

# Republic of the Philippines

## Rising Above the Competition

*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.



Pedro and Catherine Delantar, founders of Nature's Legacy (Photo: Nature's Legacy)

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*



The entrepreneurs developed an innovative stonecast product that realistically simulates stone native to Mactan island (Photo: Judhi Prasetyo)

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*<sup>®</sup> 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*<sup>®</sup> 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.



Completely recyclable furniture made out of agro-forest waste  
(Photo: Nature's Legacy)

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*<sup>®</sup>. 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*<sup>®</sup> led to Nature's Legacy's creation of a similar innovation for marble.

Ever since the company's founding, and even more so since the development of *Naturescast*<sup>®</sup>, 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 Nature's 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*



The company's innovations cover a wide range of products (Photo: Nature's Legacy)

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 (IPOP HL) 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*

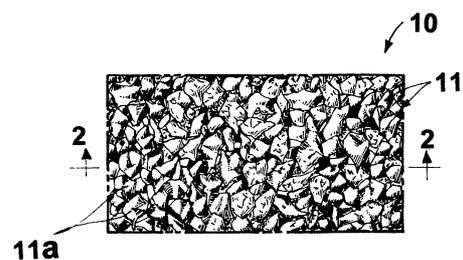
After suffering this IP infringement, the entrepreneurial couple realized that strategic protection of Nature's Legacy's original designs, innovations, and production processes would be essential to the company's success and growth. One of Nature's Legacy's most important industrial designs at the time 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®](#) (#4200900666), [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



The Naturescast® patent (as submitted in PCT application PCT/PH2003/000016, PATENTSCOPE® search)

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.



An example of jewelry made with environmentally friendly materials and marketed under the Floreia brand (Photo: Nature's Legacy)

### *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.