

SOUTH-EAST ASIA IP SME HELPDESK



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Top 20 IP considerations when entering a new market

European SMEs entering new markets

“Global markets are an important source of growth for small and medium-sized enterprises (SMEs). Increasing the internationalisation of SMEs and helping them access third markets is crucial for Europe’s competitiveness, economic growth, and innovation. The European Commission’s (EC) priority is to ensure that enterprises can rely on a business-friendly environment and make the most out of growth markets outside the European Union (EU).”¹

Although the EU has faced challenging economic conditions over the past number of years, SMEs have retained their position as the backbone of the European economy. They constitute about 99.8% of all European enterprises, 64% of total employment within the EU (around 83 million persons), and more than half of Europe’s GDP (52%). SMEs play a key role in adding value to every sector of the economy² – this makes the innovation and growth potential of SMEs pivotal to the prosperity of the EU.

Intellectual Property (IP) and SMEs

Intellectual property rights (IPR), as intangible assets, are a key factor in the competitiveness of EU SMEs in the global economy. IPR include exclusive rights, notably patents, industrial designs, trademarks, copyright, and trade secrets. IP is a type of asset that incentivises innovation and is particularly relevant to SMEs as they internationalise their business with third countries, such as those in South-East Asia (SEA).³ Good IP management and strong IPR will not only give a competitive edge to SMEs but will also benefit SMEs when looking for investors, mergers and acquisitions, or in the unfortunate event of bankruptcy.

While IPR can bring unparalleled benefits to SMEs, ignorance of competitors’ IPR in the market may harm SMEs business and marketing strategies. IPR infringement will usually result in loss of business, revenue, reputation, and competitive advantage, affecting EU SMEs in Europe and their core export markets.

Although the development of IP laws and enforcement mechanisms differ from one Member State to another, the Association of Southeast Asian Nations (ASEAN) has been recognising the importance of an effective IP policy, which must be consistently implemented in all its Member Countries. On 1 April 2023, Myanmar implemented a trademark registration system, making trademark registration now possible in Myanmar.

For many years, ASEAN has maintained its position as the EU’s 3rd largest trading partner outside Europe (after the US and China), with more than EUR 215.9 billion of trade in goods in 2021 and EUR 82.4 billion of bilateral trade in services in 2020.⁴ The EU is currently the second-largest investor in ASEAN, accounting for EUR 350.1 billion in Foreign Direct Investment (FDI) stocks into ASEAN

in 2020, with the main exports being chemical products, machinery, and transport equipment.⁵

Each year, more and more EU SMEs seek to work with ASEAN countries through export, import, licensing agreements, or involvement in global supply chains. In particular, six countries from the ASEAN region emerge as big trading partners for EU businesses, namely **Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam**. The EC recognised the importance of access to the ASEAN market and launched the EU and ASEAN region-to-region trade and investment agreement in 2007, which is currently on hold to make way for bilateral trade and investment agreements successfully negotiated with Singapore and Vietnam. To date, the EU has Free Trade Agreements (FTA) with Singapore (entered into force on 21 November 2019)⁶ and Vietnam (entered into force on 1 August 2020).⁷ The Investment Protection Agreements between the EU and each of the two countries are under the ratification stage by all EU Member States to enter into force (as of February 2022, 12 EU Member States have ratified them).

The challenges that SMEs face become more pronounced when looking to make full use of new trading opportunities and dealing with IPR in new markets, such as SEA. As ASEAN’s market is one of the most dynamic (with some 660 million consumers) and ranks as one of the top eight economies in the world,⁸ it is important to understand each local market, culture, and regulatory environment. This business-focused and practical guide is intended for EU SMEs doing, or interested in doing, business in the ten ASEAN countries (Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Laos, the Philippines, Singapore, Thailand, and Vietnam). This guide contains our top 20 IP considerations that can help businesses maximise and protect IP assets when entering a new market. The suggestions contained herein should help businesses avoid the most common pitfalls and protect themselves. Several of the considerations are equally applicable to new businesses in the home market.

Additional and complementary IP guides are downloadable from the South-East Asia IP SME Helpdesk online web portal (www.sea-iphelpdesk.eu). If you are an SME or a business association in the EUs or another country of the Single Market Programme (SMP)⁹ and have any questions in relation to this guide or any aspect of IP in SEA, please do not hesitate to submit your question to our IP experts in person at any of the training sessions attended by the Helpdesk in Europe or SEA, or via email at: expert@sea-iphelpdesk.eu.

Our helpline service is free of charge and strictly confidential, and you will receive a reply within three working days.

¹ Source: https://single-market-economy.ec.europa.eu/smes/sme-strategy/improving-smes-access-markets/sme-internationalisation-beyond-eu_en.

² Source: Annual Report on European SMEs 2021/2022DG Enterprise ‘Annual Report on EU SMEs 2021/2022’, Accessed on 2 May 2023, <https://op.europa.eu/en/publication-detail/-/publication/0a009ca6-eac2-11ec-a534-01aa75ed71a1/language-en>.

³ Earlier this year, the European Commission released a Report on Intellectual Property Rights in Third Countries (available [here](#)).

⁴ Source: <https://www.consilium.europa.eu/en/infographics/eu-asean-trade>.

⁵ Source: European Commission, Association of South East Asian Nations (ASEAN), Accessed on 2 May 2023

https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/association-south-east-asian-nations-asean_en.

⁶ Source: DG Trade Website https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/singapore_en.

⁷ Source: DG Trade Website https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/vietnam_en.

⁸ Source: European Commission, Association of South East Asian Nations (ASEAN), Accessed on 2 May 2023

https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/association-south-east-asian-nations-asean_en.

⁹ At the time of publication, the Single Market Programme countries are all EU member states plus Norway, Iceland, Liechtenstein, Turkey, Ukraine, North Macedonia, Kosovo and Bosnia and Herzegovina.

1. Make time to get smart on IP

Over the past ten years, more and more businesses have become aware of IP and its benefits.¹⁰ However, IP is still perceived as cumbersome and expensive, resulting in a large number of SMEs shying away from utilising their IP.

When entering a new market, the average company dedicates considerable resources to exploring the local market, creating business plans, identifying business partners, evaluating investment options, and understanding new potential consumers. Often, such companies fail to strategically use their IPR when entering a new market. Taking the time to become informed on IP and pertinent local rules will help a company exploit opportunities or avoid pitfalls of local laws and regulations in a new market. When handled with the proper strategy and knowledge, intangible assets can not only be protected but also offer increased commercialisation, income generation, and other value-added opportunities.

¹⁰ The European Union Intellectual Property Office (EUIPO) recently released a report about the IP perception from a total of 25 824 interviews in all EU Member State, showing that "a clear majority of Europeans say they have a fairly good or very good understanding of the concept of IP" <https://euipo.europa.eu/ohimportal/en/web/observatory/ip-perception-2023>.

2. Identify IP assets

It is crucial that companies, particularly SMEs, clearly understand the aspects of their business that constitute IP and identify their IP assets accordingly before entering any new market. Businesses and SMEs are usually surprised to learn how much IP they own or use without knowing it.

Indeed, IP includes more than just technology-related inventions, such as new products or processes, technical know-how, and expertise – it also includes trademarks, designs, works of authorship such as manuals, catalogues, or computer programs, and in some cases, sounds, smells, and other attributes that can differentiate your business from your competitors', signify its reputation, and attract customer goodwill.

Identifying your IP assets can help you explore the best ways of protecting and evaluating such assets. Useful preliminary questions include the following:

- *Do you need a brand to commercialise your products/services?*
- *Do you produce content that requires protection?*
- *Do you have confidential information that you or your employees need to protect?*
- *Do you have a new/unique technology/design you would like to secure ownership of?*
- *Do you intend to license/franchise your products/services?*

If the answer to any of the questions above is "yes", you need to identify which IP assets you can protect. There are five principal types of IPR that can be protected:

- a) Patents** protect new and non-obvious inventions; they are usually sought and granted for new products or processes that meet specific requirements.
- b) Designs** protect the new shape or pattern of a product.
- c) Trademarks** are used to identify and distinguish a company's product(s) or service(s) from its competitors'.
- d) Copyright** protects creative works of expression, such as literary, software, photographic, musical, artistic, and architectural works.
- e) Trade secrets** have a commercial value for the business and are never disclosed to unauthorised third parties (the publication of such pieces of information would simply destroy its secrecy and value).

3. Link IP strategy to business objectives

The next step is to precisely identify which IP assets will be essential in achieving your business objectives. This represents a crucial step for SMEs, and the use of a company's IP should be fully integrated into its business and marketing objectives.

Copyright protection, for example, will be of utmost importance for a software developer, whereas trademark protection is likely to be one of the main IP assets for any company producing/selling consumer products. Keep in mind that IP assets can protect and grow businesses in many ways. Therefore, this step will help you – especially if you have a limited budget. In most countries, IPR can support the execution of business objectives because exclusive rights are granted to the owner, thereby allowing for additional growth, such as the possibility to license or franchise IPR to other parties (*see tip 15 for further information*).

On the contrary, failure to envisage a proper IP strategy can prove costly or seriously undermine business goals. Frequently, companies that bring new products that incorporate a lot of investment and IP value (such as research and development or new technical innovations) into new territories may find themselves being almost immediately copied, with no possibility of enforcement if they have not registered their rights.

Adopting clear business goals can greatly develop a supporting IP strategy. A sound and comprehensive IP strategy should incorporate at least the following aspects:

- a) A defensive strategy ('shield')**, enabling the IP owner to obtain exclusive rights and to enforce these rights in case of infringement. The risks related to the development of new technologies, brands, or product lines can be reduced by effective IP registrations followed by comprehensive monitoring of the market in order to detect potential infringements (counterfeit products, trademark squatting, technology theft) at an earlier stage and enforce your IPR at the right time.
- b) An offensive strategy ('sword')**, enabling the IP owner to gain a significant competitive advantage over identified competitors. The idea behind the offensive IP strategy is to develop and register IP assets (trademarks, patents, designs, etc.) in order to anticipate and block competitors' market activities in certain fields.
- c) A commercialisation of IP assets strategy**, enabling the IP owner to benefit financially from the selling, licensing, or franchising of its IP assets. In other words, commercialisation is the process of bringing IP to the market in order for it to be exploited in return for business profits and growth. The financial success of any IP commercialisation will depend on the choice of the most appropriate commercial tool, i.e. licensing, franchising, or selling your rights.

Of course, a mix of these strategies tailored to each individual business's protection needs and goals is recommended. An efficient and dynamic IP strategy should support the business goals and objectives of the company and provide a return on investment and/or strategic advantage.



4. Prioritise IP protection needs

Along with strategy comes the need for setting priorities. Assets that generate, or are likely to generate, the most revenue or draw the most exposure should be given the highest priority. On the other hand, lesser-known or less profitable assets can be afforded lower priority.

Various factors need to be taken into consideration, including the following:

- the level of available resources/budget (both short- and longer-term);
- the territories where protection is needed;
- the expected sales/turnover;
- the risk of adverse costs for non-protection of IP assets (whether counterfeiting or competitors' ability to legally copy/imitate); and
- the expected return on investment (in terms of valuation of IP assets/licensing/ franchising/assignment opportunities, etc.).

When setting your priorities based on the recommendations above, you should also consider the cost of IP protection for sustainable planning. While protecting IP assets may not be the costliest investment for the majority of businesses, budget constraints need to be well understood and analysed. Patent protection, for example, usually requires maintenance fees or annuities to be paid by the patentee. International protection costs for some IP assets (such as designs, patents, or even trademarks) can quickly become a significant expense for small businesses.

It is also important to evaluate the expected lifespan of IP assets when determining what priority to assign them. Assets that are expected to have a long lifespan (such as industrial machines or equipment) should be given priority. On the contrary, the print materials for a one-time promotion are likely not worthy of protection since the legal process to obtain protection may take longer than the offering itself.

5. Assess vulnerability

Prior to entering any new market, it is highly recommended that a vulnerability assessment be conducted. Such an assessment should include, at a minimum, verification of the availability of signs (for trademarks and designs), 'freedom to operate' (for patents and utility models), and the anticipation of risks and potential enforcement issues.

(i) Verification of availability and 'freedom to operate'

It is pivotal and highly recommended to verify the availability of IPR before engaging in commercial or trade use of IPR in a new market. Trademark availability searches can help avoid the unintentional infringement of someone else's rights and avoid marketing a brand that cannot be protected. The same applies to technology, where 'freedom to operate' studies can help determine whether patents have been filed or granted in a particular territory for a similar invention. Patent, design, or trademark searches in local databases will help determine an IP strategy, monitor your competitors, and reveal business opportunities. SMEs often forget that IPR registered in Europe are invalid elsewhere, and further actions will be needed.

*The South-East Asia IP SME Helpdesk can support you by running **identical trademark verifications and searches**. Should you be interested in this **free-of-charge service**, send us an email at expert@sea-iphelpdesk.eu.*

(ii) Anticipate risks and potential enforcement issues

Although most countries have now adopted IP laws to protect IPR, some countries are notorious for their lack of key legislation and/or enforcement capabilities. Being able to assess and, whenever possible, mitigate these risks at an early stage can provide a decisive advantage. 'Know before you go' is the key message for SMEs to bear in mind.

Preliminary assessment of vulnerability does not require a significant investment but can yield extremely valuable information that can be inputted into the business and IP strategy. Many businesses realise the importance of these preventive steps too late – after losses have been incurred or opportunities missed. Often, a business's lack of anticipation of protection is more to blame than the loopholes in a local IP protection system. This is particularly applicable to local businesses in developing countries where awareness of IP protection remains low.

6. Maintain clarity of ownership rights

IP ownership rights must be clarified and secured. Chances are that many people – whether founders, actual or potential business partners, as well as past, present and future employees – will have knowledge of, or produce work that touches on, IP. The following three recommendations apply to virtually all businesses:

(i) Formalise agreements among founders

Even if a business has a long history elsewhere, entry into a new market is often comparable to starting a new company. This is true whether you intend to enter into a distribution agreement with a new partner or establish a local company in a new territory with local shareholders. It is crucial that shareholder agreements clearly spell out which founders or shareholders own or co-own the company's IP.

(ii) Formalise agreements with business partners

Adding clear IP ownership provisions to applicable distribution, manufacture, purchase, joint venture, and partnership agreements is essential. Companies entering new markets also usually require local partners for distribution or other types of commercial activity. A clear agreement between everyone involved will clarify who owns what, especially when more than one party may bring IP. It is also important to clarify which parties will enforce IPR in the local territory and which IPR is owned by which party both during the normal operation of the company and after it ceases to exist.

(iii) Formalise agreements with employees and suppliers

Equally important is the need to establish clear rules of IP ownership with employees and suppliers, to prevent them from claiming ownership over a company's IP. Employment agreements should include clauses stating that the employee will not make claims of ownership regarding IP used or created during the course of employment, as is applicable for the job. Supply, production, and distribution agreements must likewise explicitly restrict the other party from misrepresenting or making claims of IP ownership.

7. Preserve opportunities to protect IP

In addition to the above recommendations, IP owners must ensure that they do the following:

(i) Record the date of creation/publication of works and documents, and archive their creation

These records can serve as proof of creation and ownership in disputes and shall always be kept in order and up to date.

(ii) Ensure that they control the disclosure of their IP through Confidentiality or Non-Disclosure Agreements (NDAs)

In addition to proactively documenting the other party's acknowledgement of IP ownership, NDAs can provide the grounds for legal action in cases of breach of confidentiality. Additionally, the appropriate agreement can ensure that a patent can be filed even though the invention was previously disclosed to selected third parties.

Should you wish to receive an NDA template from the South-East Asia IP SME Helpdesk, please send us an email at expert@sea-iphelpdesk.eu.

8. Think about online protection

Online protection, especially of domain names and social media identities, merits particular attention. The internet has become a key business and marketing platform for almost all types of businesses. It is also an ideal platform for infringers to sell counterfeit products and commit fraud almost anonymously. Before entering a new market, it is recommended that business owners protect local domain names as well as social media identities (such as Twitter®, Facebook®, LinkedIn®, but also local social media sites). Since these identities are registered on a first-come, first-served basis, protection of these should be done at an early stage. The registration process may help prevent cybersquatting and later domain name disputes. Attention should also be given to B2B (Business-to-Business transactions), B2C (Business-to-Consumer transactions), and online shop websites where an increasing share of counterfeit products is offered for sale.

For further information, download the [South-East Asia IP SME Helpdesk Guide to Protection of Online IPR in Southeast Asia](#).

9. Know the local rules

The most common mistake made by companies entering a new market is to assume that local rules will be, to some degree, identical to those of the business's home country or the target market's neighbouring countries. This often occurs in situations where the IP strategy is decided abroad or based on IPR created outside a new market. Knowledge of local rules and the extent to which local rules can be applied can maximise the effectiveness of IP protection and avoid future issues. Consultation with local IP experts is strongly recommended in relation to ASEAN countries.

It is essential that any business entering a new market knows the scope of IP protection it can expect, as well as the shortcomings of local legislation. For example, some countries have not yet adopted comprehensive IP laws or properly trained enforcement authorities to perform their duties. In other countries, the letter of the law may provide comprehensive protection, but officials and authorities lack sufficient training or funding to enforce the law. Not infrequently, there may be notable discrepancies between the laws as it is written and as it is enforced. This is especially true in countries where IP laws are still relatively new and counterfeit and other IPR violations are widespread. Therefore, it is recommended to monitor new IP legislation, international treaties, and how new local practices (decisions from a court or an IP office) may affect IP strategies. If you are unsure how to do so, it may be useful to contact the chambers of commerce of European countries in the region or seek advice from a local legal practitioner. Where you doubt a country's capability to enforce rights, it is important to put internal measures in place to protect your IP – such as restricting access to confidential information or maintaining secrecy over key technologies.

For more information on IP protection and enforcement in each of the countries of ASEAN, please download the [Country Factsheets](#).

10. Adapt to local rules

It is essential to adapt to local rules and adopt a flexible approach. Keep in mind that the level of IP protection and the procedure for enforcement greatly vary country-by-country across SEA. For example, in certain jurisdictions, a petty patent (also known as utility model or utility solution in certain jurisdictions) can be granted quickly, allowing prompt enforcement – as opposed to a patent application that may take up to 7-10 years to be granted.

In another example, local mediation or arbitration may be preferable to formal litigation, an approach sometimes difficult for the plaintiff to accept, yet often providing better and quicker results. To this extent, the *WIPO (World Intellectual Property Organisation) Arbitration and Mediation Center*, based in Singapore and established in 2010, is a neutral, international, and non-profit dispute resolution provider that offers time- and cost-efficient alternative dispute resolution (ADR) options. The Center provides mediation, arbitration, expedited arbitration, and expert determination that allow companies to efficiently settle their domestic or cross-border IP and technology disputes out of court. It also offers domain name dispute resolution services. Other organisations also exist locally, e.g. BANI in Indonesia, the Thai Chamber of Commerce or Alternative Dispute Resolution Office in Thailand, MMC in Malaysia, and SMC or SIAC in Singapore. Their contacts are usually known to local lawyers.

For further information, download the [South-East Asia IP SME Helpdesk Guide to alternative dispute resolution in South-East Asia](#).



11. Protect IPR strategically

An important strategic consideration is to know how to choose the best route of protection for your IP in SEA.

While cost considerations are important (international systems of protection are usually cheaper than filing several national IP applications before each national IP office), other strategic considerations (business and MarCom strategies, number of countries to protect, timing of protection, country specificities, etc.) may be more important to ensure business goals are achieved.

Listed below are the benefits of the international filing systems available in SEA (a full list of benefits and disadvantages for the PCT and the Madrid systems can be found in our joint guides):

(i) Filing an international patent application via the Patent Cooperation Treaty (PCT)

The PCT system is a filing platform whereby the applicant can file a single international patent application in one language and designate the patent application in up to 157 PCT contracting states (full list available [here](#)), including all the ASEAN member states (except Myanmar).

For an overview of the PCT system, please see the following link: [Overview of the PCT System](#).

The benefits of using the PCT system include the following:

- **Postponement of major costs and additional time to explore the targeted market.** The PCT system allows the applicant to have a wait-and-see period (usually up to 30 months – international phase – from the filing date of the first patent application, which is the priority date) before entering the national phase in the country where the applicant seeks protection. This can be crucially important for SMEs as the additional 18-month period (if the applicant chooses to file a patent application directly before the national IP office and wants to claim priority, he needs to file within 12 months of the priority date) allows the company to finalise the invention, conduct market research, test the product or invention in the targeted market, and plan their budget accordingly. Usually, the international phase will provide you with some information on assessing the prospects of obtaining granted patents, and the potential scope of protection, before the major filing and prosecution costs are incurred.
- **Gauge the probability of the patent being granted before spending a considerable sum in filing patent applications in the targeted countries.** The applicant will receive the International Search Report (ISR) and Written Opinion (WO) from the selected International Search Authority, which will allow the applicant to gauge the patentability of one's invention. The ISR and WO will list the relevant patents (the so-called 'prior arts') and the features of the applicant's invention that satisfy the patent requirements, which lends itself to the next point.
- **Save costs and smoother examination process.** If the ISR and WO deem certain technical features of the invention unpatentable, the applicant will have the opportunity to directly file the amendment with the WIPO to alter the features that are too closely resemble the prior arts (competitors' products) or remove the features which are unpatentable. As the amendment will only be filed once, the cost will be cheaper than filing an amendment with each local office provided that the applicant filed the application intends to cover more than 2-3 countries. Having positive ISR and WO results mean that the examination process in each local IP office will go more quickly and smoothly as the ISR and WO usually confer a positive influence, particularly amongst the ASEAN IP offices.
- **Increase licensing opportunities.** Filing the patent application via the PCT system increases publicity of the invention as the application will be published on the WIPO's database ([Patentscope](#)). The applicant will also be able to request WIPO to publish their willingness to license their invention, which can attract many potential investors.

For further information, download the [South-East Asia IP SME Helpdesk Guide to Patent Cooperation Treaty \(PCT\)](#).

(ii) Filing an international design application via the Hague Agreement

The Hague system is an International Design System whereby the applicant can file a single international design application with up to 100 designs and designate the design application in up to 96 Hague member states, which currently include four ASEAN countries (Brunei, Cambodia, Vietnam and Singapore). Thailand agreed to join in November 2022 and is now in the process of ratification.

For the full list of the Hague Agreement contracting states, please see the following link on WIPO's website: [Hague Agreement Contracting States](#).

The benefits of using the Hague system include the following:

- **Cost-saving and straightforward to manage.** Filing the international design application through the Hague system means that the applicant only needs to file one international application with the WIPO and designate the targeted markets instead of filing an application in each country with the help of a local IP lawyer. The maintenance fees (also called renewal fees) will be paid directly with WIPO in a lump sum payment, saving the applicant from having to pay maintenance fees in each country on different dates.
- **Faster examination process.** After designating the international design to each local IP office for substantive examination, these offices will have to complete the examination process. If the local IP office refuses design protection within its own territory, the applicant will be notified within 6 or 12 months (as compared to the traditional routes, which can take up to 2-3 years) from the date of publication or otherwise, in case there is **no refusal issued, the design will be considered as granted.**
- **Allows more flexibility.** The applicant will be able to submit up to 100 different related designs (belonging to the same group of the [Locarno International Classification](#)) in one application. This flexibility will give the applicant a much greater scope of protection when it comes to enforcing one's rights, such as in the event of an infringement.

(iii) Filing international trademark application via the Madrid System

The Madrid system is an International Trademark System whereby the applicant can file a single international trademark application and designate the trademark application in up to 130 Madrid System's member states (full list available [here](#)), which currently include all ASEAN countries except Myanmar.

For an overview of the Madrid system, please visit WIPO's website [here](#) and see the process under the Madrid System.

The benefits of using the Madrid system include the following:

- **Cost-saving and straightforward to manage.** Filing the international trademark through the Madrid system means that the applicant only needs to file one international application based on an existing national trademark application or registration from a country member of the Madrid System directly before the corresponding national IP Office (the application will then be transmitted to WIPO). At the filing stage, it is possible to designate the trademark in the targeted markets instead of filing an application in each country through a local IP lawyer. The renewal fees will be paid directly with WIPO in a lump sum payment, saving the applicant from having to pay official fees in each country on different dates.
- **Faster examination process.** After designating the international trademark to each local IP office for examination, the corresponding local office will have to complete the examination process within 12 or 18 months (which can potentially be faster in certain ASEAN countries) from the date on which WIPO notifies the local office of its designation. The designated IP office will either issue a Statement of Grant of Protection or a provisional refusal notification to explain the grounds for refusing protection of a trademark (the application can be refused entirely or partially). If the applicant does not receive any notification within the time limit, the trademark will be considered as granted protection.

12. Understand the benefits of registered IPR

A recurrent question among SMEs is why they need to protect their IPR. Here are the main benefits of a sound IPR protection.

(i) Registering trademarks

The benefits of trademark registration include the following:

- Exclusive rights for the owner to use and exploit (including through assignment and licensing) the registered mark.
- The enforceability of trademark rights.
- Protection against the registration of confusingly similar or identical trademarks.
- Use of the ® sign next to the registered trademark to discourage infringement.
- Increased business value and protection of business reputation.

It is recommended that applicants consider and/or undertake the following prior to and after submitting a trademark application.

- Do not forget to opt for a distinctive, rather than a descriptive or suggestive trademark, to increase the chances of success in obtaining registration of that trademark.
- Check databases for trademark availability prior to filing an application.
- Clearly identify all products and services to be associated with the trademark when drafting the items of each class of products and services in your application (aim to be over-inclusive rather than under-inclusive)
- Monitor published trademark applications so that opposition to the registration of identical or confusingly similar trademarks can be filed in a timely manner.
- Use your trademark to avoid the risk of cancellation for non-use of the trademark (you will need to prove a real use of your trademark).

For further information, download the [South-East Asia IP SME Helpdesk Guide to trade mark protection in South-East Asia](#).

(ii) Registering patents and/or design rights

The benefits of registered patents/design rights include the following:

- Exclusive rights for its owner to prevent others from making, using, selling, or distributing the patented invention or design without the patent/design owner's permission.
- The enforceability of patent and design rights.
- Increased business value.

It is recommended that applicants consider and/or undertake the following prior to submitting a patent or design application:

- Identify registrable subject matter and evaluate the need for IP protection.
- Maintain secrecy, including through confidentiality agreements, should disclosure be necessary (e.g. to secure funding) before filing the patent/design application.
- Remember that most countries operate an "absolute novelty" and "first-to-file" IP system. The confidentiality of a new invention should be maintained as long as possible until a patent/design application date has been obtained.
- Check patent/design databases for prior art and monitor competitors' activities.
- Check the registrability of your patent/design with a local IP agent/attorney.

For further information, download the [South-East Asia IP SME Helpdesk Guide to patent protection in South-East Asia](#).



13. Do not forget copyright and trade secrets

(i) Protect copyright

Copyright is an automatic right that arises the moment a work is created, meaning that some rights may exist automatically without the need to register them formally. Although copyright recordation with local IP offices and copyright notices are usually optional, they are recommended (if the options are available). An officially established copyright record and ownership claim can deter other parties from copying the copyrighted work. It is recommended that copyright notices, or simply the copyright symbol (©) with the year of creation or first publication, be added to manuals, guides, website content, important corporate documents, and advertising material.

Copyright protection extends to a wide range of physical expressions of ideas. These commonly include literary works (advertisements, books, magazines, newspapers, website content, etc.), computer software, musical works, dramatic works (choreography, dancing, acting, etc.), artistic works (paintings, drawings, illustrations, sculptures, lithography, photography, architectural works, and other forms of applied arts), audio-visual works, website content, and pictures.

For further information, download the [South-East Asia IP SME Helpdesk Guide to copyright protection in South-East Asia](#).

The benefits of copyright registration include the following:

- Helps the author to establish a record date and proof of work's ownership, which can be used to support or oppose copyright challenges, as applicable.
- It also makes it easier to enforce rights through civil and criminal penalties against an infringer.

(ii) Protect trade secrets

Although trade secret protection usually does not require registration, it is important to note that for a company's trade secret to be eligible for legal protection, several conditions must be met.

For further information, download the [South-East Asia IP SME Helpdesk trade secrets protection in South-East Asia](#).

The most common conditions are the following:

- The piece of information must not be publicly known.
- The piece of information must possess a commercial value derived from its secrecy.
- The controller of the information must have taken appropriate measures to maintain its secrecy.

It is recommended that owners of trade secrets consider the following:

- Carefully weigh whether patent protection is preferable to trade secret protection – this typically means assessing how probable it is that a third party could recreate or reverse engineer the material that is the subject of the trade secret; if it is likely, then registering the innovation/technology as a patent is preferable.
- Always maintain the secrecy of a trade secret by means of confidentiality agreements and confidentiality provisions in agreements with parties – such as employees, suppliers, and contractors – that may learn of the trade secret.
- Set up a clear policy within the company to avoid unintended disclosure.
- Mark as confidential all documents that should not be disclosed outside the company.

14. Establish key contracts

For the majority of businesses, the protection of IPR begins in the private domain, within the business itself. Business owners can protect IP assets, mitigate potential losses, and avoid legal problems by adequately and properly protecting IPR through a wide range of agreements and contractual provisions.

Prior, or in parallel, to any IP registration strategy, it is recommended that a business ensures that IP assets are well secured within the business itself. Employment agreements, confidentiality, NDAs, and technology transfer agreements are particularly relevant in this regard.

- **Confidentiality and assignment clauses in employment agreements** can ensure that employees are contractually bound to confidentiality and that creations made by employees in the course of business are duly assigned to the employer, respectively. Such clauses protect the company's existing and future IP that an employee may be exposed to and ensure that the company maintains IPR to an employee's work product created for the company.

- **Confidentiality/Non-Disclosure Agreements (NDAs) are legally binding agreements** between the discloser and recipient(s) of confidential information. Confidentiality agreements can help protect information that has a unique value or is critical to preserving the patentability of new IP.

Businesses will usually enter into confidentiality agreements with their employees, their contractors, business partners, and their clients – in particular when clients are bound by specific licence or terms of use of a process, product, or service.

- **Technology Transfer/IP Agreements** Other types of IP Agreements include material transfer agreements, IP licence or assignment agreements, and strategic IP or joint-venture agreements, such as co-development agreements or co-marketing agreements. The main purposes of these agreements are to clearly establish who should own the IP and, where applicable, put a price on intangible assets (purchase price in case of assignment of rights, licence fees, or royalties for licence or franchise agreements) or evaluate each party's IP contributions (for strategic alliances, joint ventures, co-research and co-development agreements).

For further information, download the [South-East Asia IP SME Helpdesk Guide to transfer of technology to South-East Asia](#).



15. Evaluate the business potential of licensing IP

Businesses, particularly SMEs, tend to underestimate the potential of licensing their IP in new markets/territories. Licensing is one of the cheapest and least risky ways to exploit IP and can provide SMEs with a powerful presence in a local market often unknown to them.

Prior to moving into any licensing or franchising deal, it is crucial to choose your local business partner with caution (a comprehensive preceding due diligence is a must), plus have a licence or franchise agreement in place and to check its local enforceability beforehand.

Make sure to check if your licence agreement needs to be recorded with local authorities as without such registration business may not be possible, or the licence agreement may not be enforceable.

16. Spend strategically

The protection of IPR should be made according to a clear strategy and a pre-defined budget. It is important to obtain IP protection step-by-step and to explore ways to save protection costs, such as by using international or regional systems of IP protection. Some IPR, such as copyright, can be registered with minimal costs. Other rights, such as patents, can be quite expensive to protect and should be reserved for highly strategic markets and/or products.

Ensure you have a clear understanding of the costs involved and that your IP counsel is aware of how much you can afford to spend on IP so they can provide you with accurate and personalised recommendations. While overprotection is usually not a risk, allocating resources for protection needs to be done in proportion to other investments and relative to the risk of IPR infringements. It is also important to ensure that your company can afford the protection costs (e.g. annuities or maintenance fees for patents) or enforcement costs so that the IP budget spent on filing new IPR does not deprive the existing IP portfolio of necessary protection.

A pre-defined budget shall also allow for both protection and enforcement costs. It would not be optimal if SMEs found themselves in a situation where they need to take legal action against an infringer but decide not to do so due to budget constraints.

17. Seek professional guidance

Local and experienced IP counsels have a good understanding of the local practice and key contacts with pertinent government agencies. They should be able to provide you with legal opinions and recommendations, IP protection strategies, vulnerability audits, freedom to operate studies, and litigation strategies that would allow IPR holders to make informed decisions. It is crucial that strategies be designed with a clear understanding of how far local laws can be interpreted and practically enforced.

For additional advice on finding appropriate legal guidance, download the South-East Asia IP SME Helpdesk guide to [Finding the Right Lawyer](#). The list of the Helpdesk's IP experts in SEA is also available [here](#).



18. Be prepared to enforce your rights

Entering a new market and protecting IPR usually means being ready to enforce or defend your rights in order to ensure that business objectives are met.

One of the first steps in effectively enforcing your rights is to liaise with the local customs to inform them about your IPR and share

technical details about your products. In some countries of SEA, it is possible to record some of your IPR (trademark, copyright, etc.) before customs in order to benefit from increased monitoring and protection of specific products.

The following are recommendations prior to any enforcement action:

- focus on business needs before legal outcomes;
- review options and opt for procedures that best serve business interests. In certain countries, criminal actions are more effective at ending infringement because civil actions are lengthy and entail only negligible fines;
- pursue legal action with a clear objective and only if you are committed to concluding the action;
- be realistic about expectations. For example, a favourable verdict may be difficult to enforce;
- seek professional advice and an honest appraisal of the situation;
- conduct a market survey to evaluate the current or possible impact of enforcement;
- choose targets with multiplier effects (manufacturer/warehouse/wholesaler/retailer) as opposed to insignificant parties (street vendors);
- spend wisely, especially for civil cases (success fees etc.);
- team up with other IPR holders, if possible, to reduce costs; and
- build connections with local enforcement authorities.

19. Build awareness

Build awareness by growing an IP culture with your company and partners. Companies can emphasise the importance of IP in their business in several ways. For example, companies can highlight the importance of IPR in their dealings with local distributors and licensees by monitoring the local market and by implementing and controlling confidentiality within the company. Communication outside the immediate business circle is also essential to building IP awareness. Copyright notices, trademark notifications, conferences, organised training sessions and seminars – especially

for enforcement authorities – are just a few examples of what companies can do to build IPR awareness, particularly regarding their IP assets. Annual training and workshops for customs and police officers are powerful tools for spreading knowledge about the differences between counterfeit and genuine goods and keeping authorities aware of your IP issues. These programmes also help educate authorities about the damage that counterfeiting causes to the national image and international trade.

The South-East Asia IP SME Helpdesk frequently organises IP training sessions (onsite or virtual) in Europe and SEA. [Subscribe to our newsletter](#) and visit our [website](#) to hear about upcoming live training sessions.

20. Join forces

The final recommendation is that IPR holders should consider joining forces in seeking the support of professional organisations, trade associations, or chambers of commerce. Not only can participation in these forums help companies learn about best practices, but they also offer the possibility for these companies to directly address their issues to the relevant authorities and/or comment on proposed legislation. In some cases, joint enforcement actions can also help reduce costs for individual brand or copyright owners.

SEA has many active European and bilateral chambers of commerce and business organisations, trade promotion agencies from certain EU Member States, and European-funded projects to support SME internationalisation. These are always good starting points when thinking about doing business in SEA or any other new markets.

SME Case Study

Background

A small European pharmaceutical company discovered a new use for a known pharmaceutical composition ("invention") and wished to gain the exclusive right to manufacture and use its invention. The company consulted a European law firm and filed its first patent application in Europe, then later filed a PCT International application to maximise the allowable priority period of 30 months. In this period, the company was able to evaluate the commercial value a patent could bring to its business and lay down further strategies for introducing its invention in foreign markets.

Additionally, the company later filed national phase patent applications in many countries, including ASEAN countries, to cover all their main markets. It was not until years later that the company found out that its invention was not patentable in some ASEAN countries, leaving the company no choice but to abandon its patent applications in certain countries. At this stage, the company had already paid a considerable sum to apply for patents, including fees for lawyers and translations, and official fees payable to each patent office. If the company had been aware of the local rules and checked the patentability of its invention with the local patent attorney in each country beforehand, it would have been able to avoid wasting resources and money.

Nevertheless, the company's patent applications proceeded to be granted in some countries, even reaching the stage of drug commercialization (where the company had to attract marketing companies and investors). In the process of auditing its IP, the company realized that it did not renew its trademark, resulting in a loss of the right to use the name. The loss was even bigger as it had registered its products with the food and drug administration in the countries where the patent was granted.

Action Taken

As a result, the company refiled its trademark but received a refusal of registration from several IP offices as a similar trademark had been filed in the meantime by a competitor. The company had then to undergo lengthy and expensive procedures to assert its prior user's rights before each IP office.

Outcome

After many efforts, the company was, fortunately, able to obtain registration for its trademark. However, it could have avoided significant costs by adopting a clear IP protection strategy from the start.

IP Lessons

- Make time to identify your core IP assets and ways to protect them.
- Allocate budget for IP protection, prioritizing key markets and strategic IP assets.
- Know the local rules: consider using local experts to acquire information on international and domestic registrations as well as local practice.
- Always monitor the IPR you own and keep organized the official documents issued by the corresponding IP office. For example, keep track of the renewal deadline of trademarks (set up reminders every 10 years and prepare the corresponding budget in advance) to avoid losing your rights to third parties.

See more SME case studies in the [Case Studies](#) section of the [South-East Asia IP SME Helpdesk website](#).

21. Useful links

Helpdesk resources

1. Helpdesk Confidential Enquiry Service:
expert@sea-iphelpdesk.eu.
2. South-East Asia IP SME Helpdesk website:
www.sea-iphelpdesk.eu
3. Helpdesk blog for related articles on IP in SEA:
https://intellectual-property-helpdesk.ec.europa.eu/regional-helpdesks/south-east-asia-ip-sme-helpdesk/blog_en
4. IP Country Factsheets:
https://intellectual-property-helpdesk.ec.europa.eu/regional-helpdesks/south-east-asia-ip-sme-helpdesk/factsheets_en
5. IP Guides on various subjects
https://intellectual-property-helpdesk.ec.europa.eu/regional-helpdesks/south-east-asia-ip-sme-helpdesk/ip-guides_en

External resources

1. Regional Helpdesks:
https://intellectual-property-helpdesk.ec.europa.eu/regional-helpdesks_en
2. World Intellectual Property Organization (WIPO):
<http://www.wipo.int/amc/en/center/background.html>
3. ASEAN Intellectual Property Portal;
<http://www.aseanip.org>.



The South-East Asia IP SME Helpdesk provides free, confidential, business-focused advice to small and medium enterprises (SMEs) in the European Union (EU) and the other countries of the Single Market Programme (SMP)¹¹ relating to Intellectual Property Rights (IPR) in SEA.

Enquiry Helpline:

IP-related questions can be submitted to the Helpdesk via email (expert@sea-iphelpdesk.eu). Our experts will reply with tailor-made advice within three working days.

Training & Live Webinars:

The Helpdesk regularly organises training sessions (onsite or virtually) on IP-related topics in SEA. Training may be conducted across Europe or within SEA, tailored to the needs of SMEs and relevant stakeholders.

Publications:

Business-focused guides, country factsheets, and training materials on IP issues in SEA are all free and downloadable from the online portal.

Website & Newsletter:

Our website (www.sea-iphelpdesk.eu) provides easy access to a wide range of material, and the monthly Newsletter selects the latest news and articles from the IP landscape in South-East Asia.

IP Business Tools

Available on our website, these are free services designed to guide SMEs in the European Union and SMP countries in IP-related cost management and to assess IP management readiness and maturity.

¹¹ At the time of publication, the Single Market Programme countries are all EU member states plus Norway, Iceland, Liechtenstein, Turkey, Ukraine, North Macedonia, Kosovo and Bosnia and Herzegovina.

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Project implemented by:
PRACISIS, Sociedade Portuguesa de Inovação (SPI), and the European Chamber of Commerce in Vietnam (EuroCham).

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Guide developed in collaboration with Ananda Intellectual Property (Asia)
Last Updated in June 2023

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Publications Office
of the European Union



Luxembourg: Publications Office of the European Union, 2023
Print ISBN 978-92-9469-614-4 doi:10.2826/85623 EA-04-23-872-EN-C
PDF ISBN 978-92-9469-615-1 doi:10.2826/704835 EA-04-23-872-EN-N