

## Monthly Report of February 2003

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MALAYSIA  
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### THAILAND

#### News in February 2003

1. B1bn guarantee for TFB loans to SMEs
2. Serious suppression
3. Extortion loophole remains in new law
4. Regulation on rewards for informants on intellectual property
5. A workshop will address guidelines for transforming intellectual into capital
6. Thailand on piracy blacklist
7. SME bank to allow intellectual property as collateral
8. Govt to adopt new piracy rules
9. Tambon copyright
10. CDs, DVDs target of next crusade

1. B1bn guarantee for TFB loans to SMEs

*(from Bangkok Post Newspaper, Business Section, Page 2, Thailand, 7 February 2003)*

The Small Industry Credit Guarantee Corp agreed to extend one billion bath in guarantee for loans made by Thai Farmers Bank to small and medium-sized enterprises (SMEs) this year. David Hendrix, a TFB executive vice-president, said the guarantee would cover loans to customers whose collateral did not cover their credit. The programme would help ensure that firms in need of working capital but lacking collateral could access credit.

2. Serious suppression

*(from The Nation Newspaper, Business Section, Page 4B, Thailand, 7 February 2003)*

The government plans to put compact discs and computer program software on its controlled-products list as part of its suppression of copyright violations. By law, importers of machines, equipment and raw materials for the production of CDs and computer software require import

licences from the Foreign Trade Department. The government has scheduled “serious suppression” of pirated products for March 1 to May 31.

3. Extortion loophole remains in new law

*(from Bangkok Post Newspaper, Business Section, Page 4, Thailand, 10 February 2003)*

A lawyer has called for the closure of a legal loophole that allows people who are not copyright owners to demand money from users of services such as music played in karaoke venues. The relationship between recording companies and entertainment venues soured last year when industry giants GMM Grammy and RS Promotion pressed charges against karaoke jukebox operators who refused to pay for music.

An Intellectual Property Department official said the Commerce Ministry planned to require royalty collectors to register songs for which charges would be made. The department’s director-general would be empowered to rule in any dispute between sellers and users, although either side could lodge an appeal.

The system will replace a requirement to register songs with the Internal Trade Department. Dispute is resolved by applying price controls under the Goods and Service Act.

The changes will include a requirement for recording companies to charge a flat rate for the same service nationwide. Copyright owners and violators will not be allowed to seek out of court settlements. All cases will go straight to court, a move intended to prevent people posing as royalty collectors, known locally as nakbin or pilots, from exploiting the situation.

4. Regulations on rewards for informants on intellectual property

*(from Thai News Service, 10 & 21 February 2003*

*Reuters News Service, 19 February 2003*

*The Nation Newspaper, Business Section, Page 1B, Thailand, 20 February 2003*

*Bangkok Post Newspaper, Business Section, Page 3, Thailand, 20 February 2003)*

Director General of the Intellectual Property said the US Government had contributed 150 million US dollars to several governments in Asia to help fight those who violate the intellectual property law.

The Motion Picture Association (MPA) is now offering rewards for people who provide information to help arrest illegal DVD makers. A reward of up to \$10,000 will be given to people who can provide useful information.

5. Meeting on unconventional assets

*(from Siam Rat Newspaper, Thailand, 6 February 2003*

*The Nation Newspaper, Local News Section, Page 4A, Thailand, 11 February 2003*

*Thai News Service, 19 February 2003)*

In an effort to increase the amount of capital circulating in the economy and the amount of loans available to small-scale entrepreneurs, the government is promoting a scheme to allow owners of intellectual property to use it as collateral. The government also wants banks to

consider accepting other types of property as collateral, such as the rights to rent fresh market booths or sidewalk vending spaces. A workshop was held to discuss the idea on 21 February.

The Intellectual Property Department has already awarded certificates to many holders of intellectual property, including 92 owners of traditional intellect. In addition, owners of the 57,000 copyrights, 20,000 patents, and 180,000 trademarks that are officially recognized by the department could be used as collateral.

6. Thailand on piracy blacklist

*(from The Nation Newspaper, Business Section, Page 2B, Thailand, 17 February 2003)*

Piracy in 56 countries – including Thailand – of US music, films, books and other intellectual content cost US firms at least US\$9.2 billion 2002, an industry association said. The US-based private-sector International Intellectual Property Alliance (IIPS) said its report would be sent to the US Trade Representative's office as the office considers its review of copyright piracy and market-access problems under the US trade law.

7. SME bank to allow intellectual property as collateral

*(from Thai News Service, 18 February 2003)*

The Bank for the Development of Small and Medium Sized Enterprises said that intellectual property would be allowable as collateral on loans. Speaking after the board meeting, SME Bank executive manager Samran Phu-anantanon said that the board had passed the motion allowing the use of patents, copyrights and trade marks to make up thirty per cent of collateral.

However, he said, the bank would have to discuss the details with the Ministry of Commerce to determine exactly which types of intellectual property rights would be permissible.

8. Govt to adopt new piracy rules

*(from Bangkok Post Newspaper, Database Section, Page 1, Thailand, 19 February 2003)*

The Commerce Ministry will announce new regulations to protect intellectual property and which will affect the selling and production of CDs containing software, movies and music. It will also give rewards as incentives to policemen who catch illegal sellers.

The idea received support from the Association of Thai Software Industry (ATSI) chairman Arporn Sribhibhadh. He said if there was such a regulation allowing police to catch illegal software sellers, it would be a good measure.

According to the BSA assistant marketing manager for Asia Pacific Roland Chan, besides strong legal enforcement, education is also needed. The idea is also supported by the Thai Entertainment Content Trade Association, according to general manager Piset Chiyasak.

9. Tambon copyright

*(from Bangkok Post Newspaper, Home News Section, Page 4, Thailand, 19 February 2003)*

The Intellectual Property department is encouraging villagers to patent their products under the “one-tambon-one-product” scheme in preparation for exports. Director-general Yanyong Puangratch said his agency was sponsoring a workshop on intellectual property protection to add value to local products.

#### 10. CDs, DVDs target of next crusade

(from *Bangkok Post Newspaper, Prime News Section, Page 1, Thailand, 25 February 2003*  
*The Nation Newspaper, Business Section, Page 1B & 4B, Thailand, 25 February 2003*  
*Xinhua News Agency Bulletin, 25 February 2003*  
*Bernama Daily Malaysian News, 25 February 2003*)

The government will launch a three-month crackdown on pirated VCDs, DVDs and CDs on April 1. The campaign will involve raids on areas and people suspected to be involved in producing pirated software and entertainment. The programme would simulate the successful war on drugs, an official said.

Deputy Commerce Minister Wattana Muansuk said police would be paid three bath for every pirated disc seized, while informants would receive 10-25% of the value of confiscated goods.

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## PEOPLE’S REPUBLIC OF CHINA

### News in February 2003

1. Guangzhou steps up intellectual property rights protection
2. Nintendo-sponsored piracy raids net 300,000 games in southern China’s Guangdong last month
3. China mounts fight against illegal CD publications
4. Crack down on book piracy
5. Toyota sues Chinese manufacturer for trademark
6. New rules to stamp out piracy

#### 1. Guangzhou steps up intellectual property rights protection

(from *Xinhua News Agency Bulletin, 8 February 2003*  
*BBC Monitoring Asia Pacific-Political, 9 February 2003*)

Guangzhou, capital of south China’s Guangdong Province, has stepped up protection of intellectual property rights, latest customs statistics show. The local customs bureau received 20 patent-related appeals and dealt with 24 cases on intellectual property rights last year, 3.43 times more than the previous year.

Most of the counterfeits were ferreted out in exports, involving products like socks, watches, batteries and cosmetics labeled with some internationally well-known brands. Guangzhou customs has spared no efforts in tightening inspection on imports and exports and keeping its staff abreast of the latest knowledge on how to deal with piracy cases.

2. Nintendo-sponsored piracy raids net 300,000 games in southern China's Guangdong last month

*(from Interfax China Weekly Bulletin, 12 February 2003*

*Saigon Times Daily, 14 February 2003*

*Bangkok Post Newspaper, Database Section, Page 2, Thailand, 19 February 2003)*

Japan's leading video game developer Nintendo announced that it had seized more than 300,000 pirated games during three raids in January in southern China's Guangdong Province, a hotbed of Chinese piracy activity for high-and low-tech products alike.

The seized products included pirated pieces of Nintendo's Game Boy Advance packaging, manufacturing components as well as counterfeit versions of current best seller games including Pokemon Ruby and Pokemon Sapphire.

Nintendo seized one million counterfeit products in 2002, and estimates that software counterfeiting costs the company, together with its publishers and developers, US\$649 mln in lost sales worldwide last year.

3. China mounts fight against illegal CD publications

*(from Xinhua News Agency Bulletin, 13 February 2003*

*BBC Monitoring Asia Pacific-Political, 14 February 2003*

*Australian Broadcasting Corporations News, 14 February 2003*

*China Business Information Network, 14 February 2003)*

A total of 90 million illegal audio and video products were destroyed by law enforcement department across China in 2002. In a unified campaign in 200 large and medium-sized cities at the end of last year alone, 18.29 million smuggled and pirated compact discs were seized and destroyed. Some 223 major sales venues of illegal audio and video products were shut down in the past year.

4. Crack down on book piracy

*(from China Daily, 20 February 2003)*

Pirated textbooks and reference material are to be cleared from campuses in a renewed campaign that will also target pornographic publications. The spread of pirated textbooks and reference materials has been rampant in recent years with some schools buying illegal books for students in increasing numbers.

According to incomplete official statistics, more than 160 million illegal books and 430 million illegal audio-visual publications were seized between 1994 and 2002 around the country, including 18 million pornographic books. A total of 143 facilities producing illegal discs have been shut down – 17 more than last year.

5. Toyota sues Chinese manufacturer for trademark

*(from Kyodo News, 26 February 2003*

*Asian Wall Street Journal, 26 February 2003*

*Wall Street Journal, 26 February 2003)*

Toyota Motor Corp. sued the Chinese auto manufacturer Geely Group for what the Japanese carmaker calls a trademark violation. Toyota demanded that Geely, based in Zhejiang Province, stop using an oval emblem similar to Toyota's and pay 14 million yuan in damage. Geely denied Toyota's charge and said the company is set to fight Toyota's allegation in court.

A Geely spokesman said the public would not mistake the two makers just because both emblems are oval. Geely reportedly registered its emblem with China's trademark office in May 1996.

6. New rules to stamp out piracy

*(from South China Morning Post, 27 February 2003)*

Foreign companies will enjoy better protection of their intellectual property rights in China as the government introduces new regulations to comply with WTO. Ho Ling, a consultant at Clifford Chance's intellectual property rights division, said the central government had been making great efforts to tackle the infringement problems in the past few years.

She said the new technology import rules, introduced on January 1 last year, helped speed up the licensing procedures for foreign companies importing technology into China.

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## HONG KONG

### News in February 2003

1. Copyright provisions are made permanent
2. 24 seized in swoop
3. HK Customs seize forged trade mark goods
4. Bring pirated optical disc into HK against law

1. Copyright provisions are made permanent

*(from South China Morning Post, 7 February 2003)*

An arrangement allowing people to photocopy books, newspaper article and to download from the Internet without infringing the copyright law will be made permanent under a new bill to be gazetted by the government.

The Copyright (Amendment) Bill will also allow office employees to defend themselves against criminal charges if they use pirated software, books or recordings of music supplied by their employers.

The suspension was due to expire at the end of July but the government has decided to keep the existing arrangements. The Commerce, Industry and Technology Bureau said that under the new legislation, people using parallel-imported books, musical recordings, films and computer software would not infringe the law.

2. 24 seized in swoop

*(from The Standard, 14 February 2003)*

Police have arrested 24 people, including alleged triad members, during an anti-triad operation. They were detained on suspicion of engaging in prostitution and selling pirated products. More than 200 officers from the Kowloon West regional headquarters were deployed in the operation in which mahjong schools, VCD shops, night clubs, saunas, discos and hostels were targeted.

3. HK Customs seize forged trade mark goods

*(from Xinhua News Agency Bulletin, 24 February 2003)*

Customs officers of Hong Kong Marine Enforcement Group seized 10-million HK dollars worth of forged trade mark goods and some pharmaceuticals without import license during a series of anti-smuggling operations in the Hong Kong waters in the past five days.

The forged trade mark goods seized including mobile phone batteries and accessories, cordless telephones, video game cartridges, sports shoes, wallets, handbags and garments. The officers also found 66,000 boxes of pharmaceutical products without proper import license.

4. Bring pirated optical disc into HK against law

*(from Xinhua News Agency Bulletin, 28 February 2003)*

A spokesman for Hong Kong's Customs and Excise Department warned that it is an offense to bring into Hong Kong any infringing copy of optical disc for trade or commercial purposes. He reiterated this after the Customs officers at Lo Wu Control Point arrested a man and seized 2,774 pirated DVDs, valued at more than 110,000 HK dollars. He stressed that Customs would continue vigorous checks at boundary control points to curb all kinds of smuggling.

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## MALAYSIA

### News in February 2003

1. Companies with copyright, syndicates-partners in piracy
2. Enforces strike another blow against VCD piracy
3. Illegal VCD traders going on house-to-house sales
4. Piracy blamed for RM159m losses
5. 20,000 pirated CDs, VCDs seized

1. Companies with copyright, syndicates-partners in piracy

*(from Bernama Daily Malaysian News, 16 February 2003)*

Syndicates producing pirated CDs and VCDs gain access to yet-to-be released films by working hand-in-hand with companies that have legally obtained the movie or song rights. Hence, the uphill battle to eradicate copyright piracy, said Domestic Trade and Consumer Affairs Deputy Minister Datuk S. Subramaniam.

Subramanian said between April 1, 1999 to Feb 1, 2003, his ministry and other agencies seized CDs and VCDs worth over RM168 million. And over 36,000 traders were issued stern warning over copyright piracy. The ban on selling pirated CDs and VCDs in public and the drafting of the Optical Disks Act had reduced the number of traders from several thousands to about 800 currently.

2. Enforces strike another blow against VCD piracy

*(from New Straits Times Newspaper, Malaysia, 19 February 2003)*

The drive to clamp down on piracy continued with another 5,000 CDs and VCDs worth RM25,000 seized by Ministry of Domestic Trade and Consumer Affairs officers in three separate raids in the city. About 30 enforcement officers were involved in the operation.

3. Illegal VCD traders going on house-to-house sales

*(from New Straits Times Newspaper, Malaysia, 22 February 2003)*

Pirated VCD traders are resorting to new tricks to evade detection – they are now going house to house, and schools to sell or rent out their wares. Domestic Trade and Consumer Affairs Ministry Parliamentary Secretary Wong Kam Hoong said the ministry was aware of this, and knew that the traders were “advertising” by placing brochures in letter boxes of homes.

4. Piracy blamed for RM159m losses

*(from Malay Mail, 26 February 2003)*

The Motion Picture Association estimates that 80 per cent of audio and video products sold in Malaysia last year were pirated copies, causing the industry to lose about RM159.18m in revenue. However, it said piracy in Malaysia has been decreasing in the past few years after the Government set up an anti-piracy task force.

5. 20,000 pirated CDs, VCDs seized

*(from New Straits Times Newspaper, Malaysia, 28 February 2003)*

Domestic Trade and Consumer Affairs Ministry officers seized 20,000 pirated CDs and VCDs worth RM100,000 in several raids. About 30 enforcement personnel participated in the raids, led by the ministry’s senior officer Mazlan Ismail. The seized goods, which included several pornographic VCDs, as well as Malay, Chinese and English movies and music, would be destroyed.

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## SINGAPORE

### News in February 2003

Police bust syndicate in islandwide anti-piracy raids

*(from Channel News Asia, 25 February 2003)*

*The Straits Times Newspaper, Singapore, 26 February 2003*

*The Nation Newspaper, Business Section, Page 7B, Thailand, 27 February 2003*

*Bangkok Post Newspaper, Business Section, Page 6, Thailand, 27 February 2003*  
*Saigon Times Daily, 27 February 2003)*

Police have seized some 80,000 CD-ROMs with an estimated street value of more than \$1 million in an islandwide anti-piracy operation. The raid was conducted at 10 outlets selling copied software and games.

The suspects arrested in police raids across the island included 16 men and one woman, aged 16 to 58. Under Singapore law, people found guilty of selling or distributing works which are protected by copyrights or trademark can be jailed for up to five years and fined a maximum of \$57,000.

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## THE PHILIPPINES

### News in February 2003

1. Crackdown on illegal VCDs, CDs in Zamboanga city
2. P1-B pirated audio, VCDs destroyed by VRB
3. Filipino raiding team inspects pirated digital VCDs in Manila
4. IPR losses in 2002 estimated to reach \$461M

1. Crackdown on illegal VCDs, CDs in Zamboanga city  
*(from Asia Pulse, 3 February 2003)*

The city government has lauded the local police for its effort to rid the city of pirated VCDs. City Administrator Antonio Orendain, Jr. said vendors of pirated VCDs/CDs are flagrantly selling such items to the detriment of the consuming public.

The sale of pirated VCDs/CDs by the unscrupulous merchants is not only illegal as its also kills the entertainment industry, he said. Most of these VCDs/CDs are from Malaysia and are being brought into the country through the ports of Zamboanga and Sandakan.

2. P1-B pirated audio, VCDs destroyed by VRB  
*(from Reuters News Service, 3 February 2003*  
*Manila Bulletin, 4 February 2003*  
*Bangkok Post Newspaper, Business Section, Page 4, Thailand, 4 February 2003*  
*The Nation Newspaper, Business Section, Page 10B, Thailand, 4 February 2003)*

Videogram Regulatory Board (VRB) Chairman Ramon “Bong” Revilla Jr., driving a mini bulldozer, crushed 12 million pirated audio and VCDs and DVDs worth about P1 billion at the parade ground of the Philippine National Police(PNP), Camp Crame, Quezon City.

The crushed discs were about 60 per cent of all the discs confiscated by the board, with the rest stored VRB bodegas. The campaign against piracy was bolstered when Interior and Local Governments Secretary Jose Lina Jr. deputized local government chief executives from

governors to barangay official and PNP and VRB agents and thus authorized them to confiscate pirated VCDs nationwide.

3. Filipino raiding team inspects pirated digital VCDs in Manila

*(from Reuters News Service, 8 February 2003*

*Bangkok Post Newspaper, International News Section, Page 5, Thailand, 10 February 2003)*

Filipino raiding team of the government's Video Regulatory Board inspects pirated DVDs which they confiscated during a raid. The raid was in response to Philippine President Gloria Macapagal Arroyo's order to authorities to fully enforce the anti-piracy law, as the country continued to be included in a US piracy watch list of nations considered intellectual property rights violators.

4. IPR losses in 2002 estimated to reach \$461M

*(from Business World, Philippines, 28 February 2003*

*Manila Standard, 28 February 2003)*

International Intellectual Property Alliance (IIPA), an international anti-piracy organization, has estimated trade losses due to copyright piracy in the US to reach \$461 million as of end-2002. This is an increase from the 2001 estimated losses of some \$420.5 million.

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## INDONESIA

### News in February 2003

1. Pirated recordings swamp Indonesian market
2. Indonesia, France to cooperate in intellectual property rights
3. Artists campaign against piracy
4. Microsoft Indonesia posts US\$100 mln loss from piracy each year

1. Pirated recordings swamp Indonesia market

*(from Asia Pulse, 3 February 2003)*

Pirated products account for 89 per cent of recording production in Indonesia, the Indonesian association of recording industries said. There are a number of factors that contributed to an increase in illegal recording in the country especially in music industry. Intellectual property protection in Indonesia is among the weakest in the world. Law protection for intellectual property is insignificant to reduce piracy.

2. Indonesia, France to cooperate in intellectual property rights

*(from Asia Pulse, 6 February 2003*

*Organisation of Asia-Pacific News Agencies, 6 February 2003*

*Xinhua News Agency Bulletin, 6 February 2003*

*Antara, 7 February 2003)*

The Indonesian and French governments have signed a memorandum of understanding (MOU) on bilateral cooperation on intellectual property rights, especially patents, designs and trademarks.

The MOU was signed by Abjul Bari Azed, director general of Intellectual Property Rights at the Ministry of Justice and Human Rights, and Daniel Hangard, director general of National Industrial Property of the French Economy, Finance and Industry Ministry.

The two governments agreed to enhance and promote cooperation and relations by exchange of expertise in industrial rights. Both will conduct information and documentation exchanges on the development and implementation of intellectual property rights laws, of experts and related training.

### 3. Artists campaign against piracy

*(from The Jakarta Post Newspaper, Indonesia, 22 February 2003)*

At least 17 singers and music bands have confirmed their participation in an anti-piracy concert on Jl. Dago in Bandung, West Java. "We have to continue conducting anti-piracy campaigns like this even though the Indonesian Ulemas Council has issued a religious edict declaring piracy as haram (unlawful under Islamic law). Laws and law enforcement as well as religious edicts cannot put an end to piracy," said singer Franky Sihalatua.

### 4. Microsoft Indonesia posts US\$100 mln loss from piracy each year

*(from Asia Pulse, 24 February 2003)*

PT Microsoft Indonesia claims it suffers a loss of US\$100 million each year because of rampant software piracy in the country. Company president Andrew McBean said pirated products make up 89 per cent of software produced in Indonesia, placing the country third after China and India in the list of the world's software pirates.

The country's copyright law is apparently not effective in providing rights protection and in eliminating piracy, MacBean said. He said that most of the pirates are companies that are big enough to be in a position to buy original programs.

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## VIETNAM

### News in February 2003

#### Vietnam to kick off trademark promotion program in April

*(from Vietnam News Brief Service, 21 February 2003*

*Vietnam Investment Review, 24 February 2003)*

Vietnam will officially launch a program on national trademark building – Vietnam Value Inside- in April, in an effort to enhance the country's trademark prestige and boost export value, according to sources from the Trade Promotion Department under the Ministry of Trade.

The program will be widely introduced at the ASEAN Trade Exhibition in Hanoi next year and the AICHI International Exhibition in Japan in 2005.

The government plans to subsidize 50 per cent of the total marketing fee for enterprises. Yuichi Bamba, Director of the JETRO Hanoi Representative Office, said the national trademark would improve domestic firm's chances of exporting directly to foreign markets.

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