

Top 3 IPR mistakes for SMEs in South-East Asia

A wide range of foreign industries are now looking to South-East Asia not just to take advantage of an abundance of cheap labour for exportables, but also to tap into new consumer markets formed from a growing middle-class population. While these opportunities can lead to substantial returns for European businesses, via both the production and sales side, the less developed nature of business-related legislation means the dangers of intellectual property (IP) infringement are often great.

There are very few SMEs who would not take the issue of intellectual property rights (IPR) seriously in their business strategies, nevertheless there are some issues that are commonly overlooked and can even lead to commercial disaster. Here we take a look, in no particular order, at the top 3 IPR mistakes SMEs make...

Late registration of trade marks

When to register a trade mark, is a question that is often raised by SMEs thinking about entering a South-East Asian market. The honest answer is as soon as possible. Meaning as soon as a company considers there is substantial market potential for their goods or services they should consider registering, even if they are not completely set on entering yet.

The key point to keep in mind is that trade mark regimes in South-East Asia generally use a 'first-to-file' system, meaning the first person to file a trade mark application in a particular South-East Asian country will own that right in the country once the registration is granted, irrespective of first use. Thus, if an owner does not apply for protection on time, others may do so first and reap the obvious benefits: free-riding the reputation of another's brand or registering a trade mark in 'bad-faith' in order to sell it back to, or even sue the rightful owner.

Additionally, a business should consider how their trade mark would translate into local languages. If a local equivalent is not chosen consumers will almost certainly do so on their own, and if it is not registered there is the risk of another company freely copying, or worse, registering it themselves.

Failing to register copyrights

Failing to register any or all types of IP is a common mistake for many foreign SMEs, however particular attention should be paid to the extra provisions available to copyright owners in most South-East Asian countries. In this region, as in Europe, copyrights are granted at the point of creation for creative works such as artistic designs, books, and computer software. Additionally though, it is possible to register copyright (apart from in Brunei, Myanmar, and Singapore), and in most cases it is not expensive to do so – typically costing less than €30.

In an enforcement action a copyright registration can be used as presumptive evidence of ownership, so that the owner does not need to produce an original work, with a name and creation date, or relevant contracts as proof (though these may help too). Furthermore, a registered copyright can be a useful back-up to other IPR in enforcement cases. For instance, a business can usually protect a logo under both copyright and trade mark law, or protect an innovative packaging design via a design patent and copyright.

Giving away trade secrets

The main problem with trade secrets is that many SMEs do not realise what should constitute one and therefore are not prepared to protect them. A trade secret can be any confidential business information, such as a distribution method, consumer profiles, an advertising strategy, or a client list, that has considerable commercial

value and gives a business a competitive edge. Generally in law, a trade secret must not be known to the public, give some economic benefit to the holder, and be subject to reasonable efforts by the owner to keep it secret. SMEs may not be familiar with using formal Non-Disclosure Agreements (NDA), but it is worthwhile considering using such documents before entering into talks with a partner, particularly where specific IP or confidential information that will be disclosed during the course of discussions can be identified. Such agreements are concise, clear, and generally of standard form and easy to draft, though it is best to have a different NDA for each South-East Asian country, as each has different laws and legal systems. Obtaining one by no means provides a 'watertight' case, but it certainly assists in protecting trade secrets, not only in when it comes to enforcement but also as a signal to potential infringers of the steps a company is prepared to take.



The South-East Asia IPR SME Helpdesk is a European Union co-funded project that provides free, practical, business advice relating to South-East Asia IPR to European SMEs. To learn about any aspect of intellectual property rights in South-East Asia, visit our online portal at www.asean-iprhelpdesk.eu. For free expert advice on South-East Asia IPR for your business, e-mail your questions to: question@asean-iprhelpdesk.eu. You will receive a reply from one of the Helpdesk experts within three working days.