

Minister Y.B Dato' Seri Ong Ka Chuan
Ministry of International Trade and Industry
No. 7, Menara MITI,
Jalan Sultan Haji Ahmad Shah,
50480 Kuala Lumpur, Malaysia.

Via electronic submission

RE: INTA Submission to Consultation on Proposed Malaysia National Industry 4.0 Policy Framework

Dear Minister Y.B Dato' Seri Ong Ka Chuan,

The International Trademark Association (INTA) is pleased to submit these comments to the Malaysia Ministry of International Trade and Investment on the proposed National Industry 4.0 Policy Framework.

INTA is a not-for-profit association of 7,200 trademark owners and practitioners from 190 countries, including 40 members in Malaysia, dedicated to supporting trademarks and related intellectual property (IP) to foster consumer confidence, economic growth and innovation.

As stated in the consultation documents, Malaysia has moved away from being an investment destination for low cost labor manufacturing activities and has been challenged by lower cost competitors from emerging economies and rapidly changing technologies. The need for a clear policy framework will be imperative for Malaysia to continue to develop and promote its economic growth. INTA commends this vision and respectfully submits views on the need for trademarks and related intellectual property rights to be incorporated into a vision for an innovative economy.

Brands are linked to innovation, and trademarks play a major role in the Malaysian economy. Research produced by INTA¹ and reported in Malaysian media² reveals that trademark-intensive industries in Malaysia contribute to 55% of exports, 30% of GDP and 24% of employment. The top industries in Malaysia that are trademark-intensive are the manufacturing sector, wholesale and retail trade sector and the information and communications sector. Trademark intensive industries also offer workers higher wages, and produce higher value added services.

Given the importance of trademarks to the Malaysian economy and the manufacturing sector, we suggest the following points for consideration:

- The Framework should include a focus on IP development and protection, including trademarks and related IP.
- Education and training should be directed to small and medium enterprises (SMEs) on how to develop IP, including trademarks and related rights.

The objectives of the Framework are threefold: to attract stakeholders and increase manufacturing activity; create an ecosystem for future development initiatives; and to transform and accelerate existing industries.

¹ <https://www.inta.org/communications/pages/impact-studies.aspx>

² <https://www.nst.com.my/business/2017/09/279238/businesses-using-trademarks-contribute-30-pct-malaysias-economy>

Trademarks and brands can play an essential component in each of these areas, as brands can help differentiate businesses, stimulate competition and innovation, and attract talent.

While the Framework is comprehensive in many regards, it does not address the impact that trademarks and related intellectual property, such as designs, play on innovation and manufacturing growth of the Malaysian economy.

In order for Malaysia to capture the gains of innovation, trademarks will need to be protected from abuse by counterfeiters. According to the INTA-ICC BASCAP impact study entitled, *The Economic Impacts of Counterfeiting and Piracy*, the estimated cost of counterfeiting and piracy globally is expected to reach upwards of \$2.81 trillion by 2022.³ The number of jobs lost due to counterfeiting and piracy is estimated to reach 5.4 million by 2022.

This illegal business activity not only deprives governments of revenue for vital public services, forces higher burdens on tax payers, and dislocates millions of legitimate jobs, it also exposes consumers to dangerous and ineffective products. Resources and legislative support should be given to enforcement agencies through measures such as a customs recordal of trademark rights, which can better prevent the importation of infringing products.

INTA recommends that training and awareness on the importance of IP and trademarks be directed to SMEs and technology start-ups in the Industry 4.0 areas identified in the consultation document, such as Internet of Things (IoT), cloud computing, big data analytics, artificial intelligence, augmented reality, additive manufacturing, robotics, advanced materials, simulation systems integration and cybersecurity.

SMEs and start-ups frequently do not have awareness on the importance IP, including trademarks. Awareness programs can assist these companies to create and claim more value as they grow. To underscore the importance of IP and intangible assets to the value of successful companies, research indicates that up to 87% of S&P 500 companies total market value can be attributed to intangible assets, including trademarks and brands – as opposed to tangible assets.⁴

In conclusion, given the link between brands and innovation, the value of trademarks to economic success of companies, the role of trademark-intensive industries in the Malaysian economy, and the economic losses due to poor protection of IP, the National Industry 4.0 Policy Framework should include and direct resources to fostering the use and development of trademarks and brands to the future of a successful transformation of the Malaysian economy.

This submission was drafted by the Legislation and Regulation Committee and Anticounterfeiting Committee. If you have any questions or concerns, please contact INTA's Asia-Pacific Chief Representative, Seth Hays at shays@inta.org.

Sincerely,

Etienne Sanz de Acedo
Chief Executive Office
International Trademark Association

³ https://www.inta.org/Press/Pages/Counterfeiting_Impact_Study_Press_Release.aspx

⁴ <http://www.oceantomo.com/2015/03/04/2015-intangible-asset-market-value-study/>