

# Utility innovation infringement and invalidation disputes

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## Introduction

In general, when an individual asks "how can I protect my invention?", only one answer comes to mind: patents. While this is not wrong, most individuals are unaware of the patent's lesser-known sibling – the utility innovation.

Utility innovations are commonly known as 'minor' or 'petty' patents. Much like patents, owners of a granted utility innovation have exclusive rights to exploit said utility innovation for 20 years.<sup>(1)</sup>

This article examines *Emerico Sdn Bhd v Maxvigo Solution Sdn Bhd*, the subject matter of which was a utility innovation entitled 'a protective sleeve' (the UI).<sup>(2)</sup>

## Facts

Emerico Sdn Bhd is involved in the design, manufacture and trade of IT solutions and related hardware for a variety of industries (eg, banking, telecoms, aviation, insurance and logistics). Emerico realised that the conventional modes of applying for bank cards or opening bank accounts were outdated. Clients no longer need to be physically present at a bank to apply for a bank card or open an account. However, to allow such mobile applications, several individual components are required – namely, a computing device, a portable biometrics device and a card reader for authenticating and verifying the client's identity.

With that problem in mind, Emerico conceived and conceptualised the UI. The UI integrates each individual component of a computing device, a portable biometrics device and a card reader into one device which also provides protection to the electronic device affixed to the UI.

The defendant company is involved in similar business to Emerico. Unbeknown to Emerico, the defendant sold a protective sleeve known as the 'SMARTPAD' or 'MAT' (the infringing product), which consists of each and every feature or integer of the claim of the UI (the infringing act).

On discovering the infringing act, Emerico commenced a utility innovation infringement action against the defendant. The defendant counterclaimed that the UI was invalidated for purported:

- lack of novelty; and
- procedural non-compliance.

## Key issues

Emerico successfully defended the defendant's invalidation counterclaim and successfully claimed for utility innovation infringement. In the learned judge's grounds of decision, he made several key findings.

The key issues in this case are as follows.

### ***Should the UI be invalidated for alleged procedural non-compliance?***

The UI was initially filed as a patent. The patent was subsequently divided<sup>(3)</sup> and converted into a utility innovation – one of which was the UI.<sup>(4)</sup>

The court found that:

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- based on *expressio unius est exclusio alterius* (ie, the express mention of one matter implies the exclusion of all matters which have not been mentioned), there are five distinct statutory grounds of invalidation;
- the purported procedural non-compliance was not a ground to invalidate the UI as it is not provided under Section 56 of the Patents Act 1983; and
- the allegation of procedural non-compliance was bound to fail as Emerico had acquired the necessary time extensions from the registrar.(5)

### ***Should the UI be invalidated on the ground of novelty?***

It is trite that for novelty to be destroyed, each and every element of the claim must be present in a single prior art – prior arts cannot be mosaicked together. In the defendant's invalidation reports, the common denominator for its experts was that the essential integer of the UI was common general knowledge (CGK). CGK was irrelevant for the purposes of this case based on the following:

- CGK is required only to determine obviousness.(6)
- Obviousness is the test for inventive step.
- A utility innovation differs from a patent in that inventive step is not a criterion for the registration of a utility innovation.

The court found that:

- the defendant's experts' constant reliance on CGK was erroneous as CGK is not a requirement for a utility innovation; and
- the reference to CGK amounted to an attempt at mosaicking prior arts, contrary to the principle that for novelty to be destroyed, each and every element of the claim must be present in a single prior art.

### ***Role of expert evidence***

Experts' primary duty is to assist the court in arriving at the right decision. Experts' evidence should not only be independent but also be seen to be independent.(7) During the preparation for trial (exchange of documents phase), the defendant served two expert reports (the initial reports) to Emerico, intending for them to be included as documents for the trial. Emerico objected to the inclusion of the same as 'documents' as this contravened Order 40A of the Rules of Court 2012.(8)

When the defendant's expert reports were ultimately filed in accordance with Order 40A of the Rules of Court, they were prepared by different experts (the subsequent reports). Curiously, the subsequent reports were almost identical to the initial reports; the differences were only minor, grammatical and stylistic. On this basis, Emerico submitted that the subsequent reports should be disregarded by the court as it would be beyond comprehension to think that the defendant's subsequent reports had been independently produced.

The court found that:

- the subsequent reports should be accorded a lower weight and be viewed with circumspection because of the inexplicable similarities between them and the initial reports;
- the defendant's experts lacked credibility due to their failure to disclose that the subsequent reports were based on the views and opinions of the author of the initial reports; and
- to further exacerbate the credibility of the defendant's experts, it was discovered during cross-examination that one of the defendant's experts was actually the designer of the infringing product. This further vitiated against the independence of the defendant's expert.

### **Key takeaways**

This case serves as a reminder that:

- the initial step taken to protect inventions is crucial;
- enforcement of IP rights is equally important;
- research on the substantive law of a subject matter is cardinal – any challenge to a patent or utility innovation should be confined to the clear and precise provision of Section 56 of the Patents Act; and
- expert witnesses' primary duty is to the court. Litigants must be full and frank with the court.

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### **Endnotes**

(1) The duration of a utility innovation is for an initial period of 10 years, which may be extended for another two five-year terms. All in all, a utility innovation provides protection for a total of 20

years.

(2) *Emerico Sdn Bhd v Maxvigo Solution Sdn Bhd* [2020] 1 LNS 206.

(3) Section 26B of the Patents Act 1983 allows for the division of a patent application into two or more applications; Regulation 19A of the Patents Regulations 1986 provides for a three-month timeframe to request the division of an application.

(4) Section 17B of the Patents Act allows for an application for a patent to be converted into an application for a certificate for a utility innovation, and vice versa. Section 17B(4) provides for a six-month timeframe to request a conversion.

(5) Section 82 of the Patents Act provides the registrar with discretion to allow a request for:

- an extension of time, except with regard to a right of priority under Section 27(1A) of the act;
- a substantive examination or modified substantive examination under Section 29A of the act; and
- responses to the examiner's report under Section 30 of the act.

(6) See *Hau Global Sdn Bhd v Mah Sing Plastics Industries Sdn Bhd* [2018] 1 MLJ 213.

(7) *Batu Kemas Industri Sdn Bhd v Kerajaan Malaysia* [2015] 7 CLJ 849.

(8) Order 40A of the Rules of Court 2012 provides the requirements for a written report to be filed in court, which include the requirement that expert evidence to be given at the trial of any action be given in a written report signed by the expert and exhibited in an affidavit sworn to or affirmed by them, testifying that the report exhibited is theirs and that they accept full responsibility therefor.

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