



MANOJ KOCHAR

## AUTHENTICATION SOLUTIONS

# Beware of copycats

Protection of brand & IPR must be part of the process of building a business

**S**MEs, by number, dominate the world business stage. Although precise, up-to-date data is difficult to obtain, estimates suggest that more than 95% of enterprises across the world are SMEs, accounting for approximately 60% of private sector employment (Ayyagari et al. 2011). Japan has the highest proportion of SMEs among the industrialised countries, accounting for more than 99% of total enterprises (EIU 2010).

In India, micro, small and medium enterprises (MSMEs) in the manufacturing sector contribute nearly 8% of the country's GDP, 45% of the manufacturing output and 40% of the exports. They are the nurseries for entrepreneurship and innovation. They are widely dispersed across

the country and produce a diverse range of products to meet the needs of the local and global markets and value chains. Still, the share of India MSME in exports had declined from 46.2% in 2009-10 to 43% in 2012-13.

So the MSMEs need to step up their innovation drive to gain a larger share of global markets and become more responsive to emerging global market trends. For this they need to understand the value of Intellectual Property Rights and brand protection. The reasons are as follows:

**Protection of innovation:** By nature most MSMEs are entrepreneurs and innovators. Almost every MSME has a trade name or one or more trademarks, however, they almost never protect their IPR as a preventive measure, and there are ample chances that their products and ideas can be cloned

or duplicated by unscrupulous elements. They need to understand that brands are their biggest assets. Without intellectual property protection there is a strong risk that investments in R&D, product differentiation and marketing may be stolen or copied. Intellectual property rights enable SMEs to have exclusivity over exploitation of their innovative new or original products, their creative designs and their brands.

**Globalisation and risk of counterfeiting:** Globalisation and trade liberalisation have made it crucial for most enterprises, including SMEs, to become internationally competitive even when operating wholly in the domestic market. Globalisation has also increased the chances of counterfeiting in the supply chain.

For example, in a recent case, the Nigerian government drug

regulatory authority (NAFDAC) reported about the detention of a large consignment of fake anti-malarial generic pharmaceuticals labelled "Made in India" but produced, packed and shipped in China. This was a classic example to malign India's name and to destroy the export market for Indian pharmaceutical companies. Subsequently, the government of India advised all pharmaceutical manufacturers to adopt authentication and tracking solutions to avoid similar incidents.

**Packaging in marketing:** The government is already sensitising exporters on the importance of these aspects. Packaging is no more considered only for protection and preservation of products. These days with the increasing market competitiveness, companies are adopting different packaging techniques. Usage of au-



thentication technologies like colour changing features, holographic images, tamper evident seals, track and trace for primary and secondary product packaging not only helps companies in protecting the products from being

duplicated but it also acts as a marketing and sales promotion tool.

**Adoption of ISO standards:** The Prime Minister recently announced the 'Make in India' initiative with the intention to make India a manufacturing hub. The

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government is helping the MSMEs through various programmes to increase their quality standards. MSMEs can adopt ISO:12931 to protect their goods against counterfeiting. Protection of brand and Intellectual property must be considered a prerequisite in the process of building a business, and an MSME business definitely has a greater chance of success when it goes by the old adage, prevention is better than cure.

*The author is president, Authentication Solution Providers' Association*