

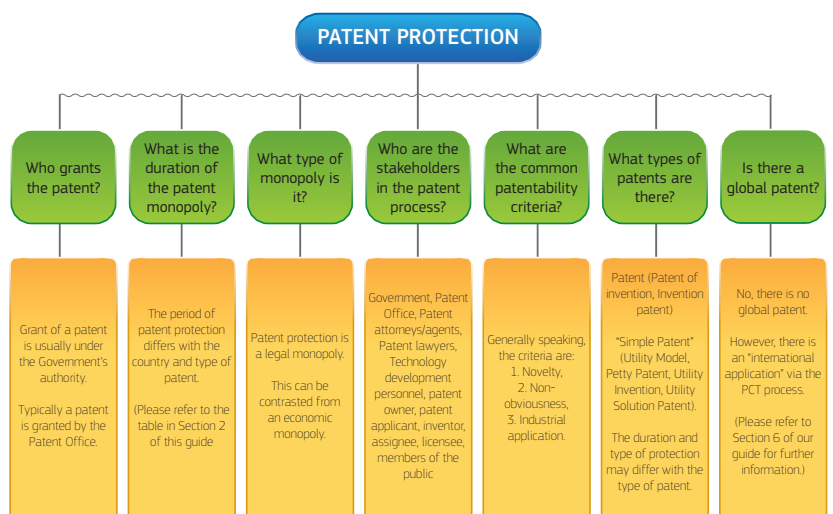


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- 1 What is a patent and how is it relevant to my business?
- 2 Types of patents
- 3 Patentable Inventions, getting protected and IP strategies
- 4 Application process: check-list and eligibility
- 5 Patent prosecution and priority date
- 6 Accelerating the process with the PCT, PPH and ASPEC
- 7 What makes up a patent?
- 8 Enforcement
- 9 SME case studies
- 10 Take-away messages
- 11 Useful links
- 12 Glossary

1. Introduction - What is a patent and how is it relevant to my business?

A patent is an exclusive right granted for the protection of new inventions, which are products or processes offering new technical solutions or providing new ways of doing something. The product or process in question must be applicable in industry. In order to qualify for patent protection, inventors or owners must file a patent application, as registration is a requirement, in order to obtain protection for a patent. Patent protection lasts for a limited period of time, usually 20 years. In return for this legal monopoly of limited duration, the owner of a patent must disclose the invention to the public. A patent is a territorial right and has its effects only within the national boundaries of the country for which it is granted.



A patent provides protection for the invention to the owner of the patent, meaning that the invention cannot be commercially made, used, distributed or sold without the patent owner's consent. Patent rights are enforceable in courts, which, in most legal systems, hold the authority to stop patent infringement as well as declare the invalidity of a patent in question.

Obtaining patent protection is a crucial aspect of business in the modern global economy. Increasingly, the economic strength and growth potential of a company is being assessed by its patent portfolio. Companies owning patents and doing or planning to do business in South-East Asia, and wishing to create long-term value by either finding investors for patents or licensing patents at a later date are strongly advised to know and use the local patent systems. It is vital that you apply for patent protection in the South-East Asian countries of interest to your business, especially if the launch of your respective product/technology on the South-East Asian market is on the horizon. While patents registered in Europe, being territorial rights, have no legal effect in any of the ten countries in South-East Asia, it is worth noting that under the Patent Cooperation Treaty (PCT) it is possible to seek patent protection for an invention simultaneously in several countries by filing a single "international" patent application instead of filing several separate national applications. In South-East Asia, only Myanmar is not a contracting state of the PCT as of November 2016.

It is therefore important to note that through the PCT you may be able to seek patent protection in other countries, including the South-East Asia countries through a more convenient, efficient and possibly cost-effective mechanism. You can learn more about the PCT and advantages and disadvantages of the PCT route in section 6 of this guide.

2. Types of Patents

Simple Patents

In Cambodia, Indonesia, Laos, Malaysia, the Philippines, Thailand and Vietnam, inventions can also be protected by "simple patents". Depending on the South-East Asia country in question, the name may differ - Petty Patents (Laos), Utility Models (the Philippines and Cambodia), Utility Innovations (Malaysia) or Utility Solution Patents (Vietnam). Simple patents typically cover products and tools, and rarely cover technologies. These inventions should be novel and industrially applicable. In some cases there are no requirements for an inventive step (Indonesia, the Philippines, Thailand and Vietnam) and in others the degree of innovation required is less with a simple patent (Malaysia and Laos). The process for obtaining a simple patent is generally shorter than in case of standard patents. There is however a reduced term of protection (10 years from the filing date).

Check out our table below which outlines the period of protection for different types of patents in each South-East Asia country:

South-East Asia Country	Type	Period of Protection
Brunei	Patent	20 years from the filing date
Cambodia	Patent	20 years from the filing date
	Patent	7 years from the filing date
Indonesia	Patent	20 years from the filing date
	Simple Patent	10 years from the filing date
Laos	Patent	20 years from the filing date
	Petty Patent	10 years from the filing date and can be renewed once for an additional 2 years
Malaysia	Patent	20 years from the filing date
	Utility Innovation	10 years from the filing date and extendable for another 2 consecutive 5-year terms
Myanmar	There is presently no functioning system of patent protection in Myanmar. However, the draft Patent Bill has been published in 2015 and is awaiting deliberation in Parliament.	
The Philippines	Patent	20 years from the filing date
	Utility Model	7 years from the filing date
Singapore	Patent	20 years from the filing date
Thailand	Patent of Invention	20 years from the filing date
	Utility Model/Petty Patent	6 years from the filing date and extendable twice for 2 more years (i.e. maximum of 10 years)
Vietnam	Invention Patent	20 years from the filing date
	Utility Solution Patent	10 years from the filing date

3. Patentable inventions, getting protected and IP strategies

a) Patentable inventions

In order for an invention to be patentable, **the invention must meet ALL THREE of the following requirements:**

- 1) It must be **novel***
- 2) The advancement or development from the 'prior art' (existing technology) must not be obvious to the average person in the relevant industry (commonly referred to as the invention being **non-obvious***).
- 3) It must be **industrially applicable**.

The above requirements mean that the patent application needs to be reviewed by examiners to check whether patentability requirements are met. However, it is important to note that Patent Offices may not always have the facilities to conduct such a review. A typical examination would require access to databases of prior art to be checked against for novelty and inventiveness over what is already disclosed or practiced. Some Patent Offices may grant patents by relying on the grant of the same patent from countries with more developed IP systems or examination results of the corresponding patent application from more established Patent Offices such as those in the United States, Japan, South Korea and from the European Patent Office.

Without such foreign grants of corresponding patent applications, the patent application process is likely to be delayed for as long as at least 5 to 7 years in some South-East Asia countries, among which Cambodia and Indonesia.

b) Getting protected

Once you have come up with an idea which you believe qualifies for patent protection, you should not disclose the idea to anyone except those who have signed an **undertaking of confidentiality**, i.e. a **non-disclosure agreement***. An invention needs to be kept secret because the invention must be new at the time of filing at a Patent Office. If an invention is disclosed prior to filing, it may not be considered as new and novelty is said to be destroyed. This means that a disclosure of the invention by the inventors themselves, before the filing date of the patent application, may also destroy the novelty of the invention. However, for the sake of example, in countries like US, Canada, Australia, Malaysia and Japan, if the inventor or the successor in title discloses the invention, a patent application can still be validly filed and it will be considered novel despite the disclosure, provided that the patent application is filed within a "grace period" of 12 months (US, CA, AU and MY) or 6 months (JP) following the disclosure.

A further reason to enter a non-disclosure agreement is because some countries have legal rules whereby typically novelty-destroying disclosures made in breach of confidence can be disregarded within a limited period of time from the disclosure. Therefore, in the situation where someone breaches the non-disclosure agreement and discloses your invention, in limited scenarios you may still arguably have novelty in the invention and still be able to protect it with a patent.

Patent protection is territorial in nature. There is no such thing as a worldwide patent or a regional South-East Asia patent. This means that a person who wishes to get patent protection in Singapore will have to apply to the Intellectual Property Office of Singapore (IPOS). A patent granted in Singapore will not provide the patent owner with legal protection in Vietnam or elsewhere in the South-East Asia region.

c) Choose the right strategy for your business

IP protection measures should not be limited to filing only patent applications. It is advisable for companies to implement a well-planned overarching IP strategy covering the legal, technical, administrative, and political aspects of IP. It is also advisable for companies to regularly conduct IP due diligence exercises to assess the scope of their technology and to monitor IP trends in the industry so that they are well-positioned to outlast their competitors.

In some cases, firms rely on **trade secret protection*** or **non-competition agreements*** to protect their innovations or unique 'know-how'. Inventions can be protected as trade secrets if you do not disclose any information on them, i.e. keep them a secret. Such protection can theoretically last forever – as long as you manage to keep your invention undisclosed. Protection is free-of-charge and does not require registration – however internal steps to maintain confidentiality should be taken. In practice, it may be quite difficult for a company to implement measures to keep the invention a secret, particularly when people leave the company and could bring precious 'know-how' or sensitive knowledge with them. It is important to note that non-competition agreements are not always a viable assurance that the information will be kept secret. While trade secret protection is desirable in theory, if a company is investing heavily into a particular area of technology development and the 'stakes are high', from a practical angle it is rather more advantageous to seek patent protection.

Disclosing, through publication or other means, rather than patenting, an invention, may also be an option where your business does not require 'exclusivity'. This option has the advantage of blocking others from getting a patent on the same invention. However, this means that any competitor will be free to reproduce the invention and carry out any business with it.

Some companies use patent protection as a defensive strategy, asserting their patent when an infringement claim is made by a competitor.

For more on information on protecting your trade secrets in South-East Asia, check out the South-East Asia IPR SME Helpdesk Guide '[Protecting your Trade Secrets in Southeast Asia.](#)'

IP protection measures should not be limited to filing only patent applications. It is advisable for companies to implement a well-planned overarching IP strategy covering the legal, technical, administrative, and political aspects of IP.

4. Patent Application Process

The patent application process varies from country to country in the South-East Asia region. For a detailed breakdown and further information on the application procedures in individual South-East Asia countries, please contact us on question@southeastasia-iprhelpdesk.eu or consult our [IP Country Factsheets](#) which are available to download from the South-East Asia IPR SME Helpdesk website <http://www.ipr-hub.eu>.

The costs of obtaining a patent in the different South-East Asia countries can vary quite significantly - from EUR 650 to EUR 7,000. Where translation is required, additional costs of between EUR 11 to EUR 26 per page may be incurred. As English is not the working language of patent attorneys in all South-East Asia countries, it is recommended that you speak to them over the phone in order to personally assess whether it is feasible in English.

Check out our table below with information on filing fees and required languages for innovation patent applications in the different South-East Asia countries:

South-East Asia Country	Filing Fees for Innovation Patent	Required Languages
Brunei	'Re-registration' of a Malaysian, Singaporean or UK granted patent - the total cost (including official fee, disbursements and legal fee) is approx. EUR 800; national application of a patent EUR 1,200.	English
Cambodia	Starts from EUR 180. Additional fees are payable for excess number of pages, number of independent claims	Khmer or English
Indonesia	Official fee EUR 55; Agent fee EUR 580 – EUR 800; Translation EUR 10 – EUR 40 per A4 page	Bahasa Indonesia
Laos	Starts from EUR 270. Additional fees are payable for excess number of pages, number of independent claims	Lao or English (to be translated into Lao within 90 days from the application filing date)
Malaysia	EUR 560	Bahasa Malaysia or English
Myanmar	There is presently no functioning system of patent protection in Myanmar. However, the draft Patent bill has been published in 2015 and is awaiting deliberation in Parliament	
The Philippines	Official Fee starts from EUR 85; Agent fee starts from EUR 500 Additional fees are payable for excess number of pages, excess number of claims	English
Singapore	EUR 800	English
Thailand	Official fee EUR 15, Agent fee EUR 600	Thai
Vietnam	Official fee starts from EUR 10, Agent fee starts EUR 200 Additional fees are payable for excess number of pages, number of independent claims	Vietnamese

a) Checklist

When applying for a patent with the local Intellectual Property Office or relevant authority in South-East Asia, additional items and documents will be required. Please see our table below which includes the required items to start the application process in each country:

Items/documents required for registration	BR	KH	ID	LA	MY	MM	PH	SG	TH	VN
Application Form	X	X	X	X	X		X	X	X	X
Application Fee	X	X	X	X	X		X	X	X	X
English Translation	X	X			X		X	X		
Patent Specification	X	X	X	X	X		X	X	X	X
Power of Attorney/ Form to appoint a local agent (if no domicile or real business operations in the country)		X	X	X	X		X		X	X
Declaration of Ownership		X	X		X				X	
Priority Right	X	X	X	X	X		X	X	X	X
Deed of Assignment (if the applicant is not the inventor)		X	X						X	X
Local Translation		X	X	X	X		X		X	X

b) Who can register?

South-East Asia Country	Who can register?
Brunei	The owner of an invention is entitled to register it. Any other party may register an invention if they hold the rights over it (assignment or employer)
Cambodia	The owner of an invention is entitled to register it. Any other party may register an invention if they hold the rights over it (assignment or employer)
Indonesia	The inventor of a patent or his/her attorney can file a patent application. If filed by a person other than the inventor, the application must be furnished with a statement with adequate supporting evidence that the applicant is entitled to the invention
Laos	The owner of an invention is entitled to register it. Any other party may register an invention if they hold the rights over it (assignment or employer). A person, legal entity or organisation residing in a foreign country, however, must be represented by an authorised representative in Laos (i.e., an IP agent)
Malaysia	The rights to register a patent shall belong to the inventor, unless the rights have been lawfully derived from the inventor to a particular person e.g. employment, assignment.). A person, legal entity or organisation residing in a foreign country, however, must be represented by an authorised representative in Malaysia
Myanmar	There is presently no functioning system of patent protection in Myanmar. However, the draft Patent bill has been published in 2015 and is awaiting deliberation in Parliament
The Philippines	Patent rights belong to the inventor, his heirs, or assignees. When two or more persons have jointly made an invention, the right to a patent shall belong to them jointly. Foreigners or non-residents may apply but they must appoint a local agent to whom notice or process for judicial or administrative procedure relating to the application or the registration may be served
Singapore	The inventor(s) of the invention themselves, or people owning the rights to a patent by virtue of an agreement, may make an application for a patent in Singapore. Whilst there are no restrictions as to nationality or residency, a Singapore address must be provided for service, to which all correspondence will be sent
Thailand	The owner of an invention is entitled to register it. Any other party may register an invention if they hold the rights over it (assignment or employer). The applicant needs to retain a patent agent qualified before the Thai Department of Intellectual Property (DIP) if they do not have a domicile/head office in Thailand or have real business operations in Thailand
Vietnam	Any individuals that have created inventions by their own labour and at their own expense may register patents. In addition, anyone who has supplied funds and materials which facilitated the creator to create the invention can also register a patent, including employers or if you have work commissioned (unless otherwise has been agreed between the two parties)



5. Patent prosecution and priority date

Patent prosecution refers to the progress from the filing of a patent application to a patent grant and the issuance of a certificate. In South-East Asia countries, this often involves communication with the patent examiners and the provision of information/evidence of corresponding patents granted in other countries with more sophisticated IP systems. The patent specifications might also have to be amended to correspond to the specification approved under any of these foreign grants. The cost of the work involved may range from EUR 1,200 to EUR 3,500. It is imperative that you assess the capability of your advisors by speaking with them directly. However, if you are instructing an attorney in your home country to send the work to their regular associates overseas, this may be of less concern.

Priority Date

When you are seeking patent protection for the same invention in several countries, the **principle of priority** is something which should be employed. Under this principle, you will not have to file your application in multiple countries at the same time. The date of the first filing of a patent application in a country which is a signatory of the **Paris Convention for the Protection of Industrial Property** will be considered the **priority date**. This date is important for the purposes of determining novelty of your invention. When you apply for protection for the same invention in other member countries of the Paris Convention in the twelve months immediately following the priority date, the filing date of your first application is considered to have priority over other applications filed after that date. In other words, your later applications will then be regarded as if they had been filed on the same day as the first application. If another person comes up with the same idea and discloses it after the priority date, the

novelty of your invention is still safe. On the other hand, if the idea is disclosed before the priority date your invention may not be patentable.

The following example is a useful illustration of the application of the priority right in practice:

An inventor files a patent in Singapore on 1st February 2005. Thereafter he decides to apply for patent protection in Malaysia, Indonesia and China. He applies for protection in these countries on 1st June 2005. However, it emerges that there was a disclosure by a competitor of the same invention in Malaysia on 1st March 2005. Despite this, the inventor's application for patent protection in Malaysia, Indonesia and China is still safe because he is able to claim priority based on the country of first filing i.e. Singapore on 1st February 2005, before the disclosure by the competitor.

- 1st February 2005 : First Filing in Singapore = the Priority Date
- 1st March 2005: Disclosure of Invention
- 1st June 2005: Filing in Malaysia, Indonesia and China

Applications in Malaysia, Indonesia and China are still protected even though the invention was disclosed before filing in these countries.

Under the Paris Convention, overseas applications have to be filed within 12 months of the priority date. In total, there are 176 contracting parties to the Paris Convention. Of the ten South-East Asia countries, **only Myanmar is not a contracting state of the Convention** up to June 2016. For more information on the [Paris Convention for the Protection of Industrial Property](http://www.wipo.int), visit the official website of the World Intellectual Property Organization (WIPO) <http://www.wipo.int>.



6. Accelerating the Process: The Patent Cooperation Treaty (PCT), Patent Prosecution Highway (PPH) and the ASEAN Patent Examination Co-operation (ASPEC)

The **Patent Cooperation Treaty (PCT)** is an international treaty which is administered by the World Intellectual Property Organisation (WIPO) and has 150 contracting parties. As of June 2016, Cambodia and Myanmar are the only South-East Asia countries which are not contracting states of the PCT. The PCT makes it possible to seek patent protection for an invention simultaneously in several countries by filing a single “international” patent application instead of filing several separate national applications. The granting of patents remains under national control but the PCT essentially allows inventors to defer the national filings in overseas countries until the end of the 30th month from the priority date. The PCT route allows for a longer ‘wait and see’ period before the applicant decides on the countries in which he or she requires patent. There are advantages and disadvantages which should be considered when using the PCT system over filing individual foreign patent applications.

Advantages of the PCT Route

- Single PCT application in English instead of filing a series of national applications.
- Up to 18 months extra if seeking protection in foreign countries to do the following: (a) more time to assess the business case of your invention and whether you still want to invest in your invention, (b) more time to select the countries where you wish to obtain patent protection, (c) receipt of a search and opinion from a PCT Examiner which gives an indication as to whether the invention may be patentable and scope of the extend of protection which may be allowable, (d) more time to prepare the necessary translations and, (e) delay the payment of any related national fees.
- The international search report and written opinion prepared by International Searching Authority (ISA) contain important information about the potential patentability of your invention.
- Delays any major costs associated with internationalising a patent application.

Disadvantages of the PCT Route

- The overall costs of obtaining patent rights in particular countries are higher.
- The overall time of obtaining patent rights in particular countries is longer.

It is recommended that you seek additional advice from your patent attorney on whether the PCT best suits your needs. For more information on the PCT, please visit the WIPO website <http://www.wipo.int/pct/en/texts/articles/atoc.htm>

The Patent Prosecution Highway (PPH) is an initiative between certain IP offices which provides a means of significantly accelerating the examination of a patent application in one IP

office where examination work has already been conducted at another IP office. In other words, the PPH enables an application whose claims have been determined to be patentable in the office of first filing to undergo an accelerated examination in the office of second filing with a simple procedure upon a request from an applicant on the basis of bilateral office agreements. It also allows sharing information between involved IP offices. [PPH pilot programmes](#) have been adopted by a number of patent offices in South-East Asia.

Brunei	PPH and PCT-PPH agreement with Japan
Malaysia	PPH and PCT-PPH agreement with Japan
Philippines	PPH and PCT-PPH agreement with US, Korea and Japan
Singapore	PPH agreement with China, Mexico, European Patent Office, member of the Global Patent Prosecution Highway
Thailand	PPH agreement with Japan
Vietnam	PPH agreement with Japan

The PPH allows for search and examination results from for example, the **Intellectual Property Office of Singapore (IPOS)** to be used as reference work in any IPOS PPH-partner office and vice-versa. To qualify you must have a corresponding patent application for the same invention filed in IPOS or PPH-partner offices. For more information on the PPH and its benefits visit www.ipos.gov.sg.

In addition, Singapore is a member of the Global Patent Prosecution Highway (GPPH) pilot programme. Under the GPPH pilot, a request for accelerated examination of an IPOS patent application can be made by relying on the patent search and examination results (national work products) or international search and/or examination results under the Patent Cooperation Treaty (PCT) (PCT work products) established by any of the other GPPH participating offices. The GPPH network has 20 other participating offices including the Japan Patent Office, United States Patent and Trademark Office, Korean Intellectual Property Office and the German Patent and Trademark Office.

ASEAN Patent Examination Co-operation (ASPEC) is a regional patent work sharing programme involving 9 of the 10 IP Offices in the South-East Asia countries (Myanmar is not yet involved). The objectives of ASPEC are to reduce complexity, achieve time savings and improve the quality of search and examination. Reference made to an earlier examination already performed in one IP office will help an examiner in the other IP office to better understand the invention claim, reduce searches and develop a more comprehensive examination strategy. For example, a Malaysian patent application will be able to take advantage of expedited process at the Intellectual Property Office of Singapore allowing for the eventual speedier grant of patent protection. ASPEC is free-of-charge and operates in English in all South-East Asia IP Offices (except Myanmar). For more information on ASPEC visit the [ASEAN IP Portal](#) or the websites of the IP Offices in the South-East region.

7. What makes up a patent?

A **patent specification document** describes and defines the invention, contains a description section and also contains a claims section. The description discusses the prior art, and describes the problems solved by the invention and the practical application of the invention. The most important part of the specification is the claims section, which defines the limit of the patent holder's monopoly and differentiates the invention from the prior art.

Patent specifications are prepared by patent attorneys who have received specialised training for this purpose and are qualified in one or more jurisdictions. Patent attorneys have different technical backgrounds ranging from electronic or mechanical engineering to biotechnology. It requires special training and years of practical experience in order to draft a proper patent specification (in particular with regard to the claims) that can withstand a patentability challenge and give adequate protection against variants of the idea behind the patent.

As the South-East Asia countries do not have a common official language, the patent specification will usually have to be in the respective country's national language. Foreign applications will need to be translated into the respective local language, except in Brunei, Malaysia, the Philippines and Singapore which all accept specifications in English (see the earlier table on filing fees and required languages).

It is often not possible to have the specification corrected once a patent has been granted even if this is meant to correct a translation error. It is therefore crucial to get the translation right, especially for the most important part of the specification, the claims, which define the boundary of protection for the invention.

The importance of translation

Where applications are processed in the local languages of South-East Asia countries, an accurate translation is extremely important. An inaccurate translation could result in the patent being vulnerable to invalidation and may also make it difficult to enforce later on. This can be the case even if a patent has already been granted. It is not an uncommon occurrence whereby patent owners later discover that their invention, as defined by the local translation, deviates from the original patent application as a result of poor translation. It is vital that your patent does not get lost in translation and it is therefore advisable to seek professional proofreading services for your documents.



8. Enforcement

Markings such as "Patent No. 12345" found on products are meant to notify the public that these products are protected by a patent. An example of patent marking is shown in the picture below:



If a person chooses to infringe a patent despite being aware of its existence, he or she will be liable for damages. An infringer who does not have any knowledge of the existence of a patent or reasonable ground for believing it exists will not be liable for damages. This is the reason that warning notices of patents are published in newspapers. The patent owner can sue sellers, distributors and manufacturers of goods covered by the patent. If the patent owners are successful in the litigation, the court can order the following:

- An injunction to restrain the defendant from infringing the patent;
- The defendant to pay damages to the patent owner or pay the profits made by the infringer; and
- Delivery of the remaining infringing materials.

If the patent holder is able to show that there is some basis on which his or her patent has been infringed upon, and that damages will not be a sufficient remedy before a trial, the court may grant an urgent injunction even before it gives its final decision. This is an effective means for dealing with infringers.

In **Indonesia, Cambodia, Laos, Malaysia, the Philippines, Thailand and Vietnam**, patent infringement may also give rise to criminal liability. In these countries, patent owners may use a police raid procedure in place of a temporary injunction procedure to bring an immediate stop to the infringement.

The abovementioned countries make patent infringement a criminal offence in addition to giving the patent owner the right to sue for damages and injunction in a civil action. A criminal action may be effective because of the effect it may have on the infringer owing to the threat of incarceration. However, it should be noted that the prosecution itself might be handled by a public prosecutor rather than an attorney of your choosing. In such cases, there is a risk that the prosecutor may not be able to understand patent litigation or your technology enough to give an effective/accurate ruling on the case.

9. SME case studies

SME case study 1

Belgian food processing company in South-East Asia**Background**

A Belgian entrepreneur set up a local food processing operation called 'Belsa Food' in Indonesia. One of their plant managers developed an innovation to the existing raw material cleaning process. The Belgian entrepreneur, believing that Belsa Food could commercialize this process by manufacturing equipment with this innovation, offered a reward sharing scheme and brought the plant manager to an attorney to discuss future contractual arrangements, as the existing employment agreement was silent on ownership of intellectual property in inventions.

In the meantime, the plant manager secretly instructed a patent attorney to apply for a patent in his own name. The patent was drafted by a local attorney in Bahasa Indonesia.

As soon as the Belgian entrepreneur discovered the patent filing, he asked the plant manager to surrender the patent application to Belsa Food. The plant manager refused.

Action Taken

Court litigation ensued over rights to the patent application. Twelve months passed and the plant manager no longer had the funds to file an overseas application within the priority period. The right to file overseas was lost while the dispute dragged on.

Outcome

The court finally ordered that Belsa Food had the rightful claim to the patent application. The Belgian entrepreneur instructed his own attorney to review the patent application. The attorney quickly realised that the specification of the invention had been badly drafted. The risk now was that a third party could easily

design around the patent to get to the same idea behind the innovation. In other words, the specification was drafted too narrowly to effectively protect the innovative concept and the rules for amendment could not help to improve the specification.

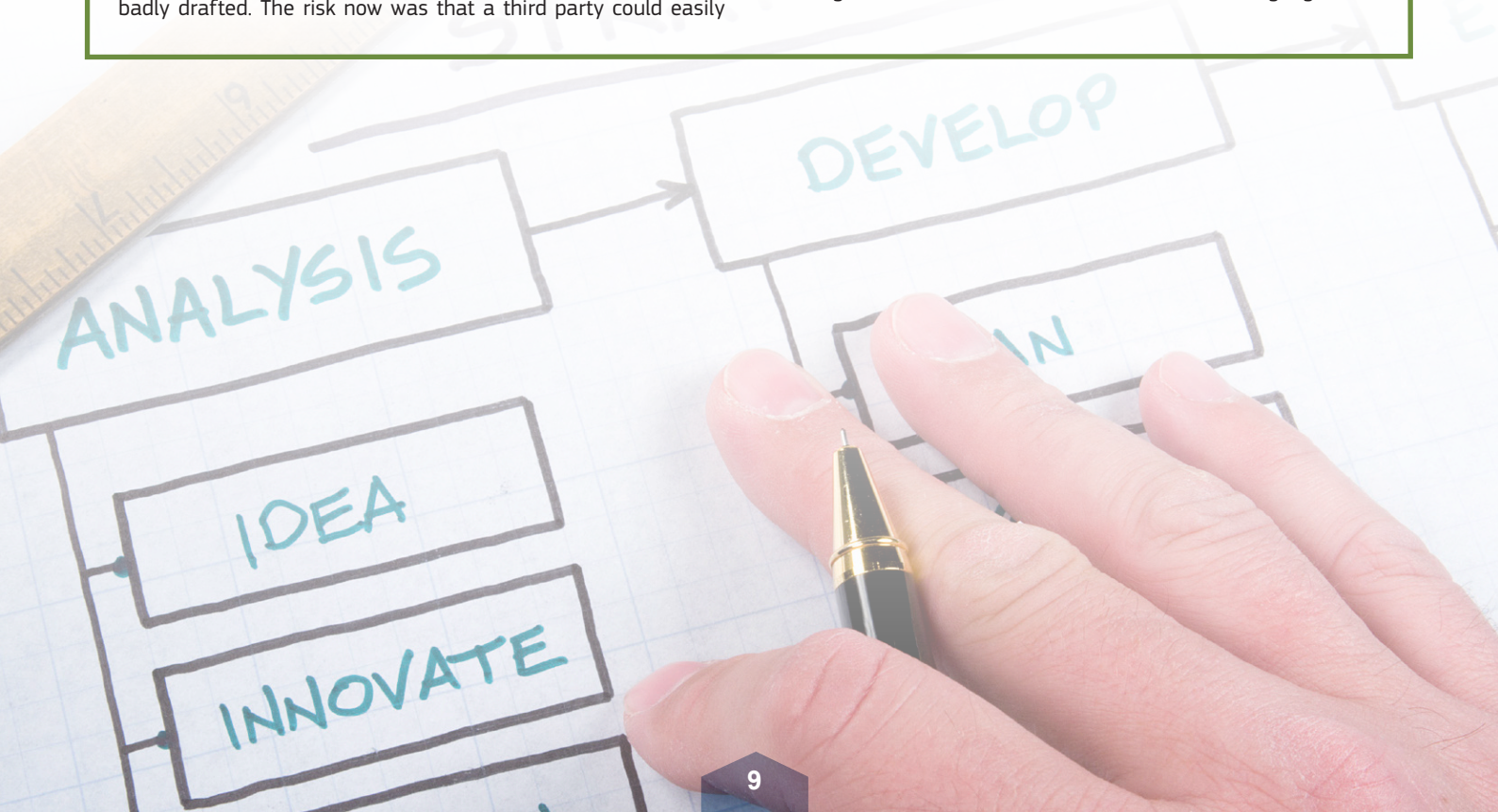
The Belgian entrepreneur was also informed that Belsa Food had lost the right to apply for patent protection overseas. The grant of the patent locally would also take a long time as examiners do not usually independently examine patents, instead relying on foreign patent grants in order to grant the corresponding local applications.

In the meantime, the plant manager found an investor for an improved version of the earlier innovation. His new investor advised him to have the patent specification prepared in English so that they could file it internationally.

Belsa Food no longer had the resources to pursue the business opportunity behind the innovation.

IP Lessons Learned

- Specify ownership of IP rights in employment contracts
- It is important to use a trained and experienced patent attorney – standards can vary significantly, even among those who may have passed local professional examinations
- Give due consideration to filing overseas when drafting a patent specification
- Use the PCT to defer the application deadline by another thirty months. This allows you to assess the commercial viability of the invention and the likely market before you spend money to file locally, which may also require significant costs for translation into the local language



SME case study 2

British Pharmaceutical Manufacturer in Malaysia**Background**

A British pharmaceutical manufacturer is a market leader in the production of an anti-cancer drug, which it has been exporting to every major developed country for the last 20 years, and also more recently to developing countries, particularly in South-East Asia.

The active ingredient of the drug was patented, but the original patent expired 3 years ago. However a new improved process for making the drug was patented 10 years ago, and this patent is still in force in various countries, including Singapore, Malaysia and Indonesia.

Two years ago, the manufacturer found out that a generic manufacturer based in Vietnam was making and exporting the anti-cancer drug to Malaysia, and being sold in these countries for half the price of their own drug. This was having a serious adverse effect on sales.

Action Taken

The British manufacturer was informed that patents were national rights, and therefore action could only be taken in the countries where a patent existed.

A patent for a product is infringed if a third party makes, imports, sells, offers to sell, stores or uses the product without the permission of the patent owner. A patent for a process is infringed if a third party uses that process without the permission of the patent owner, and also if a third party makes, imports, sells, offers to sell, stores or uses the product directly obtained from that process.

The British manufacturer was advised to contact a local expert to determine the exact process steps being used by the generic manufacturer.

Outcome

It was not possible to take action against the generic manufacturer for infringement of the product patent as no patents had been filed in any South-East Asia countries (it is possible they would have had a longer term than those in developed countries due to differences in national laws).

In addition, it was not possible to take action against the generic manufacturer for infringement of the process patent in Vietnam directly as no patent had been filed in this country. Since the process patent had been filed and published many years ago, it was not possible to extend the protection to Vietnam.

However, the generic manufacturer was importing the drug into Malaysia. The local expert determined that all but one of the process steps used by the generic manufacturer were identical to that defined by the claims of the patent.

In the non-identical step, the claim specified that an 'aliphatic alcohol containing 1-3 carbon atoms' should be used as a solvent, whereas the generic manufacturer used acetonitrile for

the same effect. On reviewing the patent the Malaysian court determined that, while claims should be construed purposively (i.e. 'what did the patentee mean', not 'what was literally stated'), the meaning of 'aliphatic alcohol containing 1-3 carbon atoms' was very clear (i.e. methanol, ethanol and propan-1-ol) and in fact only narrow references to ethanol were used in the examples. As such, the court held that use of acetonitrile instead of alcohol did not infringe the patent, and therefore the product was not made directly by the same process. Consequently the patent was not infringed.

The loss in sales was estimated at EUR 30,000. However, the cost of litigation came to EUR 50,000.

IP Lessons Learned

- Submit your patent applications in potential future markets in South-East Asia
- Process patents are usually more difficult to enforce than product patents
- Malaysia is one of the few countries in South-East Asia with a dedicated IP court – judgments may not be consistent in other countries
- The cost of litigation can be high (both financially and in management time) and may outweigh the cost of lost business, so reaching a settlement is often more cost-effective



10. Take-away messages

- Protecting your rights can be difficult, however in the long run it will save you a lot of time and money if you ensure that you apply for the relevant patents before using your product in South-East Asian markets.
- Tailor your IP rights protection strategy to the specific needs of your company; prevention and effective monitoring are key components and should be fully assessed.
- Filing simultaneously for a petty patent/utility model and a patent provides a quicker way of securing your IP: petty patents/utility models are often overlooked by foreign entities but can be a powerful tool when used effectively, often in conjunction with a patent.
- Conduct regular IP due diligence exercises to assess the strength of your technology and patent portfolio, and maintain an edge over competitors in the same space.

11. Useful Links

Helpdesk resources

- Helpdesk Confidential Enquiry Service:
question@southeastasia-iprhelpdesk.eu
- Helpdesk IP Country Factsheets:
<http://www.southeastasia-iprhelpdesk.eu/?q=en/country-factsheets>
- Helpdesk Case Studies:
<http://www.southeastasia-iprhelpdesk.eu/?q=en/case-studies>
- Helpdesk FAQs:
<http://www.southeastasia-iprhelpdesk.eu/?q=en/faqs>

External resources

- Patent Cooperation Treaty:
<http://www.wipo.int/pct/en/>
- Paris Convention for the Protection of Industrial Property:
http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html
- World Intellectual Property Organisation (WIPO):
<http://www.wipo.int/portal/en/index.html>
- European Patent Office:
<http://www.epo.org/>
- ASEAN IP Portal:
<http://www.aseanip.org>

12. Glossary

***Novelty:** For an invention to be new, it must not have been previously made available to the public e.g. previously disclosed to the public. In countries with an absolute novelty requirement, any enabling disclosure, anywhere in the world, in any language, could destroy the novelty of an invention. Countries may differ on the type of disclosure which would destroy novelty. In Singapore for example, any form of enabling disclosure whether in printed material, oral or otherwise could potentially be novelty-destroying.

***Non-obviousness:** Not only must the idea be new, it must also be inventive. If an idea is an obvious step to take from what is already known, it would not be a patentable invention. Mere workshop improvement will not be considered as inventive. An idea may be new because it contains a feature that is not found in any other product of the same nature. This satisfies the first requirement of novelty. It is then necessary to ask if the development is obvious. Whether an idea is obvious will have to be looked at from the viewpoint of a person of ordinary skill in the relevant field.

***Confidentiality Agreement:** A confidentiality agreement or non-disclosure agreement (NDA) is a private legally binding contract whereby valuable information is kept safe. It establishes the conditions under which one party (the disclosing party) discloses information in confidence to another party (the receiving party). All types of information can be transmitted in these agreements, such as ideas, know-how and descriptions of inventions or business information. The common characteristic though is that the disclosed information is valuable for the disclosing party to the extent that it must be kept away from the public domain. A confidentiality agreement is crucial for SMEs in business negotiations and for employers in relation to their employees.

***Enforcement (IP):** Enforcement is the act of making sure IP rules are adhered to or obeyed. It refers to actions, remedies, measures and procedures by which authorities or victims of infringement act in an organised manner to enforce IP rights by discovering, punishing and holding the infringers accountable for the associated damage. This includes, among others, stopping unauthorised use, deterring future infringements, and obtaining recovery for damages resulting from the infringing act.

***Trade secret protection:** Trade secret protection is the keeping of sensitive business information such as a formula, practice, process, design, instrument, pattern, commercial method, or compilation of information secret such that a business can obtain an economic advantage over competitors or customers.

***Non-Competition Agreement:** An agreement between two parties, typically an employee and employer, where the employee agrees not to use information learned during employment to enter into or start a similar profession or trade in competition against the employer for a set period of time.

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For more information please contact the Helpdesk:

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E-mail: question@southeastasia-iprhelpdesk.eu

Website: www.ipr-hub.eu

Blog: www.yourIPinsider.eu

For free, confidential, business-focused IPR advice within three working days

E-mail: question@southeastasia-iprhelpdesk.eu

The South-East Asia IPR SME Helpdesk provides free, business-focused advice relating to South-East Asia IPR to European Small and Medium Enterprises (SMEs).

Helpdesk Enquiry Service: Submit further questions to the Helpdesk via phone or email (question@southeastasia-iprhelpdesk.eu), or visit us in person and receive free and confidential first-line advice within three working days from a South-East Asia IP expert.

Training: The Helpdesk arranges training on South-East Asia IPR protection and enforcement across Europe and South-East Asia, tailored to the needs of SMEs.

Materials: Helpdesk business-focused guides and training materials on South-East Asia IPR issues are all downloadable from the online portal.

Online Services: Our multilingual online portal (www.ipr-hub.eu) provides easy access to Helpdesk guides, case studies, E-learning modules, event information and webinars.

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