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AN OVERVIEW OF INTELLECTUAL PROPERTY FROM THE PROPERTY VALUERS' PERSPECTIVE

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ABSTRACT

The paper discusses the increasing importance of intellectual property (IP) and focuses on the overview of IP from the property valuers' perspective. To identify the need for valuing IP, the researchers conducted a literature review of existing research. Subsequently, a questionnaire survey is conducted involving 81 private and government valuers in Sarawak to gauge their knowledge, perception, and opinion on IP. The findings highlight that property valuers in Malaysia can enhance their understanding and knowledge of IP by participating in training programs and workshops organized by the Intellectual Property Corporation of Malaysia (MyIPO). While the valuers demonstrate a solid understanding of intellectual properties in general, their knowledge specifically regarding IP valuation is relatively limited. The challenges faced by IP valuers include the novelty of IP valuation as a concept, a lack of awareness and information about the value of intellectual property assets, and the potential for overlooking their significance. The intangible and complex nature of intellectual property assets further complicates their valuation process. However, the property valuers are open to collaborating with IP experts and express a willingness to incorporate their expertise into the valuation process. The survey respondents also indicate their interest in undergoing IP trainings and examinations provided by MyIPO. This paper serves as a valuable resource for relevant authorities to understand the perception of property valuers regarding IP valuation and provides support for the development of IP valuation models in Malaysia as a whole.

Keywords: intellectual property, property valuers, MyIPO, Sarawak

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INTRODUCTION

According to Flignor and Orozco (2006), intellectual property (IP) concerns and difficulties occur throughout the corporate sector, influencing almost all parts of a corporation, including product development, human resources and staff functions. Because each industry has its own legal regulatory and practitioner history, the tremendous range of IP uses and stakeholders adds to the problem of managing IP. Accordingly, Datuk Abd. Hamid Abu Bakar, Director-General of Valuation of the Valuation and Property Services Department (JPPH), Malaysia, is the first Southeast Asian country to do IP valuation through JPPH, reports Bernama (2013). As part of the Ministry of Domestic Trade, Cooperatives and Consumerism, a new IP protection unit has been established with the help of the Intellectual Property Corporation of Malaysia (MyIPO). The unit's valuation includes designs, trademarks, lyrics and copyright. In May of 2013, MyIPO and the University of Bern's World Trade Institute in Switzerland successfully delivered Malaysia's first-ever IP Valuation Training Program. In Malaysia, there is a need to establish a widely accepted IP valuation technique and raise awareness about the value of IP assets. According to Gaurangi (2021), different reasons and purposes require different valuation strategies and choosing the valuation methods. It is generally agreed that the quantitative approach is more systematic and reproducible. In contrast, the qualitative system comprises a complete evaluation of the IP's current or prospective usage through an assessment of its states, features, and attributes.

Problem Statement

The valuation of IP assets has emerged as a critical concern in the modern business landscape, influencing financing decisions and overall economic growth. Lack of awareness and comprehension of IP asset value in itself affects IP valuation. Ghafele (2010) noted that understanding and assessing IP may limit financing. This lack of awareness is especially noticeable for building plan and real estate listing copyright protection. Moreover, The variety of valuation standards causes financial firms' uncertainty, a further significant problem. The Asia-Pacific Economic Cooperation (2018b) stated that Malaysian financial institutions struggle to choose a valuation standard from many possibilities. The MyIPO IP valuation methodology (IPVM) solves this problem which aims to standardise and country-specifically value IP for lenders and investors. A distinct issue also lies in the underutilization and undervaluation of IP assets within Malaysia's existing valuation framework. Underutilization and undervaluation of IP assets in Malaysia's value system are issues. Despite an established IP valuation procedure and competent valuers, IP valuations mostly occur during mergers and acquisitions. Thus, IP's actual value is often unexplored. This emphasises the need for Malaysia to improve understanding of IP asset valuation and implement it into broad business settings. The Asia-Pacific Economic Cooperation (2018a) has recommended using foreign comparable and raising valuers' economic awareness to improve IP valuation skills.

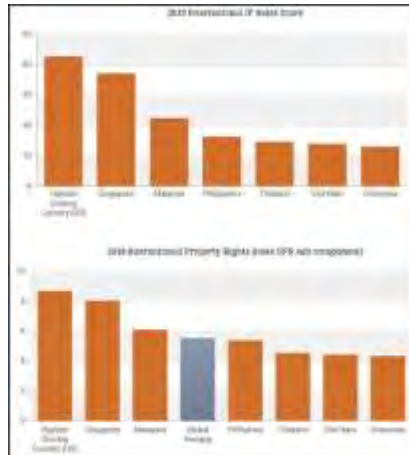


Figure 1: Graph of 2019 International IP Index Score and 2018 International Property Rights Index

Despite efforts to reform intellectual property laws since 2011, Malaysia's framework lags behind global leaders such as the United States and Singapore. The Asia-Pacific Economic Cooperation (2018a) pointed out ongoing challenges like counterfeit products, internet piracy, and concerns about patent rights licensing, highlighting the need for continuous improvements in IP policy and enforcement.

LITERATURE REVIEW

In order to secure legal protection for your intellectual property, Lionel and Brad (2002) advise doing so in the country in which it was originally created. For instance, if a patent is only filed for in Malaysia, it will only be protected in that country. The patent holder has no legal recourse against an offending party located outside of Malaysia.

Needs of IP Protection

According to Iain, M., (2009), the protection of IP encourages investment in research and development by giving firms the ability to guarantee a return on their investment in research and development (R&D) through the acquisition of exclusive rights and licencing agreements. This, in turn, encourages creativity, the creation of new jobs and overall economic growth. When it comes to the field of real estate valuation, intellectual property protection has the potential to promote investments in research and development of new technologies and methodologies for property value. It has also found out that the protection of IP lessens the likelihood that valuable assets associated with real estate will be used inappropriately or infringed inappropriately. It

provides legal solutions and enforcement methods to resolve infringements, assuring proper recompense for IP owners and preventing the unauthorised replication or use of their creations (Wirtz, H, 2012). Hence, it consequently can lead to improvements in both the accuracy and efficiency of the valuation process.

As for the needs of IP in legal protections, the protection of IP is essential for safeguarding the rights of inventors and creators. Based on the research by the International Trade Administration (2021), the protection of intellectual property is absolutely necessary in order to guarantee the rights of creators and innovators. For example, trademarks protect the names of buildings, logos and slogans linked with real estate developments. By protecting the identities of brands, ensure that real estate developers can uphold their reputations and continue to earn the trust of customers. Hence, it contributes to the long-term value and marketability of real estate assets.

The Importance of IP Valuation

IP is more than just an intangible asset; it is also a tool for competitiveness and an important part of any country's economic growth. Across the globe, nations are increasingly recognizing its value and taking measures to safeguard it, as indicated by a study referenced by Yap Su Ming (2005). Research by the World Intellectual Property Organization demonstrates that IP can be used to stimulate economic growth. Many nations are recognising the value of IP and taking steps to protect it additionally, the private sector and the public sector both benefit from the multiplier effect created when IP is valued and financed. Establishing a norm for IP valuation and financing will attract investment that will be good for business and the economy. Besides, Ocean Tomo, LLC, an international IP asset company, stressed the growing importance of intangible assets, particularly IP in business success in 2015. Since these assets are crucial to conventional business transactions, quantifying and valuing them is necessary.

Challenges in Valuing IP

Bishop (2003) writes in the journal "The Challenge of Valuing Intellectual Property Assets" that in order to value intellectual property assets, a business must first figure out what its intellectual property assets are and then give those assets a reasonable value. Both of these steps must be carefully thought out. This is because intellectual property consists of intangible assets that are harder to ascertain than a company's tangible assets. In addition, the existence of a granting document like a contract between the company and the third party makes licenced or purchased intellectual property rights easily recognised to the company. However, not every intellectual property may be formalised in a grant agreement, and not all intellectual property owned by a firm can offer legal rights as other business assets that could be considered intellectual property are often disregarded.

The Implementation of IP in Valuation Works

According to The Asia-Pacific Economic Cooperation (2018b), the implementation of IP in valuation works involves quantitative and qualitative approaches. The quantitative approach includes the cost approach, which estimates the value of an IP asset by calculating the present value of its development costs adjusted for inflation and obsolescence. The market approach relies on actual prices paid for similar IP assets under similar circumstances, considering variables such as scope of rights and transaction conditions. The income approach considers the expected economic profits generated by the IP asset, using measures like net and gross revenues, profits and cash flow. The qualitative approach involves analysing the current or planned use of the IP asset based on its qualities, characteristics, or conditions. It provides valuation guidance but does not assign monetary values. Qualitative methods are commonly used for IP management and business strategy purposes, allowing for comparisons, categorisation and ranking of IP assets. However, they rely heavily on provided information and may have limitations regarding dependency on available data.

METHODOLOGY

As for this study, a questionnaire survey was distributed to property valuers in the private and government sectors in Malaysia specifically Sarawak. Thereby, property valuers from private valuation firms registered under The Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVEAP), property valuers from Land and Survey Department Sarawak as well as Sarawak Valuation and Property Services Department and other government agencies are needed for this study. The result was used and analysed to support the secondary data discovered through literature reviews and other sources of information besides the research objectives.

Table 1: Research Methodology

Objective	Data Collection	Data Analysis	Purposes
<p>1. To determine the overview of the intellectual property from the property valuers' perspective</p>	<ul style="list-style-type: none"> Collect data by distributing questionnaire through Google Form to property valuers. 	<p>Frequency Analysis</p> <p>Cross Tabulation Analysis</p> <p>Literature Review</p>	<ul style="list-style-type: none"> To find out the frequency from the demographic parts of the respondents and the perception of respondents toward IP valuation. To differentiate the relationship between the perception of respondents toward IP valuation and the respondent's employment status. Conducting a significant amount of research on intellectual property and the valuation of IP using sources and publications such as journals, articles and other online materials
<p>2. To identify the needs of valuing IP</p>	<ul style="list-style-type: none"> Collect data from journals, articles and prospectus. 	<p>Literature Review</p>	<ul style="list-style-type: none"> Conducting a significant amount of research on intellectual property and the valuation of IP using sources and publications such as journals, articles and other online materials To provide support for the secondary data that is discovered by examining the relevant literature because it is possible that the findings are not relevant to the setting of Malaysia.

Sampling Method

Convenience sampling technique or also known as availability sampling is being used for this research study. It is a non-probability sampling technique which participants are picked on the basis of their convenient accessibility and vicinity to the researcher. Individuals who are conveniently available and can be reached without much difficulty are selected for inclusion in the sample during the convenient sampling process.

Sampling Frame and Size

The categorisation denotes that there are 81 valuers in the state of Sarawak. 9 valuers from the Valuation and Property Services Department Sarawak, 32 valuers from Land and Survey Department Sarawak and 15 valuers from the Ministry of Public Health, Housing and Local Government. As for the private sector, there are 25 valuers considering one representative from each private valuation firms who registered under The Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVEAP). Hence, among 81 valuers are randomly to be selected for the study.

Table 1: Number Of Desired Property Valuers For Sampling Size

Sector	Department	No. of Valuers	No of Desired Valuers
Government	Valuation and Property Services Department Sarawak	9	$0.25 \times 9 = 2.25$ (rounded to 3)
	Land and Survey Department Sarawak	32	$0.25 \times 32 = 8$
	Ministry of Public Health, Housing and Local Government	15	$0.25 \times 15 = 3.75$ (rounded to 4)
Private	Private Valuation Firms Registered Under The Board Of Valuers, Appraisers, Estate Agents And Property Managers (BOVEAP)	25	$0.25 \times 25 = 6.25$ (rounded to 7)
Total number of valuers		81	22

ANALYSIS AND FINDINGS

Table 2: Knowledge of Respondents of Intellectual Property

How well do you know about the intellectual property (IP)?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I knew everything I needed to know / Saya tahu semua yang saya perlu tahu	1	2.4	2.4	2.4
	I knew some things / Saya tahu beberapa perkara	18	43.9	43.9	46.3
	I knew a little / Saya tahu sedikit	21	51.2	51.2	97.6
	No idea / Tidak Tahu	1	2.4	2.4	100.0
	Total	41	100.0	100.0	

From the questionnaire survey, most respondents said they knew little about intellectual property, equivalent to 21 respondents (51.2%). Most respondents said they knew little about intellectual property, equivalent to 21 respondents (51.2%). However, 2 respondents (4.8%) indicated that they knew everything they needed to know and had no idea about intellectual property, respectively. Hence, even though most of the respondents understand the phrase “Intellectual Property,” they are not knowledgeable and well-informed about intellectual property in detail. This is likely because the property valuers have limited exposure to intellectual property matters in their training and daily work.

Table 3: Importance of Knowing Intellectual Property for Future Career

How important, if at all, is it to know about intellectual property for your future career?		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very important / Sangat penting	10	24.4	24.4	24.4
	Important / Penting	23	56.1	56.1	80.5
	Not sure / Tidak pasti	7	17.1	17.1	97.6
	Not important/ Tidak penting	1	2.4	2.4	100.0
	Total	41	100.0	100.0	

About 23 (56.1%) and 10 (24.4%) of respondents denoted that intellectual property is important and very important to know intellectual property for future career, respectively. This reflects more than half of the respondents agree that there is a

need to know intellectual property for a future career. Furthermore, 7 respondents (17.1%) said they needed clarification about the importance of knowing intellectual property for future careers. Moreover, only 2.4% of respondents said that knowing intellectual property for future careers is unimportant. Hence, respondents are generally aware of the importance of knowing intellectual property for their future careers and opportunities to meet the clients' demands more effectively.

Table 4: Cooperation Between Intellectual Property Experts and Valuers in Doing Intellectual Property Valuation

		Private Sector		Government Sector	Total
Cooperation Between IP Experts and Valuers in Doing IP Valuation	Yes	Count	13	23	36
		Percentage	31.7%	56.1%	87.8%
	No	Count	1	3	4
		Percentage	2.4%	7.3%	9.8%
	Others	Count	0	1	1
		Percentage	0.0%	2.4%	2.4%
Total		Count	14	27	41
		Percentage	34.1%	65.9%	100.0%

Based on the table below, cross-tabulation analysis was used to analyse the data where 13 respondents (31.7%) from the private sector and 23 (56.1 %) from the government sector agreed that property valuers should collaborate with other professionals in the intellectual property valuation. This result shows that both sectors agree to work together, allowing more comprehensive and well-informed approach to intellectual property valuation.

Meanwhile, 4 (9.8%) respondents from both sectors did not agree that valuers should collaborate with other professionals in intellectual property valuation. From this result, some valuers may have different perspectives and methodologies regarding intellectual property valuation. This is because any cooperation or collaboration between private and government sectors may require a standardised approach and measure which can be challenging in their valuation practices

Table 5: Participation In Training About Intellectual Property Valuation by MyIPO

		Private Sector	Government Sector	Total	
Would you prepare to participate in any training about IP valuation provided by MyIPO	Yes	Count	10	23	33
		Percentage	24.4%	56.1%	80.5%
	No	Count	4	4	8
		Percentage	9.8%	9.8%	19.5%
Total	Count	14	27	41	
	Percentage	34.1%	65.9%	100.0%	

There were about 10 respondents (24.4%) from the private sector and 23 respondents (56.1%) from the government sector who wanted to participate in training about intellectual property valuation provided by the Intellectual Property Corporation of Malaysia (MyIPO). There were about 10 respondents (24.4%) from the private sector and 23 respondents (56.1%) from the government sector who wanted to participate in training about intellectual property valuation provided by the Intellectual Property Corporation of Malaysia (MyIPO).

CONCLUSION

In general, the research was focused on the overview of IP from the property valuers' perspective and the need to value IP. Besides that, it was also focused on the perceptions and opinions of property valuers from the government and private sectors on IP valuation.

Firstly, property valuers, accountants, lawyers and other types of professionals can improve their understanding and knowledge of intellectual property valuation by participating in various training programmes and workshops that the MyIPO hosts. This is because they offer principles and frameworks for the value of intellectual property which ensures that valuation practices are consistent and standardised among all professionals.

Moreover, overview of IP from the property valuers' perspective places an emphasis on the need for collaboration between various stakeholders involved in the valuation of intellectual property. In order to ensure a holistic and comprehensive approach to intellectual property valuation, this requires collaboration between the property valuers from both sectors and other experts.

Overall, the study's findings successfully fulfil and meet the objectives of the research study by giving useful information related to the perception of property valuers on intellectual property valuation in Malaysia. It explored the property valuers' level of knowledge and familiarity regarding various forms of intellectual property. Besides, it

also captures the valuers' opinions and perceptions regarding the significance of intellectual property valuation.

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Tarikh : 20 Januari 2023

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Timbalan Ketua Pustakawan

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