
Performers' rights	50 years computed from the beginning of the calendar year next following the year in which the performance was given or was fixed in a sound recording.

1.5 Is there any overlap between copyright and other intellectual property rights such as design rights and database rights?

In Malaysia, the protection of industrial designs is governed by the Industrial Designs Act 1996 and the Industrial Designs Regulations 1999 ("ID Act"). When the ID Act came into force in 1999, amendments were made to the Act which substantially reduced the application of copyright law to designs and, in particular, the making of three-dimensional articles.

The Act specifically provides that copyright shall not subsist in any design which is registered under any written law relating to industrial design.

Under Malaysian legislation and case law, there is no definition as to what a "database" or "database right" constitutes, nor is there any specific case law which addresses the extent of protection afforded to databases. A database may, however, fall under the definition of "literary work" under Section 3 of the Act, which includes in particular "tables or compilations, whether or not expressed in words, figures or symbols and whether or not in a visible form". Additionally, databases also appear to fall under the banner of "derivative works" under Section 8 of the Act. In respect of databases, derivative works include "collections of works eligible for copyright, or compilation of mere data whether in machine readable or other form, which constitute intellectual creation by reason of the selection and arrangement of their contents". Furthermore, derivative works enjoy copyright protection as original works under Section 8 of the Act. However, the protection of such derivative works is without prejudice to any protection of any existing work used.

The protection under Section 8 of the Act arises from the selection or arrangement of the contents that would constitute an intellectual creation, instead of the expenditure of investment towards obtaining, verifying and presenting the contents of the database. While there is no express protection against the "extraction" or "re-utilization" of a substantial part of the contents of a database as defined above, Section 13(1) of the Act protects databases and their owners in respect of providing the owners with the exclusive right to control:

- (a) the reproduction in any material form;
- (aa) the communication to the public;
- (b) the performance, showing or playing to the public;
- (e) the distribution of copies to the public by sale or other transfer of ownership; and
- (f) the commercial rental to the public,

of the whole database or a substantial part thereof, either in its original or derivative form.

1.6 Are there any restrictions on the protection for copyright works which are made by an industrial process?

Section 13A(1) of the Act provides that it shall not be an infringement of any copyright in a design document or model recording or

embodying a design for anything other than an artistic work or a typeface to make an article to the design, or to copy or to reproduce an article made to the design. “Design” means the design of any aspect of the shape or configuration (whether internal or external) of the whole or part of an article, other than surface decoration; and “design document” means any record of a design, whether in the form of a drawing, a written description, a photograph, data stored in a computer or otherwise.

For Section 13A to apply, the design must be “for” something, meaning that the design as embodied in the design document or model must have been created as a step towards or a part of the process for the subsequent production of another article. Section 13A is restricted to the three-dimensional reproduction of a design, and thus any copying of the two-dimensional design document itself may still be considered as an infringement of copyright.

Pursuant to Section 13B, once the copyright owner has made, by an industrial process or means, articles that are copies of the work, and marketed such articles in Malaysia or elsewhere, the copyright owner is entitled to copyright protection of 25 years from the end of the calendar year in which such articles are first marketed.

It should also be noted that “artistic work” no longer includes a layout-design within the meaning of the Layout-Designs of Integrated Circuits Act 2000 by virtue of the Copyright (Amendment) Act 1996 and the Copyright (Amendment) Act 2000. A three-dimensional work is no longer deemed to be an “artistic work”, although it remains an infringement of copyright to make a three-dimensional object from a two-dimensional artistic work and *vice versa*.

2 Ownership

2.1 Who is the first owner of copyright in each of the works protected (other than where questions 2.2 or 2.3 apply)?

Copyright shall vest initially in the author.

2.2 Where a work is commissioned, how is ownership of the copyright determined between the author and the commissioner?

Where a work is commissioned by a person who is not the author’s employer under a contract of service or apprenticeship, the copyright shall be deemed to be transferred to the person who commissioned the work or the author’s employer, subject to any agreement between the parties excluding or limiting such transfer. The term “commission” has recently been defined in *Motordata Research Consortium Sdn Bhd v Ahmad Shahril bin Abdullah & Ors* [2017] MLJU 1187 mentioned in question 7.1 below.

2.3 Where a work is created by an employee, how is ownership of the copyright determined between the employee and the employer?

Where a work is made in the course of the author’s employment, the copyright shall be deemed to be transferred to the person who commissioned the work or the author’s employer, subject to any agreement between the parties excluding or limiting such transfer. Whether or not a person is deemed to be an employee depends on whether the individual was employed under a contract of service and if the work was part of the regular or special duties of the employee. It would be sufficient to show that a substantial part of the work was made whilst the author was still in employment.

2.4 Is there a concept of joint ownership and, if so, what rules apply to dealings with a jointly owned work?

A work of joint ownership under the Act means “a work produced by the collaboration of two or more authors in which the contribution of each author is not separable from the contribution of the other author(s)”. Whether a person is deemed to be a joint owner is a question of fact to be satisfied based on the facts and circumstances of the case, and it is imperative to consider the degree of skill and labour each person claiming authorship plays in relation to the final work.

Joint authors are tenants in common rather than joint tenants, and each joint author shares the copyright equally in the absence of any agreement to the contrary. Section 27(4) of the Act further provides that “an assignment or licence granted by one copyright owner shall have effect as if the assignment or licence is also granted by his co-owner or co-owners, and subject to any agreement between the co-owners, fees received by any of the owners shall be divided equally between all the co-owners”. As such, the terms of the assignment will determine whether assignees hold as joint tenants or tenants in common, and also their respective proportions where the latter applies.

Although the reproduction of work requires consent from all co-owners, a co-owner may sue for infringement without the other co-owners, but such co-owner may only recover his share of the damages.

3 Exploitation

3.1 Are there any formalities which apply to the transfer/assignment of ownership?

Copyright is transferable by assignment, testamentary disposition, or by operation of law, as movable property. An assignment or testamentary disposition of copyright may be limited so as to apply only to some of the acts which the owner of the copyright has the exclusive right to control, or to only part of the period of the copyright, or to a specified country or other geographical area. For an assignment or licence to have effect, it must be in writing. An assignment or licence granted by one copyright owner shall have effect as if the assignment or licence is also granted by his co-owner(s) (if they share a joint interest in the copyright or any part thereof), and subject to any agreement between the co-owner(s), fees received by any of the owners shall be divided equally between all the co-owner(s). An assignment, licence or testamentary disposition may be effectively granted or made in respect of a future work, or an existing work in which copyright does not yet subsist, and the future copyright in any such work shall be transferable by operation of law as movable property.

Where under a testamentary disposition, whether specific or general, a person is entitled beneficially or otherwise to the manuscript of a literary, musical, or artistic work, and if the work has not been published before the death of the testator, the testamentary disposition shall, unless a contrary intention is indicated in the testator’s will or a codicil thereto, be construed as including the copyright in the work in so far as the testator was the owner of the copyright immediately before his death.

3.2 Are there any formalities required for a copyright licence?

The copyright licence must be in writing.

3.3 Are there any laws which limit the licence terms parties may agree (other than as addressed in questions 3.4 to 3.6)?

No such laws have been enacted in Malaysia.

3.4 Which types of copyright work have collective licensing bodies (please name the relevant bodies)?

Music Rights Malaysia Berhad is the sole licensing body designed by the Controller and the Ministry of Domestic Trade, Cooperative and Consumerism (“MDTCC”) to carry out music license issuance and fee collection activities in Malaysia on behalf of the following music licensing bodies:

1. Music Authors’ Copyright Protection Berhad (“MACP”);
2. Public Performance Malaysia Sdn. Bhd. (“PPM”);
3. Recording Performers Malaysia Berhad (“RPM”); and
4. Performer’s Rights and Interest Society Malaysia Berhad (“PRISM”).

3.5 Where there are collective licensing bodies, how are they regulated?

Collective licensing bodies are regulated by the Act and the Copyright (Licensing Body) Regulations 2012. A society or an organisation intending to operate as a licensing body for copyright owners or for a specified class of copyright owners shall apply to the Controller to be declared as a licensing body.

3.6 On what grounds can licence terms offered by a collective licensing body be challenged?

Pursuant to Sections 27AA(1) of the Act, “licensing scheme” means licensing schemes operated by licensing bodies in relation to the copyright in any work, so far as they relate to licences for:

- (a) reproducing the work;
- (b) performing, showing or playing the work in public;
- (c) communicating the work to the public;
- (d) rebroadcasting the work;
- (e) the commercial rental of the work to the public; or
- (f) making adaptations of the work.

The terms of a licensing scheme proposed to be operated by a licensing body may be referred to the Copyright Tribunal (“Tribunal”) by any organisation claiming to be a representative of persons claiming that they require licences in cases of a description to which the licensing scheme would apply, either generally or in relation to any description of case. If the Tribunal decides to entertain the reference, it shall consider the matter referred and make such order, either confirming or varying the proposed licensing scheme, either generally or so far as it relates to cases of the description to which the reference relates, as it may determine to be reasonable in the circumstances. Similarly, if a dispute arises between the operator of the licensing scheme and:

- (a) a person claiming that he requires a licence in a case of a description to which the licensing scheme applies;
- (b) an organisation claiming to be representative of such persons; or
- (c) a person who has been granted a licence to which the licensing scheme applies,

that operator, person or organisation may refer the licensing scheme to the Tribunal in so far as it relates to cases of that description. The

Tribunal shall consider the matter in dispute and make such order, either confirming or varying the licensing scheme so far as it relates to cases of the description to which the reference relates, as it may determine to be reasonable in the circumstances.

4 Owners’ Rights

4.1 What acts involving a copyright work are capable of being restricted by the rights holder?

According to the Act, copyright owners have the exclusive right to control in Malaysia:

- (a) the reproduction in any material form;
- (aa) the communication to the public;
- (b) the performance, showing or playing to the public;
- (e) the distribution of copies to the public by sale or other transfer of ownership; and
- (f) the commercial rental to the public,

of the whole work or a substantial part thereof, either in its original or derivative form.

4.2 Are there any ancillary rights related to copyright, such as moral rights, and if so what do they protect, and can they be waived or assigned?

There are two types of moral rights that are protected under the Act.

Authors’ Moral Rights

Section 25(2) provides that no person may, without the consent of the author, do or authorise: (a) the presentation of the work, by any means whatsoever, without identifying the author or under a name other than that of the author; and (b) the distortion, mutilation or other modification of the work if the distortion, mutilation or modification (i) significantly alters the work, and (ii) is such that it might reasonably be regarded as adversely affecting the author’s honour or reputation.

It is unclear whether Section 25 permits an author to waive his moral rights.

Performers’ Moral Rights

The moral rights of a performer are the same as those granted to authors of copyright works save that they are granted only to a live performance or a live performance fixed in a phonogram. “Phonogram” has been defined under the Act to mean the fixation of the sounds of a performance or of other sounds, or of a representation of the sounds, other than in the form of a fixation incorporated in a film or other audio-visual work.

4.3 Are there circumstances in which a copyright owner is unable to restrain subsequent dealings in works which have been put on the market with his consent?

The exclusive right to control the distribution of copies refers only to the act of putting into circulation copies not previously put into circulation in Malaysia and not to any subsequent distribution of those copies or any subsequent importation of those copies into Malaysia. Furthermore, the exclusive right to control commercial rental in relation to films shall only apply when such commercial rental has led to widespread copying of such work materially impairing the exclusive right of reproduction.

5 Copyright Enforcement

5.1 Are there any statutory enforcement agencies and, if so, are they used by rights holders as an alternative to civil actions?

Section 5 of the Act empowers the Minister of MDTCC to appoint a Controller, Deputy Controllers and Assistant Controllers and such other officers as may be necessary for the administration of the Act. The Assistant Controllers are vested with the powers of investigation and these powers are shared equally between the police and enforcement division of the MDTCC. The investigatory powers of the enforcement unit are limited to cases involving criminal offences under the Act. In terms of criminal prosecution, it is conducted by the Enforcement Division of MDTCC or the Royal Malaysian Police.

The Act also establishes the Tribunal, which has the power to: approve or vary the licensing scheme; determine whether particular applicants should be granted licences under such schemes; approve or vary the terms of particular licences; hear disputes over which applicants for a licence fall within the scheme on the refusals to grant licences; and make orders declaring that the complainant is entitled to a licence. The Tribunal may of its own motion, or at the request of a party, refer a question of law arising in proceedings concluded before it for determination by the High Court. A decision of the High Court shall be final and conclusive and no such decision shall be challenged by any other authority, judicial or otherwise, whatsoever.

5.2 Other than the copyright owner, can anyone else bring a claim for infringement of the copyright in a work?

The Act provides that the exclusive licensee shall (except against the owner of the copyright) have the same rights of action and be entitled to the same remedies, as if the licence had been an assignment, and those rights and remedies shall be concurrent with the rights and remedies of the owner of the copyright under that section. Where an action is brought either by the exclusive licensee and the action relates (wholly or partly) to an infringement in respect of which the owner and licensee have concurrent rights of action, the licensee, as the case may be, shall not be entitled, except with the leave of the court, to proceed with the action, in so far as it is brought under that section and relates to that infringement, unless the other party is either joined as a plaintiff in the action or added as a defendant.

5.3 Can an action be brought against 'secondary' infringers as well as primary infringers and, if so, on what basis can someone be liable for secondary infringement?

Actions can be brought against a "secondary" infringer who, without the consent or licence of the copyright owner, and where he knows or ought reasonably to know that the making of the article was carried out without the consent or licence of the copyright owner, imports an article into Malaysia for the purpose of:

- (a) selling, letting for hire, or by way of trade offering or exposing for sale or hire, the article;
- (b) distributing the article for the purpose of trade or any purpose to an extent that it will prejudicially affect the owner of the copyright; or
- (c) by way of trade, exhibiting the article in public.

5.4 Are there any general or specific exceptions which can be relied upon as a defence to a claim of infringement?

Section 13(2) of the Act provides defences to infringement actions for the following:

- (a) fair dealing for purposes of research, private study, criticism, review or the reporting of news or current events, provided that it is accompanied by an acknowledgment of the title of the work and its authorship, except that no acknowledgment is required in connection with the reporting of news or current events by means of a sound recording, film or broadcast;
- (b) doing of any act by way of parody, pastiche or caricature;
- (c) incidental inclusion in a film or broadcast of any artistic work situated in a place where it can be viewed by the public;
- (d) reproduction and distribution of copies of any artistic work permanently situated in a place where it can be viewed by the public;
- (e) incidental inclusion of a work in an artistic work, sound recording, film or broadcast;
- (f) inclusion of a work in a broadcast, performance, showing or playing to the public, collection of literary or musical works, sound recording or film, if such inclusion is made by way of illustration for teaching purposes and is compatible with fair practice, provided that mention is made of the source and of the name of the author which appears on the work used;
- (g) any use of a work for the purpose of an examination by way of setting the questions, communicating the questions to the candidates or answering the questions, provided that a reprographic copy of a musical work shall not be made for use by an examination candidate in performing the work;
- (h) reproduction made in schools, universities or educational institutions of a work included in a broadcast intended for such schools, universities or educational institutions;
- (i) making of a sound recording of a broadcast, or a literary, dramatic or musical work, sound recording or a film included in the broadcast insofar as it consists of sounds if such sound recording of a broadcast is for the private and domestic use of the person by whom the sound recording is made;
- (j) making of a film of a broadcast, or a literary, artistic, dramatic or musical work or a film included in the broadcast, insofar as it consists of visual images if such making of a film of the broadcast is for the private and domestic use of the person by whom the film is made;
- (k) making and issuing of copies of any work into a format to cater for the special needs of people who are visually or hearing impaired and the issuing of such copies to the public by non-profit making bodies or institutions and on such terms as the Minister may determine;
- (l) reading or recitation in public or in a broadcast by one person of any reasonable extract from a published literary work if accompanied by sufficient acknowledgment;
- (m) any use made of a work by or under the direction or control of the Government, by the National Archives or any State Archives, by the National Library, or any State library, or by such public libraries and educational, scientific or professional institutions as the Minister may by order prescribe, where such use is in the public interest and is compatible with fair practice and the provisions of any regulations, and no profit is derived therefrom, and no admission fee is charged for the performance, showing or playing, if any, to the public of the work thus used;
- (n) reproduction of any work by or under the direction or control of a broadcasting service where such reproduction or any copies thereof are intended exclusively for a lawful broadcasting and are destroyed before the end of the period of

six calendar months immediately following the making of the reproduction or such longer period as may be agreed between the broadcasting service and the owner of the relevant part of the copyright in the work, provided that any reproduction of a work may, if it is of exceptional documentary character, be preserved in the archives of the broadcasting service which are hereby designated official archives for the purpose, but subject to this Act, shall not be used for broadcasting or for any other purpose without the consent of the owner of the relevant part of the copyright in the work;

- (o) performance, showing or playing of a work by a non-profit making club or institution where such performance, showing or playing is for a charitable or educational purpose and is in a place where no admission fee is charged in respect of such performance, showing or playing;
- (p) any use of a work for the purposes of any judicial proceedings, the proceedings of a royal commission, a legislative body, a statutory or Governmental inquiry, or of any report of any such proceedings, or for the purpose of the giving of professional advice by a legal practitioner;
- (q) the making of quotations from a published work if they are compatible with fair practice and their extent does not exceed that justified by the purpose, including quotations from newspaper articles and periodicals in the form of press summaries, provided that mention is made of the source and of the name of the author which appears on the work thus used;
- (r) reproduction by the press, the broadcasting or the showing to the public of articles published in newspapers or periodicals on current topics, if such reproduction, broadcasting or showing has not been expressly reserved, provided that the source is clearly indicated;
- (s) reproduction by the press, the broadcasting or the performance, showing or playing to the public of lectures, addresses and other works of the same nature which are delivered in public if such use is for informatory purposes and has not been expressly reserved;
- (t) commercial rental of computer programs, where the program is not the essential object of the rental; and
- (u) making of a transient and incidental electronic copy of a work made available on a network if the making of such copy is required for the viewing, listening or utilisation of the work.

Other non-statutory defences include:

- (i) where the nature of the work itself is such that it should not be protected on the grounds of public policy; and
- (ii) where the unauthorised public disclosure of the copyrighted material is in the public interest.

5.5 Are interim or permanent injunctions available?

Both preliminary and final injunctions are available, as Malaysia adopts a common law system. Other interlocutory reliefs available include Anton Piller orders and Mareva injunctions. Interlocutory relief is available where appropriate.

5.6 On what basis are damages or an account of profits calculated?

As damages and account of profits are alternatives, they cannot be claimed simultaneously. An account of profits requires the infringer to calculate the revenue gained from his infringement to the party whose rights he has infringed, whereas damages requires the infringer to compensate the party wronged for the loss he has suffered. This is further reiterated in the case of *Motordata Research Consortium Sdn Bhd v Ahmad Shahril bin Abdullah & Ors [2017] MLJU 1187* mentioned in question 7.1 below.

5.7 What are the typical costs of infringement proceedings and how long do they take?

Infringement proceedings typically cost between USD50,000 and USD100,000 depending on the time, cost and complexity of the matter. On average, it takes approximately 12 to 18 months from filing to trial.

5.8 Is there a right of appeal from a first instance judgment and if so what are the grounds on which an appeal may be brought?

The right of appeal from a first instance judgment from the High Court is to the Court of Appeal in respect of the whole or any part of the judgment based on a point of fact or law, or both. However, an appeal from the Court of Appeal to the Federal Court can only be based on a point of law, provided that leave is granted by the Federal Court.

5.9 What is the period in which an action must be commenced?

Six years from the act of infringement before the action is time-barred. The date of infringement will apply with respect to cases of continuing infringement.

6 Criminal Offences

6.1 Are there any criminal offences relating to copyright infringement?

Section 41 of the Act penalises the following activities relating to copyright infringement:

- (a) making of any infringing copy for sale or hire;
- (b) selling, letting for hire or, by way of trade, exposing or offering for sale or hire any infringing copy;
- (c) distribution of infringing copies;
- (d) the possession, otherwise than for private and domestic use, of any infringing copy;
- (e) by way of trade, exhibition in public of any infringing copy;
- (f) importation into Malaysia of any infringing copy, other than for private and domestic use;
- (g) making or the possession of any contrivance used or intended to be used for the purposes of making infringing copies;
- (h) circumvention or authorisation of the circumvention of any effective technological measures;
- (ha) manufacture, importation or sale of any technology or device for the purpose of the circumvention of technological protection measure;
- (i) unauthorised removal or alteration of any electronic rights management information; and
- (j) unauthorised distribution, importation for distribution or communication to the public of works or copies of works in respect of which electronic rights management information has been removed or altered without authority.

Upon conviction for an offence under paragraphs (a) to (f) above, the offender is liable to a fine of a sum not less than RM2,000 and not more than RM20,000 for each infringing copy, or to imprisonment for a term not exceeding five years, or to both, and for any subsequent offence, to a fine of not less than RM4,000 and no more than RM40,000 for each infringing copy, or to imprisonment for a term not exceeding 10 years, or to both.

Upon conviction for an offence under paragraphs (g) to (ha) above, the offender is liable to a fine of a sum not less than RM4,000 and not more than RM40,000 for each contrivance in respect of which the offence was committed, or to imprisonment for a term not exceeding 10 years, or to both, and for any subsequent offence, to a fine of not less than RM8,000 and no more than RM80,000 for each contrivance in respect of which the offence was committed, or to imprisonment for a term not exceeding 20 years, or to both.

Upon conviction for an offence under paragraphs (h) to (j) above, the offender is liable to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding five years, or to both, and for any subsequent offence, to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 10 years, or to both.

It is also an offence to cause a literary or musical work, sound recording or film to be performed in public.

Section 41 further provides that any person committing any of the above offences is guilty of an offence, unless the accused is able to prove that he acted in good faith and had no reasonable grounds for supposing that copyright or performers' right would or might be infringed.

6.2 What is the threshold for criminal liability and what are the potential sanctions?

In Malaysia, the prosecution is required to prove beyond reasonable doubt. Upon conviction for an offence under Section 41, the offender is liable to a fine, imprisonment and/or both.

7 Current Developments

7.1 Have there been, or are there anticipated, any significant legislative changes or case law developments?

The Act was last amended in 2010 and no amendments have been made since then.

We set out below the current developments in copyright based on the following case laws:

1. *Syarikat Faiza Sdn Bhd & Anor v Faiz Rice Sdn Bhd & Anor and another suit* [2017] MLJU 1595

The High Court in this matter held, *amongst others*, that:

- (a) Sections 9(1), (2) and (3) of the Act provides for copyright to subsist in typographical arrangements (such a style, composition, layout and general appearance) of "published editions" of works;
- (b) copyright does not automatically belong to an employer if the work was created during the course of the employee's employment. It is a question of fact and would be determined by the courts based on the facts of the case;
- (c) Voluntary Notification cannot be solely used as evidence of copyright ownership. Copyright owners must be able to show that they have satisfied the requirements mentioned in question 1.1 above in order to prove that they are the copyright owner of their piece of work. The High Court goes on to state that the Voluntary Notification certificate provided by the Controller is not undeniable proof of copyright ownership. If the court decides that the party who submitted the Voluntary Notification is not the actual copyright owner, the court may grant a perpetual mandatory injunction to compel that party to withdraw its Voluntary Notification.

The High Court further opined that in order to determine whether the act of altered copying, which is the act of copying an original

work with modification made to the work, is an act of copyright infringement which falls under Section 36(1) of the Act, the Laddie's Test (as taken from "The Modern Law of Copyright and Designed" – Laddie, Prescott and Vitoria, 2nd Edition") should be used. The Laddie's Test determines whether the infringer has incorporated a substantial part of the independent skill and labour of the original author in the original copyright work, into the infringer's own work.

2. *Motordata Research Consortium Sdn Bhd v Ahmad Shahril bin Abdullah & Ors* [2017] MLJU 1187

The High Court in this matter opined that:

- (a) the word "commissioned" in Section 26(2)(a) of the Act refers to an order or agreement by one person to another person to create the work in question;
 - (b) a person ("V") is deemed to have committed a copyright infringement under Section 36(1) of the Act when V causes another person ("W") to commit copyright infringement under the following circumstances:
 - (i) V has authority over W and V orders and directs W to commit copyright infringement;
 - (ii) V has an express or positive mandate to cause W to commit copyright infringement and V has caused W to do so;
 - (c) the courts have the power to decide whether it should award damages (compensatory and non-compensatory) and at the same time, order an account of profits for both copyright infringement and commission of torts. In this case, if the court had: (i) ordered an inquiry to assess damages payable by the defendants to the plaintiff for loss suffered by the plaintiff (compensatory damages); (ii) made a separate award for the plaintiff's claim for exemplary damages, aggravated damages, statutory damages and additional damages (non-compensatory damages); and (iii) ordered an account of profits, this may have resulted in an unjustifiable windfall for the plaintiff and financially crippled the defendants in an unjust manner.
3. *Honda Giken Kogyo Kabushiki Kaisha v Dnc Asiatic Holdings Sdn Bhd & Ors and another suit* [2017] MLJU 1575

The High Court held that three-dimensional products created from two-dimensional drawings are eligible for copyright protection and such products do not have to be an exact reproduction of the two-dimensional drawings. It would be sufficient if there was evidence to show that the three-dimensional representation was based on the two-dimensional drawings.

4. *Honda Giken Kogyo Kabushiki Kaisha v Mforce Bike Holdings Sdn Bhd & Anor and another suit* [2017] MLJU 1576

The High Court held that the act of copying (in Malaysia) an unauthorised copy of a work (in Vietnam) would not constitute copyright infringement if there is no evidence given that the work is afforded copyright protection or copyright enforcement in Vietnam.

7.2 Are there any particularly noteworthy issues around the application and enforcement of copyright in relation to digital content (for example, when a work is deemed to be made available to the public online, hyperlinking, etc.)?

Section 36A of the Act provides that if a technological protection measure is applied to a copy of a work, no person shall circumvent such measure. "Technological protection measure" is defined to mean any technology which prevents or limits the doing of any act that results in an infringement of copyright.

Section 36B of the Act prohibits any person from removing or altering any electronic rights management information or

distributing any works or copies of works knowing that electronic rights management information has been removed or altered. “Rights management information” means information which identifies the work, the author, the owner of any right of the work, the terms and conditions of use of the work, numbers/codes that represent such information, when any of these items is attached to a copy of a work or appears in connection with the communication of the work to the public.

The Act exempts a service provider from liability for copyright infringement in the following situations:

1. if the infringement occurs from: (a) a transmission, routing or provisions of connections by the service provider of an electronic copy of the work through its primary network; or (b) any transient storage by the service provider of an electronic copy of the work in the course of such transmission, routing or provision of connection, provided that: (i) the service provider did not initiate or direct the transmission of the electronic copy of the work; (ii) the transmission, routing, provision of connections or storage is carried out through an automatic technical process without any selection of the electronic copy of the work by the service provider; (iii) the service provider does not select the recipient of the electronic copy of the work except as an automatic response to the request of another person; or (iv) the service provider does not make any modification,

other than a modification made as part of a technical process, to the content of the electronic copy of the work during its transmission through the primary network;

2. in the making of any electronic copy of the work on its primary network, if it is: (a) from an electronic copy of the work made available on an originating network; (b) through an automatic process; (c) in response to an action by a user of its primary network; or (d) in order to facilitate efficient access to the work by a user; and
3. where infringement arises from: (a) the electronic copy of the work being stored at the direction of a user of its primary network; or (b) the service provider referring or linking a user to an online location on an originating network where an electronic copy of the work is available, provided that the service provider does not have knowledge of the infringing activity, does not receive any financial benefit directly attributable to the infringement, and responds within the time specified to remove access to the infringing copy.

Section 43H of the Act provides that if an electronic copy of any work accessible in a network infringes the copyright of a work, the copyright owner (“First Issuer”) may notify the service provider to remove any access to the electronic copy on the service provider’s network provided that the First Issuer shall undertake to compensate the service provider against damages arising from complying with such notification.



Cheong Shih Wen

Seow & Associates
Suite B-11-6, Level 11
Wisma Pantai, Plaza Pantai
No. 5 Jalan 4/83A, Off Jalan Pantai Baru
59200 Kuala Lumpur
Malaysia

Tel: +603 2201 5584
Email: shihwen@seowassociates.com
URL: www.seowassociates.com

Shih Wen graduated with a Bachelor in Law (Hons) from Multimedia University Malaysia and she has a vast experience in corporate, commercial law. Throughout her practice, she has been involved in various due diligence exercises for both foreign and local companies and advised and drafted contracts for clients from various industries. She also carries her experience from being a legal counsel in an oil and gas company in Malaysia.



Joel Prashant

Seow & Associates
Suite B-11-6, Level 11
Wisma Pantai, Plaza Pantai
No. 5 Jalan 4/83A, Off Jalan Pantai Baru
59200 Kuala Lumpur
Malaysia

Tel: +603 2201 5584
Email: joelprashant@seowassociates.com
URL: www.seowassociates.com

Joel graduated with a Bachelor in Law (Hons) from the University of Wales, Aberystwyth and obtained his Certificate in Legal Practice prior to commencing practice as an advocate and solicitor of the High Court of Malaysia. He has significant experience in civil litigation, corporate, commercial, and employment law, amongst others. Throughout his practice, he has been involved in various corporate exercises for both foreign and local companies, advised on a myriad of legal issues and has reviewed and drafted contracts for clients from various industries.



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59 Tanner Street, London SE1 3PL, United Kingdom
Tel: +44 20 7367 0720 / Fax: +44 20 7407 5255
Email: info@glgroup.co.uk

www.iclg.com