



Philip Sheppard, AIM's public affairs manager

Policy matters: trademarks in the real world

Trademark counsel must understand the political context within which their IP rights operate. *WTR* looks at the dynamic world of trademark policy development

Trademark law is not practised in a bubble. Smart trademark counsel know that their team must dovetail with other departments in order to meet the company's strategic objectives. They also understand that beyond the registration certificates lies a world where brands brighten up store shelves and billboards. The in-house trademark counsel is a nexus not just between internal teams, but also with the outside world. It is thus vital that trademarks are viewed in their wider commercial and political context.

Trademark law is global and dynamic: at any one moment, letters are being drafted, consultation comments submitted and surveys analysed in an attempt to develop legislation in key and emerging markets around the world. Practitioner input influences the enactment of new laws and drives a greater understanding of the importance of trademark rights. Trademark counsel can have a say, so long as they can see what is going on beyond their desks.

Eyes wide open

To assist trademark counsel and other colleagues, most large corporations have dedicated whole departments to handling government affairs or external relations. These teams pave a path into a political landscape which can afford trademark counsel a more sophisticated understanding of how their rights operate. A conduit into this landscape can also give companies a wider stage on which to address their concerns. "Counterfeiting is such an important issue for us," reports Frédéric Feller, a member of Toyota Europe's legal team, "especially in greater Europe: Russia, Ukraine, Kazakhstan. Once a counterfeit product enters one of these markets, it's easy to pass into another. So we have a dedicated person here in Brussels who is focused on our relationship with Customs."

Across the Atlantic, it is in Washington DC that brand owners rub shoulders with government to try to improve their lot. "When issues come up, my colleagues in DC know their way round and get things done," says Russell Pangborn, head of trademarks at Microsoft. According to a recent disclosure report, Microsoft spent \$1.85 million on lobbying in the second quarter of 2010, covering software piracy

and patent reform, among other issues. "I can leverage that resource, which is very beneficial," says Pangborn.

Pangborn may be able to call on his colleagues when needed, but as Microsoft's top trademark expert, he is also happy to roll up his sleeves and set to work on policy development in addition to managing the day-to-day running of the trademark team. "The job is constantly in flux," he explains. "For example, at the beginning of this week I was deep in policy – getting my comments together for the latest consultation on new generic top-level domains. Then I spent yesterday with internal clients on substantive trademark work."

Operating across such diverse spheres keeps trademark counsel nimble, as it brings together the minutiae of trademark work, a market-based understanding of how trademarks function and the big political picture. This panoramic perspective is crucial to a full understanding of trademark practice. And it has tangible benefits: involvement in policy issues is a trademark counsel's ticket into some important circles, which can come in especially handy should problems arise. For example, when a number of global sports manufacturers recently became aware of open-air markets selling counterfeit goods in Turkey, in-house trademark counsel and external relations staff at the companies concerned joined forces to broach the matter with Turkish policymakers. The market was duly closed down; objective achieved, the temporary coalition of brand owners disbanded. One individual involved on behalf of a major sports brand told *WTR*: "It was a fast and dynamic way to effect change. And it had a very high benefit for low costs."

INTA-connected

Notwithstanding the benefits of such temporary alliances, it is unlikely they will replace established user networks such as the International Trademark Association (INTA). These venerable organisations now enjoy quasi-official relationships with governments and are part of the fabric of policymaking. As long as trademark practice continues to evolve, user associations will help attorneys to organise themselves and develop consensus policies that reflect the interests of rights holders.

"Organisations like INTA serve as a forum where interested companies can work together on initiatives," says Claudio Di Gangi, INTA's external relations manager, internet and the judiciary. "We may not have a formal arrangement for very rapid initiatives within INTA, but our structure allows companies to discuss issues in that way." And it works: over the years INTA has influenced countless aspects of trademark law and practice. Prior to 1996, the concept of dilution had existed among US attorneys for years, although owners

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of famous trademarks had no legal recourse to stop third parties from diluting their rights. In 1996, dilution was written into the statute books, in recognition that famous brands merited extra protection. “INTA was deeply involved in drafting the legislation,” recalls Pangborn, who started practising just two years before the Federal Trademark Dilution Act was enacted. “A lot of people involved in INTA participated in the hearings.”

Having achieved such major successes in the United States, INTA – formerly the United States Trademark Association – has taken a few years to shake off its image as an organisation interested in US issues only. Interviewees for this article recall that INTA met with a somewhat frosty reception when it set up shop in Brussels in 2006. But Christina Sleszynska, INTA’s Europe representative, notes that where INTA’s activities overlap with those of other groups, it is to the benefit of all. “We are a collaborative organisation and welcome other European associations’ and entities’ involvement,” she told WTR. “We find that they value our international perspective to their

work – we contribute by giving a slightly different input.”

While INTA is comfortable taking a back seat in some jurisdictions, its committee structure ensures that its policies are always relevant. The organisation now has an impressive roster of committees covering matters such as anti-counterfeiting, parallel imports and the harmonisation of trademark laws. These issue-led working groups are subdivided geographically, to ensure that the right topics are addressed across different jurisdictions.

“Members develop our policies through their committees,” explains Di Gangi, who works most closely with the internet committee, one of the body’s largest groups and the only one subdivided by theme. “If INTA does not have an existing position on an issue, committee members will put forward recommendations which climb the INTA hierarchy, through the policy development and advocacy group and then to the board of directors.”

This structure serves as an effective model for members to develop relevant policies through consensus. But although it may be

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Claudio Di Gangi
INTA's external relations manager,
internet and the judiciary

well honed, the process still demands patience and compromise. “We have had to find the right way for the membership to deal with difficult issues in order to achieve a result that makes everyone around the table happy – or as happy as possible,” notes Sleszynska.

And clashes on policy matters still exist – sometimes even within the same company. Microsoft is one exemplar of such inner conflict: Pangborn explains that while the software giant is a ready proponent of strong trademark rights, it is simultaneously in the search engine market of selling keywords. For Microsoft, the lack of clarity in both the United States and the European Union as to whether trademark terms used as keywords infringe presents a difficult challenge for the company. “It’s fascinating for everyone,” says Pangborn, “but we have a bigger stake because we have a search engine. So keywords hits home.”

Indeed, this particular issue is proving contentious for trademark counsel the world over. Google is persisting in its liberal approach to the use of trademark terms as keywords – just recently, it expanded this practice in Europe and it now allows trademark text in ads in more jurisdictions than ever before. As brand owners take on the online titan in every forum, the issue looks set to remain on judicial dockets for some years yet.

The European ecosystem

Underpinning all such issues are the intricacies at play in different legislative environments. The most dynamic arena on Earth for this is unquestionably the European Union, where over the years trademark owners have spun a complex web of associations. Formed in 1980, the European Communities Trademark Association (ECTA) has configured itself along the same lines as the EU institutions. “ECTA’s structure is a copy of the European Union, with a fully representative executive council,” explains Annick Mottet Haugaard, ECTA’s president and a partner at Lydian Lawyers in Brussels. “The presidency also rotates around the Community and we have representation from all nationalities.”

The ECTA membership is made up of individuals, mostly from law firms. This can sometimes prompt claims from outside the group that ECTA is focused only on the concerns of agents, which do not always align with those of brand owners. It is partly this perceived bias that inspired a number of in-house trademark counsel to create MARQUES, an association not of individuals, but of corporations. Since both groups overlap substantially in membership and perspective, their agendas cannot always be clearly distinguished. This adds a particular piquancy to policy development in Europe, as it is often not easy to discern the motivations of every player on the field – even those on the same team.

Alluding to the occasional, but rare, disagreements between ECTA and MARQUES, Mottet admits: “I guess it’s because we have different values to defend.” MARQUES’s policies reflect its singular vision of the trademark system, seen exclusively through the eyes of the trademark owner. ECTA, on the other hand, must walk a much finer line. The association does take into account the concerns of brand owners (they are ECTA members’ clients, after all), but its agent-packed membership naturally views trademark practice through a different lens. Reconciling these interests is ECTA’s challenge. According to Mottet, it means that, compared to MARQUES, ECTA must necessarily adopt a “more balanced approach” to trademark policy.

That said, allowing agents’ interests to influence the development process, however subtly, exposes ECTA to criticism that its goal is to safeguard members’ own practices, not necessarily for the better of the trademark community. Mottet would dispute this. “We do not take a protectionist approach,” she says. “We really want

"You can take the night, too"

An interview with Gerhard Bauer, president-elect of INTA and head of trademarks at Daimler

Why did you want to get involved in policy development?

The answer is easy: because, as an in-house counsel, I am affected by the development of trademark law and practice. It's important to know what's going to happen and give your input from your own experience.

How did you first get involved?

When you find out that there are users which are affected the same way as you, you realise that there's a way of liaising and exchanging views. And then policy develops. However, it takes some time after you first become involved to realise that there's more to this than writing letters and answering reports and consultations.

Day to day, what goes on in INTA's Brussels office?

For the time being, everything is about this infamous study [research into the European trademark system being conducted by the Max Planck Institute]. INTA is keeping up to date with what is going on with the study, the papers published by the European Commission and the comments made by some MEPs. We also need to stay in touch with respective people in the commission and Parliament and in national representation in Brussels to try to figure out the mosaic of little pieces.

What are the major challenges for policy development?

The complexity of institutions. Also, staying in contact with other people who are involved. This is important because we want to build a coherent approach. Trademark owners are all in principle following the same goal, although we're from different companies.

How do you balance your policy development work with running Daimler's trademarks group?

The company knows that I am very much dedicated to its brands and policy development. I always say: the day has 24 hours, and if that's not enough, you can take the night, too. It's a major challenge, but that comes down to good leadership. There is a hierarchy in the company but I have responsibility for trademarks, so I choose what to focus on. As long as the trademark department is running, it's OK.

to improve the system for the benefit of all users."

For its part, French IP specialist group APRAM often declines to participate in discussions because its diverse membership of owners and agents would likely take competing positions. But this is not the style of ECTA – or MARQUES, for that matter. To both, the evolution of the European Union's internal market is too important for them not to speak their minds.

While the two rival groups support the internal market concept, ECTA regards the operation of the Community trademark (CTM) and national systems as harmonious, while MARQUES believes that they function more in competition. This difference in perspective is arguably also a consequence of their divergent memberships: MARQUES members seek the cheapest, strongest and most efficient system through which to protect their rights, while ECTA members largely support a more complex marketplace for trademark registration. ECTA does not want complexity for complexity's sake; it simply recognises that the coexistence of national and Community

Gerhard Bauer
INTA's president-elect



systems benefits mark owners of all sizes, not just the large companies represented by MARQUES. "As long as ECTA has opinions that are different from MARQUES' opinions, there won't be chance of a merger," says Tove Graulund, former chair of MARQUES. "I think we'll continue to disagree, as we do once in a while."

Show me the money

But the two groups are nonetheless in accord on one of the most important issues since the foundation of the Office for Harmonisation in the Internal Market (OHIM): the fee surplus generated by the CTM boom. ECTA and MARQUES also found allies in BUSINESSEUROPE, the federation of European corporate associations; European brands association AIM; and INTA. These five groups all agreed on one very simple but vital principle: that whichever party had the strongest claim to the surplus, it was certainly not national offices. "The idea that the fee surplus could go to national offices and then into the state budget to pay for something else is extraordinary," says Philip Sheppard, AIM's public affairs manager. "And yet that argument continues – people feel that case is still being made."

AIM represents branded goods industries in Europe on issues that affect manufacturers' ability to design, distribute and market their brands. The organisation regarded the fee surplus as a topic of crucial importance to its members and therefore, contends Sheppard, was the strongest voice in the dialogue over what to do with the money. The association met systematically with members of the European Parliament (MEPs) and other representatives from member states to tease out the different positions involved, explain its members' views and assemble a corps of supporters who understood the matter and could advocate in their circles on AIM's behalf. The European Commission was clearly on the side of mark owners, in that it believed the money belonged to CTM owners and the system itself, but it also recognised the political nature of the debate: national opinions may have been influenced by the need of individual offices for a cash injection.

The first major achievement in this campaign was to win a reduction in CTM fees. Sheppard quips: "If an AIM member ever asks whether a membership is worth the fees, I can say that they saved years of fees thanks to the CTM fee reduction." The issue is still something of a political hot potato, so understandably, many practitioners are trying to stay outside the debate. Law firms like to present a united front, even though this often gags their most erudite and articulate members. Similarly, corporations are wary of making public statements that might offend their customers. But trademark counsel can still have their voices heard by connecting with colleagues through user associations. This

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Christina Sleszynska
INTA's Europe representative



creates a heavyweight industry presence and neutralises the impact on any one brand owner of taking an overtly political stance.

However, lobbying is still a personal business. While policymakers are alive to the concerns of industry, specific examples brought to the table by individuals can help to mould policy and legislation more effectively. In fact, associations thrive when individual members can step up and speak out for themselves. Says Sheppard: “If I’m visiting a senior member of an EU institution or an MEP, I like to take an AIM member. I can give the more generic, association-branded view with a weight of numbers, but the brand owner can give day-to-day examples.”

Redrawing the boundaries

As the dilution law and CTM fee reduction bear out, trademark lobbying has an undeniable impact. Astute trademark counsel will appreciate that this influence can change the landscape of policy development itself. After all, the trademark owner associations have not always enjoyed a close relationship with government. In the European Union, the advocacy of the five CTM user groups proved to the authorities that mark owners can make a meaningful contribution to policy. And in the CTM fee debate, trademark owners not only won a fee reduction, but forged stronger ties with the relevant institutions in the process.

While the various EU bodies are still implementing the September 2008 compromise solution, which outlines a plan for the surplus, trademark lobbyists are already enjoying observer status on OHIM’s Administrative Board. This position would not have been won were it not for the hard work of the associations in representing the interests of rights holders. Although this status is by no means set in stone – it comes up for review in November – the fact that trademark owners were granted it in the first place is proof to any busy trademark counsel of just how important involvement in policy development can be.

Joining in the debate on OHIM’s surplus and winning observer status in Alicante have positioned European trademark owners well for their biggest lobbying challenge yet: determining the future of the European system. This is currently the subject of a major study mandated by the European Commission. As the research continues, trademark owners are becoming more vocal about OHIM’s governance model. The board of the office comprises representatives from each EU member state: almost all send officials from their national trademark offices, meaning that OHIM is effectively run by its competitors. It is a very peculiar situation – even OHIM’s president thinks so (see interview, page 37).

While seasoned trademark lobbyists have criticised OHIM’s

governance model for some time, any shrewd trademark counsel will appreciate the politics at play behind the scenes. OHIM and the CTM are the product of decades of political wrangling, which still rages today. And having a say in this debate on how the system develops will always be to the benefit of brand owners.

Two-way street

Sustained engagement is especially crucial as trademarks are still an emerging field: although the practice is now well established, a broad institutional understanding of trademarks is still a long way off. Legislators in particular need a little help from trademark counsel.

“Policymakers’ proposals are often based on an incomplete understanding of the way a market works,” says Sheppard, “so brand owners can bring their thorough understanding of the issue to a discussion. If you can get through that barrier and have a dialogue, then you’ve achieved something.”

Jonathan O’Riordan, policy manager at the Federation of the European Sporting Goods Industry, believes that brand owner associations are a crucial part of this dialogue. “We are the link between legislators, the EU executive and member companies,” he says. Such cooperation is the basis of good lobbying: policy is developed not through a megaphone, but rather through constructive dialogue.

“It’s a two-way street,” notes O’Riordan. “Institutions need to access the information held by industry, so they need to communicate with companies. Done well, the process can be surprisingly effective at preparing good legislative proposals.”

But this depends on trademark counsel participating in the process. Without such involvement, policymakers will be unaware of the issues that affect brand owners. If trademarks are important to counsel and their clients, the right people need to know why. Some may deny it, but connecting with the right people is an essential function. After all, policy development is still a human process, influenced by conversations in cafes and conference centre corridors. “You need to become familiar with people,” says Graulund. “Otherwise, everyone will sit in their trenches and not act.” In the dynamic world of trademarks, that will not do at all. [WTR](#)

Adam Smith, *World Trademark Review*, London