IP Successes In the ASEAN Region

For more information contact WIPO at www.wipo.int

World Intellectual Property Organization
34, chemin des Colombettes
PO. Box 18
1211 Geneva 20
Switzerland

Tel: +41 22 338 91 11
Fax: +41 22 338 73 34

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Case Studies – 2014
The present publication is the result of a WIPO study on the effective use of intellectual property in ASEAN countries.

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The project was coordinated, within WIPO, by Ken-Ichiro Natsume and Masaki Okamoto, who supervised the publication; managed the process through its various stages; and interacted closely with the JPO, the ASEAN Secretariat, and the Asia-Pacific Bureau at WIPO headquarters.
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Introduction

In recent years, member states of the Association of Southeast Asian Nations (ASEAN) have enjoyed exceptional economic growth. As the markets of these countries expand and income levels rise, and as ASEAN moves towards its goal of economic integration by 2015, the role intellectual property (IP) plays is also expected to become ever more important.

Recognizing this, in February 2012 the Japan Patent Office (JPO) established the ASEAN-Japan Heads of Intellectual Property Offices Meeting as an opportunity for high-level officials from the JPO and IP Offices from ASEAN members to foster cooperation in the further development of the IP system in the ASEAN region.

With this background, in 2013 the JPO proposed a new research project that would consist of a collection of case studies highlighting one specific practical and successful implementation of IP in each ASEAN member state. Such concrete examples can help raise awareness of the importance of IP in ASEAN countries, provide information on how existing legal frameworks are used in each country to protect IP, and provide a glimpse of how effective utilization of IP can facilitate increased economic development in ASEAN members.

Taking advantage of the WIPO Japan Office’s (WJO) strategic location in Tokyo, the JPO proposed that the WJO would handle the project. Following approval from the Asia-Pacific Bureau at WIPO headquarters, the WJO drafted a questionnaire that asked for a description of a successful enterprise, how IP was utilized for the enterprise, and relevant contact information. In coordination with the JPO, the questionnaire was submitted to the ASEAN Secretariat, which then forwarded it to the relevant officials at the IP Office of each ASEAN country. With the kind support of each ASEAN IP Office, the questionnaires were returned to the WJO and research into the identified enterprises commenced.

The completed case studies cover each ASEAN member state and include a wide range of industries. Furthermore, they show how IP has successfully been utilized in countries with both advanced and emerging IP systems. Taking into account the unique nature of each ASEAN country, the case studies can serve as a sort of blueprint to show how IP can continue to be exploited and developed for future economic growth in the region.
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Case Study Focus Enterprises

**Brunei Darussalam**
Datastream Technology Sdn Bhd  
Jalan Tungku Link  
Negara Brunei Darussalam BE3619  
[www.dst-group.com](http://www.dst-group.com)

**Kingdom of Cambodia**
LyLy Food Industry Co., Ltd.
Mr. Mengheang Hor, Marketing Manager  
#281 Wat Tang Korsang Street  
Phnom Penh  
[www.lylyfood.com](http://www.lylyfood.com)

**Republic of Indonesia**
Kebab Turki Baba Rafi  
Mr. Hendy Setiono, Founder & CEO  
RS Fatmawati #33  
Pndok Labu, Jakarta  
[www.babarafi.com](http://www.babarafi.com)

**Lao People’s Democratic Republic**
Vientiane Steel Industry Co., Ltd.
Thadeua Road Xiengkhouan  
Vientiane

**Malaysia**
Les’ Copaque Production Sdn Bhd  
Mr. Burhanuddin Md Radzi  
Managing Director
Republic of the Union of Myanmar
FAME Pharmaceuticals
Dr. Khin Maung Lwin & Ms. Cinthiyar
No. 20, Mingyi Maha Min Gaung Road & Nawaday Street
Industrial Zone (3)
Hlaing Thar Yar City of Industry
Yangon
www.famepharma.com

Republic of the Philippines
Nature's Legacy
Mr. Pedro Delantar, Founder
Cogon, Compostela
Cebu
www.natureslegacy.com

Republic of Singapore
Unique Gas Solution Pte Ltd
Ms. Jessica Ang, Executive Director
16 Defu Lane 9
Singapore
www.ugs.com.sg

Kingdom of Thailand
National Metal and Materials Technology Center (MTEC)
114 Thailand Science Park, Phahonyothin Road
Khlong Neung, Khlong Luang
Pathum Thani
www.mtec.or.th

Socialist Republic of Viet Nam
Trung Nguyen
Mr. Minh Giang
82-84, Bui Thi Xuan Street
Ben Thanh Ward, District 1
Ho Chi Minh City
www.trungnguyen.com.vn
Brunei Darussalam

Making Connections in Brunei

Following the liberalization of the economy and rapid growth, DataStream Technology Group developed a set of brands and services that quickly propelled the company to become the leading telecommunication and broadcasting enterprise in Brunei. With easy to remember trademarks and brand names protected by the IP system, the company employs hundreds of people and maintains a continually growing IP portfolio.

Background

When Brunei Darussalam (Brunei) began liberalizing its economy and experiencing growth in the 1990s, a number of companies blossomed in the country. One such enterprise that took advantage of the new optimism is DataStream Technology Group (DST Group) – a conglomerate of nine companies that provide telecommunication and broadcasting services.

Branding is Key

Owned by DST Communications Sendirian Berhad (Sdn Bhd, an incorporated enterprise), the DST Group expanded rapidly following its foundation in 1995 and developed a number of services, products and brands – including Incomm, Astro, KFM, Prima, Easi, and FasCom – across several industries such as radio, television (TV), telephony, merchant banking, and Internet services.

In addition to developing its services, products, and brands, the conglomerate has relied on a robust commercialization strategy – supported by intellectual property (IP) assets – which has enhanced its corporate identity and ensured customer loyalty. As a result of its development, the DST Group has become one of the most successful enterprises in Brunei.

IP in Action

IP rights such as trademarks have been at the core of the DST Group’s success, ensuring the company’s brands are easy to distinguish in a competitive global marketplace. While the company initially relied on a single brand in the development of the group’s trademarks – DST – in order to differentiate itself, the conglomerate soon realized that broadening its IP assets portfolio would increase the group’s competitiveness.
**Variety – the Spice of Success**

Within the telephony sector, for instance, the DST Group commercializes personal phone and cellphone services branded as Easi and Prima. Both brands are commercialized under the management of DST Communication Sdn Bhd, a DST Group company, and have been registered as trademarks in Brunei. Not only are Easi (a pre-paid service) and Prima (a post-paid service) enhancing the DST Group’s brand image; the services also form part of the conglomerate’s pricing strategy, allowing customers to choose products according to their budget.

The DST Group’s telephony service caters for the home, small and medium sized enterprises, large companies, and call centers. The conglomerate’s telecommunications products and services also cover a wide range of platforms such as cellphones, tablet computers, video conferencing equipment, and phone booths – the latter is managed by DST Payphone Sdn Bhd, also a part of DST Group.

In addition to telephony, in 1999 the DST Group launched a line of radio products for two-way computer-controlled communication called *FasCom*, a trademarked brand. In 2014, the stylish and modern radio was available in three models with nationwide coverage divided into four price plans – bronze (a budget plan), silver and gold (mid-range plans), and platinum (a premium plan). *FasCom* is managed by DST Technical Services Sdn Bhd – a DST Group member.

Commensurate with its brand of radio and telephone services, the conglomerate manages high bandwidth Internet access services (pre-paid, post-paid, or mobile broadband) via the *Simpur* brand – which is also a registered trademark in the country. The service comes with full customer on-site support and necessary equipment such as routers. Managed by DST Multimedia Sdn Bhd, a DST Group company, the *Simpur* brand has helped establish an online foothold for the conglomerate.

In order to enter the broadcasting industry, the DST Group partnered with Kristal-Astro Sdn Bhd, a joint venture between two Malaysian TV networks that provide multi-channel, pay-TV service provider in Brunei. With this collaboration, the company’s brand has gained access to homes across the country over 100 satellite channels. Not only are the DST Group’s brands available on TV; such is the strength of the company’s portfolio that it also rules the radio waves of Brunei – via a partnership with Kristal Media, Sdn Bhd, the country’s only private commercial radio station. The other members of the DST Group include entities such as Integrated Communication Sdn Bhd (Incomm), a cellphone operator and retailer, and DataStream Solutions Sdn Bhd, a multimedia company.

**Customer Loyalty**

With its variety of products, services and partnerships, the DST Group has ensured a streamlined commercialization strategy and provided customers a one-stop-shop for
all its services via flagship stores. Indeed, the company’s branches ensure a hassle-free consumer experience including registration and billing for the DST Group’s wide range of brands. The conglomerate has also enhanced customer loyalty via its own store cards – the DST Card and the D*Card. The DST Card is a debit or credit card allowing customers to enjoy merchant bank services. The card also allows members to receive discount travel vouchers for flights to a number of holiday destinations managed by partner airlines and hospitality companies.

The D*Card, meanwhile, is a customer loyalty card that allows users to enjoy several benefits including exclusive promotions run by the conglomerate as well as discount offers from companies – such as restaurants and cafes – that have partnered with DST Group members. The DST Group does not only protect its corporate identity within retail outlets and on TV and radio; the conglomerate also ensures its reputation online. For this, the conglomerate has relied on domain name registrations including a website for the DST Group (dst-group.com), DST Sdn Bhd (dss.com.bn), and Incomm (incomm.com.bn).

Having established a robust IP asset portfolio, The DST Group continues to fortify its brand protection strategies while implementing lessons learnt from disputes related to IP. For example, on one occasion another entity objected to an application to register one of the conglomerate’s trademarks. The DST Group, however, thoroughly defended its trademark application and the concerned party eventually withdrew their complaint.

**Going Forward**

Rigorously promoting its IP and creating exciting brands and products for a number of industries, the DST Group has over 1,000 licensed vendors for the Easi brand and 250 for the Simpur brand. The conglomerate has also entered retail and distribution agreements with major multinational corporations such as Nokia and the Samsung Group. Furthermore, the group strives to continually develop easy to remember trademarks and brand names, protected by the IP system, to differentiate its multiple services.

**Leaving a Landmark**

With over 700 employees on its payroll, the DST Group is one of Brunei’s most successful private enterprises with market dominance as a network operator and a service and entertainment provider. Based in Brunei’s capital of Bandar Seri Begawan, the conglomerate’s headquarters – a landmark commonly referred to as the “DST Tower” – is testament to the enterprise’s ambitions: embodying modernity while aiming for the skies.
Kingdom of Cambodia

Crunching Success

Using the power of trademarks, an entrepreneur turned Ly Ly Food Industry Ltd. from a small home business into a nationally recognized brand in only a few short years. The company’s IP portfolio has proven indispensible in establishing and protecting a strong corporate image that resonates with consumers. At the same time, the company produces healthy, affordable snacks and uses its well-known brands to provide employment opportunities for disadvantaged people.

Background

With limited capital, virtually no entrepreneurial experience and a rice-cracker processing machine bought from a foreign company for about US$50,000, in 2002 Mrs. Keo Mom began a small food manufacturing business out of her home, producing jasmine rice crackers in small quantities to sell at markets in Phnom Penh, the capital and largest city of the Kingdom of Cambodia (Cambodia), and its outskirts.

After consultations with relevant agencies of the Cambodian government, Mrs. Mom decided to register the business as a handicraft manufacturing plant under the name Ly Ly Food Industry Co. Ltd. (Ly Ly Food). Ly Ly Food’s core vision is not only to create attractive, healthy, quality snacks; indeed, the company was also in part established with the goal of providing employment for underprivileged Cambodians.

In 2005, the Ministry of Industry, Mines and Energy of Cambodia (MIME; which split into the Ministry of Mines and Energy and the Ministry of Industry and Handicrafts (MIH) in 2014), the Asian Productivity Organization (APO; a business capacity building agency working in developing economies), and the United Nations Industrial Development Organization (UNIDO; a specialized agency of the United Nations (UN) with a mandate for facilitating industrial development in emerging economies) recognized the small and medium-sized enterprise (SME) for its success, business model, social contributions, and efforts at
implementing cleaner production. This prompted Mrs. Mom to make the decision to expand the company further.

Subsequently, Ly Ly Food has become one of the most well-known local producers of Jasmine rice snacks in the country while supporting local producers and employing hundreds of previously unemployed people. At the same time, Mrs. Mom and the company she founded have become role models for how to establish a successful SME, especially in the Association of Southeast Asian Nations (ASEAN) region.

National and International Collaboration

Having limited starting capital and lacking in-depth knowledge of entrepreneurship, in the beginning Mrs. Mom faced a number of challenges – including how to expand the company successfully. When she wanted to scale-up production, for instance, the new entrepreneur realized that she did not have the money to do so. To meet such challenges, Ly Ly Food has sought partners in government, industry and the local community.

For instance, rather than importing raw materials (such as jasmine rice and corn) necessary to make the SME’s snacks, Ly Ly Food sources them from a local network of farmers in Cambodia, thus shortening supply chains and saving costs. At the same time, the company is able to enhance the capacity of farmers (many of whom are illiterate and on low incomes), allowing them to establish sustainable revenue streams.

Moreover, as the SME has its own processing and packaging facilities and a robust commercializing strategy in place, the company is able to add value to its core products, reap a return on investment due to successful and competitive positioning in the snack foods market, and put some of the returns back into the local economy – by hiring more staff, for example.

In addition to enhancing the capacity of producers while helping to stimulate the Cambodian economy, the SME has partnered with both government and international agencies. Such collaborations have helped Ly Ly Food fulfill its aim of implementing quality and efficiency in its production processes. Some of the SME’s partners and collaborators have included the Ministry of Commerce and MIME of Cambodia, UNIDO and the APO.

Partnering with experts from APO and UNIDO has proved especially beneficial for Ly Ly Food. For example, these partnerships enabled the SME to implement international best practices in its production processes, including within its human resources (HR) department.

Via its collaboration with APO (which provided training seminars), the SME adopted the business management philosophy known as kaizen – a word of Japanese origin which can be translated as “improvement” or “change for the best.” Used in a
number of industries, kaizen requires all employees in an organization, from the highest to the bottom ranked worker, to pool their resources in order to continuously share and implement best practices. The philosophy applies to all aspects of a business such as HR development, production, supply chain management, health and safety and cost efficiency.

The company’s collaboration with UNIDO, moreover, ensured its implementation of Resource Efficient and Cleaner Production (RECP) methods, technologies and systems. Facilitated by the UN agency, RECP is designed to increase the use of natural resources, minimize waste, and reduce the risk to humans and the environment from harmful industrial waste. Commensurate with Mrs. Mom’s collaboration with the Cambodian government, APO, and UNIDO, the SME has worked with capacity building agencies from the European Union and Japan – both potentially lucrative business opportunities for the company, but with strict health and safety requirements for producers wishing to enter these markets.

As a result of such collaboration, the SME has implemented international standards in its production process such as Hazard Analysis and Critical Control Points, a system for reducing risk (to food safety and with regard to biological, chemical and physical hazards) in workplaces. Ly Ly Food’s founder, furthermore, has relied on advice from her peers – fellow entrepreneurs with valuable insights in business – in order to advance the SME’S continuing success.

The upshot of such collaborations for the company has been implementation of certified international standards that have led to streamlined production processes, reduction in waste, efficient decision-making and problem-solving strategies and enhanced competitiveness. In addition, the SME has been able to win the trust of both customers and investment partners – Ly Ly Food, for instance, was able to secure capacity developing loans on account of its improved corporate profile – and enter new markets around the world, including the ASEAN region.

**IP in Action**

Developing her capacity as an entrepreneur has led to Mrs. Mom’s continuing success. An important aspect of that process has been the entrepreneur’s increasing appreciation of the role the intellectual property (IP) system has played in her company’s development. IP assets, for instance, have been indispensable in protecting the good reputation of Ly Ly Food’s brands in a national, and increasingly international and competitive, snack foods market.

To develop her knowledge of the IP system, Mrs. Mom has participated in various seminars and workshops on industrial property and other subjects related to the development of SMEs – including marketing, branding and commercialization strategies. With that knowledge, the entrepreneur set out a number of IP-related strategies which continue to aid the company’s development.
Ly Ly Food, for example, has created a wide portfolio of products (Jasmine rice-crackers in 15 flavors such as chocolate, strawberry, durian, shrimp, hamburger, squid, fish, onion, lychee, crab, and potato), improved the taste, texture, and safety of such goods, and designed attractive packaging for them (with vivid images and lively colors). These measures have had the effect of making Ly Ly Food’s products easy to distinguish in the market and thereby enhancing the SME’s profile with customers.

The company, furthermore, has developed IP protection by registering trademarks and industrial designs with the IP office in Cambodia; boosted consumer confidence by implementing international quality standards for its production processes; and promoted awareness of its corporate identity, products and brands through participation in exhibitions and industry events.

The power of trademarks

In addition to raising the SME’s corporate profile and protecting the company name, from 2003 Mrs. Mom has protected images relating to the company’s brands as trademarks – including a stylized image of a cow and a rabbit. Ly Ly Food subsequently registered a number of trademarks which have been actively promoted.

With a corporate reputation that is increasingly associated with quality, Ly Ly Food has been able to win strong support from the government and industry. The SME, for instance, received a license from the Cambodian government to produce jasmine rice crackers, including products enriched with vitamins and minerals that are intended to increase the health of young consumers.

Furthermore, in anticipation of Cambodia’s accession in 2015 into the ASEAN Economic Community (which will lead to greater competition but also opportunities for the company), Ly Ly Food added two more brands to its products portfolio. The move is a clear indication that the SME is confident in its ability to compete against others in the region while expanding its share of the export market.

Going Forward

Less than 10 years after being established by a new and precocious entrepreneur, Ly Ly Food became a model of success in Cambodia. Going forward, the SME has been producing impressive business results while its founder has received accolades from her peers. Ly Ly Food, for instance, received the Young Entrepreneurs award (2011) during the 4th Asian-China Conference, held in Hanoi, the Socialist Republic of Viet Nam. In the same year, the SME was recognized with an Outstanding Member award by GS1 – an international non-profit organization headquartered in Brussels, the Kingdom of Belgium, which is desiccated to the design and implementation of global standards and solutions to improve the efficiency and visibility of supply and demand chains globally across sectors.

Indeed, Ly Ly Food’s many capacity building initiatives have been recognized in a similar way. The SME, for example, received the Green Industry Award (2013) from
MIME, which recognized the company’s efforts in implementing sustainable production practices. In the same year, Ly Ly Food systematically achieved total organization, cleanliness and standardization in the workplace, resulting in safer, more efficient, and more productive operations. This has increased employee morale, promoting a sense of pride in their work and ownership of their responsibilities. Moreover, the SME was granted the 5S Quality Award No. 1 by the National Productivity Center of Cambodia and MIH.

*Keeping Eyes on the Prize*

Winning praise both within Cambodia and on the international stage, Mrs. Mom has in turn shared her experiences in developing Ly Ly Food and made it a priority to mentor other businessmen and women in the ASEAN region and in other parts of the world. In 2011, the success of Ly Ly Food prompted Mrs. Mom to register her company with the Ministry of Commerce of Cambodia and move to a new 6,430 square meter (m²) facility, providing a much greater employment capacity of more than 300 people. As of 2014, Ly Ly Food has expanded to international markets such as the United States of America and the Republic of the Union of Myanmar. This international success has prompted further growth, and by the end of 2014 Ly Ly will complete a second move to a new location encompassing a 20,000m² facility, which will provide further employment for hundreds of additional people.

All the while, the entrepreneur has maintained a simple yet powerful goal: developing quality products in order to create conditions whereby producers can generate viable incomes for themselves. In 2013, Ly Ly Food’s annual sales reached US$5 million. The company, moreover, provided employment opportunities for more than 300 employees and supported a network of local farmers.
Republic of Indonesia

A Brand Wrapped in Success

After introducing a popular Middle Eastern dish – the kebab – into his hometown, a shrewd entrepreneur used a strong branding and franchising strategy to create the world’s largest kebab restaurant chain. Starting with a single pushcart, trademark registrations have ensured the success and growth of the Baba Rafi brand and franchise, and the company has provided people at home and internationally with a popular dish and employment opportunities.

Background

In nearly any large city there is a high possibility that you will see kebab stands dotting the streets. Kebab – a traditional dish of sliced meat (predominantly lamb but also chicken and beef) originating in the Middle East – is a quick meal that comes in many variations. Some consist of meat served on a skewer (a long piece of wood or metal) with vegetables, while others are wrapped in bread.

On a trip in 2003 to visit his father who was working in the State of Qatar (Qatar), Hendy Setiono, then a university student, recognized the growing popularity of kebab stands and restaurants in urban areas. Impressed with the taste and popularity of the simple wrap, Mr. Setiono decided to try and commercialize it in his home city of Surabaya, the second largest city in the Republic of Indonesia (Indonesia).

Opening to humble beginnings that same year as a single kebab cart, Mr. Setiono has transformed his business into an international success, operating more than 1,100 kebab stores across Indonesia, Malaysia, and the Republic of the Philippines (Philippines), and with plans to open its first location in Europe in the Kingdom of the Netherlands (the Netherlands).

As of 2013, the entrepreneur’s company – Kebab Turki Baba Rafi (KTBR) – was the largest kebab chain in the world and one of Asia’s premier food companies. Relying on a strong brand, a supportive franchising scheme, and the intellectual property (IP) system, Mr. Setiono continues to innovate and grow his business, attracting new customers throughout the world.
Refining A Delicacy

Shortly after arriving in Qatar, the young entrepreneur was surprised to see how popular kebab was as a fast food. From single pushcarts and small stands to large restaurants, kebabs were everywhere and popular with both locals and tourists. He was also impressed with the taste of the kebabs, particularly the Doner kebab variant from the Republic of Turkey (Turkey). The first thing that came to Mr. Setiono’s mind upon seeing and tasting the kebabs was to introduce the traditional Middle Eastern food to Indonesia. Largely unknown in the country at the time, the entrepreneur believed it had great potential.

Returning to Surabaya, Mr. Setiono wanted to start selling kebabs in his home city but knew that he needed a sound business strategy if he was going to succeed. To that end, Mr. Setiono contacted a friend, Mr. Hasan Baraja, who happened to work in the culinary industry in Indonesia. The fledgling entrepreneur pitched his idea and asked Mr. Baraja if he would become his business partner. Mr. Baraja agreed and the two went to work on research and development (R&D) into business opportunities, product development, and marketing strategies.

Much of their early R&D was trial and error, and through this they realized that they needed to adapt kebabs to make them appealing to Indonesians. The first thing the partners did was change the size of the kebabs. In Qatar, the most popular kebabs that Mr. Setiono saw were typically the Doner kebab variant. Made with lamb meat (and sometimes veal, beef, or a mixture of these) that is cooked on a vertical spit, they are wrapped together with vegetables and spices in taboon bread, which is a type of thin flatbread.

Mr. Setiono also found that the flavor of the product needed to be changed to match Indonesian tastes. The kebabs that the entrepreneur enjoyed in Qatar are typically kebab wraps seasoned with cardamom (a strong, aromatic spice that comes in green and black varieties) and clove (a common spice in the Middle East that comes from the clove tree). While these spices are well known among Indonesians, Mr. Setiono found that the amount used in the kebabs from Qatar would likely be too foreign or strong for most Indonesians. He adapted the kebab recipe to lessen the strength of these spices and also add more flavors that would appeal to the local population. Furthermore, Indonesians were not familiar with the distinct taste of lamb, so the entrepreneur substituted this with beef and chicken. “I modified the taste of the
kebab,” the entrepreneur explained, “to make it more Indonesian, using beef or chicken instead of lamb and swapping in more familiar Indonesian spices.”

With a new recipe in hand, the novice entrepreneur was ready to launch his business. Mr. Setiono just needed some startup capital. Approaching his younger sister with his idea, in 2003 she lent the entrepreneur 4 million Indonesian Rupiahs ( IDR; approximately US$340) to purchase a pushcart, ingredients, and supplies to sell kebabs on a street corner close to his university. In less than a year after returning from Qatar, Mr. Setiono’s dream of opening up a kebab stand was becoming a reality.

A Risk That Paid Off

When he was a child, Mr. Setiono wanted to be an entrepreneur. “I’ve always been interested in making extra money from my interests and hobbies,” he explained. Feeling the excitement of realizing his childhood dream, the young entrepreneur soon found that starting a new and untested business while a university student was no easy task. Initially customers were few and, to meet his university obligations, he had to hire employees to operate his kebab cart when he could not. Experiencing a high turnover in employees and sales as low as US$3 in one week (particularly when the weather was bad resulting in fewer customers), it seemed that Mr. Setiono’s dream would not go beyond that first street corner.

Ever determined, the new business owner decided to quit university and dedicate all his efforts to his kebab cart. With two years of university already behind him, many of his family and friends were not too keen on his decision as they felt the kebab stand was more of a hobby than a viable employment opportunity. However, any negative sentiment he encountered only strengthened his resolve, and he knew that without a university degree he would have to work even harder to be successful. “Looking back,” Mr. Setiono explained, “the abrupt end of my studies was probably one of my biggest blessings even though I had to start from the bottom, which was both physically and emotionally draining.”

Shortly after Mr. Setiono turned his full-time attention to his kebab cart, his hard work paid off and business started to pick up. A few short weeks later, lines in front of his cart were so long that he realized he had to open more carts to meet demand.
With the acceptance of his kebab recipe confirmed, within one year the entrepreneur found himself opening three new kebab stands in the area.

Eager to continue to grow his business, Mr. Setiono started to attend marketing, management, and entrepreneurship seminars in Indonesia, the Russian Federation, the Swiss Confederation, and the United States of America. In 2004, the entrepreneur managed to open up six more KTBR locations throughout Surabaya, all focused on providing fast service and kebabs made with fresh, high quality ingredients.

Through these seminars and his own experience he learned more about maintaining a successful business and developed an original business principle called “LATEM,” the opposite of “METAL,” which is slang in Indonesian for someone who breaks the rules to promote positive change. Translated from Indonesian, Mr. Setiono’s LATEM principle stands for: (L) see opportunities; (A) observe and do; (T) imitate the way that might be adopted; (E) evaluate the opportunity; and (M) make modifications as necessary. With this principle and new knowledge in hand, the business owner realized that to expand and ensure his company’s continuation, he needed to develop a well-known brand image and franchising scheme.

As the company grew, so did its product line. With this diversification, Mr. Setiono formed Baba Rafi Enterprise, a holding company for the entrepreneur’s current and future brands. As of 2013, KTBR sells kebabs, hamburgers, sandwiches, canai breads (an Indian-influenced flatbread popular in Indonesia and Malaysia), kripiks (Indonesian chips made from fruit, vegetables, or fish), and frozen food in supermarkets, such as meat products and French fries.

One innovative feature that the company introduced was a special cardboard package for their famous kebab wraps. In many cases, kebab wraps can be messy to eat with your hands. The sauce can drip through air pockets where the bread is folded, and in other cases it is wrapped too tightly in paper, which could lead to accidental consumption of the paper wrapping. To solve this problem, KTBR developed a sturdy, easy to carry cardboard container with a special tab that eliminates these issues. Pulling up on the tab will slowly lift the kebab out of the container, and continual pulls on the tab will bring the kebab higher up so it can be easily eaten while not causing a mess.

This innovative container has met with great success among consumers and helped to enhance KTBR’s reputation and brand image, and the company continues to put efforts into R&D for better packaging. Indeed, the company routinely changes its packaging designs to reflect seasons, special themes, or holidays. For example, in the month of February the company’s famous kebab containers are adorned with images evoking Valentine’s Day, a popular occasion in Indonesia and other countries in which KTBR operates. Moreover, the company introduces seasonal product
variations, such as its “frozen kebab,” a package of kebabs sold in the winter months that consumers cook at home.

With Kebab Turki locations (including pushcarts, stalls, and complete restaurants) rapidly increasing, Mr. Setiono soon realized that local meat suppliers could not keep up with the demand. Without safe, high quality meat for his kebabs, the entrepreneur’s expansion options would be limited. To overcome this, in 2009 KTBR partnered with PT Belfoods Indonesia (Belfoods), one of Indonesia’s largest food suppliers. This partnership ensured that the entrepreneur’s products were made with ingredients that meet the stringent standards (such as food safety and quality assurance) of the Indonesia National Agency of Drug and Food Control. In addition, Belfoods has Halal (which describes permissible foods for Muslims to eat) certification from the Indonesian Ulema Council (IUC), the country’s top Muslim clerical body. This certification is important for KTBR’s many Muslim customers. Mr. Setiono then established warehouses in major cities (such as Surabaya, Malang, and Semarang) to ensure quick delivery of ingredients and other products to all of KTBR’s pushcarts, stalls, restaurants, and other locations.

**IP In Action**

When he first started his business, Mr. Setiono was selling kebabs from a plain white pushcart. If he was going to be more successful, he knew he needed to create an easily recognizable brand name and change the look of his cart to be more appealing. The new business owner chose the name “Kebab Turki Baba Rafi,” which has a multifaceted meaning. “Kebab Turki” stands for the place where the entrepreneur tasted his favorite kebab – Turkey. “Baba” is an informal meaning of “father” in Modern Standard Arabic and he chose the last part of the name, “Rafi,” from the name of his first-born son, Rafi Darmawan, as a way to continue the family legacy. From this, Kebab Turki Baba Rafi was born.

Typically, the signage of the company has “Kebab Turki” in large letters with “Baba Rafi” in smaller letters underneath, as this would make the name of the cart, stand, or restaurant easier and quicker to read. Mr. Setiono chose a color scheme of bright red and yellow to attract people passing by and create a lively atmosphere. With a brand name and image created, the entrepreneur worked over the ensuing years to spread the word of his brand. “I worked to slowly build a brand, opening new carts, stands, and storefronts while employing offline and online media techniques to spread the Baba Rafi name,” Mr. Setiono explained. The company has also developed a popular “101%” slogan, which adorns KTBR pushcarts, stalls, restaurants, products, and advertisements. There are two main versions: “101% Halal” to confirm that the product meets IUC standards, and “101% Tasty,” which confirms the quality of the product.
An important part of KTBR’s strategy is to ensure that the company’s brand is more than a catchy name and eye-catching colors. To that end, Mr. Setiono makes certain that the brand stands for quality food products that meet consumer’s expectations by employing a number of initiatives. For example, as the company grew Mr. Setiono implemented improved quality control systems, better warehouse management of supplies, enhanced logistical support, and a high standard of human resources. Before new employees start their work at KTBR, they undertake training at Baba Rafi Academy, which is run by the company at locations throughout Indonesia. At the academy, employees and franchisees hone their skills to be able to provide the best service and support to customers. All of these initiatives have led to the creation of a brand that consumers equate with quality food products matched with competitive service and pricing, which is commensurate with KTBR’s mission.

With the spread of the KTBR brand throughout Indonesia and neighboring countries (such as the Philippines and Malaysia), Mr. Setiono launched a new brand: Piramizza. This brand has over 75 locations (pushcarts, stalls, and restaurants) throughout Indonesia, and are many times fused with the KTBR brand into one combined location. Piramizza sells a unique combination of pizza and kebab: easy to eat pizza in the format of a Turkish kebab in KTBR’s signature container.

Furthermore, the success of the KTBR brand led to Baba Rafi Enterprise’s development of other popular Indonesian brands to further expand its operations and enhance the company’s brand portfolio. Some of the most successful ones include Ayam Bakar Mas Mono, a popular fried chicken franchise with over 40 locations in Indonesia and one in Malaysia, and Bebek Garang, an Indonesian franchise specializing in affordable duck meals. With this portfolio of popular brands, Mr. Setiono continues to successfully bring more quality food products to consumers in Indonesia, Southeast Asia, and beyond.

Making The Most Of A Growing Brand

After a few short years, KTBR became very popular and Mr. Setiono started to think about the best way to further expand the brand and company. Instead of opening new stores individually, the entrepreneur decided that launching a franchising system would yield the most desirable results. “Eager for faster growth,” Mr. Setiono explained, “I decided in 2006 to introduce a franchise model. To attract potential franchise investors, I participated in company exhibitions, industry fairs, and public events, promoting both a ‘can’t miss’ business opportunity and a growing brand.”

To franchisees into the KTBR family, Mr. Setiono and his team developed an attractive franchising system. To start a franchise, the franchisee must have secured a space and basic equipment and utilities, such as a freezer and electricity. The company is flexible with space sizes and it allows franchisees to be small single carts or large, full-service restaurants. KTBR provides franchisees with all the necessary
equipment, appliances, and promotional assistance over the first four-year period for an initial investment of IDR 55 million (approximately US$4,500).

In addition, franchisees pay KTBR a monthly royalty fee of IDR 450,000 (approximately US$38). KTBR offsets this through providing business strategy support, continuing training, and inclusion in national promotional activities, among others, for the duration of the franchising agreement. Franchisees typically break even within 18 months, and each outlet earns an average of approximately IDR 15 million per month (US$1,260), with the more popular locations earning up to approximately IDR 60 million per month (US$5,040). With a good location, a franchisee can recoup their initial investment in the KTBR brand within one month.

Shortly after launching its franchising scheme, KTBR was flooded with hundreds of applications. As these franchises took off, the KTBR brand name quickly spread throughout Indonesia, and, in the entrepreneur’s own words, “...it is safe to say Indonesians have enthusiastically embraced the kebab.” Franchising also proved to be the most successful way for the company to enter into the international market. For example, when Mr. Setiono decided to expand his company into Malaysia in 2012, KTBR entered into a franchising agreement with INKY Sdn Bhd (INKY), a Malaysian company that became the master franchisee for KTBR in the country. Through this agreement, INKY handles the logistical, legal, and promotional aspects of KTBR franchises in Malaysia. As a result, Indonesia’s most popular kebab brand started to take hold in Malaysia as KTBR expanded its international presence.

A Proactive Approach

With such a recognizable brand, protection of KTBR’s IP portfolio is essential to its continued national and international success and growth. To that end, the company has relied on the IP system. In 2005, Mr. Setiono made a trademark application (#D102005017644) for the Kebab Turki Baba Rafi name and logo with the Directorate General of Intellectual Property Rights (DGIPR) of Indonesia, and it was registered in 2007. In 2009, the entrepreneur made two more applications for the company’s updated logo with DGIPR under class 45 (#J002009008053) and class 30 (#D002009008054) of the International (Nice) Classification of Goods and Services, both of which were registered in 2010.

The company has also ensured protection of its brand in the countries in which it has expanded. For example, in line with KTBR’s entrance into Malaysia the company made a trademark application in 2012 for its name and logo (#2012006418) with the Intellectual Property Corporation of Malaysia. In 2011 and 2012 KTBR also made trademark applications with the Intellectual Property Office of the Philippines for its
name and stylized logo. The 2011 application was registered in 2012 and as of 2013 the 2012 application was pending registration.

An important part of KTBR’s brand image is the company’s packaging and literature that it publishes for use in its locations, on the Internet, and in promotional materials. The company relies on the use of copyrights through the IP system for protection of these assets, which helps KTBR maintain its competitive advantage.

In addition to trademarks, Mr. Setiono recognized early on the importance of maintaining a presence on the Internet. To that end, KTBR owns a number of domain names, including babarafi.com and babarafienterprise.com. The company also owns the domain names of other brands it has acquired or developed, such as ayambakarmasmono.com, bebekgarang.com, and voila.co.id. Furthermore, the company maintains a presence on the popular video sharing website YouTube and social networks such as Facebook and Twitter.

Through these channels, KTBR can reach out to old and new customers, and also provide them with an accessible venue to interact with their favorite kebab brand. A powerful brand backed by the IP system and combined with an attractive and successful franchising strategy has turned KTBR into Asia’s largest kebab franchise.

**Going Forward**

As of 2013 the company had over 1,100 franchises in over 50 cities in Indonesia and abroad, with the latest opening planned for the Netherlands, and employed over 1,500 people worldwide. In that same year, Mr. Setiono set out to open 200 more KTBR locations worldwide in the next five years. KTBR, moreover, became Indonesia’s third largest franchise, beating out popular international brands such as McDonald’s, Pizza Hut, and Starbucks.

The company has also won numerous awards, including the Socially Responsible Company Award in Social Franchising (which recognized KTBR’s corporate social responsibility efforts at creating a safe and environmentally friendly work environment) by the United Nations and Junior Chamber International Malaysia, a network of young people seeking solutions to local and global problems. Mr. Setiono himself has received many awards, including being selected as the Ernst & Young Entrepreneur of the Year (2009), the Special Award in Entrepreneurial Spirit (2009), and the Young Marketer Champion award by Swa Business Magazine (2010). In addition, the company received the Fastest Growing Franchise Award (2013) from Majalah Info Franchise magazine.
A Dream to Build a Brand

Taking a big risk leaving university to pursue his dream, Mr. Setiono’s entrepreneurial spirit, innovative business strategies, and use of branding and the IP system have propelled him to the forefront of the Indonesian food industry. Asked for the reason behind his success, Mr. Setiono says “...what makes a successful entrepreneur is that they are doing work that can benefit many people and provide an opportunity to create jobs.” With Asia’s most well-known kebab franchise and one of the region’s fastest growing IP-backed brands behind him, the young entrepreneur has indeed done just that.
The oldest steel mill in Laos, Vientiane Steel Industry Co., Ltd., has built a strong brand portfolio supported by the IP system. As a result, the company has turned into one of the leading steel and construction materials supply companies in the country and has enjoyed years of growth. With its brands embedded in buildings throughout Laos, the company has its eye on international expansion.

Background

Established in 1994, the Vientiane Steel Industry Co., Ltd. (VSI) is the oldest steel mill in the Laos People’s Democratic Republic (Laos). VSI’s origin lies with the Laotian government’s decision to promote industrialization under the New Economic Mechanism (NEM) – an initiative started in 1986 to liberalize the country’s economy. Construction of VSI’s first factory began in 1996 and by the end of the following year went into production. Located near the Mekong River in the south of Vientiane, Laos’ capital and largest city, the steel plant covers an area of about 125,000 square meters with an annual production capacity of 150,000 tons.

Made of Steel, and Much More

Initially VSI’s production was limited to deformed steel bars (rods of steel with surface ridges) and round steel bars made of imported raw material from the Russian Federation, the Republic of India, Japan, and the Kingdom of Thailand (Thailand). Within a few years (1999), VSI diversified its products by establishing two new production plants. One plant manufactures forming steel (high tensile strength steel) and has a production capacity of 40,000 tons per annum, while the other plant produces up to 250,000 roofing tiles per year for the construction industry.

As a result of this expansion, VSI combined all segments of the company’s business through the formation of the VSI Group in 2002. The following year, VSI established another steel bar producing factory with a yearly output of 110,000 tons. At the same time, through local initiatives and without any international assistance, the company installed an iron foundry for processing steel for the domestic market, thereby
reducing the need for imported steel in Laos. With increased capacity, VSI has become one of the most successful companies resulting from the NEM initiative.

**IP in Action**

VSI’s earliest goal – in addition to developing its intellectual property (IP) portfolio – was to enhance its capacity by collaborating with national and international partners. Indeed, the company was founded as a joint-venture between investors from Laos, Thailand and the Hong Kong Special Administrative Region of the People’s Republic of China (PRC).

With VSI’s international partners each holding a 30 percent share of the company and the Laotians retaining 40 percent, the latter have had the responsibility of managing day-to-day operations. The joint venture, moreover, has been supported and promoted by the Laotian government’s Department of Domestic and Foreign Investment – known at the time VSI was founded as the Foreign Investment Management Committee.

**Bringing Trademarks into View**

Although VSI initially focused more on ensuring a good working relationship between its investors (and on developing quality production processes), the company soon turned its attention to managing its IP assets as well. One of the first steps taken in this regard was to ensure that all relevant staff members were trained on IP matters via participation in national seminars organized by the country’s Department of Intellectual Property, Standardization and Metrology (DISM).

Due in part to such IP-awareness raising seminars, the company’s corporate identity – the acronym VSI – was registered nationally as a trademark soon after the company was formed. The VSI mark has subsequently been embedded on every steel product made by the company. The company’s other products have similarly been branded with trademarks. For example, *Lao Tile VTP Twin Elephants*, a VSI trademark registered at the Lao Division of Intellectual Property, appears on the company’s range of tile products.

The VSI trademark, moreover, has become a successful and well-known brand name in the domestic market, contributing significantly to the company’s effort to distinguish itself from competitors while increasing its share of the market. By the mid-2000s, VSI was one of a few steel mills in Laos with registered trademarks.

VSI steel products are reputed for their quality and also enjoy certain price advantages over imported products. Consequently, consumers in Laos looking to buy steel seek out the VSI mark because it has become a trusted brand.
Domestic or International Focus?

With the success of the NEM initiative and increased industrialization, domestic demand for good quality construction materials and equipment in Laos is significant. Previously, local demand was met through imports as there were no steel mills in the country. When VSI was established, it set a goal to satisfy local consumption needs first. Indeed, the company’s sales meet as much as 60 percent of the domestic demand for steel – this success is in part due to the company’s good name and easily recognizable brands.

In addition to the company’s high-end steel, VSI’s construction products, especially its affordable tiles, have become popular among the country’s middle and low-income consumers. The company’s popularity is such that it has been in the process of establishing licensing agreements for VSI’s trademarks with other mills. With the number of steel mills in Laos dramatically increasing since the mid-2000s, such agreements will increase exposure of VSI brands and expand the company’s market reach in Laos.

Gaining a strong foothold in the domestic market for steel and other building materials, VSI has been carefully considering its expansion options, including undertaking a feasibility analysis on entering the export market in the long term. VSI wants to ensure, however, that international expansion follows the continued success of the company in the domestic market. As a company spokesperson said, “We have to create good domestic competition to improve the quality [of VSI’s products] before we can achieve exports.”

Going Forward

Formed by an international joint-venture, VSI’s continued efforts to increase production, expand and modernize its manufacturing plants, diversify its product line, and develop a strong brand identity has led the company to the top of the pile in Laos’ steel industry. In the process, VSI has not only entrenched quality standards in its products and production processes; VSI has also become a recognized brand and a winner of multiple awards.

In 2002, for instance, the company received the National Standard Certification award from the DISM in recognition of VSI’s quality products. Five years later, VSI satisfied a certificate for effective quality assurance implementation and maintenance awarded by the International Organization for Standardization, a reputable international standards-setting body.
Support for an Industry

With a corporate identity that has become a byword for quality in Laos, VSI has been able to secure lucrative contracts for construction supplies for the private and public sector in Laos. As a result, in 2012 the company commenced construction of a new production plant in Vientiane with an annual capacity of 350,000 tons of steel. Key to the company’s success within the industry is the foresight to distinguish its products from those of competitors and to build a strong brand portfolio supported by the IP system through trademark registrations. Looking to the future, VSI wants to ensure its quality brands will be propping up roofs, bridges, buildings and other structures throughout the Association of Southeast Asian Nations and beyond.
Malaysia

Animating an International Brand

Developing a country’s most popular animated characters is no easy feat, but Les’ Copaque Production Sdn. Bhd. has done just that. Taking an approach to develop characters and stories that incorporate local culture but have broad international appeal, the independent studio has become the only one that has spun-off its IP assets into a total value chain of multiple businesses. Leveraging a brand with international charm and a solid IP protection strategy, the studio is now successfully competing on a global scale.

Background

When it comes to animation, what characters first come to your mind? Is it the classic Walt Disney Studio characters such as the Little Mermaid, Mickey Mouse, and the Lion King? Or is it Shrek from DreamWorks or Buzz Lightyear from the Toy Story series? Perhaps Studio Ghibli’s Princess Mononoke from Japan, CCTV’s Tortoise Hanba from the People’s Republic of China (China), or Kai the falcon from Zambezia of the Republic of South Africa (South Africa) come to your mind first. Although globalization has brought international animated films to audiences all over the world, chances are your association with this art form depends on where you grew up and where you have lived.

In Malaysia, the most popular animated characters in recent memory have emerged not from a big Hollywood studio, but a small, homegrown, and independent animation studio. Formed in December 2005, Les’ Copaque Production Sdn. Bhd. (Les’ Copaque) has spearheaded the growth of Malaysia’s animation industry by producing original, high quality animation with popular characters that incorporates Malaysian culture but also has international appeal. With a solid branding strategy at its base, Les’ Copaque serves as a platform for Malaysian animators to showcase their talents – and develop new intellectual property (IP) – in the form of animated media.

Creating a Malaysian Icon

At first glance, the studio’s name – Les’ Copaque – does not seem very Malaysian. Indeed, this is the French transliteration of the Malay phrase “Last Kopek.” Roughly translated, this phrase means the last card that one can take when playing a card game, thus placing all of your hopes and dreams on that final card. The name suits the studio’s goals well, as it infuses a unique Malaysian phrase with an international
flair and solidifies Les’ Copaque as a place where young Malaysian animators can bring their dreams and imagination to life.

Creating award-winning animation might not have been what the husband and wife team of Haji Burhanuddin Md Radzi (Managing Director) and Hajah Ainan Ariff (Creative Content Director) had in mind for their retirement. A petroleum engineer by training and oil-man by trade, the entrepreneurial Mr. Burhanuddin and Ms. Ariff entered into the animation industry by chance. “I wanted to do something different. My wife suggested that we make better films and believe it or not, [it was] just for fun,” explained the film producer.

The result was the development of an idea to create simple, lighthearted stories based on something uniquely Malaysian, but also one that anyone could relate to, no matter their age or background. This was realized through the creation of Malaysia’s most popular homegrown animated characters – Upin & Ipin – and a full-length feature animated film, Geng: the Adventure Begins (Geng). The popularity of these creations quickly put Les’ Copaque on the map and spurred of growth in the Malaysian animation industry.

Developing an animated film with a creative environment populated with inspiring characters is no easy task. In the animated film industry, this represents a studio’s IP (protected through copyrights, trademarks, and industrial designs), which is crucial to maintaining a successful business. Before Les’ Copaque was first formed, Mr. Burhanuddin and Ms. Ariff were toying with the idea of making their first movie. By chance the couple was introduced to a group of film and animation graduates who aspired to make an animated feature film in the manner of those from the Walt Disney Company (Disney), but had difficulties finding an investor.

Mr. Burhanuddin was attracted to the graduates’ idea, as the development process of an animated film was different from that of a typical live-action film. Furthermore, the entrepreneur found Disney’s successful spinning-off of one IP (such as a character) into a large and prosperous business to be an attractive strategy. Mr. Burhanuddin therefore agreed to finance the graduates’ project, provided they follow his business model and that his talented wife would handle creative control.

Making this decision was a bold move, as at the time the Malaysian animation industry was very small. In the year that Les’ Copaque launched, not a single feature-length animation film by a domestic studio was released in Malaysia. Locally produced animation could not compete with larger studios, and creating a full-length animated feature film would be a significant investment in time and resources. Being an engineer, Mr. Burhanuddin studied in detail the process of animation production and concluded that the studio should be modeled after a factory. This requires a
structured pipeline for production and a unique training module for new staff. Doing so would make the studio viable and not too dependent on a few creative personnel, whose departure could cause difficulties for the studio. Before a movie could actually be made, Mr. Burhanuddin and Ms. Ariff spent 8 months carrying out R&D in order to develop the desired production process and training module.

Seeking advice from industry experts, Mr. Burhanuddin was told that a successful homegrown Malaysian animated film would only be possible if it was based on a setting, characters, and story that had global appeal. To find out the best approach, the new film studio owner attended industry trade shows and film festivals throughout the world. “We visited Cannes to get some ideas,” the producer said, “and many persuaded us to produce high quality animation for the world. But we had other ideas because the global market is not easy to enter. [The United States of] America is a closed market and Europe is difficult to enter.” Everywhere Mr. Burhanuddin went, he saw that most studios desired to copy popular European and American animation formulas when it came to setting, characters, and stories.

Being a new, independent studio with no proven IP (such as characters, names, stories, and settings, all of which are protected by the IP system), Mr. Burhanuddin concluded that Les’ Copaque could not be successful if it took a similar approach to the studios he saw in Cannes. “Our capabilities can be proven only if our product is accepted by Malaysians,” he said. “That means it must have local characteristics that audiences can relate to in a more meaningful way.” Mr. Burhanuddin recognized that in order to market a production internationally, a question must first always be asked: “What is the production’s rating in its home country?” The producer concluded that for Les’ Copaque to also be a success internationally, the correct formula was not to copy others but to create something uniquely Malaysian and focus first on making it a domestic hit.

**Taking a Traditional Approach**

Returning to his studio, Mr. Burhanuddin and his team continued their research. “We found that Asia was hungry for animation that is tailored to our culture and that would benefit the children,” explained the producer. Employees at the new studio agreed that their best chance of success would be to develop an animated film with an adventurous story that highlights Malaysian traditional cultural expressions and folklore.

To do so, the studio decided upon a traditional Malaysian *kampung* (village) setting for their stories. Themes would include traditionally important cultural expressions and folklore that most Malaysians can relate to, such as fasting during the Muslim holy month of Ramadan or taking part in *kampung* festivals, which showcase cultural aspects of local villages such as traditional performances, food, and crafts.
Les’ Copaque’s first project would turn out to be *Geng*, which took three years and RM 4 million (approximately US$ 1.3 million) of investment from Mr. Burhanuddin, and another RM 1 million (approximately US$300,000) through a grant from the Ministry of Science, Technology and Innovation of Malaysia, to complete before it was released in early 2009. Before the film’s release, Les’ Copaque started work on the creation of a short related series with two characters from the main film: *Upin & Ipin*.

The creation of the *Upin & Ipin* series served a number of important purposes. First, it would gauge the reaction of the Malaysian audience to a computer-generated animation series by a domestic firm. Second, it would be a test to see the acceptance a domestic and international audience would have to a story that is uniquely Malaysian. Third, it would give animators at Les’ Copaque an opportunity to hone their skills at creating Malaysia’s first homegrown computer animated feature film. Lastly, *Upin & Ipin* were chosen due to technical reasons. Because they are twins with nearly identical features, they are easy to model and animate. Besides the small strand on top of Upin’s head, they have no hair, further easing the technical animation challenges (realistic hair is a taxing animation process).

Creating something that would appeal to most Malaysians, Les’ Copaque combined the *kampung* setting with the traditional Muslim holiday of Ramadan and developed a story about fasting during the holy month. As the series is meant to appeal to children, *Upin & Ipin* are five-year-old twins living in a kampung. After losing their parents in infancy, the twins live with their elder sister Ros and maternal grandmother Uda in a wooden house. The stories revolve around *Upin & Ipin’s* adventures in the village of Durian Runtuh and often include humorous elements.

Working out of a room the size of a closet and with a minimal budget, Les’ Copaque had to take some cost-cutting measures. One was the loss of the twins’ parents, since having fewer characters to animate meant that the studio could keep costs down, allowing them to complete their work and tell the stories they envisioned.

The first season, released in conjunction with Ramadan, told the story of the twins during their first fasting months and the challenges and adventures they faced during their move to their ancestral village. The studio felt that this was the best way to catch the Malaysian market, as the majority of the population is of the Islamic faith and children can relate to what *Upin & Ipin* go through during their first Ramadan experience. “Once we put the *kampung* environment [in],” explained Mr. Burhanuddin, “the children love it, because they think they are actually friend[s] of *Upin & Ipin.*”

Children and adults alike who were used to typical Western animation (such as Disney characters) found *Upin & Ipin* to be very refreshing and accessible. Not only
was it in Malay (the official language of Malaysia), but it also encompassed a familiar environment. The timing, setting, and story of the first *Upin & Ipin* episodes proved to be a resounding success. Each of the seven initial *Upin & Ipin* episodes were only five minutes long, but the company’s strategy paid off. The characters became a huge hit, quickly becoming the most popular animated series in Malaysia.

**Broadening Appeal**

Mr. Burhanuddin knew early on that if his studio were to be successful it would have to create brands that attract a global audience. *Upin & Ipin* quickly spread to countries that also have a sizeable Muslim population such as the Republic of Indonesia (Indonesia), Brunei Darussalam, and the Republic of Singapore. However, Mr. Burhanuddin knew that the *Upin & Ipin* stories that made it so popular in these countries would not guarantee the series the same level of success in other international markets. “Everyone says to break in to the global market your product must look global,” he said, “but nobody answers what is global.” *Upin & Ipin* continued for a second season in 2008 and its 12 episodes where again aired in conjunction with Ramadan.

The following year, with the *Geng* film and second season of *Upin & Ipin* complete and a staff of 40 skilled employees, the studio needed a new project if it were to survive. The entrepreneur then decided that the studio would develop *Upin & Ipin* into a full television series, rather than starting all over again with new project.

This decision brought a change to *Upin & Ipin* – stories were developed with a more universal appeal and specifically targeted both Malaysian and international audiences. “We decided to make the story more universal, [while] maintaining the basic value [of the stories],” said Mr. Burhanuddin. Les’ Copaque portrays *Upin & Ipin* as content that promotes values common to cultures throughout the world. Furthermore, the film studio ensured that dialogue was simple and easy to understand, and focused on *Upin & Ipin* getting into a precarious yet lighthearted adventure and then getting out of it through the advice and wisdom of the elders in their community. This is a situation that many children all over the world can relate to.

Common themes of *Upin & Ipin* episodes include cross-cultural values such as responsibility, honesty, and loyalty, and through animation Les’ Copaque aims to convey to children the important role they play in their family, community, and society. “The *Upin & Ipin* series that we’ve produced,” explained Mr. Karyabudi Mohd Aris, Head of International Marketing, “promotes child participation and social values of mutual respect, a sense of family and community, as well as the strong bond of friendship.” Stories also center on topics that are accessible to
children and adults all over the world. For example, an episode released during the 2008 FIFA Club World Cup, an international football tournament, explored Upin & Ipin’s dreams to become football players, which many people can relate to no matter their age, nationality, or ethnic background.

Even the most appealing stories and characters would not guarantee success in international markets unless the local audience can understand the language in which they are told. Because children make up the primary audience for Upin & Ipin, subtitling is not always desirable since much of the audience would be too young to read. Broadcasting Upin & Ipin in local languages solved this problem. Released in 2009, season 3 included 42, seven-minute episodes and was aired on Disney Channel Asia with dubbing in English and Mandarin. This first effort at global inclusiveness brought in millions of new viewers in the form of Disney Channel Asia subscribers from countries within the Southeast Asian region, and this paved the way for Les’ Copaque’s international presence.

The characters populating the Upin & Ipin universe have also helped to broaden the animation’s appeal. Mirroring Malaysia’s diverse population, recurring characters include Ehsan, Mei Mei, Jarjit Singh, and Susanti, representing various ethnicities in the country such as Malay, Chinese, Indian, and Indonesian, respectively. Emphasizing the importance of this diversity, Mr. Burhanuddin said “We needed to evolve. The themes became more universal with multi-ethnic characters; the series now has a broader appeal.” With new stories, characters, and release in local languages, Upin & Ipin’s popularity soared and consumers, international organizations, and the film industry took notice.

While the evolution of the stories and characters in the Upin & Ipin series have contributed to the series’ international success, the creators have not changed the village setting. For many of the series’ viewers (particularly those from Southeast Asian countries), the village environment and surroundings are more similar to their own than those in series from other countries. This has resonated strongly with young children, especially those within the 10-country Association of Southeast Asian Nations (ASEAN) region, which includes Malaysia. It is therefore very easy for many children in this region to see themselves or their friends going through the same adventures as Upin & Ipin.

These strategies proved successful, and Les’ Copaque soon found that its fans, domestic and international, were clamoring for new Upin & Ipin episodes and had high hopes for the studio’s other work, such as the Geng film. Through an inclusive approach, the evolution of Upin & Ipin and other Les’ Copaque IP has given the studio a strong brand that has reverberated with viewers throughout the world.

**IP in Action**

In a few short years, Upin & Ipin became an international success. While the accessible stories and world of the twins is what makes them so popular, it is Les’ Copaque’s IP strategy that has set
the characters apart and driven their popularity across the world.

**Firm Ground for a Brand with International Charm**

Integral to Les’ Copaque’s success is the protection of its character names, story titles, and logos – their IP portfolio. The studio protects these through trademark registrations. In Malaysia, Les’ Copaque has 11 trademark registrations in various classes, which include *Upin & Ipin* (#08005969; registered in November 2009), the logo for the *Upin & Ipin Carnival* (#2011005809; registered in March 2012), *Geng*, (#07010971; registered in May 2012), the logo of the studio’s merchandising store, *World of Geng* (#08015365; registered in February 2012), and the *studio name* (#2010012167; registered in December 2011) itself.

Les’ Copaque also places a great deal of importance on its company logo, which is a small frog that is perched on top of a coconut shell. The logo comes from a Malay proverb – *Bagai katak di bawah tempurung* – and translates as *a frog under a coconut shell*. The proverb is meant to motivate people who remain stagnant and do not take the initiative to venture out into the world; just like the frog staying under the coconut shell. Les’ Copaque’s logo, however, has the frog and on top of the coconut shell, which, according to the studio, symbolizes their “...eagerness to dream big and our abilities to think outside of the box.”

Beyond Les’ Copaque’s brands and trademarks, copyright law (both in Malaysia and other international markets) protects its characters and stories. This is very important for an animation studio such as Les’ Copaque, where its main products are its animated films and series. The company also maintains a healthy presence on the Internet by working through two main channels: purchasing domain names and social media. Les’ Copaque owns a number of domain names, including its corporate website (*lescopaque.com*), domain names for its popular products (*upindanipin.com.my* and *padazamandahulu.com*), and its restaurant chain (*kedaimakanupinipin.com*). The studio also has an online store at its *Upin & Ipin* domain name where official merchandising can be purchased.

Social media was one of the first ways in which Les’ Copaque spread the word of Upin & Ipin, and the studio continues to maintain a strong presence on this medium. The company maintains an official *YouTube channel*, a Facebook page for its *company* and *Upin & Ipin* (which has earned over eight million “likes”), and a presence on the micro-blogging social media website *Twitter*. Combined, this strong social media presence has continued to give more exposure to Les’ Copaque, its brands, and goals.

**Putting it Together**

Being a small studio and working in the field of animated film production, commercialization of Les’ Copaque’s IP did not occur right away. Work on *Geng* started in early 2006, and it wasn’t until February 2009 – around three years later – that the film was released. In the lead up to *Geng*, the studio decided to develop and release short animated episodes featuring *Upin & Ipin* to test the market. The five-year old twins were not the stars of the *Geng* film in development and the studio did not intend for them to be its most popular characters.
Les’ Copaque employed many modern commercialization strategies that led to the success of *Upin & Ipin* both at home and abroad. For example, the studio uploaded episodes to the popular video sharing website You Tube, receiving millions of hits each. The media picked up the series and its popularity quickly spread. Seeing the overwhelmingly positive response, Les’ Copaque was confident that *Upin & Ipin* could be marketed successfully.

With the popularity of *Upin & Ipin* rapidly spreading on the Internet, Les’ Copaque created a series of six five-minute *Upin & Ipin* episodes for airing in 2007 on TV9, a popular Malaysian television station, during the Islamic holy month of Ramadan. The series became an instant hit. “A lot of people commented about it online,” said Mr. Burhanuddin. “That boosted our confidence and we recruited more production staff.” Les’ Copaque soon found itself producing more *Upin & Ipin* episodes along with *Geng*, its original film goal.

The enthusiastic reception of *Upin & Ipin* made the decision to continue to develop and release *Geng: the Adventure Begins* that much easier. Featuring the already well-known *Upin & Ipin* twins as side characters, the film generated a lot of buzz prior to its release in early 2009. By the end of 2008, the studio had produced twelve more *Upin & Ipin* episodes for TV9 and was riding the success of the *Geng* film. Les’ Copaque continued to develop more *Upin & Ipin* stories for the domestic and international market, selling episodes to television stations and entering into partnerships and licensing agreements.

When the studio develops *Upin & Ipin* episodes, it pitches them directly to television stations in Malaysia and in other countries. In some markets, Les’ Copaque partners with local television stations or enters into licensing agreements. For example, in Indonesia Les’ Copaque has an advertising revenue sharing agreement with national television stations for commercialization of the *Upin & Ipin* series.

In 2011, the studio released a new animated television series – *Pada Zaman Dahulu* – a collection of famous local animal folklore being told in Les’ Copaque style but deviating from the animation and composition style of Upin and Ipin. The new series focuses on the lives of two siblings, children Aris and Ara, who travel to live with their grandparent’s in their village when their parents have to leave the country. As of 2013, Les’ Copaque was developing another series, *Puteri*, to be aired in 2014 and an *Upin & Ipin* film, *Upin & Ipin the Movie*, to be released in 2016.

The success of Les’ Copaque’s IP and its leveraging of its brand recognition has led to the company getting involved in a variety of other businesses through launching various subsidiaries. The studio embarked on its own merchandising business through their wholly owned subsidiary, LC Merchandising SB, in 2009. In 2012, Les’ Copaque launched *Kedai Makan Upin & Ipin*, a theme-driven fast food restaurant chain that features *Upin & Ipin’s*
favorite dishes from the series, including fried chicken and traditional Malay cuisine like Nasi Lemak, Laksa, and Curry Mee. In less than two years, the restaurant chain had 15 locations and enjoyed significant success.

The studio is also trying to develop a theme park, which it proposed in 2012 to Malaysia Airport Berhad. Similar to popular theme parks such as Disneyland Upin & Ipin will be the central attraction. A land parcel of 80 hectares has been allocated within the vicinity of Kuala Lumpur International Airport for this purpose. With feature length films, animated television series, a popular online presence on social websites, a unique restaurant chain, and promising future projects, Les’ Copaque’s characters are never far from public view.

Finding the Right Partners

As Upin & Ipin’s popularity spread, the branding power of Les’ Copaque attracted a number of partnerships. These became integral to the studio’s overall business strategy because revenue from television stations alone was not sufficient enough to keep the studio afloat. One of the most common forms of partnerships Les’ Copaque enters into is sponsorship. In 2009, the studio secured its first sponsorship deal with Telekom Malaysia Berhad, one of the country’s largest communication companies, to sponsor the production of Season 3 of the Upin & Ipin series. “Telekom Malaysia was our first sponsor back in 2009,” said Mr. Burhanuddin.

Les’ Copaque was able to bring in additional revenue through the continuation of such sponsorship programs. Typically, sponsors pay a substantial fee to place their products in three Upin & Ipin episodes. According to Mr. Burhanuddin, the products are not mentioned directly by the characters, but the story is cleverly crafted to include promotion of the product(s). In addition, sponsors have the right to sell their products at the annual Upin & Ipin Carnival – which attracts over 100,000 attendees per year – and can use the Upin & Ipin characters at their own promotional events. In 2012, the studio also produced an Upin & Ipin musical that packed audiences into theatres for three weeks. KPJ Healthcare Berhad, one of Malaysia’s largest private healthcare providers, sponsored the event, and a DVD of the musical shipped over 200,000 units in a few months.

Besides these sponsorships, Les’ Copaque leverages the popularity of Upin & Ipin to develop many other successful partnerships. One important part of the studio’s operations is its merchandising arm, which it started at the end of 2007 through selling Geng movie t-shirts. As the popularity of the film and Upin & Ipin increased, so did the demand for related merchandise. The studio’s subsidiary, LC Merchandising, handles the entire merchandising business chain from product development, sourcing, and packaging, to distribution and selecting outlets through smart partnerships.

With over 300 products, the studio entered into a partnership with Carrefour, the French multinational
retail giant, to sell its merchandise in Carrefour’s retail location in exchange for the use of the *Upin & Ipin* characters in the retailer’s promotional campaigns. Les’ Copaque merchandise is also sold in Petronas fuel station convenience stores, Esso fuel stations, and international restaurant chains (such as fried chicken outlets operated by KFC Corporation, a fast food chain from the United States of America) through similar partnerships.

Licensing its characters has been another successful way for Les’ Copaque to bring in more brand awareness. In November 2011, the studio entered into a licensing scheme with the organizers of the 2011 Monsoon Cup, one of the most popular and intense yacht races in the world that is held in the northeast state of Terengganu. Through this agreement, the 2011 *Upin & Ipin Carnival* was held in the Monsoon Cup Race Village, and live appearances of the characters brought joy and laughter to fans of all ages. The partnership served as a way to connect fans in the region with Les’ Copaque’s characters and promote Malaysia’s most popular animated series at one of the world’s premiere yacht races.

In August 2012, the studio partnered with Hong Leong Islamic Bank (HLISB) in Malaysia to release an *Upin & Ipin* themed reloadable debit card. Aimed at helping parents teach children the importance of money management and saving, the initiative proved to be an extremely popular marketing campaign. In the months following the launch of the new debit card, approximately 95% of HLISB’s new deposits were related to this initiative. Not only did it bring in more customers for HLISB and increase the visibility of the *Upin & Ipin* characters, it also proved to be a useful educational tool for young children.

In just a few years, partnerships such as these have helped propel *Upin & Ipin* and Les’ Copaque to the international stage. The studio has drawn on this success to also enter into important initiatives with international organizations. For example, in March 2013 the United Nations Children’s Fund (UNICEF) chose *Upin & Ipin* to be the Malaysian National Ambassadors for children. UNICEF National Ambassadors are chosen because of their popularity and demonstrated commitment to championing the rights and well being of children, and the five-year-old twins have done just that.

Working together, UNICEF and Les’ Copaque have raised awareness on children’s issues such as disabilities, bullying, safety on the Internet, and violence against girls. Indeed, their first initiative was a public service announcement on violence against girls, calling on boys to respect, love, and care for the girls and women in their lives. Explaining the importance of this initiative, Ms. Wivina Belmont, UNICEF Representative to Malaysia, said that “…*Upin & Ipin* are sending an important message, in their own special way […] that real boys don’t bully, hit, or hurt girls. It’s not cool, it’s not funny, and it’s not right.”

**Going Forward**

Thanks to its modern commercialization strategy, popular brand image, and cross-culturally engaging stories, Les’ Copaque has become the most popular Malaysian animation studio. During its first seven weeks screening in local cinemas throughout Malaysia in early 2009, the *Geng* film took in a profit of over 6 million Malaysian
Ringgit (RM; over US$2 million) and beat out popular international films such as *Slumdog Millionaire*, *Valkarie*, and *The Curious Case of Benjamin Button*.

With domestic and international success secured, Les’ Copque’s subsidiaries have also enjoyed popularity and growth. The merchandise business and *Kedai Makan Upin & Ipin* restaurant have augmented the studio’s sales to ensure its profitability. “We are the only local animation studio that has proven it can spin off into other business,” says Mr. Burhanuddin. “And we manage the business ourselves. We’re sort of like a mini Disney.”

Beyond financial success, Les’ Copaque and its creations have won a multitude of awards. The studio received an award for Best Start-up Company at the Asia Pacific ICT Awards (2007), the Century International Quality ERA Award, Geneva (2013), the BrandLaureate Award (2010), the SMI Innovation Excellence Award (2011), and the President’s Award at the Business Excellence Awards run by the Malaysia Canada Business Council (2008). *Upin & Ipin* alone have won many awards, including: Best Director (Animation), Best Animated Film (Animation), and Best Short Film at Anugerah Filem Pendek (2006); and Best Film (Animation) at the 2007 Kuala Lumpur International Film Festival. The *Geng* film won the Malaysian Film Board’s Box office Film of the Year (2009), Viewer Choice Award at the Malaysian Kids Film Festival (2009), Best Editing and Best Music/Score award at the MSC Malaysia Kre8tif Digital Content Conference (2009), and was entered into the Malaysian Book of Records as the first 3D animated feature film to come from Malaysia.

*An Adventure in Animation*

Focusing on creating stories with meaning and relevance to its global audience, Les’ Copaque went from a small studio working out of a closet into Malaysia’s largest homegrown animation studio in a few years. Leveraging its characters, modern commercialization strategies, and award-winning brands, the studio has not only brought smiles to the faces of people through its animation; it has also worked to make a positive influence at home and abroad through its universally appealing yet particularly Malaysian stories. Les’ Copaque is the only studio in Malaysia that has successfully spun-off their IP into a total value chain of business propositions, earning the studio admiration and respect from its competition within the region.
Republic of the Union of Myanmar

Providing Affordable Traditional Medicine

Traditional medicine has been used for generations in Myanmar, and recently enacted policies have proven advantageous to help people throughout the country access traditional medicine. Utilizing the country’s abundant natural resources, Fame Pharmaceuticals has combined modern and traditional techniques with innovative packaging and eye-catching brand names to develop and distribute traditional medicine that is safe and affordable.

Background

Traditional medicine has played an important role in the history of the Republic of the Union of Myanmar (Myanmar). Although the use of modern medicine has dramatically increased, it is not easily accessible for much of the population due to prohibitively high costs and limited availability, especially in rural areas. Even when it is readily available, many people are reluctant to use it because of cultural differences and concerns of side effects. Traditional medicine has been used for generations and is more affordable and easily obtainable – even in rural areas – therefore it continues to be widely used and plays a significant role in health care in Myanmar.

In 1997, the World Health Organization (WHO) drafted the Declaration on Health Development in the South-East Asia Region in the 21st Century (the Declaration), in which member states laid out their proposals for health reform. One important topic was that of traditional medicine, and the government of Myanmar has taken measures to increase the role that traditional medicine plays as an internationally accepted and natural alternative to modern medicine. As part of this initiative, the Myanmar Ministry of Industry and the Myanmar Food and Drug Administration (MFDA) actively promote policies that are advantageous to private pharmaceutical companies in the manufacture of high quality traditional medicine. One company that has benefited from such policies is FAME Pharmaceutical Company (FAME), which is a privately owned Yangon based manufacturer and marketer of traditional herbal medicines.

In Myanmar, under the 1992 National Drug Law only government owned factories are authorized to produce prescription drugs, which ensures quality and reduces
health risks. FAME started in 1994 as an authorized distributor of medicine produced by the Myanmar Pharmaceutical Factory (MFP), one of the two government owned factories that produce prescription drugs (MFP started to privatize in late 2013). In line with the government’s desire to promote traditional medicine, in 2002 FAME started production of traditional medicine as a substitute for expensive imported medicine. The company’s high quality, low cost products earned it a good reputation and the FAME brand became very popular. The company is now the leading manufacturer of traditional medicine in Myanmar and also enjoys a profitable export business.

Age-Old Wisdom Mixed With Modern Technology

Taking advantage of positive conditions in the health industry as a result of the Declaration, FAME established a research group in 1997 to develop traditional medicines that would meet international quality standards. The result of this research was the creation of FAME’s first product: FAME Urocrush, an effective herbal treatment for kidney stones made from four medicinal plants that grow in Myanmar. Pilot production took place in January 2001 and in February 2002 full-scale manufacturing started. FAME Urocrush was met with great success, and research and development (R&D) continued towards the creation of traditional medicines for six major diseases: diarrhea, diabetes, dysentery, high blood pressure, malaria and tuberculosis. Subsequent products were met with similar positive results, and the company’s R&D into traditional medicine has become the cornerstone of FAME’s business and is essential to its growth.

FAME continues to use modern technology in its research programs to innovate quality organic medicines under the guidelines laid out by the Declaration that treat many common disorders. The organic nature of the company’s products is of particular importance to attracting customers. Because of the widespread use of traditional medicine in Myanmar, organic products can bring people peace of mind, ensuring them that the products are safe and similar to what they have been using for generations. FAME therefore puts significant effort into its R&D to ensure that it develops organic medicines that meet customer expectations and needs, and even bills itself as more of an organic farm than a pharmaceutical company. In March 2010, FAME received certification from the Myanmar Organic Agriculture Group recognizing its adherence to organic production requirements.

To ensure that products remain organic, the company launched the FAME Organic Pharm, a large compound in Pyin-Oo-Lwin that provides the company with the majority of its raw materials. Over 30 indigenous plants are cultivated at the FAME Organic Pharm according to farming practices laid out by the International Foundation for Organic Agriculture Movement (IFOAM), an international organization based in the Federal Republic of Germany (Germany) that assists and promotes the use of organic products. Enjoying certification from the Myanmar Organic Group and meeting the production standards of IFOAM, the agricultural
farm ensures that all of FAME’s products are free of synthetic chemicals, fertilizers, and residual chemical insecticides.

In its efforts to expand globally, FAME has received certification from Australian Certified Organic (ACO) of the Commonwealth of Australia (Australia). ACO is Australia’s largest certifier for organic and biodynamic produce, and is recognized as an accredited certifier by many countries, including Canada, Japan, and the United States of America (USA). Certification through ACO brings with it market access in those countries in which ACO is accredited. For example, ACO is an accredited organic certifier with the United States Department of Agriculture (USDA) and offers “USDA Organic” certification under USDA’s National Organic Program. Successful certification allows the use of the USDA Organic logo and entrance into the USA market. In 2014, two of FAME’s production facilities – those located in Mandalay and Yangon – received USDA Organic certification for many of the company’s crops and products produced at these facilities.

Research into extraction methods, efficacy experiments, and quality control are all integral components to the company’s success. Partnerships and collaborations are also used to facilitate the development of new medicine, and FAME works with scientists and researchers from the University of Yangon, Yangon Technological University, and the Department of Medical Research of the Ministry of Health. Laboratories with cutting-edge technology in Germany, the Swiss Confederation (Switzerland), and the USA are also utilized in the testing and quality control processes.

Another important aspect of FAME’s broad R&D approach is the publication of monthly journals on medicinal plants and the related diseases they treat. The company also shares its R&D findings with physicians and patients through local and international seminars, workshops, conferences and exhibitions, which provide employees and researchers further means to maximize R&D effectiveness and quality control.

A Traditional Approach

According to traditional beliefs in Myanmar, there are 96 diseases that afflict humans. Myanmar traditional knowledge and medicine is believed to be able to cure all of these diseases by using ingredients such as fresh or dried roots, stems, leaves, buds, and flowers. With its beginnings in similar traditional medicine systems of neighboring countries, traditional medicine in Myanmar has been enriched by
traditions, adaptations, and adoptions of different practices throughout the centuries.

Traditional medicine continues to be widely practiced by the majority of the population, partly as a supplement and partly as an alternative to modern medicine. Traditional knowledge of indigenous medicine is handed down through generations, and was developed according to personal experiences and traditional beliefs on the action of medicinal plants. The Myanmar government has been actively involved in preserving traditional knowledge by teaching it through various institutions since 1976. In 2001, it established the University of Traditional Medicine to confer four-year academic degrees in traditional medicine. By the mid-2000s, there were over 16,000 traditional medicine practitioners in the country.

In 2010, following a period of development FAME started production of Starnise, an antiviral drug that uses shikimic acid from illicium verum, commonly known as the star anise plant. Tapping into the traditional uses of the plant, the company was able to develop a drug with an active ingredient that has been identified by the WHO as being effective in combating various forms of influenza virus strains (such as H1N1 and H5N1). This is but one example of the abundance of traditional medicinal knowledge in Myanmar that has served as a catalyst in the development and commercialization of FAME’s products. Manufactured only with organic materials, the company has tapped into generations of indigenous knowledge to not only make traditional remedies more accessible, but to also introduce new innovations at an affordable price.

**IP in Action**

A strong brand name backed up by innovative products has been one of FAME’s most important success factors. To protect its brand name and products from copying and infringement, FAME registers each new product name it develops with the Yangon Registration Office of the Settlement and Land Records Department (SLRD). In absence of an official trademark law (as of 2014), SLRD is the authority through which trademarks are registered in the country be means of a Declaration of Ownership under Direction 13 of the Myanmar Registration Act. FAME has over 70 trademarks declared under Direction 13, the first of which was for FAME Urocrush.

Trade dress is also important because consumers are able to quickly identify FAME’s products. Since copying package designs is a common infringement, the company uses special anti-counterfeiting technology in its packaging. In addition, trademark and design applications are made in target international markets, and FAME has an in-house intellectual property (IP) management group to oversee all domestic and international applications.
Bringing Medicine to Those Near and Far

All of FAME’s products are manufactured at its factories in Yangon (Myanmar’s largest city), which has received international recognition for the quality of its production and management systems. In 2002, the company received certification for its quality management systems from the International Organization for Standardization (ISO), the world’s largest developer of international standards based in Switzerland, in the form of ISO 9001:2000 and the subsequent revision, ISO 9001:2008, in 2009; ISO 14001:2004 (2006) for its environmental management systems; and OHSAS 18001:2007 (2006) certification for its occupational health and safety systems related to its research, development and manufacturing of alternative medicine products. There are over 300 employees working at the factory, including scientists, doctors, pharmacists, biochemists, botanists, microbiologists and traditional medicine specialists.

Ninety percent of manufacturing materials are taken from domestic sources, including from the company’s organic medicinal herb farm located in northern Myanmar. FAME operates pharmacies in the major cities of Myanmar, and its products are distributed to more than one thousand pharmaceutical locations throughout the country. FAME products are also distributed internationally in Southeast Asia and other countries such as Germany, the State of Kuwait (Kuwait), Japan and the Republic of Korea (ROK).

FAME divides its products into five categories, which each meet a specific need: spirulina (a microscopic algae containing many nutrients) products, herbal medicine, honey and bee products, consumer products and cosmetic products. Spirulina products include Spiru-Emblica (an antioxidant supplement) and Spiru-Garlic (a cholesterol lowering agent). The company is a leading producer of herbal medicines, some of which include Diarstat (anti-diarrheal), DiabeHerb (anti-diabetic) and Plasmogin (anti-malarial). For honey and bee products, popular FAME innovations include Organic Honey, Tinospora Honey (an anti-inflammatory agent), Royal Jelly (an anti-aging agent), and Bee Pollen. Consumer products based on medicinal herbs include Neem Skin Cream and Nemoderm, a natural antiseptic. The company’s also has a line of cosmetic products that are marketed under the Ladymax brand, which include anti-wrinkle cream and anti-aging gel.

Practicing Social Responsibility

Developing new medicines based on traditional knowledge and making them affordable and accessible has had a positive social impact on the population’s ability to access medicine in Myanmar. Because of the important role of traditional medicine, and also because imported Western medicine is prohibitively expensive, people have access to affordable alternatives to meet their health care needs. With the utilization of traditional medicine growing every day, safe, high quality products are essential. Through commercializing its products, FAME has been able to meet a very important social issue in Myanmar and provide for the health and wellbeing of many people, who would otherwise have gone without any form of medical care.

Taking their role in the community further, FAME prioritizes the implementation of corporate social responsibility initiatives through the company’s Volunteer Task Force. By taking a responsible approach, the company has been able to ensure that FAME’s activities make a positive impact on the environment, consumers, the
company’s employees, and local communities. One such initiative is through significant and annual contributions to the Myanmar Medical Association Support Group for Elderly Doctors, which provides elderly doctors in need with essential medical, social, and financial care. In addition, FAME makes regular contributions to non-profit organizations and major hospitals throughout Myanmar.

Education is a vital tool with which a positive societal impact can be made, and FAME has used its resources, know-how, and expertise to reach out to the public in an educational capacity. These include a series of programs on health topics shown on the Myawaddy television channel, one of the country’s largest, and educational events throughout Myanmar to educate the public on health welfare issues.

Starting in 2005, FAME released a series of Video Compact Discs (VCDs) highlighting various health concerns, such as the dangers of ultraviolet light and how viruses work. The themed programs feature a medical professional discussing the topic in an easy to understand way, which gave rise to the name of the series – Health Talk. As of 2014 FAME released 9 Health Talk VCDs since the start of this program. In addition, in 2011 the company launched FAME Publishing House, which publishes a series of educational books on traditional medicines. Topics include healthy living practices and detailed information about medicinal plants, and by 2014, 10 books were published. These outreach efforts have been exceedingly beneficial, as many people in rural areas were without any type of access to health related educational services. This has in turn helped such individuals make more informed decisions about their personal health care.

**Going Forward**

Originally only working as a domestic distributor for MFP, FAME has become one of the largest traditional medicine manufacturers in Myanmar. Enjoying continued growth domestically and internationally, the company’s annual turnover has reached over US$2 million. By 2014, FAME’s products were sold in countries within close proximity to Myanmar – such as the Republic of Singapore, Malaysia, the Kingdom of Thailand, ROK, and Japan – and further away, such as Germany and Kuwait.

FAME’s dedication to quality products led to WHO Good Manufacturing Practice certification in 2003. Furthermore, the company’s innovations have also brought it international recognition, such as becoming a finalist in the Corporate Social Responsibility category of the Association of Southeast Asian Nations (ASEAN) Business Awards (2010). Thanks to the company’s innovative use of technology, in 2013 the solar thermal drying rooms at FAME’s Yangon factory were recognized by receiving an award in the ASEAN Best Practice Competition for
Energy Management in Buildings and Industries at the 2013 ASEAN Energy Awards. In a considerably short time, FAME has become internationally known for its innovative products and commitment to social responsibility.

Providing an Unmet Need

In many parts of Myanmar, economic circumstances have made it difficult for people to access modern medicine. Recognizing the need for a viable alternative to expensive imported drugs, FAME was able to use the abundant natural resources of Myanmar to develop traditional medicine that is affordable and easily accessible. Not only has the company enjoyed growth and access to international markets through its innovative IP, but its products have also enhanced the wellbeing of people who would otherwise not have access to medicine.
Mass production of hand-carved products made from stone can be a daunting task, but the innovative couple that owns Nature’s Legacy Eximport, Inc., developed a unique stone cast product that effectively simulates a popular type of stone but that is easy and safe to manufacture. Going further, the entrepreneurs invented a simulated wood product that is sustainably produced from agro-forest waste. Combined with unique brand names, the company has continued to be competitive internationally thanks to protecting their innovations with the IP system.

Background

In 1993, Pedro and Catherine Delantar were engaged in manufacturing hand carved natural stone products in Cebu province, the Republic of the Philippines (Philippines). Their products featured intricate designs inspired by ancient Greek art and were mostly made with Mactan stone, an indigenous, off-white fossilized stone with a rough texture that is found on the island of Mactan, which lies a few kilometers off the eastern coast of the island of Cebu. The Delantars wanted to expand their production capacity, but the tedious nature and inconsistent quality of hand carving made mass production nearly impossible. This changed when the couple succeeded in creating a cast stone product that simulated the look and feel of Mactan and its associated manufacturing process.

The result of the couple’s innovation was the formation in 1996 of Nature’s Legacy Eximport, Inc. (Nature’s Legacy), along with two business partners. Nature’s Legacy is now a leading manufacturer of high-end home furnishings and accessories, architectural components, jewelry, and garden articles made from cast stone and cast wood (from agri-forest waste) that are exported to Europe, Canada, the United States of America (USA), the Middle East, Japan, the Hong Kong Special Administrative Region of the People’s Republic of China, and other countries throughout Asia.

Nature’s Legacy values innovation and originality as forces that attract buyers, and this has allowed the small and medium-sized enterprise (SME) to rise above the competition. With its innovative products and creative designs continually gaining support in the export market, as well as championing sustainable furniture products, the company continues exploiting intellectual property (IP) as a business strategy.

No Ordinary Stone
Nature’s Legacy’s initial goal was to come up with a cast stone product that simulated natural Mactan stone but could be easily mass-produced. The company first researched using a traditional cast stone process (mixing sand, cement and water to create a stone substitute), but this method yielded products that were heavy, not durable and did not retain the look and feel of Mactan stone. The company also realized that this traditional method did not give it an edge in the market because its competitors were already offering the same thing. Nature’s Legacy had to create a new product and process to be competitive. Several important criteria were identified as crucial to the new product’s success. The simulated cast stone had to be:

- light, which would mean greater flexibility in producing items of larger size;
- durable, which would protect it from unwanted and costly breakages during transport;
- made with easy-to-cast materials, which would put Nature’s Legacy in a better position to produce new designs and more functional products;
- capable of mass production, which would ensure timely delivery of orders;
- cost effective, which would increase profitability; and
- in line with the first five criteria without compromising the consistency, quality, appearance and other unique characteristics of natural Mactan stone.

Guided by these criteria, research and development (R&D) efforts focused on ensuring production sustainability by using raw materials that were naturally abundant. These efforts paid off, and the SME found that it could create a simulated cast stone product that resembled Mactan stone using calcium carbonate (a common substance found in all rocks) as the main component mixed with resin as a binder. Five unique variants were created, and Nature’s Legacy registered patents and utility models for them in 1999. These new products were a big hit in export markets such as the USA, Europe, the Middle East, and many Asian countries, and launched Nature’s Legacy into success in the export market for Mactan stone-based products.

**Sustainable Innovation**

One day in 2002, the Delantars, along with their employees, were clearing the Nature’s Legacy factory grounds of agro-forest waste, which includes dead bark, shrubs, fallen twigs, and leaves. “There were suggestions to have these materials burnt,” explained Mr. Delantar, “but my wife, Cathy, thought of another way of getting rid of the waste.” Mrs. Delantar’s idea was that, instead of burning the material, they could take the Earth’s natural agro-forest waste and turn it into something useful. The entrepreneurs soon conceptualized a new innovation that recycles agro-forest waste into a diverse line of innovative, sustainable, and environmentally friendly handcrafted home furnishing products.
After two years of R&D, Nature’s Legacy developed an odorless, safe, water-based binder. Collected agro-forest waste is shredded in a special machine and then bound with the binder. The result is a versatile, flexible, and biodegradable material that can be shaped into practically any number of unique and functional forms. Using this innovation, Nature’s Legacy launched its Naturescast® line of biodegradable, sustainable, and environmentally friendly products in 2004 at the Messe Frankfurt Ambiente in the Federal Republic of Germany (Germany), Europe’s premiere home goods exhibition. “We tapped the international market first because that’s where the market is,” said Mr. Delantar. The innovative products made with Naturescast® were introduced in the Philippines that same year through exhibits in Cebu and Manila, the country’s capital, and subsequently introduced in the USA in 2006.

Not only is the carbon footprint (the total amount of greenhouse gases produced directly and indirectly to support an activity) for the production of the company’s products extremely low, but they are also safe for people, animals, and the environment. They are not harmful if chewed on (for example, by pets or other animals), and they are biodegradable, making disposal easy and not harmful to the environment. As the demand for eco-friendly products increases, so has the demand for Naturescast®. With extremely diverse applications, ranging from home and garden products to furniture and architectural components, the innovation has been one of those at the forefront of the sustainable product movement. In addition, the development of Naturescast® led to Natures Legacy’s creation of a similar innovation for marble.

Ever since the company’s founding, and even more so since the development of Naturescast®, the SME remains committed to developing, producing, and selling products that are sustainable. This vision has resulted in many breakthrough products, designs, and production processes, and the company prides itself in these efforts and its achievements. “Being green from start to finish entails a lot of tweaking and testing,” explained Mr. Delantar. “Not only in creating the product itself, but also other relevant aspects like energy saving programs in the company, carbon footprint measurement, recycling, water conservation, and community development, making sure the raw material[s] being used are sustainable.”

These efforts have brought Natures Legacy significant international recognition in the eco-friendly product movement. For instance, Mr. Delantar was invited to become a member of the Sustainable Furniture Council (SFC), a nonprofit organization based in the USA that promotes sustainable practices among furniture companies, retailers, and consumers. The entrepreneur was the first and only member of SFC from the Philippines and continues to actively support the organization.
Branching Out

Natures Legacy continues its efforts to create sustainable products, reinvesting a portion of revenue generated from previous innovations into further development of new environmentally friendly and sustainable products and processes. By 2014, in addition to Naturescast®, the company innovated more product lines, including: Brauncast®, a stonecast material with a natural look and texture; Marmorcast®, a line of handmade polymer and polyester resins; and Nucast®, a line of products made from recycled paper. These innovations have met new demands, provided the company with a competitive advantage over its competitors, and allowed the SME to create a wide range of sustainable and environmentally friendly products that are sold throughout the world.

International, Yet Local

While Nature’s Legacy products have worldwide appeal and reach, the company prides itself in sourcing local materials in Cebu. With business taking off, the SME had its choice among many different locations, from high-rise buildings to prestigious business parks. However, the company decided to keep its headquarters close to its factory and near where the raw materials are sourced. This way, Nature’s Legacy generates employment opportunities and supports economic growth in rural regions. Striving to be a model for other SMEs, this concern was a deciding factor in the decision the Delantars made as to where their burgeoning company would be based.

IP in Action

As a company strategy, Nature’s Legacy seeks IP registrations with the Intellectual Property Office of the Philippines (IPOPHL) for all its innovative products, processes and designs. Realizing that IP protection in the marketplace is as important as in the production place, as part of its IP strategy Nature’s Legacy expanded its IP protection initiatives in 2003 to major export markets, primarily the USA and the European Union (EU). This strategy has allowed Nature’s Legacy to exercise better leverage and control against infringing products, regardless of their origin.

Facing Infringement

Being a fledgling SME, consistent utilization of the IP system was not always at the top of the list for Nature’s Legacy. In 1999, only a few short years after the company brought its first products to the market, unscrupulous competitors crudely copied Nature’s Legacy’s products and designs, manufactured them of dubious quality, and sold them at lower prices. The importance of IP protection then became even more apparent. Despite the subsequent loss of sales and revenue of the first batch of its cast stone products, Nature’s Legacy kept on inventing and producing more new products. One way it got around this initial copying was to reposition itself and target
the niche high-end home furnishings market. This helped to an extent, as many of the copied products were of low quality, but the Delantars needed to find a more viable and permanent solution.

Finding Protection

After suffering this IP infringement, the entrepreneurial couple realized that strategic protection of Nature’s Legacy’s original designs, innovations, and production processes would be essential to the company’s success and growth. One of Nature’s Legacy’s most important industrial designs at the time was that of its natural looking stone cast, for which it applied for protection with IPOPHL in 2000, and which was registered in 2002. The entrepreneurs wasted little time in seeking to protect the rest of their IP, both at home in the Philippines and internationally.

Since the Philippines became a member of the Patent Cooperation Treaty (PCT) system in 2002, Nature’s Legacy uses this system as a cost-effective means for filing its patent applications in major export markets. The company also uses the PCT International Search Report as a tool to decide whether or not to proceed with the national phase entry. Through utilizing these tools, Nature’s Legacy can pursue its PCT applications selectively and economically in PCT member countries where its products are marketed, which include those in the EU, North America, and Oceania.

Since its first experience of IP infringement, Nature’s Legacy has filed four PCT applications, including for the company’s innovation used in its Naturescast® product line and its original stone cast innovation, and the company also files for national IP protection for its new inventions and processes with IPOPHL. As of 2014, Nature’s Legacy made a number of utility model and patent applications with IPOPHL, including a patent application for its simulated stone cast process and another for the company’s Naturescast® invention, both of which were made in 2009 and registered in 2012. When the company entered international markets, the Delantars knew the importance of protecting their innovations. In addition to Nature’s Legacy’s PCT applications, in 2003 Mr. Delantar made an application for Naturescast® with the United States Patent and Trademark Organization (USPTO), which was registered in 2011. A related patent application (specifically covering making household décor items with the Naturescast® production method) was made in 2009 and registered in the USA in 2013.

Recognizing the importance of protecting its image and brand, Nature’s Legacy is a prolific user of the trademark system. This helps the company foster a corporate identity and brand image that relates with its stakeholders and has become synonymous with quality, sustainability, and environmental friendliness. By 2014 the SME made 13 trademark applications in the Philippines for such brands as NaturesBlock® (#42000900666), Brauncast® (#42008008626), and Nucast® (#42008008627), all of which were registered with IPOPHL in 2009. In addition, the company’s Naturescast® (#42003005623) brand was registered with IPOPHL in 2006, and the SME also filed a national trademark registration (#41999002624) in
1999 for its company name, which was registered in 2004. The trademark was also successfully registered (#85273808) in 2005 in the USA with the USPTO and in 2008 as a community trademark (#006083349) in Europe with the Office for Harmonization in the Internal Market (OHIM). Stressing the importance of its environmentally friendly products, in 2013 Mr. Delantar also made a trademark application for the company’s slogan (#42013000548) – Maker of Sustainable and Innovative Material.

**Overcoming Infringement**

With an abundance of intellectual property rights (IPRs) in hand, Nature’s Legacy retained a vital tool with which it could counter infringing parties. However, in the company’s early days it had meager resources and logistics to enforce its IPRs, and the few warnings it managed to issue proved to be ineffective. Explaining his personal view during such times, Mr. Delantar said “Be resilient. In case there’s a failure, move on. Be fast in reacting to crises and setbacks. Be quick to respond to failure.” Not discouraged by this early experience, and with a firm belief that patents, trademarks, and other IPRs only have real value if they can be enforced, Nature’s Legacy has since followed a strong policy of not only protecting its creations but also enforcing its IPRs, vigorously pursuing violators and allocating a larger budget for IP enforcement.

For example, for the period between 1999 and 2002, Nature’s Legacy devoted part of its revenue to funding IP enforcement activities. By 2003, the SME acquired the resources and logistics to bring cases to court against companies that were blatantly producing and selling cast stone products in violation of Nature’s Legacy’s patents, trademarks, designs, and other IPRs. At home, Nature’s Legacy files IPR infringement cases with the Philippine courts when necessary to seek immediate resolution. Believing that the use of IPRs makes a difference in a growing company like Nature’s Legacy, and with the commercialization of successful innovation to back this up, the Delantars strive to promote a business environment where IPRs are truly and fully respected and protected.

**Investing in the Brand**

As a way to reach more markets and enhance its brand image, Nature’s Legacy offers some of its IPRs for sale or licensing, or works with other companies through partnerships and joint ventures. Ever since the company’s brands have increased in popularity, a number of local and international companies have shown a desire to invest in the Nature’s Legacy brand. To that end, the company has entered into various licensing arrangements for some of its patented products. As long as the company’s interests are not prejudiced, Nature’s Legacy continues to pursue an open-license policy in order to maximize commercialization and brand reach.
For example, in 2013 the company partnered with CVD Ventures, Inc., of Cebu, Philippines, to launch Floreia, a new brand of jewelry made from the same natural, low carbon impact materials as all of Nature’s Legacy’s products. Through licensing and partnerships such as these, the SME is able to invest in the future health and stability of its brands. Not only are Nature’s Legacy products sold and used by partnering entities, but also a portion of the proceeds are earmarked to fund the SME’s activities related to registering new, and enforcing existing, IPRs.

**Going Forward**

As of 2014, Nature’s Legacy operates a main showroom in Mandaue, Cebu, and a satellite showroom in Las Vegas, the state of Nevada, in the USA. The SME’s products are sold in over 25 countries in Asia, the EU, Middle East, and Oceania, and are available at well-known stores or in bulk through wholesale. Nature’s Legacy’s sustainable products are also popular in the hospitality industry, seeing use in venues such as hotels, international events, and theme parks. For example, Naturescast® furniture was used — and well received — at the Celebrity Lounge at the 50th Annual Grammy Awards held in Los Angeles, the state of California, USA in February 2008. In February 2014 Nature’s Legacy products were exhibited at the 5th World Ecotourism Conference in Cebu, and the company was also invited to participate in the International Contemporary Furniture Fair (ICFF) in New York City, USA, in May 2014. Describing the importance of the event, Mr. Delantar said that “It’s really an honor to be part of the ICFF in New York as only the best products and extraordinary companies are able to pass the selection process.”

**International Recognition**

Nature’s Legacy’s innovative products and resulting success have garnered the company with international recognition on a number of occasions. For example, the SME won the Katha Award for Best Eco-Design in the Fashion Accessories Category in 2014 and 2012 at the annual Manila FAME design and lifestyle event; was the Cebu 2010 Mugna Awardee for Eco-Friendly products at the CEBUNEXT furniture exhibition; it won the 2009 Manila FAME home and fashion show Katha Award for eco-luxury; and the SME received the 2007 Excellence in Ecology and Economy award from the Philippine Chamber of Commerce and Industry. The Department of Science and Technology of the Philippines also recognized the company’s achievements through conferring the Tuklas Award for Outstanding Invention (2013). Other awards include the Mugna Citation for an Eco-Friendly Product (2010 and 2011); the Golden Shell Award for Excellence in Manufacturing and Export in 2004, the Most Creative Product Award for Naturescast® at a prestigious trade fair organized by the California Integrated Waste Board, and the Pride of Cebu Award in 2008 for pioneering stonecast products and exports. At the 34th Agora Awards in October 2013, Mr. Delantar’s entrepreneurial spirit was recognized when he received the Outstanding Achievement in Export Marketing – Marketing Excellence award.

**Fiscal Growth**

Nature’s Legacy’s success has not only been recognized through awards, but also through a history of solid financial growth. Growing from a small backyard business
in 1996 to a successful manufacturing firm with over 120 employees, Nature’s Legacy products have continued to expand, and the company now exports its products to Europe, the USA, the Middle East, and Asia. In December 2013 Nature’s Legacy celebrated its 15th year in operation, and sales have increased from Philippine pesos (₱) 29 million (approximately US$646,000) in 1998 to ₱95 million (approximately US$2.12 million) in 2002, with sales reaching over ₱100 million (approximately US$2.23 million) less than 10 years after the company was launched. In 2013, Nature’s Legacy saw double-digit growth over the previous year, with the company’s Floreia brand enjoying significant expansion in the EU. This increase in revenue enabled Nature’s Legacy to acquire new equipment and facilities to support the Naturescast® product line, and the company has now become a market leader in high-end environmentally friendly home furnishings, especially in export markets.

**IP-Propelled Innovation**

Surviving IP infringement through a strategy anchored on IP-propelled product and process innovation, Nature’s Legacy has been able to sustain its competitive edge and become a market leader in its industry. “You have to be innovative,” said Mr. Delantar. “Innovate your materials, your application and manufacturing process and create a new market demand.” Nature’s Legacy has done just that, and the SME believes that its success is an example of how any company can remain competitive through innovations protected by strong IPRs.
Creating an SME Super Brand

After using innovative commercialization strategies to gain a foothold in the market, Unique Gas Solution Private Limited revamped its brand identity and IP management strategy to quickly become Singapore’s leading supplier of liquefied petroleum gas (LP gas). Relying on trademarks and a patented system to monitor LP gas supply, the company has successfully differentiated itself from its competitors and, through licensing of its IP, is poised to continue its success in international markets.

Background

Located in the Republic of Singapore (Singapore), Unique Gas Solution Private Limited (UGS) is a supplier of products and services based on liquefied petroleum gas (LPG) – a flammable mixture of gases used as fuel in private residences and in the commercial sector. UGS’s services include supplying LPG to clients, installing related equipment (such as gas cylinders and piping), and providing maintenance and support services to its customers.

Since its foundation, the company has developed a dynamic branding and commercialization strategy, which has been supported by an active intellectual property (IP) assets portfolio. As a result, UGS’s goods and services provisions expanded across the residential LPG market of Singapore and subsequently entered the commercial LPG sector of the country. In 2013, the company was not only the largest supplier of LPG products and services in Singapore; UGS was also planning expansion into the Association of Southeast Asian Nations (ASEAN) region.

Fanning the Flames of Business

Formerly known as Unique Gas Trading (up until 2009), UGS was established in 1993 by Thomas Tan, an entrepreneur who serves as the company’s Chief Executive Officer (CEO). In the first two years after it was founded, UGS met with relative success in Singapore’s residential market for LPG goods and services. This early success allowed the company to expand its service provision via a purchase in 1995 of Ready Gas Company (Ready Gas), a provider of natural gas also in Singapore. Only two years after this acquisition, UGS’s client-list grew to approximately 8,500 per month – 2,000 of whom were gained following the Ready Gas takeover.
A year later, the small and medium-sized enterprise (SME) expanded its services by establishing a subsidiary known as Unique LP Gas Services (ULPGS). Via ULPGS, the company was able to supply LPG products and services to the foods and beverages (F&B) sector of Singapore – which includes restaurants, cafés, and bars.

The company’s entry into the F&B market took advantage of a growth in the late 1990s of Hawker centers – indoor, open-plan entertainment and dining complexes that are popular in the region. Indeed, such centers have had a heavy reliance on LPG products and services – restaurants, for instance, use gas-based stoves to prepare meals. Supplying both residential and commercial markets, UGS (and its subsidiary) saw annual sales volumes grow by 75 percent between 1997 and 1999. This dual market strategy continued for another four years until, in 2003, the company sold off ULPGS. In part due to the sale, UGS underwent a major restructuring and renewed focus on the commercial sector – the latter resulted in the company primarily doing business within Singapore’s F&B market and industrial sector.

In addition to focusing on industry, in 2009 UGS revamped its brand image and commercialization strategy – indeed, up until this point, the SME had not placed a priority on brand development. The company, for instance, streamlined its corporate identity and re-branded itself as UGS – a change from Unique Gas Trading to Unique Gas Solution.

Part of these changes also involved adopting a new logo (an image of four petals in a pattern of a cross that is, according to the SME, evocative of safety, positive growth, continuity, transparency and integrity). UGS also created new uniforms and titles for its employees. According to the company, the re-branding has reflected its desire not only to differentiate itself from competitors but also its plan to keep future avenues for expansion into other energy sectors open.

A separate strand of UGS’s re-structuring process led to the company overhauling its human resources (HR) department and management procedures in order to project a professional image and implement quality in its brand and across its systems of operation. To this end, UGS’s HR department relied on the Capability Development Grant (CDC), a subsidy by Singapore’s Ministry of Trade and Industry (MTI) that provides strategic consultancy support to develop SMEs in the country.

Working with consultants provided by the CDC scheme, UGS’s HR department developed standard operating procedures (SOP) for hiring quality staff – something that had not been the case previously. Prospective employees have subsequently been vetted via objective criteria (as compared to the previously ad hoc recruitment methods which relied on the recruiter’s “gut instincts” when deciding to hire someone) that has led to a streamlined recruitment process.
In large part due to these new recruitment procedures, quality staff have been joining the company – adding further to the company’s re-branding efforts and enhanced corporate identity. Due to the new recruitment SOP, “[UGS] clearly understood the job scopes necessary for each position,” said a spokesperson for the company. “[UGS has become] more focused on our requirements [...] and we attract [more of] the specialized staff that [the company is] looking for.”

Improvements to the company’s HR department (which include a new performance-based salary structure for employees) have run parallel to changes in UGS’s operational processes and procedures. By developing a customized gas monitoring system, for example, UGS can ensure LPG customers have their gas replenished before it is exhausted – thus eliminating down time for gas supply to clients. This commitment to reliable customer service is captured in a company slogan: “No Gas Disruption, Safety and Business Continuity.”

Furthermore, UGS has taken measures – such as staff training and implementing back-up systems to monitor and manage services – that have streamlined operations and ensured its delivery even in challenging situations, such as an influenza outbreak. The company’s customer-facing employees, for instance, rely on hand-held personal digital assistants (PDAs) in order to manage customer data, such as billing, which can be managed on site and in real time.

Digitization has also resulted in cost savings: paperwork at the company, for example, was reduced by 90 percent since its introduction. Significantly, many of these important changes have been supported by national and international industry standards and certifications.

In 2008, for example, the SME attained certifications from the International Organization for Standardization (ISO), a multinational standards-setting body. ISO 9001:2000 has ensured UGS’s managerial systems allow for a non-disruptive and effective delivery of services – the company was one of the first businesses in Singapore to achieve this standard. UGS’s services also adhere to norms established by the Singapore Civil Defense Force, a licensing body in the country that regulates the use of flammable products such as LPG.

The upshot of these changes has been increased brand equity for the company and improved service delivery on a number of fronts: speed, safety, security, transparency, accuracy, productivity, efficiency and cost savings. In other words, not only has the company’s corporate identity been enhanced and its operational efficiency improved; UGS has increased its ability to compete against rivals based on quality rather than on (traditionally volatile) gas prices.

With its brand identity secured and its corporate structure enhanced, UGS has been keen to raise brand awareness via a robust advertising campaign. To this end, the SME has relied on advertising via major newspapers in Singapore such as the Straits
UGS has also promoted its services via sponsorship of high profile national and international sporting and cultural events. The company, for instance, sponsored Singapore’s team at the 4th World Dragon & Lion Dance Championship (2009), a traditional dance that is popular in ASEAN and surrounding regions.

As of 2013, UGS commercialized a range of gas-related products, in addition to gas cylinders and gas piping materials, including LPG meters, LPG shut off devices, vaporizers and gas burners. In the same year, the SME’s growing mix of commercial customers included Big Splash, an F&B and entertainment multiplex, and Jumbo Sea Food, a popular restaurant chain in Singapore.

**IP in Action**

Having invested heavily on revamping its corporate identity and enhancing its brand awareness and commercialization strategy, UGS has protected these investments by relying on the IP system. The company has patented its customized gas monitoring invention and registered a trademark for its company name.

*Protecting a Good Reputation*

Indeed, the SME applied for a trademark for UGS (2008) at the Intellectual Property Office of Singapore (IPOS). The trademark was registered at IPOS in the same year. UGS, moreover, filed for a patent for a System for Monitoring of Gas Supply and Method of Operation Thereof (2011) via IPOS. The patent was granted in September 2013. Via the IP system, therefore, the company has protected its intangible assets and corporate reputation, differentiated its goods and services from those of competitors, and ensured its current and future avenues for expansion.

*Collaborating With Others*

UGS’s brand development and commercialization success has benefitted from IP management advice and support provided by experts from IPOS and facilitated by MTI under the Intellectual Property Management for C-Suite Seminar (IPMCS) project.

Via IPMCS, which is a joint project between MIT and IPOS to promote IP utilization awareness among C-suite or C-level managers of small businesses (or the most senior executive level managers in a company, e.g. CEOs), UGS was able to strategically and successfully exploit its IP assets – especially its patent, which it registered and commercialized as a result. UGS was prompted to create its patented technology following advice from IPMCS consultants. The major overhaul to its branding and

The company’s logo, registered as a trademark with IPOS (Photo: IPOS #T0817537H)
commercialization strategy too was made, in large part, after these consultations.

Furthermore, the SME was encouraged by IPCMS to seek expansion beyond Singapore (by licensing its patented technology, for instance) to ASEAN and other markets. As the company’s executive director said, “The consultants at IPOS told us that [...] maybe you can package, get a trademark or patent and then go overseas to market it. It was something I [hadn’t thought] about.” As of 2013, the company was seeking to license its patent internationally.

UGS is among a growing number of companies in Singapore that is realizing the market potential of strategic IP optimization. In the decade or so following 2001, for example, trademark filings via IPOS rose by 72 percent while patent filings grew by 20 percent. Royalties and license fees from IP assets in the country, moreover, expanded from US$9 billion (2006) to US$15.5 billion (2010), making Singapore the third highest IP fee-earner in the Asia-Pacific region (according to the MTI). These impressive figures led the MTI minister to say: “For Singapore to stay ahead of global competition, we must continue to invest in innovation and assimilate IP management into our development strategies.”

**Going Forward**

Less than 20 years after it was established, UGS has become Singapore’s leading provider of LPG products and services for the F&B market. In the process, the SME has enhanced its brand, increased revenues, and become an award-winner. UGS was awarded the Professional Enterprise Certification (2008), which is managed by the Asian Management Association and recognizes professionalism and progressiveness by an enterprise or organization.

In the following year, the SME received the Singapore Prestigious Brand Award (Established Brand Category), while its founder, Mr. Tan, was awarded the Entrepreneur of the Year award (2009). In both 2010 and 2012, furthermore, UGS was recognized as a Singapore Business Superbrand – an acknowledgement by Superbrands Ltd., an independent arbiter of international brands.

In addition to winning a number of other awards, the company has posted impressive business results year on year. Following the company’s corporate overhaul, in just three years UGS expanded revenues from US$6 million to US$30 million per annum. Furthermore, the company’s market share increased from 14 percent to 25 percent (2009) within the commercial LPG sector of Singapore.

**Making it Big**

UGS entered the commercial market for LPG products and services at a time when Singapore’s F&B sector was on the rise. By differentiating its corporate identity
through dynamic branding and quality service delivery, and relying on the IP system, the company showed how an SME with a robust business strategy can make rapid progress in a few years. F&B businesses throughout the country, meanwhile, continue to enjoy professionally delivered LPG services and products from one of the country’s super brands.
Kingdom of Thailand

Bridging the Gap from the Laboratory to the Market

Where one might see waste, an innovator might see opportunity. This was the case for researchers at the National Metal and Materials Technology Center in Thailand, who developed an environmentally friendly process to extract solid rubber from the waste that results from traditional rubber manufacturing. With protection of this innovation in the form of patents and trade secret—and guided by strong IP management policies—the research center is undergoing efforts to transfer the technology from the laboratory to the commercial sector, thus turning waste into profit.

Background

In many emerging economies, researchers, inventors and entrepreneurs face a number of barriers to successfully commercializing innovations. Limited exposure to the commercial sector, less developed technological capability, and a general focus on academic publishing instead of intellectual property (IP) means that it can be easier and less risky for companies to purchase technology from abroad instead of developing it locally. Many of these economies are also based on agricultural commodities, and slim profit margins make it difficult for players in the agricultural industry to take a risk on a locally developed technology that has yet to be proven.

Although a number of developing countries have successfully allowed market forces to drive domestic innovation, in many of them technology transfer organizations have taken a leading role. The Kingdom of Thailand (Thailand) is no exception, and a number of agencies and programs in the country are encouraging the development and commercial dissemination of technology domestically. One such leading organization is the National Science and Technology Development Agency (NSTDA), under which four major national centers of research operate in the fields of electronics and computers, genetic engineering and biotechnology, nanotechnology, and metal and materials technology.

The Industrial Technology Assistance Program (ITAP), a division of NSTDA, works with each of these organizations to encourage and realize the commercialization of developed technologies. Given the abundance of natural resources in Thailand and the significant factor they play in the country’s economic development, the fourth
entity—the National Metal and Materials Technology Center (MTEC)—serves to meet vital needs in the country. In 2006, and with the assistance of ITAP, researchers at the Polymer Research Unit (PRU) at MTEC’s Rubber Research Program (RRP) developed a new process to reclaim useful rubber from the waste of rubber factories, which has the potential to drastically improve the industry in Thailand.

An Expanding Resource for a Growing Economy

Representing over 10% of Thailand’s gross domestic product (GDP), the agricultural industry is an integral part of the country’s economy. Natural rubber in particular is one of the country’s most important agricultural products. Raw natural rubber and derived products represent 5% of Thailand’s exports, and as of 2012 the country was the world’s leading natural rubber producer and exporter (Food and Agricultural Organization, 2012). Because of the importance of rubber to the country’s economy, the government of Thailand invests heavily in the research and development (R&D) of all aspects of rubber production, from the cultivation of latex trees—the source of natural rubber—to final processing.

Demand and cost for natural rubber has continually increased, and by 2010 doubled over what it was in 2005. By 2013, natural rubber production from the world’s top rubber-producing countries came to 11.15 million metric tons, which represented a 4.7% increase over the previous year. Processing all of this natural rubber requires the use of highly toxic and volatile chemicals such as acids, ammonia and formaldehyde, which can negatively impact the environment and pose a safety risk for those working in the natural rubber industry. Because of these considerations, R&D in the rubber industry in Thailand has focused on increasing the yield of rubber and reducing, or more efficiently managing, the use of volatile chemicals during processing. The RRP focuses on these and a number of other challenges facing the rubber industry in Thailand.

Natural rubber is an elastic hydrocarbon polymer that comes from latex, a milky substance that is the sap in some plants, the most common of which is the para rubber tree. Latex is collected from para rubber trees through making a precisely angled incision into the bark of the tree. This triggers the flow of latex to the incision as a defense mechanism, which is then collected in a vessel attached to the tree. Raw latex coagulates naturally when exposed to air, so it must be treated or processed in a way that controls coagulation and maximizes the desired elastic properties. After collection, raw latex is processed into one of three semi-finished states before being supplied to rubber manufacturers: concentrated latex maintained in a liquid form; smoked solid latex sheets; and solid latex blocks. Concentrated latex is more widely used and is essential in the production of a wide variety of rubber and chemical products.
When rubber latex is tapped from the *para* tree, it comes out with a solid rubber concentration of 25 – 40%. Blending with latex from a variety of other sources brings the concentration to the industry standard of 35%. Water is then removed from this blend by centrifuge to increase the concentration to 60%, and the various aforementioned chemicals are added to control coagulation and prevent bacteria degradation. The final concentrated rubber latex is sold to rubber products manufacturers to make dipped rubber products (those products made with molds).

*Untapped Potential*

Each of these processing stages results in waste, and in that waste are untapped residual rubber solids. The rubber solids in the waste can be defined into three categories. The first is “skim” rubber, which is the water removed from the centrifuge process. This water still contains approximately 3 – 8% rubber solids. The second is “sludge,” which clumps together inside the centrifuge and other machinery and also pools at the bottom of latex reservoirs. Sludge is removed at regular intervals during processing. Lastly is “washing water,” which is the water that is used to wash out centrifuges and other machinery and contains a small amount of dissolved rubber solids.

Of the three categories, skim rubber contains the most rubber solids and has the most potential to be commercially viable. In 2006, representatives at a major Thai rubber company read an article about recovering rubber solids from skim rubber. Intrigued by the commercialization possibilities, the company contacted ITAP to see if such a technical process could be developed. After consulting with PRU at MTEC, ITAP discovered that the research unit had in fact already launched a program that same year to develop a process for recovering rubber solids from skim rubber.

While it was not yet commercialized, the process was a success in the laboratory. The new process adds concentrated sulfuric acid to the skim rubber, which forces coagulation of the solids into floating lumps of rubber that could be separated from the surface of the liquid. However, the extracted rubber solid is generally of low quality and can only be used in the production of items such as rubber bands.

Even so, Thai rubber companies expressed interest, and five of them agreed to host visits by MTEC researchers with the aim to develop a pilot program to test the process on a large scale at a factory. As the project matured, the rubber companies realized that the new process required expensive additional equipment and it was thus never commercialized. However, an even more exciting development was born from this research.

During the pilot program, one of the participating companies had an informal discussion with MTEC researchers and mentioned the benefits of being able to
recover rubber from sludge. Researchers tended to ignore the sludge because it contains a very small percentage of rubber, the latex in it is already solidified (thus making it less valuable), and it contains high amounts of inorganic substances that were added during processing. Although sludge could be used as low-grade fertilizer, the high rubber content lowers its effectiveness. Because of these factors, rubber processors generally consider sludge neither a valuable source of rubber nor a viable fertilizer, and usually pay to have it removed.

**Seizing an Opportunity**

The company that approached MTEC researchers saw an overlooked opportunity: if the rubber solids could be separated from the inorganic material, it would result in two important economic opportunities. First, rubber output could be increased from the same inputs, and second, the removal of the inorganic material would allow the production of a high-grade fertilizer, which could be sold to offset the cost of chemicals used in processing. Intrigued with the potential of such a process, MTEC’s research program shifted focus from skim rubber to recovering rubber solids from sludge. Although it would have a lower yield, researchers determined that commercialization would be much easier.

At the outset, MTEC focused on removing chemicals from the rubber to purify it. However, this proved to be an exceedingly difficult task because even though the sludge was primarily rubber with a small percentage of residual chemicals, there was no easy way to viably remove the chemicals to make usable rubber. In addition, such an approach proved that it was nearly impossible to yield any significant volume of marketable fertilizer. Faced with this dilemma, an RRP researcher wondered if there was a way to get the rubber out of the chemicals instead of the chemicals out of the rubber. The research program was already very familiar with technologies surrounding separating rubber from many other compounds, including during the development of the aforementioned skim rubber process. This experience combined with an innovative approach – getting the rubber out of the chemicals – led to RRP’s successful development of a new way to extract rubber solids from sludge waste.

**A Breakthrough Process**

The newly developed process involves immersing the sludge in a liquid medium, such as water, and then adding acid to lower the pH (the measure of the acidity of a solution) to a range from 0 to 3.5. The acid causes the solid rubber to clump together, which can then be easily collected and separated from the liquid medium. The recovered rubber is washed and dried, after which it is suitable for sale. The remaining liquid is then adjusted to a pH level between 6 and 14, which causes the inorganic substances to precipitate out. One of these substances is magnesium ammonium phosphate, which is extremely valuable as a fertilizer as well as for use in ceramics manufacturing.
After inventing this initial process, RRP researchers and personnel from the company that approached MTEC went to work on refining it to yield even greater results. After optimizing the required chemical formulations to achieve the highest level of rubber recovery, the team realized that the chemicals used in the process are also used in other steps of rubber manufacturing, many of which are discarded with wastewater after use. Reuse of this waste would enable further savings, making the process even more efficient.

Instead of using water as the liquid medium, the team reasoned that the residual solution from the centrifuge process, cleansing water, or discarded water from other parts of rubber processing could be used. Similarly, instead of adding selected acids to separate the rubber, excess acidic solution from the natural course of rubber processing can be used with no additional material cost. The recycled use of these waste streams can be used as many times as necessary to achieve the desired rubber recovery level.

**From Sludge to Increased Benefits**

The improvements on the original invention led to even greater potential commercial value. Using wastewater instead of fresh water and residual chemicals instead of new chemicals increases a rubber factory’s output without increasing cost. Results indicate that by using existing water and chemical waste, approximately 15% of the sludge can be recovered as marketable rubber solids. A high-grade fertilizer can also be developed, which can be sold to offset any cost a rubber processor incurs by using the new process. In addition, impurities in wastewater are reduced, which translates into savings for wastewater treatment. A safer working environment is also provided, as employees have to manage fewer volatile chemicals.

Although many of these factors and techniques can also apply to a process for skim rubber, there are subtle but important differences. Applying a similar technology to skim rubber will only recover about 5% of the solid rubber, whereas up to 15% can be recovered from sludge. In addition, using the process with skim rubber will bring with it none of the additional benefits brought from reusing wastewater and chemicals. At the same time, such a process requires additional costly equipment, which further lessens the economic benefit. Therefore, the process as applied to sludge rubber is truly innovative and brings many positive benefits.

**IP in Action**

NSTDA strives to protect all of its developed technologies through strategic use of the IP system, and the new process related to sludge rubber is no exception. Securing IP rights (IPRs) and other protection, such as trade secrets and non-disclosure agreements, of NSTDA-funded research is undertaken by the Agency’s Technology Licensing Office (TLO), specifically through the IP Management Group (IPM) and the IP Policy Group (IPP). With over 150 applications submitted on average every year, they are some of Thailand’s most experienced IP management and policy groups.
Multiple Protection Tools

Because of the perceived value of this technology in the rubber industry, NSTDA drafted a patent application for the process to recover residual rubber solids from sludge waste. A national patent application (#0801005432) was filed with the Thailand Department of Intellectual Property in 2008 and in neighboring major rubber producing countries such as Malaysia (#PI20094408; 2009), the Republic of Indonesia (Indonesia), and the Republic of India (India).

Although patents are the primary means with which NSTDA protects its innovations, at times a combination of other types of protection, such as trade secrets, is necessary. This can be illustrated in the sludge rubber recovery technology, which brought several IP challenges. First, the process is straightforward and easy to replicate. Second, there is no way to detect whether recovered rubber was derived from this process, or from any other source, so enforcement is difficult. Finally, since a major benefit of the technology involves using existing chemicals and manufacturing process flows, potential competitors and customers already possess a great deal of relevant knowledge.

Taking this into consideration, IPM (the patent management group at NSTDA) determined that protecting the know-how of the process via a trade secret was essential. To that end, certain details regarding specific acidic compounds used in the process to recover rubber solids from sludge waste are protected by NSTDA as a trade secret. Moreover, because an important benefit of the technology is to save costs by utilizing existing waste streams, the formulation must be adjusted to the unique requirements of each factory. This reaffirms that the know-how of NSTDA researchers – protected as a trade secret – is vital to the successful commercialization of the technology.

Technology for All

With a new natural rubber production process in hand, NSTDA had to determine the best way in which this innovation could reach the market. In order for the technology to have broad reach, the Agency determined that a technology transfer scheme in the form of licensing would be the most effective approach. Just a year prior, in 2005, NSTDA established the Technology Management Center (TMC), which manages scientific R&D and commercial linkages, and the TLO, which is the main vehicle for technology transfer. These entities were the perfect means with which the new rubber production process could be transferred to industry.

Comprised of employees with a wide range of expertise in IP and technology marketing in a myriad of industries, the TLO consists of three groups: the IP Management Group (IPM), the IP Business Group (IPB), and the IP Policy Group (IPP). Through these groups, the TLO handles all IP related issues (such as patent applications), identifies NSTDA technologies with commercial potential, finds
qualified licensing partners, and develops and manages NSTDA policies for the creation, protection and exploitation of IP.

Benefit sharing is also important to NSTDA, and as such researchers at NSTDA organizations (such as MTEC) involved in new technologies brought to the market receive 70% of all income up to a threshold of 1 million Thai Baht (approximately US$30,000). After this threshold is reached, researchers receive 30% of any additional income. In the case that the research was funded by NSTDA but R&D was conducted at another organization, NSTDA receives 21% while the researcher’s organization receives 64%.

Regardless of where the R&D takes place, in order to offset operating costs the TLO receives 15% of total revenue, calculated from both up-front and royalty payments. This creates opportunities beyond the TLOs activities of securing and commercializing NSTDA research. In the long term, it allows the TLO to provide commercial services to any outside organization or company on a fee basis. As it develops its capabilities, the TLO envisions that it will be able to create technology portfolios and commercialization strategies for R&D performed by a number of centers domestically and internationally.

Reaching the Market

The first licensing agreement for the natural rubber sludge process was entered into with the company that suggested the idea for recovering rubber from sludge instead of skim. Because of its involvement early on, the company was granted a lower initial licensing fee. Furthermore, because of the difficulty involved in monitoring the usage and sales of products resulting from this technology, the company was not required to pay any royalties. In addition, a provision in the licensing agreement stated that the TLO would only license the technology to a maximum of five rubber producers during the first three years.

By 2014, the technology was commercialized through licensing agreements with four companies, with more on the horizon. Because of the competitive nature of the worldwide rubber industry, the TLO has only entered into licensing agreements with Thai companies. Once these agreements expire, the TLO will review this strategy to determine if the process can also be successfully commercialized in neighboring rubber-producing countries such as India, Indonesia and Malaysia.

Going Forward

Because of the nature of the process, it can be difficult to concretely gauge its commercial success. Although there is no clear way to determine how much rubber was sold as a direct result of using the technology, by 2014, through licensing agreements it was commercialized with four of Thailand’s largest rubber producers which have over 50% market share. The technology has also clearly improved the
financial health of the licensees, as they are able to increase their production output without any additional equipment or costs. Furthermore, in 2012 the research teams that developed the process were recognized for their invention at the Seoul International Invention Fair 2012, in the Republic of Korea. Implementing this technology has given the Thai rubber industry an important boost, and future potential commercialization abroad has the chance to strengthen the international presence of NSTDA while bringing in revenue through licensing, which can be used to develop further innovations.

*From Sludge to Profit*

In countries such as Thailand, the gap between the laboratory and commercialization can be considerable. However, by leveraging multiple resources including strong IP policies, technology transfer, and trade secrets, NSTDA was able to facilitate the transformation of the sludge rubber recovery technology from the laboratory to the commercial sector. Commercialization of the technology has enabled companies to turn waste into profit while protecting the environment and providing safer working conditions.
While a medical student, one entrepreneur realized the potential for economic growth in Viet Nam through the improvement of the coffee sector. With ideal environmental conditions for coffee cultivation in the country, Trung Nguyen Coffee Corporation was launched to tap into a market with vast potential. At first only providing coffee delivery services on a single bicycle, the company created what would become some of the region's most popular coffee brands. With domestic and international IP protection, the success of the entrepreneur’s company has inspired a new generation of pioneers in Viet Nam and beyond.

Background

The Socialist Republic of Viet Nam (Viet Nam) is beginning to claim a place among the most ambitious nations, with government measures underway to liberalize the country's economy and support businesses and entrepreneurship.

A key player in the country’s economic revival, Trung Nguyen Coffee Corporation (Trung Nguyen) is a producer, manufacturer and retailer of coffee products and is based in Ho Chi Minh City, Viet Nam. Since its foundation in 1996, the coffee company has developed its production capacity while creating a number of quality brands – including G7, Legedee and Weasle. As of 2013, Trung Nguyen was the largest coffee company in Viet Nam. At the same time, the business was expanding both regionally and internationally and inspiring a new generation of entrepreneurs in the country.

From Student to Entrepreneur

Trung Nguyen – formerly called Trung Nguyen Coffee Factory Central Highlands – was established by Dang Le Nguyen Vu, a student-turned-entrepreneur. Mr. Vu established the company while he was still studying medicine in Buon Ma Thuot, the capital of Đắk Lắk province, Viet Nam.

As Mr. Vu recalled, “Spending time in the [Đắk Lắk] coffee region [a center of coffee production in the country], I realized that Viet Nam had the potential of achieving
high economic growth and becoming a powerful economy if the coffee sector could be improved and upgraded."

Without much business experience but with a strong love of coffee and a desire to explore its economic potential, Mr. Vu (and a small group of fellow students) established a small coffee shop in Buon Ma Thuot. Named “Trung Nguyen” – which roughly translates to “central highlands” – the single-roomed coffee shop initially relied on a revenue-sharing agreement with coffee producers. “The initial capital for my business,” the entrepreneur would later say, “was the trust of growers who gave me their [coffee] beans based on the promise that I would share the profits with them.”

First delivering coffee drinks to clients in the area via bicycle, the entrepreneur and his colleagues soon advanced to motorcycle based deliveries in order to meet increasing demand. To expand the company’s capacity and gain the knowledge required to be successful in the coffee production business, Mr. Vu recognized the need to engage in research and development (R&D) activities.

The entrepreneur also saw the need to strategically develop the company’s human resources department. Mr. Vu noted: “You need to use your passion to drive your plans and move your organization forward, through [comprehensive] planning and excellent execution.” Furthermore, he said: “There was no Internet, no books or related materials on how to be an entrepreneur in Vietnam [at that time].”

Although facing limited access to R&D resources, the largely self-taught entrepreneur read widely – including books on business strategy – in order to gain the knowledge required for building a successful enterprise. An early development in the company’s R&D strategy was to ensure that it became a vertically integrated business – where a single owner manages the supply chain. To this end, Mr. Vu learned from rivals and relied on business models from around the world in order to ensure that the company had the capability to manufacture, package and distribute coffee products independently.

“[Trung Nguyen] understood that Viet Nam up until then had simply exported raw [...] coffee beans while European countries were making money through excellent branding of a product they couldn’t grow. This is why [the company] decided to produce Viet Nam’s first branded coffee,” the entrepreneur said. Being vertically integrated permitted Trung Nguyen to add value to its products. Rather than simply selling unroasted coffee in an unpredictably priced global market (as had been the case for traditional coffee producers in Viet Nam), the company created ready-for-sale, premium brands for the domestic and international market. As a result, the then small and medium-sized enterprise (SME) gained greater control of its production processes, products and prices – even though it procured raw coffee beans from networks of independent farmers. The SME also began to reap greater returns on investments. In addition to making changes in the company’s production
structure, the entrepreneur set clear goals for Trung Nguyen and ensured key positions were filled with qualified and motivated personnel.

As Mr. Vu noted, “First and foremost you will need reliable partners and a good team. These people need to share your vision and be driven by a common vision.” With important developments established in the SME’s R&D strategy and human resources department, the fast-growing company could move forward with newfound ambition and confidence. Fifteen years after it was established, Trung Nguyen became a major player in the beverages sector of Viet Nam.

As of 2013, the company’s products were sold in over 50,000 retail outlets in over 50 countries and territories, such as the People’s Republic of China (PRC) and the European Union (EU). In the same year, Trung Nguyen managed over 60 of its own cafés and had become Viet Nam’s biggest coffee processing company and brand – with over 3,000 employees and an associated network of over 400 coffee farm workers. Mr. Vu, meanwhile, had become popularly known in Viet Nam as “The Coffee King.”

Inspired by Tradition

Trung Nguyen was established in part because of Viet Nam’s long tradition for cultivating coffee products. *Coffea Arabica* (a species of coffee) was first introduced to the Southeast Asian country by the French – who established plantations in Viet Nam in the 1850s. By the turn of the 20th century, the crop was flourishing in Tuyên Quang, Lạng Sơn and Ninh Bình – which form part of the country’s Northern provinces.

A few decades later, coffee plantations were cultivated further south in Viet Nam, especially in the Central Highlands region – which is comprised of four provinces including Đắk Lắk (the same region where Mr. Vu studied medicine). Indeed, coffee producers in Đắk Lắk province, who were not only French but also increasingly Vietnamese in origin, grew approximately 1,000 hectares of the crop by the 1930s. At the close of the 20th century, coffee production covered 160,000 hectares in this region alone.

In the early part of 21st century, Viet Nam cultivates and exports coffee in ever greater units and species. In addition to *Coffea arabica*, the country has produced and exported *Coffea liberica*, *Coffea canefora* and *Coffea robusta* varieties. For decades, moreover, such coffee cultivation culture has been passed down the generations of farmers in Viet Nam as a form of traditional knowledge. Trung Nguyen has relied on this knowledge and tradition to develop the capacity of producers in the country and to create new products and brands while developing new avenues for commercializing coffee.

The Business of Geography

Viet Nam is a country with specific geo-climatic conditions and distinctive flora & fauna that have been conducive to cultivating a number of products including rice, rubber, tea and coffee. The country is also renowned for its fish and seafood products – indeed, the agricultural sector as a whole accounts for over 20 percent of Viet Nam’s GDP.
By exploiting the country’s specific geography and agricultural traditions – sometimes referred to as *terroir*, the degree to which a product (such as coffee) can be distinguished based on a unique location or production culture – Trung Nguyen has been able to develop its business strategy.

Bordering the Gulf of Thailand, the Gulf of Tonkin and the South China Sea as well as the PRC, the Lao People’s Democratic Republic (Laos) and the Kingdom of Cambodia (Cambodia), Viet Nam has a tropical climate to the south and monsoonal weather to the north. For over three decades, annual rainfall in the country has averaged 1,655 millimeters (mm); between 2,000mm and 2,500mm in the hills. The country’s climate, moreover, is generally separated into a hot and rainy season (April to September with temperatures averaging 24 degrees) and a warm and dry season (October to March with temperatures averaging 20 degrees).

Furthermore, the terrain in Viet Nam is defined by low, flat deltas to the south and north with highlands in the center and hilly and mountainous regions in the far north and northwest. Endowed with a variety of natural resources – such as coal, rare earth elements and, especially, fertile, volcanic soils and ideal weather for various crop cultivation, almost 20 percent of the country’s land is used for agriculture; over 10 percent of the latter having permanent crops.

Coffee trees have thrived in Viet Nam’s geo-climate with the Central Highlands region (located in the monsoon weather system) being particularly ideal. This region, in addition, produces over 50 percent of the nation’s coffee, mainly *Coffea robusta*, a species which accounts for approximately 40 percent of the world’s coffee production. Viet Nam’s *terroir*, furthermore, has resulted in a coffee that is low in acid and with a smooth, strong and sharp flavor when brewed.

This unique taste and flavor has played a central role in Trung Nguyen’s branding and commercialization success. It has also aided a rapid growth in coffee consumption and production in Viet Nam. Indeed, partly due to Viet Nam’s *terroir* and its government’s economic liberalization policies – which began in the 1990s and includes zero taxation on coffee exports, in the two decades following that period, the country became the world’s largest exporter of *Coffea robusta*. At the same time, Viet Nam became the second largest overall exporter of coffee (1.15 million metric tons annually, 2010/2011), valued at US$2.4 billion, according to Vietnamese government statistics.

**IP in Action**

In addition to relying on Viet Nam’s *terroir* and coffee production capacity, Trung Nguyen has distinguished its products in the market by creating a number of coffee
brands and products. At the same time, the company has enhanced quality in its production processes, promoted and commercialized its products via its own network of cafés and distribution networks, and collaborated with industry partners.

Adding Value, Reaping Rewards

Trung Nguyen has relied on Asia’s growing middle class, which has had an increasing appetite for coffee and café shop culture – Vietnamese consumption of roasted and ground coffee products, for instance, rose to between 22 and 25 percent of the population in 2012. As Mr. Vu noted, “[Trung Nguyen expects] to benefit from the fast-growing popularity of coffee in many traditional tea-drinking countries of Asia. [The company hopes] to lift Vietnamese coffee consumption from one kilogram per head per year to as high as the five kilograms we see in Brazil.”

To this end, the company creates a variety of processed products (over 60,000 tons per year) such as instant and drip coffee (in a number of brands and products) and various kinds of Vietnamese tea. These products, moreover, are supported by colorful, well-packaged brands. As Mr. Vu said: “Viet Nam [traditionally exported] 90 percent of [coffee] beans raw. These beans carry no brands. That needs to be changed.”

Seizing on this opportunity, the company has been at the vanguard of coffee manufacturers in Viet Nam that have branded product portfolios. Some of Trung Nguyen’s most established brands are G7 (an aspirational instant coffee brand named after the “Group of Seven” community of ministers from the world’s seven richest economies), Passiona (a low caffeine coffee product), and Tra Tien (a brand of tea). The company’s brands, in addition, are often commercialized via a number of product lines – G7, for example, is available in 11 different products including an instant coffee 3 in 1 mix and as an instant cappuccino mocha product.

Perhaps the most internationally renowned product in the company’s brands portfolio, Weasel is a Trung Nguyen coffee brand that can trace its heritage to a unique yet valued tradition in the country for cultivating coffee. For generations, farmers in Viet Nam gathered coffee beans that have been consumed and passed through the digestive tract of the Common Palm Civet (sometimes called a Civet cat or weasel, *Paradoxurus hermaphoditus*) – a small mammal that is native to Viet Nam and other parts of Asia.

However, unlike other Civet cat species in the region (which usually eat meat), the kind that lives in Viet Nam has a fruit-based diet – particularly coffee berries. Once eaten by the Civet and passed, virtually intact, via the mammal’s digestive tract, the coffee bean (which loses its outer shell during this process) is cleaned and processed
in order to form the ingredients of the Weasle brand. Due to its rarity (only 50 kilograms, approximately, of this product is produced annually by the company), Weasle coffee – which has an earthy, chocolate-like flavor – has not only become a high-end delicacy in Viet Nam; it has also commanded premium prices in regional and international markets – up to US$3,000 per 1 kg bag, in 2013.

To capitalize on the fame of this product, Trung Nguyen has developed two complementary brands – called Legendee and Creative Coffee; they are in the mid-price ranges – which are made of synthetic enzymes that simulate the taste of Weasle. A further pillar of the company’s branding strategy has been to create attractive product sleeves with catchy marketing tags that reflect Trung Nguyen’s aspirations and hopes both for its products and for Viet Nam’s future progress.

“What we stress [through the company’s product packaging and branding],” the entrepreneur said, “[...] is creativity and the creative energy of what people can do to change their lives.” For example, “Bringing creativity into coffee.” and “When we drink coffee, ideas march in like the army!” are slogans that the company has used on its products in order to promote a sense of optimism and innovation – especially within the country’s fast-growing middle class.

In addition to creating an ecosystem of products supported with creative branding and marketing strategies, the company has implemented quality standards in its production processes – further enhancing Trung Nguyen’s competitiveness in a global market. To implement quality, the company has invested in both its farms and manufacturing facilities and relied on internationally recognized verification and certification systems for the agricultural industry.

Trung Nguyen has invested in its network of coffee farms by importing and installing high tech irrigation systems and utilizing quality fertilizer while enhancing the skill of producers and helping them reduce pesticide use. As Mr. Vu explained, “We don’t own any coffee plantations, but we’re investing in the farmers. In bringing [quality technology and farming practices to farmers, Trung Nguyen] helps them lift their quality so that they can sell their coffee at a higher price.”

Producers in the company’s network have, for example, relied on mobile phone technology which allows near-instant updates on international coffee prices – this has helped them sell their coffee products more efficiently or at optimal prices. By working with manufacturers such as Trung Nguyen, furthermore, producers can negotiate steady prices for their product with a trusted partner – a situation that was not possible when farmers relied on a volatile international commodities market.

Trung Nguyen, conversely, can rely on a steady supply from a small, but trusted, network of quality producers – which ensures the supply end of the company’s value chain. Trung Nguyen’s strategy to improve quality and efficiency, moreover, has been supported by a number of internationally recognized verification and certification
systems for safe and sustainable coffee growing practices. An example of this is EurepGAP – a common standard for farming practices created by a conglomerate of European supermarkets (GAP is the acronym for Good Agricultural Practices, a method of agriculture that ensures the safety of produce).

EurepGAP, and other systems like it, has allowed producers such as Trung Nguyen’s network of farmers (who were implementing the system as of 2013) to improve production standards and claim premium prices for their products. The certification has also been instrumental in increasing the company’s competitiveness and appeal, especially with clients in North America and Europe who demand certified business partners.

As the company’s founder said, “We expect to get certification from international organizations for the quality of our inputs [...] so that we can easily sell our coffee to selective markets, and leading American and European food retailers.” With increasing trust between the company’s coffee suppliers and international clients, Trung Nguyen has been able to enjoy better returns on investments and develop other important pillars of its branding and commercialization strategy – establishing the company’s own chain of branded cafés, for example.

Known as G7Express Cafés and Trung Nguyen Coffee, the shops have tapped into the nearly 50 percent of coffee customers in Viet Nam who, according to surveys, prefer to consume coffee in cafes, as compared to other locations such as the home (Ipsos Business Consulting, 2013). Based on contemporary but casual open space architectural designs – and offering coffee drinks, smoothies (a blended drink made of fruits) and snacks while playing the latest hits as background music, the cafes have attracted a wide socio-economic customer base (mainly upwardly mobile customers between 20 and 50 years old) and helped the SME meet increasing demand for its products.

At the same time, the shops have raised awareness of Trung Nguyen’s brands in the nation’s consciousness. Commensurate with the company’s branding and commercialization strategy, Trung Nguyen has promoted its products via industry fairs and festivals – such as the Buon Ma Thuot Coffee Festival, held in the Central Highlands area. The company has also endeavoured to raise the profile of coffee in the country – and to introduce Viet Nam’s coffee to the world – via its own “coffee village” in Đắk Lắk province.

The village is a complex of shops, traditional coffee houses and gardens that has front lined Trung Nguyen’s many brands. It has also included an educational coffee museum – which has over 2,000 exhibits – with a souvenir shop attachment. Since it
opened in 2008, the museum has promoted Trung Nguyen and become a centre of tourism that has reaffirmed the region’s claim of “coffee capital” of Viet Nam.

In large part due to its robust branding and commercialization strategy and impressive investment drive (tens of millions of US dollars), by 2007 Trung Nguyen was operating three processing facilities in Viet Nam: in Đắk Lắk, Binh Dươn and Lam Đông province (a facility that produces tea). Five years later, in 2012, the company was implementing a US$80 million, three-year expansion (part of 10 year coffee production expansion drive) in the Central Highlands area of the country – which would lead to a new processing facility in the area.

Overall, the SME’s modern production facilities (five of them, in 2013, including a US$110 million factory) had a capacity to process 120,000 tons of coffee every year. As of 2013, Trung Nguyen’s coffee products were commercialized via a wide network of local, regional and international distributors as well as over 60 G7Express Cafés and Trung Nguyen Coffee shops in Viet Nam (in 2010) and in other countries, such as the Republic of Singapore (Singapore).

In the same year, the company exported its brands and products to over 60 countries and regions around the world – the EU, Japan, the PRC, and the Republic of Korea, to name a few. Each region, furthermore, has been approached with a targeted commercialization strategy. The company, for instance, has focused on developing its distribution networks in countries around Viet Nam which form the Association of Southeast Asian Nations (ASEAN).

“For ASEAN,” Mr. Vu noted, “which is a market I see as a domestic rather than an international one, we will focus more on the distribution system [such as franchise agreements with local retailers], particularly for instant coffee.” In other markets, such as North America, the company had in the same period focused on commercializing its products via Internet-based sales and through supermarket distribution networks – Costco, an international supermarket chain based in the United States of America (USA), is an example. In the EU and other countries in that region, meanwhile, Trung Nguyen had developed distribution collaborations with established industry partners including Nestle, a multinational foods and beverages manufacturer based in the Swiss Confederation.

The Intangible Nature of a Coffee Bean

With hundreds of millions of dollars invested in its production, branding and commercialization strategy, Trung Nguyen has also ensured protection for its corporate identity – including the identity of its many brands. To this end, the company has relied on the intellectual property (IP) system.

With a view of expanding into the lucrative American market, the company registered Trung Nguyen (in
2004 and 2011) as a trademark via the United States Patent and Trademark Office (USPTO). The SME, moreover, registered the phrase Trung Nguyen, Coffee, The Place For Coffee Lovers (2010) at the USPTO. Indeed, Trung Nguyen has protected a number of trademarks in the USA including G7 Coffee Instant Coffee (2010) and G7 EXPRESS CAFÉ CHUYEN CÀ PHÊ NGON & BÁNH MỊ GIỚN (2013), both registered at the USPTO.

The company has also sought to protect its IP in other important markets such as the EU. In this region, Trung Nguyen registered a trademark for Trung Nguyen Be Getting New Sources of Creative Inspiration (2003), Trung Nguyen inspire your creative sources (2004), and Trung Nguyen G7 Coffee (2004) at the Office of Harmonization for the Internal Market (OHIM). Four years later, a trademark for G7 Coffee Instant Coffee (2010) was also registered at OHIM.

The company, furthermore, has applied for several other trademarks in the EU – including COFFEE Legendee (2013) and Weasel Coffee 1857 The King of Coffee (2013), also via OHIM – with a view to protecting its high-end brands and products. In addition to utilizing the USPTO and OHIM, the company has registered several trademarks and brands – Trung Nguyen Coffee, the place for coffee lovers (2009) and Weasel Coffee, 1857, The King of Coffee (2012), for instance – via the Madrid system for the International Registration of Marks (Madrid system). Managed by the World Intellectual Property Organization (WIPO), the SME’s Madrid system registrations have been designated in 23 countries were the company expects to do business. Altogether, the SME has dozens of trademark registrations covering all the major markets where it currently operates (or plans to operate) – Cambodia, the EU, Japan, Laos, Singapore, the USA, and the PRC, for example.

Having comprehensively protected its brands and products around the world, Trung Nguyen has ensured its future avenues of expansion on the Internet by registering at least three domain names (as of 2013). The registrations are: trungnguyen.com.vn (the company’s flagship website, aimed at the Vietnamese market); trung-nguyen-online.com (which focuses on Online sales to the USA); and trung-nguyen-online.co.uk (which manages Online sales to the United Kingdom).

The Value of IP

Despite taking steps to ensure its IP around the world, Trung Nguyen has had to face challenges to its IP. In 2000, for instance, another company registered “Trung Nguyen” as a trademark in the USA before the Vietnamese SME had done so. Mr. Vu negotiated with the registrant until that trademark registration was withdrawn – thus allowing Trung Nguyen the opportunity to register the mark. Subsequently, Trung Nguyen has proactively registered trademarks even before expanding into a new market, country or region or, indeed, while still in the process of developing new products and brands.

Going Forward

In just over 20 years since its foundation, Trung Nguyen has evolved from an obscure SME in Viet Nam’s “coffee capital” to an international manufacturer of coffee products with an impressive portfolio of global brands. In the process, the
company has dominated the domestic coffee market in Viet Nam and set its sights on growing internationally.

Due to its success, the SME has continued to invest in its growth and expansion drive, including the acquisition of Eatul Coffe Company, a manufacturer of coffee products that was previously affiliated to Vinacafé Bien Hoa JSC, a partly state-owned producer and processor of coffee products that is based in Hanoi, the second largest city in Viet Nam.

In 2011, moreover, Trung Nguyen’s G7 instant coffee product accounted for approximately 75 percent of the instant coffee market in the north of Viet Nam. In the same year, the company had revenues of around US$250 million. With demand for coffee set to increase in the ASEAN region, the PRC and other parts of Asia, Trung Nguyen is confident of future growth and better year on year business results – up to US$1 billion by 2015, according to Mr. Vu’s estimation.

Seeing a Future in Coffee Beans

With a strong love of coffee and a grand ambition for his country, Dang Le Nguyen Vu began an unlikely career in the coffee business. A little over two decades later, the largely self-taught entrepreneur had mastered the art of making, branding and commercializing coffee products. Relying on quality, aspirational brands, and international protection via the IP system, the entrepreneur has helped revolutionize Viet Nam’s coffee industry while supporting producers and inspiring a new generation of business pioneers in the country.
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MSC, http://www.mscmalaysia.my


Capital TV, http://capitaltv.my/capitaltv-pesona-sep02


Onscreen Asia, http://go.galegroup.com/ps/i.do?id=GALE%7CA165912191&v=2.1&u=evanston_main&it=r&ss Omni=true&prodId=GRM&userGroupName=evanston_main&ft=GRM&b&doc=5e17d2a45320003de0567a3264846ad58&rss=r


Republic of the Union of Myanmar

FAME Pharmaceuticals, http://www.famepharma.com


Republic of the Philippines


Naturescast, http://www.naturescast.com

Naturescast – Blog, http://naturescast.blogspot.com


Sustainable Furnishings Council, http://www.sustainablefurnishings.org


Floreia, http://www.floreia.com

Republic of Singapore


SPRING Singapore and Singapore National Employers Federation, http://www.hrcapability.sg/case-studies/ugs

Unique Gas Solution Pte Ltd (TV advert), http://vimeo.com/28621968


Guardian Independent Certification Limited, http://www.gicg.co.uk/node/3

The Straits Times, http://www.straitstimes.com


UTZ Certified, https://www.utzcertified.org
Annex 2 – ASEAN IP Offices

Please refer to the following links on WIPO’s website for contact information for the offices related to the management of IP in each ASEAN country.

**Brunei Darussalam:**
http://www.wipo.int/members/en/contact.jsp?country_id=21

**Kingdom of Cambodia:**
http://www.wipo.int/directory/en/contact.jsp?country_id=90

**Republic of Indonesia:**
http://www.wipo.int/members/en/contact.jsp?country_id=77

**Lao People’s Democratic Republic:**
http://www.wipo.int/directory/en/contact.jsp?country_id=98

**Malaysia:**
http://www.wipo.int/members/en/contact.jsp?country_id=124

**Republic of the Union of Myanmar:**
http://www.wipo.int/members/en/contact.jsp?country_id=116

**Republic of the Philippines:**
http://www.wipo.int/directory/en/contact.jsp?country_id=139

**Republic of Singapore:**
http://www.wipo.int/directory/en/contact.jsp?country_id=154

**Kingdom of Thailand:**
http://www.wipo.int/directory/en/contact.jsp?country_id=168

**Socialist Republic of Viet Nam:**
http://www.wipo.int/directory/en/contact.jsp?country_id=185
Annex 3 – WIPO Services

Protecting IP

PCT – The International Patent System
The Patent Cooperation Treaty (PCT) assists applicants in seeking patent protection internationally for their inventions, helps patent Offices with their patent granting decisions, and facilitates public access to a wealth of technical information relating to those inventions. By filing one international patent application under the PCT, applicants can simultaneously seek protection for an invention in 148 countries throughout the world.

Further Information: http://www.wipo.int/pct/en

Madrid – The International Trademark System
The Madrid System is a one-stop solution for registering and managing marks worldwide. Two treaties govern the system of international registration of marks: the Madrid Agreement Concerning the International Registration of Marks (1891) and the Protocol Relating to the Madrid Agreement (1989). The system facilitates the obtaining of protection for marks (trademarks and service marks) and, since an international registration is equivalent to a bundle of national registrations, the subsequent management of that protection is made much easier.

Further Information: http://www.wipo.int/madrid/en

Hague – The International Design System
The Hague System for the International Registration of Industrial Designs provides a practical business solution for registering up to 100 designs in over 60 territories through filing one single international application.

Further Information: http://www.wipo.int/hague/en

Lisbon – The International System of Appellations of Origin
The Lisbon System for the International Registration of Appellations of Origin offers a means of obtaining protection for an appellation of origin (AO) in the contracting parties to the Lisbon Agreement through a single registration. Registrations are published in the official Bulletin and can be searched through the Lisbon Express database.

Further Information: http://www.wipo.int/lisbon/en

Article 6ter
Article 6ter of the Paris Convention protects the flags and emblems of states that are party to the Paris Convention, as well as the names and emblems of international intergovernmental organizations (IGOs) against unauthorized registration and use as trademarks.

Further Information: http://www.wipo.int/article6ter/en

Dispute Resolution

Alternative Dispute Resolution
The WIPO Arbitration and Mediation Center is a neutral, international and non-profit dispute resolution provider that offers time- and cost-efficient alternative dispute resolution (ADR) options. WIPO mediation, arbitration, expedited arbitration, and expert determination enable private parties to efficiently settle their domestic or cross-border IP and technology disputes out of court.

Further Information: http://www.wipo.int/amc/en

Domain Name Disputes
The WIPO Arbitration and Mediation Center provides time- and cost-efficient mechanisms to resolve internet domain name disputes, without the need for court litigation. This service includes the WIPO-initiated Uniform Domain Name Dispute Resolution Policy (UDRP), under which the WIPO Center has processed over 27,000 cases.

Further Information: http://www.wipo.int/amc/en/domains
Annex 4 – IP Advantage

The IP Advantage database (www.wipo.int/ipadvantage) provides a one-stop gateway to case studies that chronicle the intellectual property (IP) experiences of inventors, creators, entrepreneurs and researchers from across the globe. The case studies offer insights into how IP works in the real world and how its successful exploitation can contribute to development. As of April 2014, IP Advantage contains about 190 case studies in 75 countries. Users can search for case studies by criteria such as type of IP, type of industry, or country names. The database also contains advanced and full text search features.