INTELLECTUAL PROPERTY RIGHTS PROTECTION AT LAZADA 2020 YEAR IN REVIEW

#1 ONLY

SEA ECOMMERCE COMPANY WITH DEDICATED IPR PROTECTION TEAM

3X GROWTH

IN IPR PROTECTION TEAM SIZE

1000+

REGISTERED USERS ON IPP

3.2X

INCREASE IN VOLUME OF TAKEDOWN REQUESTS

97.5%

OF LISTINGS PROACTIVELY REMOVED DONE BEFORE FIRST SALE WAS MADE

1:8

FOR EVERY 1 LISTING REMOVED THROUGH IPP, 8 PROACTIVELY REMOVED

USD 1.3M

> 700

COUNTERFEITS SEIZED

STAKEHOLDERS

3
MoUs IN DISCUSSION

3
NEWS FEATURES

> **“Lazada is the best-in-class in Southeast Asia amongst all eCommerce platforms when it comes to IP protection.”**

Benedict Chen
APJ Regional Investigation Manager Global Anti-Counterfeit Program, HP Inc.

Lazada's Commitment to IPR Protection

Appreciating the need to respond promptly and efficiently to rights holders' intellectual property rights (IPR) concerns, Lazada made significant investments in its technology infrastructure and human resource capabilities to develop and improve it's IPR Protection Programme.

How it all began...

2019

In March 2019, Lazada set up the Intellectual Property Rights Protection Team ("IPR Protection Team") – a team dedicated to attending to rights holders’ IPR concerns on Lazada platforms.

3X
18 MONTHS

Aside from designing, developing and implementing Lazada’s IPR Protection Programme, the IPR Protection Team also actively engages with rights holders to ensure that they maximise benefits from the programme and to obtain ongoing feedback. Just in the past 18 months, the team size has increased three-fold.

#1

To our knowledge, Lazada is the only eCommerce company in Southeast Asia with a team dedicated to addressing rights holders’ IPR concerns.

Lazada IPR Protection Team Functions

The IPR Protection Team consists of three separate functions providing best-in-class support to our network of users.

Process Time

IPP Operations Team

Manages the Intellectual Property Protection (IPP) Portal, the online notice & takedown service system created for rights holders to easily submit takedown requests against listings they believe infringe upon their IP rights. The Team upholds Lazada's IPR Protection policies and reviews incoming takedown requests, continuously working to shorten the time spent awaiting takedown results.

Lazada IPR Protection Team Functions

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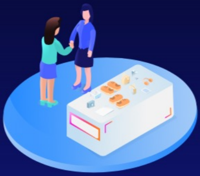


Brand Cooperation Team

Engages directly with our network of stakeholders including including rights holders, IP associations, government officials, law enforcement agencies and service providers to understand their brand protection needs and collaborate on initiatives aimed to protect IP rights.

Lazada IPR Protection Team Functions

The IPR Protection Team consists of three separate functions providing best-in-class support to our network of users.

Keyword Detected

Proactive Monitoring Team

Utilises machine learning algorithms to automatically detect and remove suspected counterfeit listings on Lazada platforms with no intervention by the IP rights holders.

LAZADA IPR PROTECTION PROGRAMME: 4 FOCUS AREAS

STRICT IPR POLICY | **MERCHANT EDUCATION** | **TECHNOLOGY-DRIVEN GOVERNANCE** | **STAKEHOLDER COLLABORATION**

ORIGINAL PHOTO
STOLEN PHOTO

Listing of product or services that infringe upon any other type of IPR recognised under the laws of the country where the product or service is listed, including, but not limited to, patents, registered designs, or any type of IPR recognised by the final order of the highest court of that country

Listing of products or services with trademark or copyright infringing content, or with deceptive or misleading information regarding the products listed for sale

Listing of counterfeit products or services

STRICT IPR POLICY | **MERCHANT EDUCATION** | **TECHNOLOGY-DRIVEN GOVERNANCE** | **STAKEHOLDER COLLABORATION**

A Seller's Journey

To ensure that Lazada's policies are understood, all new sellers are required to go through a series of educational modules in the web-based 'Lazada University' course.

The wider range of learning modules include awareness of platform terms and conditions as well as policies relating to IPR. Sellers are also made aware of the consequences for their non-compliance, which include escalating penalties, account suspension, and subsequent account termination.

Seller's Journey Begins

Education & Awareness

Consequences

IPP PLATFORM

The IPP Platform is a portal where rights holders can register their enforcement accounts, submit takedown requests across the full range of Lazada platforms and track the takedown requests process, including any counter-notices submitted by merchants. In October 2018, Lazada began rights holder beta testing of the integration, and in June 2019, the IPP Platform publicly launched for Lazada platforms.

- One-stop service portal to submit takedown requests against suspected infringing product listings
- User-friendly interface with simple navigation
- Readily available self-help materials such as user training guides & videos
- Transparent online channel for rights holders to monitor and manage takedown requests, i.e. tracking progress status, actions taken, etc
- Easy uploading and saving of proof of intellectual property rights, such as official copyright, trademark and patent certificates for multiples submissions
- One-time registration with access to multiple platforms across all Lazada platforms

> “From a brand owner's perspective, Lazada’s IPP platform is a tool that is very intuitive in terms of user interface and features. The team that runs the program has also been equally important as the support and feedback provided by them has allow us to protect our intellectual property in a much more effective manner resulting in a cleaner marketplace and better brand visibility.”

Benjamin Li

Brand Protection Specialist, Daniel Wellington

1000+

Registered Users

Currently, more than 1,000 registered users use the IPP platform to make takedown requests.

3.2X

More Requests Processed

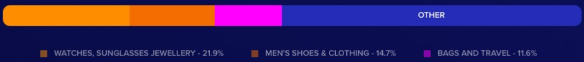
From 2019 to 2020, the number of registered users on IPP more than doubled, and the number of takedown requests processed more than tripled. Despite this growth, the average time for a takedown request to be processed was reduced by 35%.

3

Days Processing Time

By the end of 2020, more than 99% of takedown requests were processed within 3 business days (and we continue to work towards further reducing this processing time).

TOP 3 PRODUCT CATEGORIES MOST COMPLAINED AGAINST IN 2020



IPP PLUS PROGRAMME

The ‘IPP Plus’ programme was first piloted in January 2020. It offers further expedited takedown processing and enhanced service support from the IPR Protection Team. Rights holders participating in the pilot were invited based on relevant notice and takedown criteria such as reporting volume and reporting accuracy. The IPP Plus programme is intended to foster deeper collaboration between rights holders and Lazada with the parties working together to increase qualifying takedown requests and facilitate expedited enforcement.

Established Relationship
Has an existing working relationship with Lazada IPR Protection Team.

High Volume
Volume of over 500 takedown requests submitted monthly for the past 3 continuous months.

Low Rejection Rate
Rejected takedown requests attribute to 5% or less of the monthly volume for the past 3 continuous months.

Low Appeal Passing Rate
Appeals Passed attribute to below 1% of overall takedown requests for the past 3 continuous months.

Once onboarded into IPP Plus, rights holders are guaranteed a processing time of less than 2 business days for their takedown requests. Additionally, IPP Plus participants also work closely with the IPR Protection Team through regular check-ins and correspondence. During the check-ins, the parties will review past filings and carry out deep-dives into the specific takedown requests.

These sessions also serve as an opportunity for the IPR Protection Team to provide guidance to participating rights holders to further improve their reporting accuracy, thereby augmenting their takedown enforcement efficiencies.

"The LEGO Group is thrilled to join the IPP Plus Programme. We appreciate the Lazada Group’s dedication to combating IP infringement on their platforms. Through close collaboration between the brand protection teams of both parties, the number of infringing LEGO products on Lazada’s marketplaces has significantly decreased. This is a great win against illicitly traded toys as these products are detrimental to a child’s health and development. The LEGO Group looks forward to working more with Lazada in minimizing the number of infringing goods on online marketplaces."

Franklin Galman
Corporate Counsel IPR, The LEGO Group

PROACTIVE MEASURES

Lazada launched a pilot programme in March 2020 to step up proactive measures in developing a more efficient and effective process, instead of relying on ad-hoc and manual measures.

97.5% **of detected listings were removed before a sale took place.**

The pilot programme enhances Lazada's capabilities in detection and removal of suspect listings through the use of technology and assimilation of information which we receive from rights holders (such as product-specific information). This pilot further demonstrates Lazada's commitment to IPR protection, and to work closely with rights holders in providing industry-leading IPR protection in Southeast Asia.

For every 1 listings removed as a result of an IPP takedown request, Lazada proactively removed 8 listings.

**figure is derived from the brands participating in the proactive pilot programme launched March 2020.*

STRICT IPR POLICY | MERCHANT EDUCATION | TECHNOLOGY-DRIVEN GOVERNANCE | STAKEHOLDER COLLABORATION

ONLINE TO OFFLINE ENFORCEMENT ACTIONS

The online to offline enforcement actions Lazada contributed to in 2020 resulted in the seizure of more than USD 1.3 million worth of counterfeit material.

Lazada is cognisant of the fact that anti-counterfeiting efforts need also to be directed at the root of the problem, that is, the physical source(s) of the counterfeit products. By supporting rights holders and local law enforcement agencies in offline investigations and enforcement actions, we play a critical role in the prosecution of bad actors along the full counterfeit products supply chain. These actions also serve to deter future bad actors who may otherwise consider misusing Lazada platforms for their IPR infringing activities.

HOW DOES AN ONLINE TO OFFLINE ENFORCEMENT ACTION AGAINST COUNTERFEITERS WORK?

RIGHTS HOLDER IDENTIFIES SELLER(S)

Rights holder identifies sellers: The rights holder identifies sellers that sell counterfeit products on Lazada, confirmed to be counterfeit through test purchases.

LAZADA PROVIDES ADVICE

The Lazada IPR team may assist the rights holder in designing the investigation plan in relation to the identified target(s) and provide information which will help the rights holder to move towards the physical source of the counterfeit products.

RIGHTS HOLDER INVESTIGATES

The rights holder launches an offline investigation so as to gather and assess the target for viability of a raid enforcement action.

APPROACH LOCAL AUTHORITIES

If the rights holder decides to pursue a raid action, Lazada may -- together with the rights holder -- jointly approach local law enforcement agency to lodge the report and to assist the authorities in their further investigation or raid action in the case.

RAID ACTION

Local authorities raid the physical location and seize any counterfeit items that are found on the premises. Perpetrators may be held accountable and charged accordingly.

REMOVAL OF PHYSICAL SOURCE OF COUNTERFEIT PRODUCTS

In 2020, Lazada collaborated with HP, Panasonic and other rights holders on various online-to-offline law enforcement actions in Southeast Asia.

> "It was the first time for us to work with Lazada's IP Protection team, and the result was beyond our expectation. We were very impressed by the fact that Lazada has the same view as ours to **protect consumers from counterfeit products.** Actually, we had several meetings together and this is one of the factors that led the first successful raid in Malaysia. We want to keep working together with Lazada to **eliminate counterfeit** products."

Hisae Aoki

Chief Intellectual Property Specialist, Intellectual Property Center, Panasonic Corporation

OUTREACH, ENGAGEMENT AND COOPERATION

In an effort to provide transparency and extend support to the rights holders community, the IPR Protection Team has been hosting and participating in conferences, roundtable discussions, workshops and one-on-one meetings with rights holders. In the last 18 months, we have engaged more than 700 stakeholders including rights holders, law enforcement agencies and associations operating in the Southeast Asia region.

Lazada has also organised biannual IP Protection Workshops since 2019. These workshops serve as a forum where rights holders can provide their own feedback directly to Lazada, share best practices with each other, and allow Lazada to give updates about the latest initiatives taking part in the IPR protection programme. The workshops also provide an opportunity for rights holders to kick-start collaboration with Lazada by expressing their interests in particular pilot programmes and discussing their ideas and suggestions directly with the IPR Protection Team for improvements to any of the programmes.

Corruption Conference (IACC) International Trademark Association (INTA) IP Key South-East Asia The Inter

(IPOPHL) Ministry of Domestic Trade and Consumer Affairs (MDTCA) Malaysia The Intellectual Property Office of th

ffice (IPO) UK Korea Intellectual Property Protection Agency (KOIPA) Intellectual Property Office of Singapore (IPOS) Intellectu

ommerce Japan External Trade Organization (JETRO) Alibaba Anti-Counterfeiting Alliance (AACA) European C

tual Property (DIP) Thailand Asia Video Industry Association (AVIA) Asia Pacific Pharmaceutical Security Institute (PSI) Departm

DIP
MARATHON
2020

2019 Recap:
Progress of
Lazada's IP
Programme

Milestones, Achievements & Recognition

Singapore | Thailand | Malaysia
Vietnam | Indonesia | The Philippines

Singapore: In 2020, 10.9% of the takedown requests received through the IPP Platform were filed with Lazada Singapore

Lazada IPR Protection Team featured on Channel News Asia, Channel 8 News, and Berita News

In efforts to spread awareness to consumers on shopping safely on Lazada, Andy Chua, the head of Lazada's Regional IPR Protection Team, shared openly about the anti-counterfeiting programmes currently in effect.

Lazada recognised by the Singapore Police Force for helping to keep Singapore safe

"On Nov. 19, Lazada was recognised with an award by the Commercial Affairs Department of the Singapore Police Force for recent collaborations with the force to keep Singapore safe. Lazada was also named as one of the first partners of the Anti-Scam Centre that's within the Singapore Police Force. No other eCommerce company in Singapore is currently collaborating with the local police to the same extent as Lazada.

Milestones, Achievements & Recognition

Singapore | Thailand | Malaysia
Vietnam | Indonesia | The Philippines

In 2020, 17.5% of the takedown requests received through the IPP Platform were filed with Lazada Thailand

Lazada supports HP and Thai Police in an offline raid action against counterfeiters operating on Lazada Thailand

In September 2020, HP investigators assisted the Thai police in an operation to protect consumers from purchasing counterfeit products. The investigators and Thai police officers assembled before raiding three locations that were manufacturing and distributing counterfeit print supplies. The counterfeiters were operating on Lazada e-commerce platform.

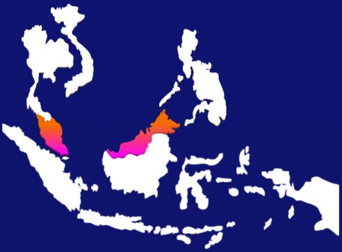
"The case was a groundbreaking success with US$1.01m worth of counterfeit material seized. The successful raid was possible due to the sharing of vital intelligence by Lazada with HP's anti-counterfeit team and the Thai police. We look forward to continued cooperation to protect customers of HP products sold online and offline.

Benedict Chen,
Brand Protection Manager APJ at HP Inc.

Milestones, Achievements & Recognition

In 2020, 23% of the takedown requests received through the IPP Platform were filed with Lazada Malaysia

Singapore | Thailand | **Malaysia**
Vietnam | Indonesia | The Philippines



Lazada enables law enforcement to seize counterfeit Panasonic electrical goods in Malaysian raids

In September 2020, Malaysian authorities seized more than 90 counterfeit Panasonic electrical products at the GM Plaza in Kuala Lumpur. They confiscated hair clippers, blenders and irons. Counterfeit electrical goods pose potential safety hazards to consumers as they are unlikely to meet compliance standards.

Materials used to make the counterfeit goods are often of low quality. For this reason, brands like Panasonic are all the more invested in stopping the manufacturing and distribution of counterfeit goods.

"The transparent approach with regards to communication of our collaboration illustrates Lazada's genuineness in promoting fair and open collaboration with rights holders."

Mr. Fumiaki Tanaka, Marketing Director Panasonic Malaysia

Milestones, Achievements & Recognition

In 2020, 8.4% of the takedown requests received through the IPP Platform were filed with Lazada Vietnam

Singapore | Thailand | Malaysia
Vietnam | Indonesia | The Philippines

Lazada awarded by the Directorate of Market Surveillance of Vietnam at their event sponsored by SNB-REACT

In acknowledgement of the significant improvements which Lazada has made in the area of IPR protection, the Netherlands-based anti-counterfeiting organization, SNB-REACT, awarded a recognition to Lazada for its "proactive efforts in brand protection and cooperation with rights holders to address the sale of counterfeit products" in January 2020.

The award was presented during the "Annual Asia Assembly" – which was held in partnership with the Vietnam Directorate of Market Surveillance. As a further testament to the progress Lazada has made in the last two years, Thailand's Department of Intellectual Property (DIP) has also endorsed these efforts.

Milestones, Achievements & Recognition

In 2020, 19.1% of the takedown requests received through the IPP Platform were filed with Lazada Philippines

Singapore | Thailand | Malaysia
Vietnam | Indonesia | The Philippines

Lazada partners with the Intellectual Property Office of the Philippines in a MOU to build trust between IP rights owners and eCommerce platforms

On 17 February 2020, the Intellectual Property Office of the Philippines (IPOPHL) organised a workshop that served as an avenue for online retail platforms and brand owners to voice their issues and propose solutions to a healthier and safer e-commerce environment.

This ongoing conversation identifies the counterfeiters' community as multi-scale and frequently changing, and therefore the solution requires platforms, government, and associations, and rights holders to adopt a more uniform and simpler standard on processing takedown requests against unscrupulous content. Lazada Philippines intends to remain a close strategic partner in this conversation and provide input in order to reach a mutually practicable solution in combating counterfeiting and piracy.

> "I sincerely do feel that **Lazada is the benchmark** amongst online sales platforms when it comes to **IP protection collaboration** with rights holders in the region."

Yip Chee Choon

Brand Protection Manager, BMW

Conclusion

Lazada has worked tirelessly (and will continue to do so) in designing, implementing and refining programmes and initiatives to prevent IPR infringement on our platforms. We will also keep channels open for rights holders, government authorities, industry associations and other stakeholders to engage and collaborate on IPR and consumer protection issues. Lazada is not only the leading eCommerce company in Southeast Asia, it is also leading the eCommerce industry in establishing a new IPR protection standard and environment in the region.

Whilst Lazada continues on its proven track record of successfully reducing infringing listings by working directly with rights holders, optimising our technology and deploying proactive measures against suspect listings, we are also relentless in seeking greater opportunities to partner with more rights holders, law enforcement agencies and the greater IPR enforcement community.