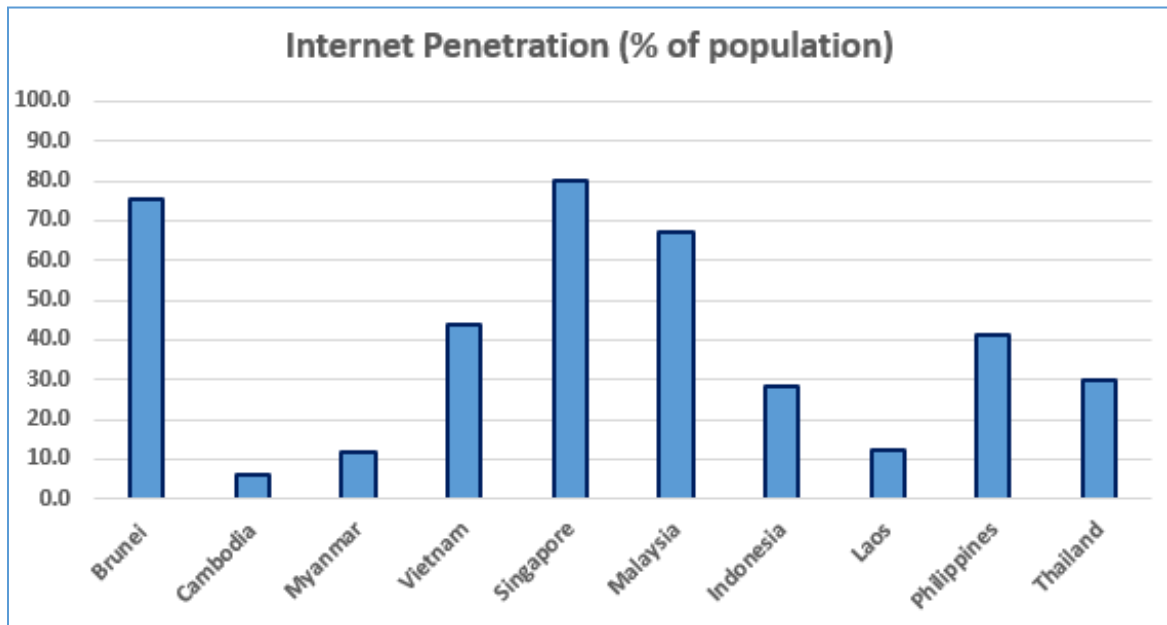


Prevention not cure: online IPR in South-East Asia

South-East Asia possesses a population of around 600 million people; of these, there were 254 million internet users in South-East Asia at the end of 2015.¹ While the share of internet users varies by country (Myanmar's internet penetration equates around 1.2%, whereas in Singapore it is around 80%)², there is no doubt that internet use in South-East Asia is set to experience significant growth in coming years.



E-commerce in South-East Asia today is relatively underdeveloped, accounting for less than 1% of retail purchases, in contrast with 6 to 8% in Europe. However, a study undertaken by AT Kearney predicts that as purchasing power parity in the region increases and internet penetration spreads, online retail in South-East Asian markets could rise by around 25% annually.³

What does this mean for your business?

There are undoubtedly many reasons to be cheerful at the prospect of rising e-commerce trends in South-East Asia. Not only will this provide European SMEs with opportunities to expand in a region with rising consumer demands, but it also offers the chance to do this relatively cheaply, without the start-up

¹ <https://www.techinasia.com/talk/digital-southeast-asia-q4-2015>

² <http://www.internetworldstats.com/stats3.htm>

³ <http://www.atkearney.co.uk/documents/10192/5540871/Lifting+the+Barriers+to+E-Commerce+in+ASEAN.pdf/d977df60-3a86-42a6-8d19-1efd92010d52>

costs associated with opening a physical office. However, there are several challenges that European SMEs should be aware of when establishing their virtual gateway into the South-East Asian market.

Domain name infringement

Domain name infringement exists in many forms. The most common ways that third parties tend to infringe domain name/s are:

- **Cybersquatting:** Registering domain names that are identical to your company's product or trade mark names, with the purpose of selling the domain names back to you (the rightful owner) at a premium price.
- **False affiliation:** Criminals presenting themselves as authorised resellers.
- **Phishing:** Attempting to acquire credit information and usernames via electronic communication (fraudulent e-mails containing fake links). The term 'phishing' is a portmanteau of 'password' and 'fishing'.
- **Slamming:** Fraud whereby resellers of domain name registrars contact European companies, claiming that another client of theirs has requested the registration of domain names identical to your trade mark or company name. Their objective is to encourage you to place a domain name registration using their company.
- **Traffic diversion:** Using a typosquarred domain name to redirect traffic intended for your website.
- **Typosquatting:** Registering domain names that are either visually similar to your domain name or are mistyped (one key off on the keyboard). E.g. If www.Europe.eu is the domain name, www.europ.eu could be the typosquatted domain (visually similar); or if www.Europe.eu is the domain name, www.Euripe.eu could be the variant (the letter 'i' is close to 'o' on the keyboard and might thus be a common misspelling). Omitting or doubling characters also counts as typosquatting.

Case Study: Nikon's domain name dispute in Malaysia

Background

Nikon (Malaysia) Sdn Bhd, a subsidiary of leading Japanese electronics and imaging firm, Nikon Corporation, discovered that the domain name www.nikon.my was being used by another company – Nippon Kogaku KK (hereafter "Nippon"). Nikon asserted that they owned the "Nikon" trade mark, but the registration certificate showed that the owner of that trade mark was Nippon, who claimed that the domain name was intended for a "user forum" or website for Nikon users.

When disputed, the panel agreed that the domain name www.nikon.my was confusingly similar to Nikon's trade mark, and that web users who came across this domain name would likely click on this link expecting to be led to a website displaying Nikon's products. This was a probable case of cybersquatting.

However, the case was not entirely straightforward. Nikon's claims against Nippon were considered dubious, since allegations that might have augmented Nikon's case against Nippon were disregarded by the panel for non-compliance with the Malaysian Network Information Centre's Domain Name Dispute Resolution Policy ([MYDRP](#)).⁴ This is because certain allegations against Nippon were not raised by Nikon initially, but in response to allegations made by Nippon.

Outcomes

After reviewing the case, the panel found no evidence to support Nippon's claim that the domain name was intended for a Nikon-user forum. It also identified that if Nippon had intended to create a user forum, it would have made more sense to use a domain name distinct from Nikon's business name, intended for commercial purposes. Furthermore, the panel discovered that Nippon also held several other domain names. As a result, Nippon was accused of having registered www.nikon.my in bad faith.

However, Nikon had also failed to show any connection with Nippon Kogaku KK. It had equally neglected to show any license or evidential claim to the trade mark. It was thus decided that Nikon held no rights to the trade or service mark that the domain name was alleged to be identical to.

Result of the Nikon case

Although Nikon had successfully proved that Nippon had registered 'their' domain name in bad faith, it also failed to establish its own right to the Nikon trade mark.

Take-away messages for EU SMEs

- Register domain names in potential future markets in South-East Asia before establishing your business there. This can save considerable time and money later on, and can also act as a value-adding business strategy;
- Domain names in South-East Asia generally operate under a first-to-file (F2F) system, which grants the right to a domain name to the person who files it first – regardless of the date of its invention);
- Not all countries in the ASEAN region offer domain name arbitration – to save time and money it is advisable to do some research before entering your destination country;
- A domain name registration typically costs EUR 50-100 per year; the price of one domain name dispute typically equals the price of 10 domain name registrations.

Learn how to register a domain name, choose a registrar, and recover an infringed domain name in South-East Asia using our [e-learning module](#) and our [guide](#) to online IPR in South-East Asia.

⁴ <http://klrca.org/rules/dndr/>

*The **South-East Asia IPR SME Helpdesk** supports small and medium sized enterprises (SMEs) from European Union (EU) member states to protect and enforce their Intellectual Property Rights (IPR) in or relating to South-East Asian countries, through the provision of **free information and services**. The Helpdesk provides jargon-free, first-line, confidential advice on intellectual property and related issues, along with training events, materials and online resources. Individual SMEs and SME intermediaries can submit their IPR queries via email (question@southeastasia-iprhelpdesk.eu) and gain access to a panel of experts, in order to receive **free and confidential first-line advice** within **3 working days**.*

The South-East Asia IPR SME Helpdesk is co-funded by the European Union.

To learn more about the South-East Asia IPR SME Helpdesk and any aspect of intellectual property rights in South-East Asia, please visit our online portal at <http://www.ipr-hub.eu/>.