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### Intellectual property, innovation and the retail industry

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# Intellectual property, innovation and the retail industry

31 Oct 2018

*Think ahead to protect your intellectual property, and leverage on it to deliver customer value*

Being a market leader sometimes brings unexpected trouble. FarEastFlora.com, the online arm of one of Singapore's oldest flower businesses, Far East Flora, had invested heavily on Search Engine Optimisation (SEO) and Search Engine Marketing (SEM) but noticed the price of the 'Far East Flora' keyword kept going up. What they realised was: other flower companies were bidding on that key word because of brand recognition.

"Because we are a very old brand name and the market leader, there were new flower companies that were bidding on our brand name," explains **Ryan Chioh**, CEO of FarEastFlora.com. "That led to us increasing our bids on our own keywords, which doesn't make sense.

"So we worked with Google who asked us for proof of our trademarks, and from there Google forced these other companies to remove their search words. This is a very real example of using IP (intellectual property) as a defence strategy."

Chioh shared that story in a panel discussion on IP and innovation at the recent Asian Retail Leaders Conference 2018, *Leaders in Retail: Navigating Turbulent Waters* where fellow panel members also stressed the importance of protecting a firm's IP. **Chong Ka Wee**, CEO of nutrition and cosmetics firm Kino Biotech Group, works with SMEs who have expressed the desire to move into China but have paid little attention to their trademarks.

"A lot of SMEs have not even done their trademark registration," Chong elaborates. "Of course, you can use your overseas trademark to go in, but after you build that up you cannot really expand your business in China if you don't have a local trademark."

**Audrey Yap**, the moderator of the panel and Managing Director of IP specialist law firm Yusarn Audrey, told the audience that the Chinese trademark registrar received 17 million trademark filings in 2017 alone, and that there's likely to be a backlog. "You have to start the journey early for entry into China," she tells the audience. "For those on the trademark journey, you have to make sure you are first and in time for the purpose of filing. If there is a mark that is similar to yours, you will have obstacles in registering your own."

## Innovating on IP

Protecting IP and trademarks is important, but brands and businesses get nowhere without leveraging the knowledge to innovate. **Mark Lee**, CEO of Sing Lun Holdings and President of the Textile & Fashion Federation of Singapore, shared examples of his company's supply chain innovation to help retailers.

“When we do product development for brands, when we design clothing, we no longer just use a normal manual process,” says Lee, whose company counts Under Armour and Puma as clients. “We use a 3D virtual fit model. Basically, if your product is meant to fit a consumer of a certain size range, we scan that body and create a virtual body avatar.

“We create products to fit the virtual avatar and send it to the brands. They look at it, make the necessary changes, and send it back to us. We then unfold that into a pattern. It saves at least one round to one-and-a-half rounds of sampling. That translates to a lead time cut of at least a week to 10 days.”

He adds: “You want faster product development cycles because you want speed to market. You want overall faster production lead times from your suppliers. You’re looking at maximising the shift from wholesale to direct-to-consumer. This is the fastest growing segment for many of the brands today.”

Speed to market is also aided by the increasing use of robots, a development that runs counter to the narrative of the garment industry being a collection of labour-intensive sweatshops. While Lee concedes it’s not possible to “take away certain components of human labour”, increasing the use of technology in the production and packing process is possible and desirable, and helps increase product security.

“If we can eliminate as much labour as possible, you know it’s less likely that someone has slipped into the package something illegal and it gets shipped to you at your warehouse, creating a problem worldwide,” he explains. “The second thing is: when you have a brand, let’s say a Nike logo or Adidas logo, you want to make sure it’s not counterfeited. During the product development stage you have screens that are all RFID-tracked. We know there is nobody taking a legal screen out and printing that onto a counterfeit T-shirt.

“Also, if you look at your shoes or shirts today, there is a QR code on them. These helps make sure there is no counterfeiting. There is transparency in the supply chain at any time, brands can log in to see where our quality standards are with regard to their products.”

*Ryan Chioh, Chong Ka Wee, Mark Lee and Audrey Yap were part of the discussion panel “The Retail Sector Under Attack – Is Innovation and Intellectual Property the Key?” at the SMU Retail Centre of Excellence (RCOE) Asian Retail Leaders Conference 2018 that was held on 18-19 October 2018.*

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