

SMEs In ASEAN And Singapore—IP Perspectives

By Audrey Yap

Small medium-sized enterprises, or SMEs, form the backbone of most economies but are particularly important in Asia where the majority of businesses still lack the scale and reach of their western counterparts in developed economies as multinationals. SMEs across Asia Pacific contribute 20-50 percent of their respective nation's gross domestic product, account for 97 percent of all enterprises and employ half the workforce across Asia.

It follows that the significance of Intellectual Property (IP) to business as a whole in Asia requires an assessment of how this community perceives the subject.

ASEAN

A significant landmark event for the 10 countries that form the Association of Southeast Asian Nations ASEAN was the implementation of the ASEAN Economic Community (AEC) 2015 Blueprint, which includes, inter alia, standardizing economic regulations covering trade, capital market regulatory frameworks and protection of intellectual property rights. The objective of the 10 member states of Singapore, Malaysia, Thailand, Indonesia, Brunei, Philippines, Vietnam, Cambodia, Laos and Myanmar, when ASEAN was first established in 1967, was to forge an independent bloc in Southeast Asia and to ensure peace and stability in the region. Fast forward, today ASEAN collectively is the third largest market in the world with a population of over 625 million people. World Bank projects that ASEAN will be the largest economy in the world by 2050. The top five trading partners of ASEAN are China, Japan, EU, U.S.A. and South Korea. For SMEs in the region therefore, appreciating and harnessing the AEC has become an activity that is increasingly central to business growth and accordingly awareness of IP as well, given it was identified as a pillar in the AEC 2015 action plan. It now appears for the first time in history that Asia is leading the world in terms of patent and trademark filings. WIPO Statistics show a significant rise in the past five years.

Singapore

Singapore is a successful free market economy, open, highly developed with a GDP per capita compatible with leading European nations. Businesses, particularly SMEs in Singapore, are acutely concerned about their vulnerabilities and opportunities in ASEAN and Asia.

The Government of Singapore actively promotes innovation and IP and have launched a strategy map

to promote Singapore as an IP hub for Asia which includes developing stronger reasons for both SMEs and MNCs (Multi National Companies) to file IP in Singapore, as well as creating a vibrant IP marketplace and facilitate IP transactions. The IP office of Singapore (IPOS) has been a significant driver of the transformation process. The transition has not been easy to educate and inform SMEs, but increasingly enterprises in Singapore, and across ASEAN, are beginning to embrace IP as an important tool for protection and for business value. Indeed as the companies become more sophisticated in their understanding, the approach has moved from purely protection of IP for IP's sake to looking at monetization and commercialization of IP. In a recent press release in May 2017 by IPOS and the Ministry of Law, new initiatives were announced to help IP-rich companies scale up and use the same to leverage international growth. This includes enhancing an existing IP Financing Scheme that is already in place for patents as collateral for debt financing by banks, to expand to all other forms of IP such as trademarks and copyright. Singapore's IP Financing Scheme was rolled out to help IP-rich companies monetize their IP for business growth and expansion and S\$ 100-million was set aside by the Government to partially underwrite the loans by participating financial institutions, which includes AFC Merchant Bank, DBS Bank Ltd., United Overseas Bank and Oversea Chinese Banking Corporation. IPOS has seen its role in this evolving landscape, transforming from pure registry and regulator to becoming an innovation agency.

SMEs are assisted based on stage of development (start-ups, midsize, listed company) and/or industry segment (manufacturing, oil & gas, pharmaceuticals, electronics). The Ministry of Trade & Industry through its various agencies launched several initiatives including that which promotes innovation and commercialization of new technologies and IP such as "SG—innovate" to connect and match start-ups, researchers and innovators with potential investors, mentors and to facilitate access to new markets. There are also various policies and grants schemes to encourage SMEs to adopt E-Com-

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merce and to acquire and manage IP. For example, a tax deduction allowance is made for IP expenses or IP purchased/acquired by SMEs.

The SME in Singapore that exemplifies a local enterprise that is IP focused is the award winning company Innosparks. Their key product is an adjustable mask with attachable micro fan and smart valve, protected by a slew of patents, trademarks and design registrations. By ring fencing their IP, Innosparks was able to establish a monopoly and leverage its IP for licensing and joint venture into a key market like China with the former Reckitt Benckiser now renamed RB-Dettol.

Singapore's initiative to promote patent and technology transfer includes recognizing the role of IP intermediaries and professionals in providing specialised support services that help SMEs understand the business, products and services and translate innovation objectives into specific IP and technology requirements. Government funded IP Intermediary (IPI) Network provides search, sourcing and matching based on IP needed by SMEs.

Summary

ASEAN is a fast changing landscape and IP awareness is rising but not at the same rate across Southeast Asia. Unlike in the Western developed economies,

government incentives and policies are shaping how IP is viewed, protected and used by SMEs particularly under the ASEAN Economic Community agreements.

Singapore is leading the race in IP monetization in the region, drawing from its central location and open business environment, as well as reputation as a financial hub. SMEs in Singapore are no longer just filing IP for protection but leveraging innovation and IP as a business tool and enterprise value.

An IP marketplace is slowly but surely emerging in Singapore, and IPOS, IP intermediaries and professionals are playing a role in pushing the agenda of growing the business of licensing and sale of IP, as well as collateralization of patents and trademark portfolios for IP financing by banks, private equity players and venture funds. ■

Available at Social Science Research Network (SSRN):
<https://ssrn.com/abstract=3009338>

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