

KEYNOTE SPEECH

**YB DATUK SERI SAIFUDDIN NASUTION BIN ISMAIL
MINISTER OF DOMESTIC TRADE AND
CONSUMERS AFFAIRS**

**FIRST IP & INNOVATION RESEARCHERS OF ASIA
CONFERENCE**

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**AHMAD IBRAHIM KULLIYYAH OF LAWS
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA**

Assalamualaikum WBT,
and a very good morning to distinguished speakers and participants.

INTRODUCTION

Allow me to express my gratitude to the World Intellectual Property Organisation (WIPO), the World Trade Organisation (WTO), the Texas A & M University, the University of Geneva and the International Islamic University Malaysia for organising this inaugural “First IP and Innovation Researchers of Asia Conference”. It is an honour to be here and to share a few thoughts on IPR and innovation. I believe all of you have had the opportunity to participate on various interesting discussions on IP arranged by the organizers since yesterday.

INNOVATION AND IP PROTECTION

Distinguished speakers, ladies and gentlemen,

We are in an era, where knowledge and innovation play an important role in driving economic growth. Developing and managing IP has become a major element in managing

businesses. IP assets are treated the same way as any other valuable tangible assets owned by companies. Businesses are building up their IP portfolios to enable them to strengthen their product portfolio.

Protecting IP rights through registration is the first vital step to secure the owner's right in exercising exclusivity under the law. The rights to commercialise IP, including the right to produce, to sell and to license the IP, enables IP owners to create economic value from their inventions.

IP PROTECTION IN MALAYSIA

Malaysia is among the economies in the efficiency-driven stage seeking to become an innovation-driven economy. It has a GDP per capita of USD 9,556.80 in 2016. The Malaysian economy continues to maintain steady growth and continues to attract investors. I would like to attribute this to the government's progressive approach which had made it possible for Malaysia to continue to be a competitive nation.

In 2018, Malaysia was ranked 23rd out of 137 countries in the 2017-2018 Global Competitiveness Report (GCR). It climbed two

spots after being ranked 25th in the 2016-2017 GCR. One of the factors contributing to this success is our country's progress in IP protection which had created a more favourable view of Malaysia among investors.

With regards to IP protection, the Intellectual Property Corporation of Malaysia (MyIPO), an agency under the Ministry of Domestic Trade and Consumer Affairs, has been conducting a number of programmes to boost the number of IP filings in the country. Malaysia has been showing steady increases in the number of IP filings. Between January 2013 and December 31, 2018, we recorded a total of IP 282,825 applications. During the same period, MyIPO had approved a total of 215,036 IP registrations.

Trade marks application continued to be on top of the list of IP filings through these years, followed by patents and utility innovations, and industrial designs. Our records show that most IP filings in Malaysia came from foreign applicants, which makes up almost 60 per cent of the total number of applications.

Malaysia aspires to change the situation, where we want to increase the number of local filings especially in patent applications as it reflects the growth of the innovation of the country. We hope

to increase the number of local IP applications. We are conducting IP awareness campaigns and develop more collaboration programmes with stakeholders to spur more invention and innovation among Malaysians.

Distinguished speakers, ladies and gentlemen,

In our effort to further enhance IP protection, the ministry through MyIPO, is working closely and continuously with all stakeholders to make sure that we can strive to provide the best protection to IP owners. MyIPO is organizing various programmes to enhance public awareness on the importance of respecting IP rights.

This includes our plan to further strengthen Malaysia's laws so that we can provide better IP protection for both local and foreign investors. There will be amendments to the law which are aimed at addressing new requirements arising from recent technology development. Among the steps we are taking include introducing a new Trade Marks Bill 2019, which is expected to be tabled in the next session of the Parliament this year. The introduction of this new act will enable Malaysia to accede to the Madrid Protocol. This will benefit the country economically through superior international

IP cooperation. It will also enhance foreign investors' confidence in our commitment to protect their property rights.

Having a strong IP protection system is no doubt very important to foreign companies. It affects their assessment on the attractiveness of a country as an investment destination. High foreign investors' confidence can lead to an increase in foreign direct investment. It can also increase manufacturing activities and exports.

MANAGING INNOVATION AND IP

Distinguished speakers, ladies and gentlemen,

As an emerging market, Malaysia faces distinct challenges in managing innovation. Unlike developed countries that have mature ecosystems to spur and support innovation, the ecosystem here is still developing. For a long time, many Malaysian companies are more accustomed to purchasing technologies instead of investing in developing technologies. This reflects the low importance attached to research and development. Likewise, there is limited interest among companies in commercializing technologies developed by local researchers.

In addition, many of the local patents owners here are researchers from universities and public research institutions. Malaysian universities and public research institutes account for 61 percent of the total domestic patents granted in 2017. Not many of these researchers have the business acumen and effective support systems to commercialize their inventions.

Even among the local companies that have successful registered patents, these patents are sometime the product of discoveries made as they seek to improve their processes and capabilities. However, the technologies of these patents are not within the core business of these companies. As such, these patents remain uncommercialized. Malaysia also has a long way to go in enhancing collaboration between universities and industry to ensure more of the research done addresses business needs.

In the past, MyIPO's focus has been on developing operational excellence. This was mainly by focusing on improving the processes to handle IP applications and registration. We have seen significant improvements in the time taken to process applications at MyIPO. I would like to thank and congratulate MyIPO for this achievement.

However, as we move forward it is necessary for MyIPO to frame its role in more strategic terms. As I've mentioned earlier, the innovation ecosystem in Malaysia still needs to be strengthened. MyIPO is at the centre of this innovation ecosystem by virtue of its location between the inventor and industry. The challenge is how MyIPO can use its position to create a more strategic impact.

MyIPO, as an intellectual property office, does not own the patents filed and registered. Neither is it a commercial entity that would have the resources and expertise in commercializing patents. In some countries, the intellectual property office has sought to boost the commercialization of patents by making available grants for SMEs to help them commercialize their patents.

I believe the strategic challenge for MyIPO is strengthening some of the initiatives already started by MyIPO. Specifically, this will involve growing and enhancing further its IPR Market. However, this initiative is not going to be successful if it does not draw interest from other players in the innovation ecosystem.

The strategic challenge for MyIPO is developing network density in its relationship with other players. This will help increase the

visibility of IPs, especially patents, and increases the likelihood of commercialization.

INNOVATION AND NETWORK DENSITY

Schilling and Phelps argue that the potential for knowledge creation is shaped by the structure of networks. Dense networks provide the capacity to share and transmit information among network members and foster communication and cooperation. Network density increases when players in an ecosystem have interactions with one another. Otherwise, the players are just members who stand alone without much interaction and collaboration.

Gilsing and colleagues' study found that technological distance, network position and network density play important roles in the exploration of novel technologies. Creating network density requires seeking ways and means to increase the level and quality of interactions between players in the ecosystem with MyIPO. This will require that MyIPO go beyond enforcement and IP registration roles. MyIPO will also need to invest in efforts to develop and strengthen the network.

At the front end, this will require further development of MyIPO's digital strategy and media strategy to draw more visitors to its IP Market. Developing long-term relationships with key players in the ecosystem will also require a personal touch. MyIPO officers will have to develop relationship management competencies to bridge the current gap between patent owners and potential collaborators in commercializing their IP.

At the back end, those involved in assessing patent applications need to also be able to identify collaboration opportunities between individual patent owners as well as between patent owners and industry. This will require that assessors understand the trajectory of technologies and their potential use.

It is my hope and these steps will converge and create the network density that will give more visibility to local patents. In turn, we hope that this will generate a higher level of commercialization of patents and boost value creation. In the long term, I hope MyIPO's IP Market will also develop strong networking with similar initiatives in other countries. We are grateful to WIPO for its help in commercializing local IPs through its Technology and Innovation Support Centres.

INTERNATIONAL COLLABORATION IN IP COMMERCIALIZATION

Distinguished speakers, ladies and gentlemen,

I understand that there are patent analytics systems such as Clarivate Analytics that enables researchers to examine trends in patents awarded. This includes examining trends within countries as well as inter-country developments in patent registration. This system will also enable researchers to track within industry and inter-industry trends and within discipline and inter-discipline trends. It also capable of identifying clusters of patents.

This will enable us to understand the technology relatedness and technology distance between patents across countries. This knowledge will help us understand the potential for success in commercialization efforts as well as potential collaborations between patents owners and industry at a global level.

With the support from WIPO, I trust we can create a multiplier effect as we enhance the network density in these initiatives. I trust the distinguished speakers and thought leaders in this conference will be able to help us develop our thinking on this matter further.

I consider this move to develop higher network density in the ecosystem to be a strategic inflection point in how we see the role of intellectual property offices in emerging markets. It has the potential to position intellectual property offices to occupy a central position in the network of players in an innovation ecosystem. However, it is important to understand that network centrality is not about just about claiming a position. More importantly, it is about nurturing interactions and creating value that is beneficial to the network.

Having achieved considerable improvements since its establishment, I trust MyIPO is ready to make this strategic leap. It will have to continue improving on its operations. These improvements will continue to be important to ensure that inventors see the value of patent filing. Otherwise, some inventors may prefer to protect their IP by managing it as trade secrets.

Related to this strategic inflection is capabilities development in MyIPO. It is important that MyIPO identify and develop the new competencies need to serve this bigger role. It is important for MyIPO that the current competencies pool it had developed over

the years does not become a competency trap that impedes its ability to move forward.

EPILOGUE

Distinguished speakers, ladies and gentlemen,

Finally, I believe this conference serves as a good platform to share knowledge and experiences as well as synthesize new knowledge on various aspect of IP issues across the globe. I am certain this conference is will enable IP practitioners, government officials and the private sector to gain better insights on the latest issues and trend on IP around the world. This event should be continued in the years to come.

For our overseas guest, do take the time to see the rich Malaysian culture. Next Tuesday will be the Chinese New Year and I hope you can join us in celebrating this auspicious occasion. For our Chinese brothers and sisters, I would like to wish you all **Gong Xi Fa Chai.**

Finally, *terima kasih, donnobhad, shukran, shieh-shieh, arigato gozaimasu, shukriya, merci, dank ja, cam 'on ban and thank you.*