

IP vital cog in wheel as AEC opens up market for SMEs

With the huge economic potential of the AEC, PlatCOM hopes to see a common ASEAN IP framework, that will both provide IP protection and raise awareness among Malaysian SMEs

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As the region inches closer to the full realisation of the ASEAN Economic Community (AEC) on 1st January 2016, Malaysian businesses will inevitably find themselves either spoilt for choice, or falling into gradual obscurity. Such is the nature of this unprecedented shift in the regional economic status quo that there is something of an "all-or-nothing" feel about it – businesses can either jump on the exciting opportunities, or be paralyzed by fear and inaction.

Needless to say, SME Corp's SME Annual Report 2014/2015 goes into some detail about the opportunities available in a post-AEC ASEAN region. When fully realised, the AEC will become the third largest consumer market in the world, with more than 625 million people, a combined GDP of more than US\$2.4 trillion – or 3.23% of the world's GDP. This essentially makes the AEC the seventh largest economy with 10% of world population.

The report identified big opportunities for Malaysian SMEs in four key areas: a single market and production base, increased linkages with the global economy, equitable economic development, and greater competition in the region in areas such as IP rights, competition policies, taxation, and consumer protection.

IP rights a big deal in AEC

Commenting on the area of intellectual property rights, government agency PlatCOM Ventures CEO Dr Viraj Perera highlighted a two-pronged problem which needed to be addressed. "The Malaysian market alone, with its small market of 30 million consumers, is simply not large enough to justify high commercialisation of ICT and biotechnology-based products and services.

"On the issue of IP rights however, presently, ASEAN members effectively operate as lone players, and this makes IP rights commercialisation on a regional scale even more difficult for Malaysian businesses."

Simply put, there is very little scope for securing IP rights abroad IP regulations are so vastly differ-



An ASEAN wide IP law would provide SMEs with IP protection in all ten countries should it be feasible in practice



Patents typically last 20 years for which there is an application process of three to five years

ent between countries.

Perera however, is bullish on the effects that a fully realised ASEAN Economic Community (AEC) might have on Malaysian businesses. He said that deregulation and liberalisation within the AEC will be a boon for local SMEs, as borderless security of their IPs make the new consumer base of some 620 million people that much more viable.

"At the moment, one area that is sorely lacking is the standardisation of IP regulations and laws, and this poses a financial strain on SMEs," said Perera. At present, Malaysian IPs are not enforceable in other jurisdictions, so when a company expands, it needs to reacquire IP protection in the country

of expansion. "The cost and time required to do this is far beyond the scope of most local SMEs," Perera said.

The introduction of the AEC will therefore help Malaysian SMEs by standardising patent law and commercial law, as well as streamlining taxes, imports and exports. This will result in Malaysian SMEs being able to secure one patent which will cover all ten member countries, making it much more affordable for SMEs to get comprehensive, and most importantly, regional IP protection.

Unified IP law is best

The SME Annual Report 2014/2015 states that there have been success-



In regards to legislation and policy, one area that is sorely lacking is the standardisation of IP regulations and laws which pose both a financial and regulatory burden on SMEs. Currently, a Malaysian IP only covers the Malaysian market of 30 million people, while companies can sign up for IPs in different countries, but the cost and time of this is way beyond the scope of Malaysian SMEs."

— Perera

18 months is by application, for which companies are allowed time to choose which countries they wish to file in following the 30-month PCT by WIPO. Following this, it takes approximately three to five years for the patent applications in respective countries to be approved, during which companies have protection but cannot take legal action against infringing competitors.

"After the successful granting of a patent however, companies would then be able to retroactively pursue and enforce IP infringement claims against offending competitors."

Practically speaking, Perera said the biggest drawback for Malaysian SMEs is the lack of awareness. However, the SME Annual Report 2014/2015 has laid out an ambitious

"As mentioned in the SME Annual Report 2014/2015, in order to take advantage of the AEC, firms must equip themselves relevant knowledge to compete in the AEC."

The SME Annual Report 2014/2015 has laid out the big picture ideas, appraisals and reports. It now falls to government agency leaders like Perera and PlatCOM Ventures to go about driving the commercialisation agenda.

However, the success or failure of Malaysia's business community post-AEC will ultimately hinge on ambitious and daring entrepreneurs who move quickly to enter, and hopefully conquer, new and exotic international markets. **MSME**