

Targeting the ASEAN Market

IP Protection and Risk Mitigation Strategies for SMEs

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CONTENTS

- 1) Background
- 2) Protection of IP assets in the ASEAN
- 3) Risk mitigation strategies for SMEs

BACKGROUND

Association of Southeast Asian Nations (ASEAN)

An attractive market:

- OECD optimistic forecast: average of **6% economic growth** per year until at least 2015.
- Combined nominal GDP in 2011 exceeds **US\$ 2 trillion**.
- If ASEAN were a single entity, it would rank as the **eighth largest economy in the world**.

BACKGROUND :

However challenges remain:

- the main challenge is to balance the growth and ensure inequalities are reduced among and within ASEAN countries: Singapore is 4th in the world in terms of GDP per capita according to the World Bank/IMF, followed by Brunei (5th), Thailand (87th), Cambodia (139th) and Myanmar (165th)
- other important challenges came from lack of regulations and/or lack of harmonization thereof at regional level and readiness to embrace the AEC.

BACKGROUND :

THE ASEAN Economic Community (AEC) has the ultimate goal of becoming a regional economic community of ASEAN countries by the end of December 31, 2015.

The AEC will transform ASEAN into a region with free movement of goods, services, investment, skilled labor and freer flow of capital.

BACKGROUND :

Over the past years, ASEAN has been working towards the development of the **IP System in the region** through the ASEAN Working Group on Intellectual Property Cooperation (AWGIPC). The AWGIPC was established in 1996 pursuant to the ASEAN Framework Agreement on Intellectual Property Cooperation and is mandated to develop, coordinate and implement all IP-related regional programs and activities in the ASEAN.

BACKGROUND :

A first IPR Action Plan 2004-2010, was adopted and subsequently followed by the 2011-2015 IPR Action Plan as part of the Blueprint of the ASEAN Economic Community (AEC).

The 2011-2015 IPR Action Plan details 5 strategic goals and 28 detailed initiatives which are to be implemented strategically using countries as champions for specific activities and periods.

BACKGROUND :

This regional and coordinated approach is extremely important for IP right holders:

- to guarantee standards of protection among AMSs
- to address their needs (ex: backlog, guidelines for examination, enforcement, awareness, capacity building)

Specific activities are foreseen for SMEs (training modules on acquisition of IP rights, exploitation and enforcement, cost-effective IP search and registration, strategic plans for innovation etc. (see initiative 20 of ASEAN IPR Action plan).

BACKGROUND :

Among important goals, the ASEAN IPR Action Plan 2011-2015 foresees:

- accession to Protocol relating to the Madrid Agreement Concerning the International Registration of Marks by all AMSs by 2015
- Accession to the Hague Agreement Concerning the International Registration of Industrial Designs by at least 7 AMSs by 2015
- Accession to Patent Cooperation Treaty by all AMSs by 2015.

BACKGROUND :

However, there is no sign for a regional system (such as Community Trademark & Design systems or European Patent) that would help reducing costs for SMEs.

Ex: costs to protect one trademark application in 3 three classes
Community Trademark= **1,700 EUR** (inclusive of 900 EUR official fees)
vs.

ASEAN (10 countries)= **10,000 EUR (average)**

There is no unified customs procedure to seize counterfeit products (national procedure will apply).

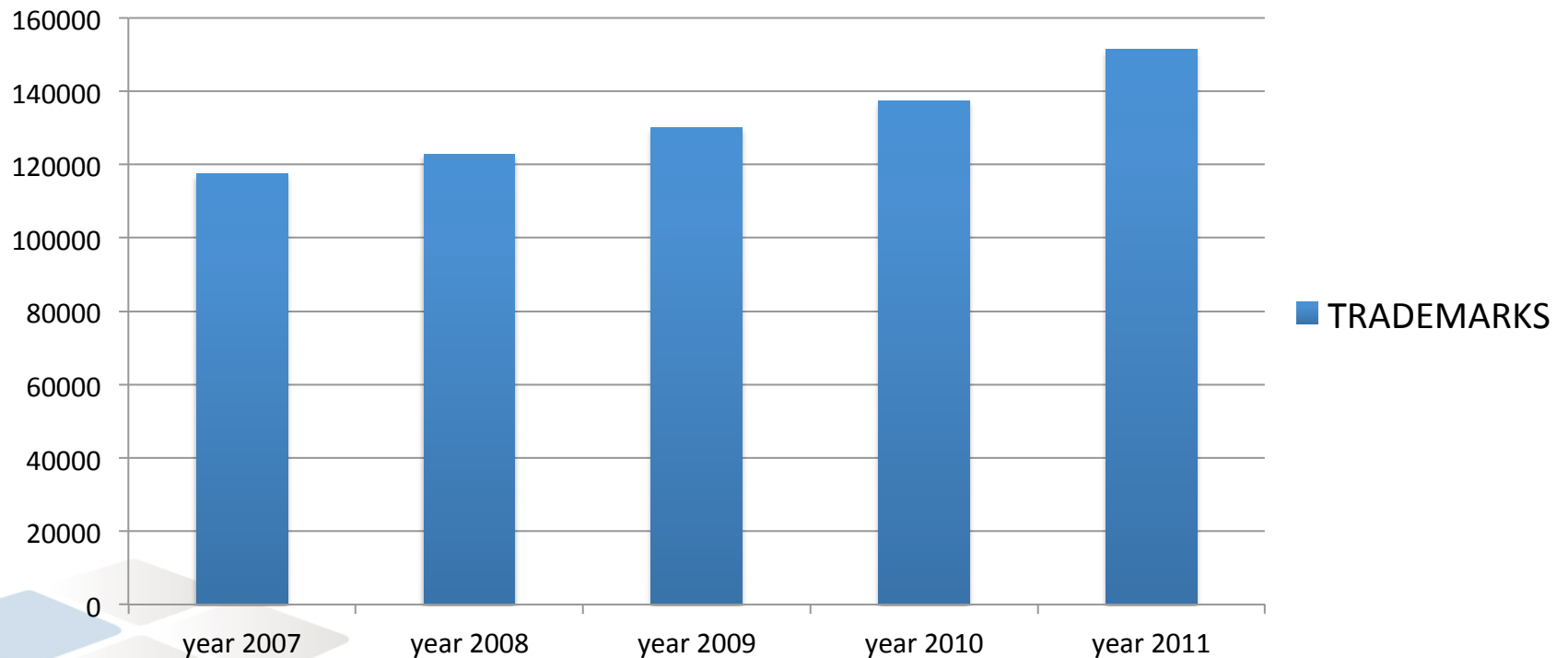
1) Protection of IP assets in the ASEAN

Statistics

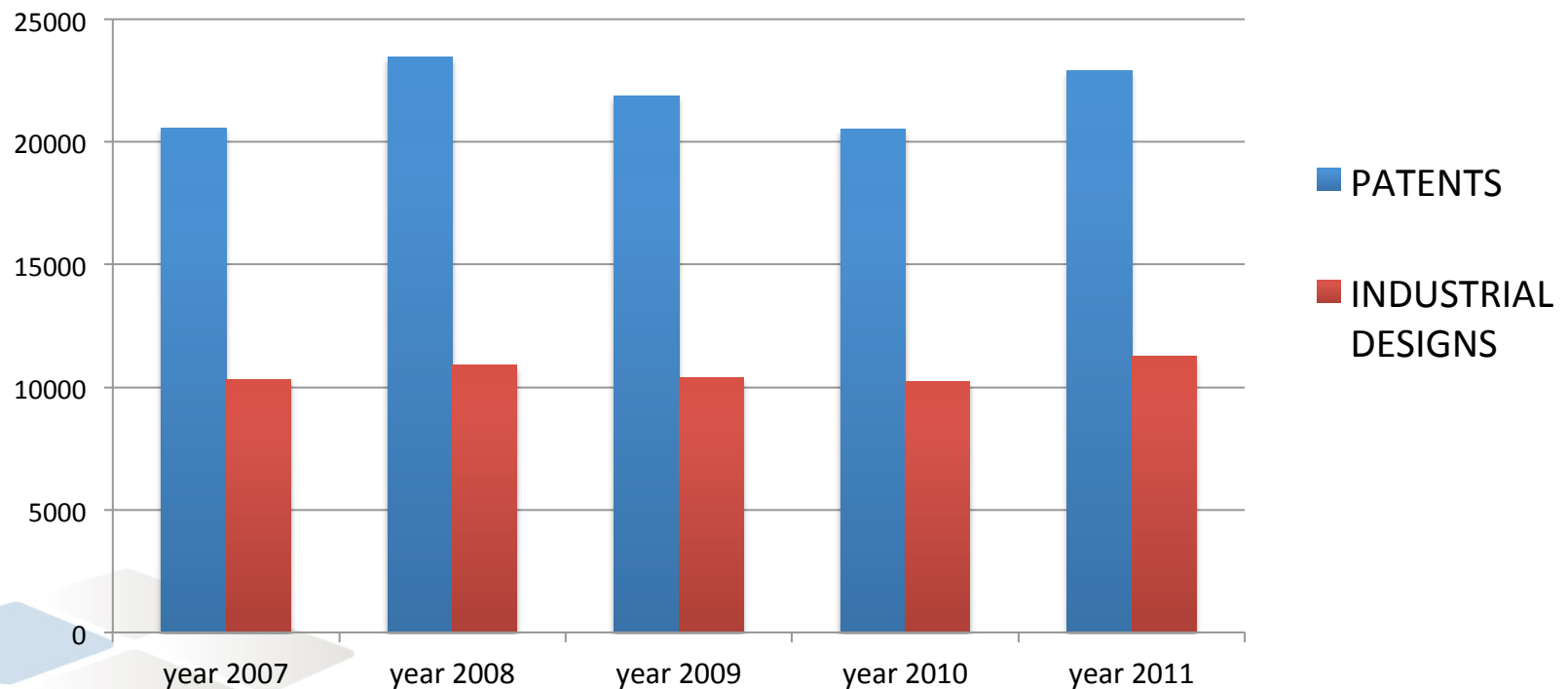
Statistics of IP filings in the ASEAN between 2007 and 2011 show a significant growth in the number of IP filings.

Despite the global economic downturn, these countries have kept filing more and more IP applications, in particular trademark applications, which **grew by almost 30%** in only 4 years.

ASEAN TRADEMARK FILINGS (Resident + Abroad) in Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam



ASEAN PATENT AND DESIGN PATENT FILINGS (Resident + Abroad) in Malaysia, Philippines, Singapore, Thailand and Vietnam

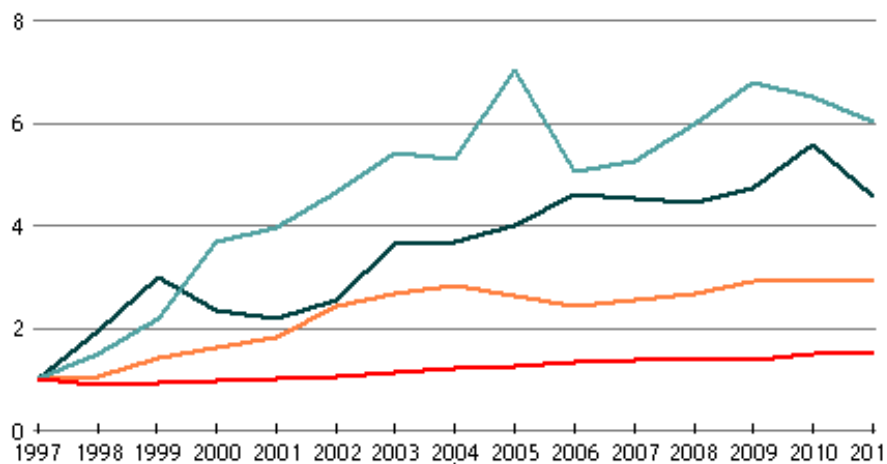




European
Commission

IP Filings and Economic Growth (Set first available year to 1)

Patent Trademark Industrial Design
GDP

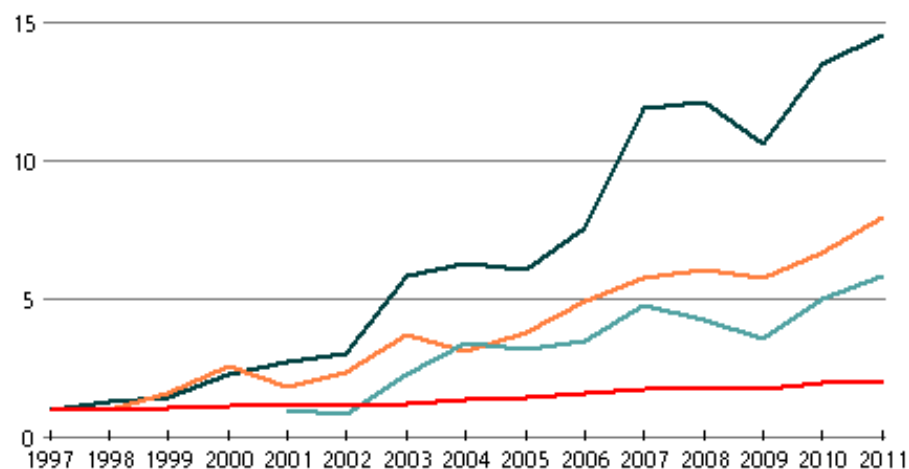


Source: WIPO statistics database; last updated: 05/2013

Thailand

IP Filings and Economic Growth (Set first available year to 1)

Patent Trademark Industrial Design
GDP



Source: WIPO statistics database; last updated: 05/2013

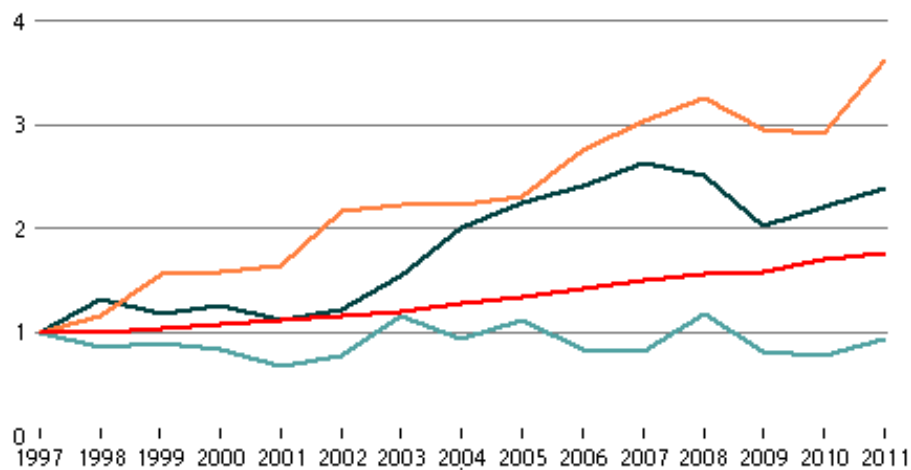
Singapore



European
Commission

IP Filings and Economic Growth (Set first available year to 1)

Patent Trademark Industrial Design
GDP

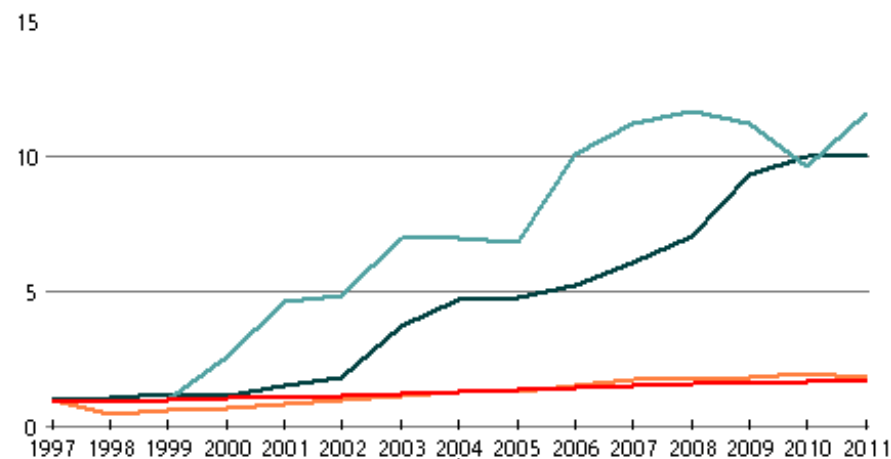


Source: WIPO statistics database; last updated: 05/2013

Philippines

IP Filings and Economic Growth (Set first available year to 1)

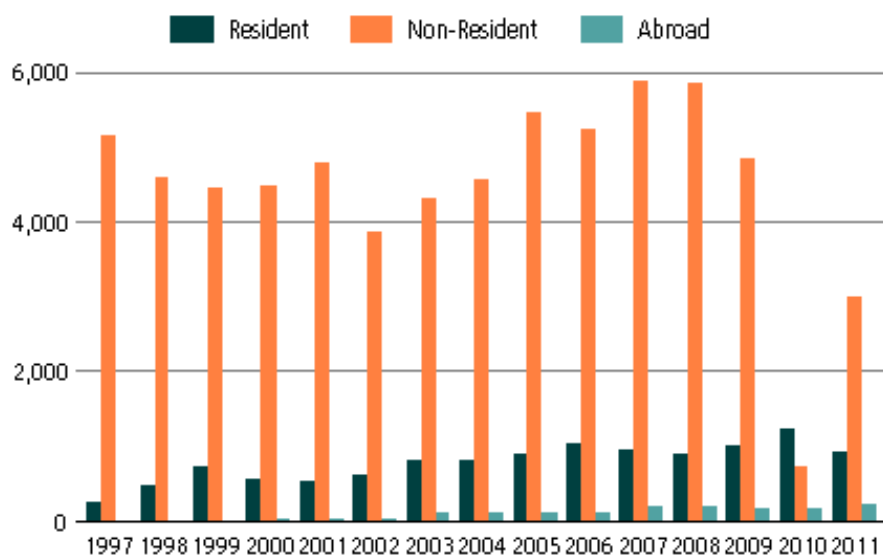
Patent Trademark Industrial Design
GDP



Source: WIPO statistics database; last updated: 05/2013

Malaysia

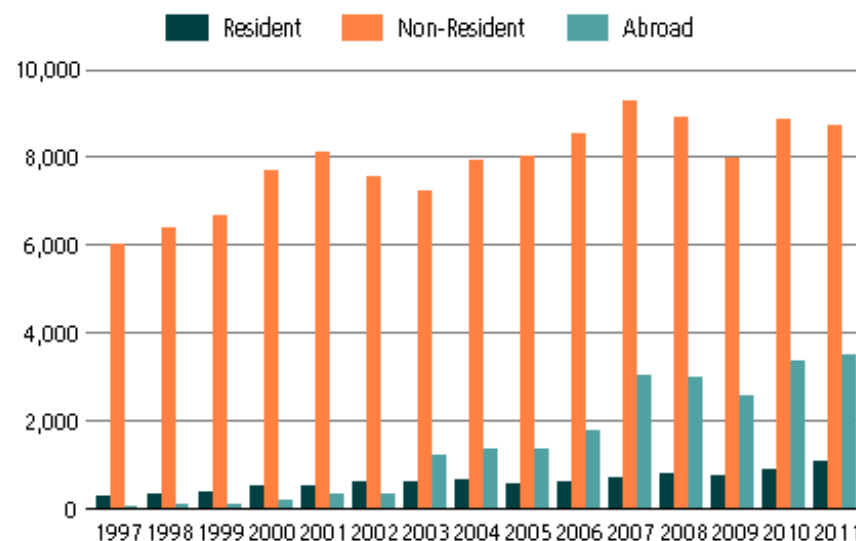
Patent Applications



Source: WIPO statistics database; last updated: 05/2013

Thailand

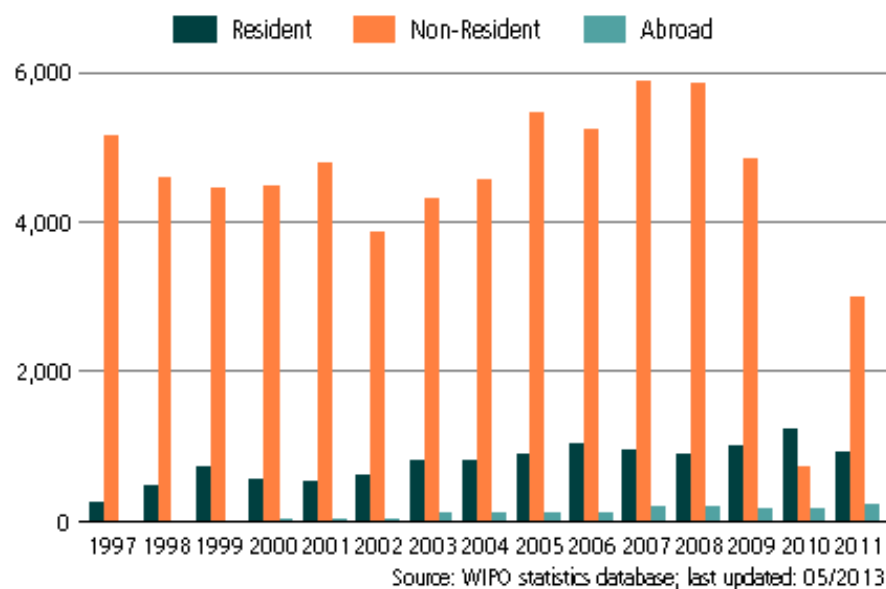
Patent Applications



Source: WIPO statistics database; last updated: 05/2013

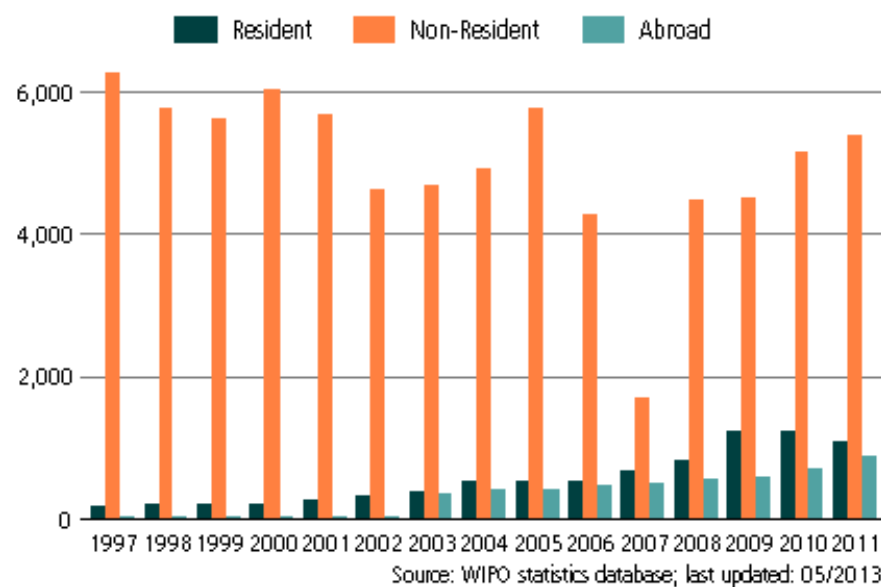
Singapore

Patent Applications



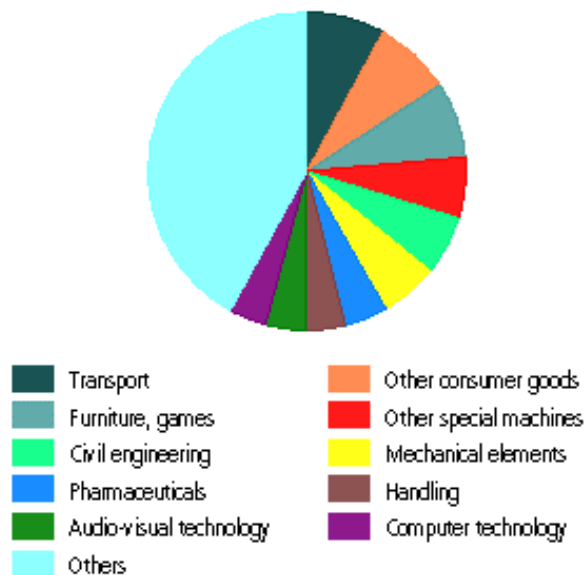
Thailand

Patent Applications



Malaysia

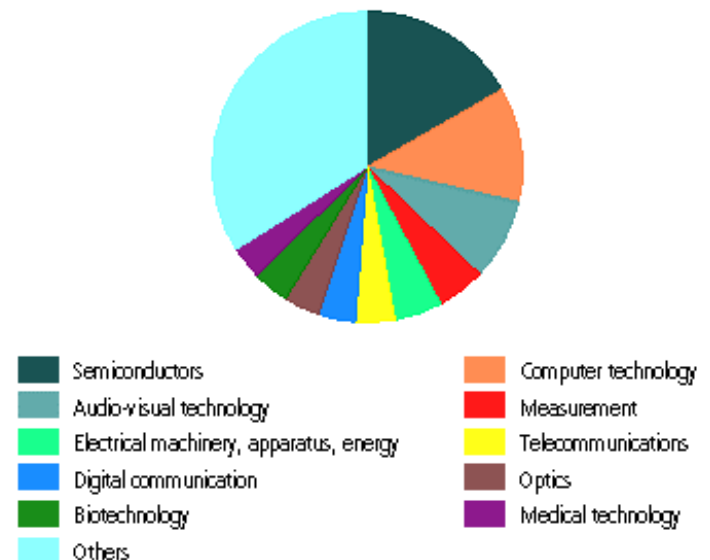
Patent Applications by Top Fields of Technology (1997 - 2011)



Source: WIPO statistics database; last updated: 05/2013

Thailand

Patent Applications by Top Fields of Technology (1997 - 2011)



Source: WIPO statistics database; last updated: 05/2013

Malaysia

1) Protection of IP assets in the ASEAN

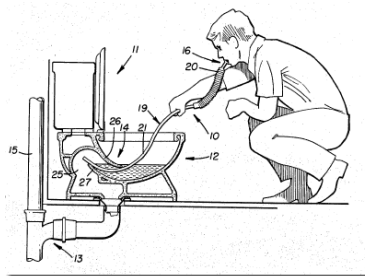
Step 1: Identification of IP assets and prioritization of needs

TRADEMARKS

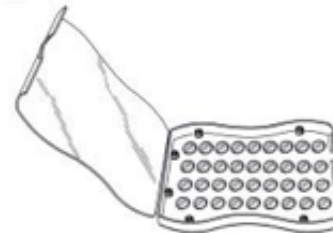


 **STAEDTLER®**

PATENTS



DESIGNS



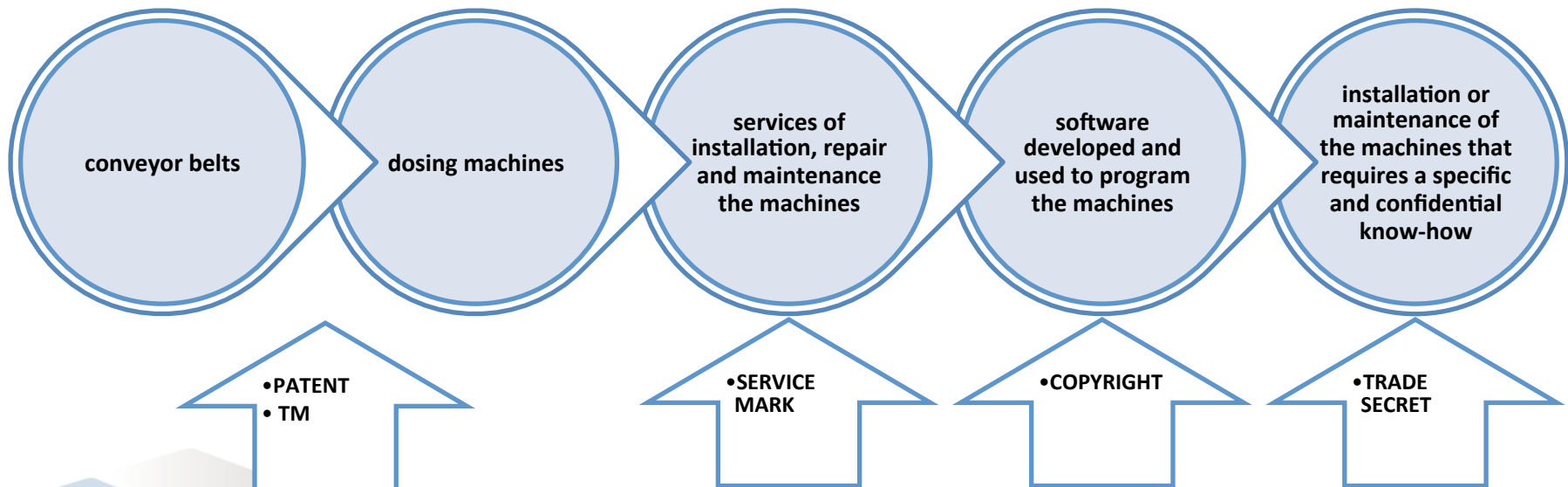
COPYRIGHT

Literary
Audiovisual
Photographs
Software
Databases
Music
Choreography
Sculptures
Multimedia
...

1) Protection of IP assets in the ASEAN

Step 1: Identification of IP assets and prioritization of needs

Ex: company providing automation of production processes



1) Protection of IP assets in the ASEAN

Step 2: Select protection tools

Contracts: confidentiality agreements, employment, R&D, JV, manufacture/distribution, licensing, franchising etc. careful in some countries these agreements need to be registered.

Filing and registration of IPRs.

Enforcement and litigation.

1) Protection of IP assets in the ASEAN

Step 3: Select territories and filing routes

NO ASEAN/Asian regional system of protection for IPRs.

Therefore applicants have to opt between national filings or international application systems (when available).

International applications systems have the advantage of cost and semi-harmonized framework over national systems of protection.

1) Protection of IP assets in the ASEAN

Step 3: Filing routes/international application systems

Country	PCT (Patents)	Madrid Protocol (Marks)	The Hague /Geneva Act (Designs)
Brunei	24 July 2012	NO	December 24, 2013
Cambodia	NO	NO	NO
Indonesia	5 September 1997	NO	NO
Laos	14 June 2006	NO	NO
Malaysia	16 August 2006	NO	NO
Myanmar	NO	NO	NO
Philippines	17 August 2001	July 25, 2012	NO
Singapore	23 February 1995	October 31, 2000	April 17, 2005
Thailand	24 December 2009	NO	NO
Vietnam	10 March 1993	July 11, 2006	NO

All countries to join by 2015

At least 7
AMSs by
2015

1) Protection of IP assets in the ASEAN

Step 3: Filing routes/international application systems/PCT

Case study 1: patent protection

Thai company applies for Thai patent for invention:

Option 1 (national filings before 12 months) OR

Option 2 (PCT application and national phase after 30 months)- Except in Cambodia and Myanmar



1) Protection of IP assets in the ASEAN

Step 3: Filing routes/international application systems/Madrid

Case study 2: national trademark protection

Thai SME applies for Thai trademark and wants to protect other ASEAN countries.

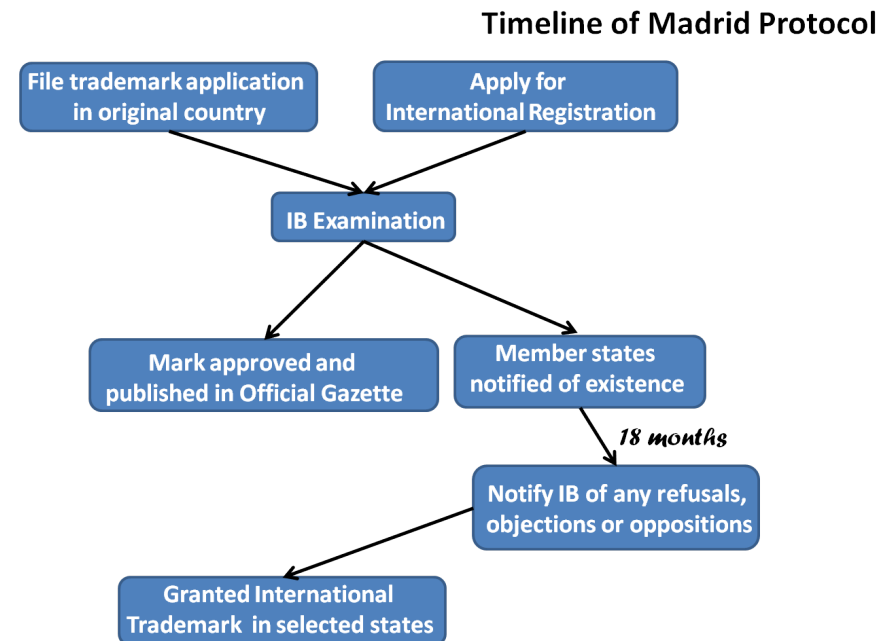
Thailand is not yet a member to the international trademark application system (Madrid)= national filings are necessary and shall be made preferably before 6 months from first filing to benefit from priority right.

1) Protection of IP assets in the ASEAN

Step 3: Filing routes/international application systems/Madrid

Case study 3: International trademark protection

Singapore (or European) company applies for Singapore (or European) mark, then files an international trademark application and can designate Philippines and Vietnam.



1) Protection of IP assets in the ASEAN

Step 3: Filing routes/international application systems

Companies in Singapore, Philippines and Vietnam have a strategic advantage (over Thai companies) for international protection of trademark applications.

Thai companies having branches in these countries can use these branches to apply for international trademark protection.



2) Risks mitigation strategies for SMEs

Recommendation 1: Learn learn learn!

Learn about specificities of each country/territory and learn how to make best use of available tools. Too often SMEs could have easily anticipated issues and did nothing to protect their assets because they were told there is nothing to do or did not want to bear the costs for protection.

- Ex: use of pirated software by (European) SMEs...
- Learn to be flexible (turning a counterfeiter into a business partner is sometimes the best solution)
- Law... and practice
- *<http://www.asean-iprhelpdesk.eu>*



2) Risks mitigation strategies for SMEs

Recommendation 2: Anticipate

Check freedom to operate (ex: petty patents)

Check availability before use and filing

Anticipate possible registration (patentability?) /ownership issues (ex: company ownership/JV)

Anticipate future business developments/new products

Secure domain names and social media identities

Link IP strategy and business strategy

Anticipate backlog, counterfeit/enforcement issues (China?)

Remember that in most countries: first come=first serve (ex: Myanmar, Thailand)

2) Risks mitigation strategies for SMEs

Recommendation 3: Use and defend your rights

No use= risk of cancellation (ex: for trademarks-DOU in Philippines)

Exploit your IP rights (sale, licensing etc.)

Enforce your IP rights:

- administrative actions (ex: Vietnam)
- legal (criminal/civil litigation)
- and customs procedures (recordation possible)

Build local connections with enforcement authorities

Periodically review protection and strategy



2) Risks mitigation strategies for SMEs

ENFORCEMENT CHALLENGES

- Squatters (ex: trademark squatters- difficult to solve-first come first serve)
- Counterfeiters (low deterrence of fines: ex criminal penalties: Cambodia up to 4,500 USD / Thailand up to 12,500 USD /Singapore up to 100,000 USD, Myanmar Penal Code of 1860... new law in the making)
- Enforcement authorities (lack of training, resources, high turnover and corruption issues)
- Landlord liability (SG, Indonesia, PH (2013), Malaysia) not yet in TH.
- Backlog and efficiency of IP registration systems

2) Risks mitigation strategies for SMEs

Recommendation 4: Join forces

Trade associations/Chambers of Commerce

Share costs for raids/litigation etc.

Exchange information with other companies confronted with same issues/ your embassies/EU Delegation

Joint lobbying an effective way of raising issues/helping legislative improvements (ex: refilling practices in Thailand)

2) Risks mitigation strategies for SMEs

Recommendation 5: Know when to adapt but stay persistent

- ✓ Intellectual property protection strategies need to be re-examined periodically and adapted to business strategies and/or the environment.
- ✓ A good protection strategy goes step by step.
- ✓ Once you have a goal set, stay focused and always show strong commitment to protecting your intellectual property.

Sources

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