



## Asia warms up to intellectual property

By Aaron Tan

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### **SINGAPORE--As the relative value of intellectual property increases, Asian businesses are apparently beginning to take infringement issues more seriously.**

During a panel discussion this week at the inaugural [Global Forum on Intellectual Property](#) here, industry experts generally agreed that Asian businesses do recognize the importance of IP as they compete in the global landscape.

Gordon Smith, chairman of U.S.-based business consultancy Aus, said there is market evidence that Asian companies recognize the value of intangible assets such as IP. For instance, he noted, a sample of 18 companies listed on the Singapore stock exchange stated that at least one-fifth of their total assets are in intangible form. That fraction is even larger at consumer-oriented tech companies, where intangibles comprise 75 percent of total assets.

"There was not a single one out of those 18 companies that did not have some portion of their (total) value in intangible assets," Smith said. "Investors are certainly recognizing it, and especially in the consumer high-tech industry, a large portion of intangible assets are represented by intellectual property."

Gordon McConnachie, board chairman of the Intellectual Assets Center in Scotland, said during the panel discussion that the value of IP goes beyond dollars and cents, and extends to the way some businesses make money from licensing their IP assets.

"It can add to the value of a company in the way it positions itself in the market," he said. "But ultimately, it affects people, their jobs, lives and countries."

McConnachie noted that in Asia, institutions such as Singapore's IP Academy and Indonesia's Society of Intellectual Capital, have already been set up to assist businesses in managing their IP assets. In China, there is also a "clear awareness" of [the benefits of intellectual property among businesses](#).

#### **In fits and starts**

However, McConnachie noted, most intellectual property developments in Asia revolve around IP institutions, which are "sporadically" encouraging businesses to create inventories of IP assets.

"The key issue is education at the company level, and (businesses) have to realize that [new rules are coming from the knowledge-based economy](#)," McConnachie said. "They also have to understand how vital it is to systematically create, manage and leverage IP as part of the value of an organization."

While he acknowledged that major Asian companies are creating IP depositories and looking at ways to benefit from them, there is generally "no complete understanding of the true value of IP."

This view was shared by Jari Vaario, director of IP rights strategy program at Nokia, the world's top handset maker.

While Chinese businesses have progressed from the days when IP used to be viewed in the same way as "stealing a book is not a crime," Vaario explained that many of the IP developments in China are still copied from what is already available in the marketplace.

"In the telecommunications field, I would say that Chinese companies have been infringing on Nokia's patents," Vaario said. "There is no Chinese telecom company that does not infringe (on) some of Nokia's patents."

But with the entry of China into the World Trade Organization, Chinese companies now find themselves having to face counterparts in a global playing field that have established IP rights management. "This has put some pressure on them to respect IP," Vaario said.

Weerawit Weeraworawit of Thailand's Ministry of Commerce asserted that Asian companies do understand the value of IP--just not in a way that IP owners want them to understand it. Asian companies "know the value of trademarks and blockbusters, and that's why they choose the easy way out--copying," he quipped.

"It may sound paradoxical, but I'm optimistic about the value of IP in Asia," Weerawit said. "There is a certain level of entrepreneurial spirit (in recognizing IP), though in the wrong way: [They have management skills in putting the counterfeit goods into the market](#), not only domestically but also internationally."

It is unfortunate that this entrepreneurial spirit has been misused, particularly since Weerawit--an associate judge of 10 years--noted that software piracy has been detrimental to Thailand. He recounted how a Thai software company's products were targeted by pirates the same day the software was launched.

"A lot of education is needed among the population at large to convince people that it's better to earn a living from our own creation and innovation than copying from someone else," Weerawit said.

*Aaron Tan of [ZDNet Asia](#) reported from Singapore.*

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