

# MISSION POSSIBLE: IP HUB OF ASIA

## THE VIEW FROM THE OTHER SIDE

When I was a lawyer in private practice, on the outside looking in, I used to wonder what policy work actually entailed and what MinLaw really did.

Well, now that I am in Government, on the inside looking out, I thought I should share the view from the Treasury.

Before you conclude that this has nothing to do with you and click \*delete\*, you might like to pause and give this missive a shot, because it was written with a view to sharing how the Singapore Government's upcoming plans to make Singapore an intellectual property (IP) hub will provide opportunities for lawyers and businesses. I figured it would be helpful for you to know, so that you can organise your resources, and make your business and marketing plans accordingly.



The title notwithstanding, this is not just for IP lawyers and professionals. There is something for the corporate, finance and tax lawyers, litigators, arbitrators and in-house counsel, as well as academics and bankers. It is also for anyone who owns any form of IP.

And if after reading this, you think it may be of interest to someone else, please pass it on.

## THE LAY OF THE LAND



One of MinLaw's missions is to find new ways to grow the legal pie for lawyers and the legal industry, this being our contribution to the overall government effort to create more opportunities for Singaporeans and Singapore.

11 years ago, we identified arbitration as a growth area, and worked to make Singapore an arbitration hub. Happily, that bet paid off.

We have now identified IP as a promising area of growth.

Patent and trademark filings are increasing worldwide, especially in Asia. Global royalty and licensing revenues have also risen significantly. IP is becoming an important asset class and a key driver of growth in the knowledge economy.

Companies in the US and Europe have been actively building, licensing and transacting their IP for some time. But these activities now increasingly involve companies from Asian economies like China, Taiwan and Korea. More businesses are starting to invest heavily in strengthening their IP portfolios.

This presents a window of opportunity for us in Singapore.

Our goal is to develop Singapore as a global IP hub in Asia. The roadmap to achieving this is contained in the [IP Hub Master Plan](#) prepared by the IP Steering Committee, chaired by Mr Teo Ming Kian, which was submitted to the Government in March this year.

The recommendations in the Master Plan have been accepted. That said, it is a living document, meaning that it will be refined and adapted along the way, depending on the evolving IP landscape. We will keep what works, and find new initiatives to replace what does not.



## THE IP HUB MASTER PLAN

The Master Plan sets out three strategic outcomes that we want, and the means by which we hope to achieve them.

We want Singapore to become a hub for:

- a. IP transactions and management;
- b. quality IP filings; and
- c. IP dispute resolution.



## A HUB FOR IP TRANSACTIONS AND MANAGEMENT

### *Transacting and Financing IP*

The key to making Singapore a hub for IP transactions and management is to develop a vibrant IP marketplace. We envisage a marketplace where people can buy and sell their IP via a network of international brokers/middlemen, and even trading platforms like an IP exchange or auctions (just as they now do with stocks and commodities).



Such transactions will obviously need financing. As this is a relatively new area, we recognise that financial institutions may initially be hesitant to give financing against IP collateral, simply for lack of familiarity with this new animal. To get over this hump, the Government intends to introduce an IP financing scheme where the Government will co-share risk with financial institutions, of loans backed against IP as collateral.

Hopefully, this will help companies with good IP (especially SMEs) access more capital, promote IP as a legitimate asset class and encourage IP-backed financing.

The Government will also be looking to support IP securitisation and fund management activities, and co-fund promising IP projects.

You can see how it would be difficult to transact these kinds of IP deals unless one can get a fix on the value of the IP, and knows what to do with it. The strategy therefore also calls for the development of complementary support services, such as IP valuation and advisory services.

Any lawyer who has ever dealt with valuation issues knows that valuation is an arcane skill: part science, part art and often wholly mysterious. Even more so with IP valuation, given its relative newness. We intend to set up a centre of excellence for IP valuation, and develop local expertise in valuing IP transactions. The centre will research IP valuation methodologies, establish industry best practices and conduct training. In time, we hope to have a corpus of home-grown IP valuation experts. Such expertise would support both IP transactional work and IP dispute resolution, not only in Singapore, but also the region.

IPOS will invest \$15 million to strengthen the IP Academy to provide specialist education and training to produce skilled IP professionals such as:

- patent agents;
- IP valuers;
- IP Management Directors - (these would be specialists with technology and business backgrounds who manage the exploitation of IP); and
- IP Strategists (these would be managerial professionals with law, technology and business experience to develop and implement corporate IP strategy. This provides an additional career option for lawyers who do not want to practise but wish to stay in touch with the law).



## *IP and Tax*

Tax is an important consideration in structuring / locating IP management activities. We are exploring ways to provide greater transparency and certainty in tax treatment for IP-related income (e.g. royalties) and encourage the relocation of IP portfolio management to Singapore.

MOF will enhance the Productivity and Innovation Credit (PIC) Scheme to include IP in-licensing for innovation or productivity improvements.

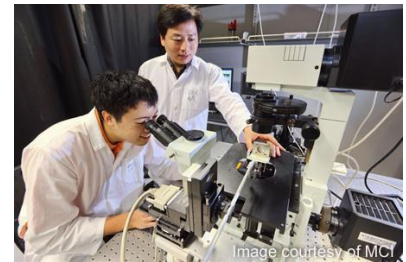
## *IP Licensing*

We will also study the feasibility of establishing a one-stop licensing platform for copyrighted works (music, books and film), to cater to the growing demand for digital content and digital services.

## **A HUB FOR QUALITY FILINGS**

We want to attract more quality IP filings to Singapore. If we want IP owners to file here, we will need to give them good reasons to do so. The game plan is to:

- build high quality search and examination (S&E) teams. IPOS will invest \$50 million in building up our S&E teams in areas like biomedical sciences, electronics and IT, which is where the bulk of R&D dollars are being spent;
- build international collaborations in the form of Patent Prosecution Highways (PPHs) to allow sharing of S&E information, and fast track patent application processes with partnering IP offices. Our current networks include US, Japan and South Korea. We want to expand it to key markets like China; and
- grow a larger pool of Singapore-qualified patent agents.



## **A HUB FOR IP DISPUTE RESOLUTION**

We want to grow Singapore as a hub for IP dispute resolution. This would encompass the whole range of dispute resolution services: litigation, arbitration and mediation.



We will be strengthening the capabilities of the IP Court. The Committee has recommended having a specialised case management system and more active appointment of assessors and amicus curiae for IP cases. MinLaw will work with the courts to implement these recommendations.

Singapore has taken off as a hub for international arbitration. The last few years have seen dramatic growth in commercial and maritime arbitration. We would now like to position ourselves to add IP arbitration to our range of offerings. MinLaw will work with the Singapore International Arbitration Centre on this. IPOS will also be collaborating with the World IP Organization (WIPO) Arbitration and Mediation Centre to offer a new expert determination for patent disputes.

## IP THOUGHT LEADERSHIP AND NETWORKING

We would like Singapore to become a centre of IP thought leadership and networking. To achieve this we aim to:



Image courtesy of Renjith Krishnan/FreeDigitalPhotos.net

- host more major global IP conferences. For starters, we will be hosting the Global Forum on IP (GFIP) and the IP Business Congress Asia Conference this year. GFIP will be on 26 to 27 August.
- set up a high level international advisory panel, to help guide our development as an IP hub;
- encourage Singapore-originated IP research with a focus on Asia – we will work with academics from our universities, as well as practitioners and industry players; and
- get more companies to site their IP management in Singapore. This would allow for the growth of the IP community in Singapore and facilitate the sharing of ideas, sharing of experience and expertise.

## IS THERE SOMETHING FOR YOU?

If it all works out the way we hope, there will be more demand for IP-related legal and support services, not just in terms of filings and oppositions, but also in the areas of corporate and finance work, fund structuring, banking, tax, licensing and dispute resolution. There will be speaking and networking opportunities at conferences, workshops and seminars.



Image courtesy of the Singapore Academy of Law

There also will be teaching opportunities at IP Academy and elsewhere, as well as demand for academic research, valuation, IP management and strategic advice.

For IP owners, there will be more sources of capital, more avenues to leverage on, acquire or monetise your IP, potential tax advantages, better S&E services, access to a wider range of IP-related expertise and faster patent prosecution in other jurisdictions.

We intend to keep growing this pie, and would like to work with our local firms to extend Singapore's regional reach. This could include joint marketing trips and cross-referrals. At IPOS, a department has been set up to oversee this area. We would encourage local firms which are interested to sign up with us – you can contact IPOS' Director of the International Engagement Department, Alan Ng ([alan\\_ng@ipos.gov.sg](mailto:alan_ng@ipos.gov.sg)), for this.

This is what we have in the pipeline. We recognise that we do not have a monopoly on ideas. If you have thoughts, ideas and comments, please share them with our Director of IP Policy at MinLaw, Jason Chen ([jason\\_chen@mlaw.gov.sg](mailto:jason_chen@mlaw.gov.sg)). If you have suggestions for better ways for us to achieve our goals, do tell. This is very much a common endeavour.

## CONCLUSION

The IP Hub Master Plan is a vision of the future. The task at hand is to turn that vision into reality. MinLaw would like to work with you to make it so.



Image Courtesy of Singapore Tourism Board



**Indranee Rajah**  
Senior Minister of State for Law

9 April 2013