Shearn Delamore &co.

Financial Services

Loan (Local) (Fees Payable to Depository Institution) Rules 1991

The Loan (Local) (Fees Payable to Depository Institution) Rules 1991 P.U.(A) 69/2023 was gazetted on 15 March 2023 ("Rules").

Pursuant to the Rules:

a) Where any person, other than a participating investing institution, makes a transfer or takes a transfer of a stock under subsection 8B(2) of the **Loan (Local) Act 1959** ("Act") through a depository institution, the depository institution may require such person to pay to the depository institution a fee not exceeding two ringgit for every transfer of a stock made, or every transfer of a stock taken, as the case may be, through the depository institution.
b) Where a depository institution maintains a customer's account under subsection 8B(5) of the Act, the depository institution may require the stock customer in respect of whom such customer's account is maintained to pay to the depository institution a fee not exceeding five ringgit for every continuous period of six months or any part thereof during which such customer's account is maintained by the depository institution.

Capital Markets and Services (Prescription of Securities) (Commodity Warrants) Order 2023

The Capital Markets and Services (Prescription of Securities) (Commodity Warrants) Order 2023 P.U.(A) 70/2023 was gazetted on 17 March 2023 ("Order").

In the Order, "*commodity warrant*" is defined as a derivative that is traded on a stock exchange which the holder has a right to receive a cash amount, depending on the fluctuations in the value or price of an underlying:

Legal Update

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Shearn Delamore & Co
7th Floor
Wisma Hamzah Kwong-Hing,
No 1, Leboh Ampang
50100, Kuala Lumpur, Malaysia
T: 603 2027 2727
F: 603 2078 5625
info@shearndelamore.com
www.shearndelamore.com
www.linkedin.com/company/shearn-delamore-&-co

a) commodity; or
b) commodity derivatives traded on a derivatives exchange or Specified Exchange.

CONTACT US FOR FURTHER INFORMATION REGARDING FINANCIAL SERVICES MATTERS.

Intellectual Property

Commencement of Patent Prosecution Highway ("PPH") Pilot Program between MyIPO and USPTO

On 2 March 2023, the PPH Pilot Program between the Intellectual Property Corporation of Malaysia ("MyIPO") and the United States Patent and Trademark Office ("USPTO") commenced. This Pilot Program will run for a trial period of three years, up to 1 March 2026. Both patent offices are at liberty, upon mutual agreement, to extend the program beyond the three years, or terminate the program before the end of three years.

The PPH Program

The PPH Program is a collaborative arrangement between national patent offices with the primary aim of expediting the examination of a patent application. Under the Program, a patent applicant may request one PPH-participating patent office ("second patent office") for the accelerated examination of an application ("the second application") based on the favourable examination results of a corresponding application ("the first application") filed at another participating patent office ("first patent office").

Benefits

This Program allows for a more comprehensive assessment of the second application and accelerates the examination of said application at the second patent office. Subject to meeting requirements and complying with the examiner's observations, an application under the PPH Program may achieve grant status about six to eight months from the date the PPH request was made (in most cases). As of March 2023, there is no official fee for requesting an accelerated examination of an application under the PPH program at MyIPO.

Conditions

The second application must correspond with the first application, whether via a priority relationship or a common PCT application. At least one claim in the first application must have been indicated as allowable by the first patent office. Furthermore, the allowable claim or claims in the second application must sufficiently correspond to the claim(s) in the first application.

PPH Programs involving MyIPO

Besides the USPTO, MyIPO also has ongoing PPH collaborations with the Japan Patent Office, the European Patent Office, the Korean Intellectual Property Office, and the Chinese National Intellectual Property Administration.

Intellectual Property in the Metaverse

The metaverse is slowly becoming a battlefield for intellectual property rights (IPR) owners, but recent Court cases from around the world have shown that hope is not lost.

Web 2.0, the current state of the internet, is already complex enough for IPR enforcement, even with management and regulation by governmental or quasi-governmental enforcement authorities. With the emergence of web 3.0 and the metaverse, where no one is in control and everything is constantly evolving, there is seemingly a growing gap between the understanding of the fundamentals and the law which is meant to protect users and IPR owners in the virtual world.

Take non-fungible tokens (NFTs), for example. These digital "investments" may seem very attractive to create or own, but given the lack of regulation and control, an NFT could very well put the creator or owner at risk of infringing another person's IPR. Similarly, because the metaverse is so new and ambiguous, enforcement against an IPR abuse in the metaverse may end up putting an IPR through a long and uphill battle.

Very recently in February 2023, in the American case of *Hermes v Rothschild,* a Court in New York decided in favour of the high-end designer brand Hermès in a claim against Mason Rothschild for releasing "*MetaBirkin*" NFTs. The Court ruled that Rothschild, who created a collection of digital art that featured fur-covered Birkin bags called "*MetaBirkin*" NFTs, infringed Hermes' well-known BIRKIN and HERMES trademarks and trade dress.

Hermes had alleged Trademark Infringement, False Designation of Origin, Trademark Dilution and Cybersquatting, whilst Rothschild argued that the MetaBirkin NFTs are protected under the First Amendment and the Second Circuit's 1989 **Rogers v Grimaldi** test. Accepting the survey evidence and media coverage that inaccurately linked Hermes to the "*MetaBirkin*" NFTs submitted by Hermes, the Court held Rothschild liable for trademark infringement and cybersquatting.

The above decision did not sway far from an earlier Italian Court decision **in Juventus FC v Blockeras s.r.l** in July 2022. Blockeras s.r.l operated a blockchain-based fan token called "*The Coin of Champions*", which was endorsed by various sportsmen including Juventus FC's former player Christian Vieri. Blockeras launched an NFT collection of "*Action Cards*",

which were linked to trading cards featuring Vieri wearing a Juventus FC jersey that bore Juventus FC's registered trademarks.

Whilst Vieri had authorised the use of his image in the project and the NFTs, Juventus FC did not. Juventus hence filed trademark infringement proceedings against Blockeras, and Blockeras defended by asserting that the trademark in question was not registered in relation to "*downloadable virtual goods*" such as NFTs.

The Court rejected this argument and held that the club and its trademarks were so well-known in Italy, that it was not necessary to consider their use or registration for digital objects, and further, granted the preliminary injunction sought by Juventus.

Whilst it is apparent that there are conflicted outlooks on virtual rights and how the metaverse will function effectively, especially in a world where the law has yet to catch up with the virtual world, these above cases preview a fraction of the challenges that arise when real world IPR protection is disrupted by the rise of the metaverse. The consolation, at least for now, is that the courts appear to be on the same page as IPR owners. As IP law deals with the intangible elements of objects, whether physical or virtual, the builders of the metaverse will have to respect the rights of inventors, designers, and owners of distinctive IPRs as in the real world.

CONTACT US FOR FURTHER INFORMATION REGARDING INTELLECTUAL PROPERTY MATTERS.