Nortel builds a trademark strategy for the 21st century

A marketing background and a new focus on the company's master brand mean that Nortel's head of trademarks, Alex Brkich, is able to run a tight ship that does not stint on the quality of service it provides.

As telecommunications companies go, Nortel is one of the biggest. Founded in 1895 to supply equipment for Canada's emerging telephone system, it repositioned itself in the late 1990s as a provider of communications solutions, providing networking solutions and service to support the Internet and other public and

It comes as little surprise that a company that has been able to keep abreast of the revolution in telecommunications technology has taken a similarly far-sighted approach to its own corporate identity. Nortel started life as Northern Electric and Manufacturing; in 1995 it celebrated its first 100 years by introducing the Nortel brand and becoming known as Nortel Networks. Since 2004 this has been honed further to simply Nortel.

As head of Nortel's trademark department, Alex Brkich is at the front line of this realignment. His department, based in the company's headquarters in Ontario, handles all trademarks across the world for the company – over 7,000 files. Remarkably, there are only two people in the department: Brkich and law-clerk assistant Holly Creamer. "It's a great way of being in the vanguard of every Nortel initiative without actually having the responsibility for it," Brkich enthuses. "It lets me ride every wave without crashing once – I'm able to see where we're going as a company all the time."

Running a tight ship

The downturn in the telecommunications market at the end of the 1990s encouraged Nortel to take a long hard look at itself and explore ways of cutting costs in various areas. One result of this economy drive was to pare the trademark department from five people down to two. Rather than finding this a constraint, Brkich seems to relish the challenge of squeezing as much value as possible out of the work he and Creamer do. He puts this down to his background in marketing: "If the company pays me a dollar to do some work," he explains, "they're trying to realise \$3 to \$4 in return to make that work worthwhile." Brkich has tried to apply this model of maximizing value to the trademark department in order to try to

bring value to the company far in excess of what it has to pay out.

One way in which he has been able to achieve enormous savings is by taking as much work as possible into the department. This has helped to reduce the amount spent on outside counsel, which accounts for by far the greatest portion of the budget. Brkich, who is a registered trademark agent in Canada, learns the trademark registration process in each country in which he intends to do business and carries out as many preliminary searches as he can himself. In this way, when he does use outside counsel he is able to approach them with specific questions and/or for very particular tasks.

When it is time to file the application, Brkich prepares as much of it himself and retains outside counsel only as necessary for the actual filing process. He and Creamer also take charge of the correspondence back and forth with the relevant trademark office. "We like to do most of the work ourselves and only get representation in countries by the outside counsel as required," he explains. This not only keeps costs down, but also maximises Brkich's own involvement with every file.

The savings made as a result of this have been considerable. By way of example, Brkich describes Nortel's acquisition of Bay Networks in 1998, where he was responsible for incorporating Bay's trademarks into the Nortel portfolio. Although Bay's trademark portfolio was only a fifth of the size of Nortel's, it cost three times as much to maintain – mostly because Bay had outsourced everything to do with its international trademark work. Nortel took the entire portfolio in-house and, under Brkich, total costs for the trademark department only went up by approximately 10% – well within the parameters Nortel had set for that year. "The value we bring to the company, which is unique I think in respect of many other



Box displaying the NORTEL logo

DWDM transport platform displaying the NORTEL logo and the descriptive, non-proprietary brand Common Photonic Layer

comparable trademark functions in other companies, is that we do most of the work here." Brkich concludes.

Where trademarks fit in

Nortel's trademark department is part of the IP law department, which in turn is part of the overall legal department. The trademark department's major business client internally is the brand management communications group. Although the trademark department serves all lines of business within Nortel, these usually engage it to do trademark work once the brand management group vets and approves the request. "We remain joined at the hip with branding in every initiative," Brkich says. "The idea is that we try to use the branding group to realize the strategy that we have with respect to branding and trademarks today."

This partnership between trademarks and brand strategy is another reason that Brkich has been able to run such a tight ship. "If every client could call me and have me run off in a different direction, I probably wouldn't be able to do what I'm doing," he admits. The branding group in effect clarifies the position or the initiative each business client wants to undertake so that Brkich only has to pursue the brands that are important to the company.

Nortel registers marks in all of the 150 countries in which it does business. It is a testament to the hard work of the trademark department that Brkich started with half that number of international registrations in 1989. "Wherever we go my job is to secure trademark protection so as to open that field or that market up for us," Brkich says, "to clear the way and to market our goods and services accordingly." In terms of registrations, the department is primarily concerned with registering word marks and also designs, though it has also been successful in registering a few sound marks in the United States.

Protecting the marks

Nortel has a clear policing programme for identifying and dealing with unauthorized use of its trademarks. Under this programme, the trademark department is on the front line identifying trademark infringements and supporting the enforcement of the company's rights. A typical example of this might involve the department receiving a call from US Customs about a seizure of suspicious materials that appear to look like Nortel equipment. In such a case, it is up to the trademark department to identify whether an infringement has taken place; it then hands the file over to the corporate security department, which is in charge of enforcement. "We identify the infractions and try to get as much information as we can about them," Brkich explains. "Then we hand it over to corporate security to take it beyond that which we can do from a trademark perspective. In the case of possible litigation, I promptly engage the litigation team of the law department."

In addition to this policing programme, Nortel has a unified global strategy for dealing with trademark enforcement. Its primary concern is with the master brand, which comprises the Nortel logo, the globe mark, the design and the so-called tagline trademarks – all the marks that distinguish Nortel in the world. Ancillary or productlevel marks, however, also benefit from protection. Nortel has an administrative policy of opposing the registration of marks that conflict with its product or service marks – currently there are about eight oppositions ongoing.

As well as opposing the registration of conflicting marks, Nortel keeps a close eye on marks being registered as domain names. The company's domain name policy is handled by a separate body, the Web Organization. This is charged with registering the NORTEL trademark as a domain name in all the relevant country-code top-



level domains. Brkich's trademark department also manages domain name disputes and have used ICANN's (Internet Corporation for Assigned Names and Numbers) Uniform Dispute Resolution Policy to try to knock out any conflicts administratively first. Rigorous protection does not equate to 'litigation happy' though – while Nortel will not shy away from a fight, it will exhaust every other avenue before considering litigation.

A global strategy

The trademark department is not the only part of Nortel to have been subjected to scrutiny as a result of the company's fortunes and the vicissitudes of the global market. "Since the downturn of the telecoms market five years ago, everyone has to be a lot more conscious about the money they spend as they try to create market share," Brkich points out. "You can't be laissez faire about what you do, you have to be smart about the money you spend and where you spend it." The master brand strategy has helped Nortel to make sense of advertising expenditure and focus the money to where it is most likely to yield a result.

Brkich explains that about five or six years ago the company had various lines of business running in each jurisdiction where it had a presence. These lines would distinguish themselves by adopting different product names, service names and trademarks in certain niches of the marketplace to bring value to their business there. Unsurprisingly, the advertising and marketing costs were astronomical; moreover, these costs were focused on secondary marks, which had the effect of diverging the company's focus. "The name Nortel wasn't bringing the same impact to the market that we thought it should have at that time," Brkich says.

Nortel decided to devote more time and energy to the NORTEL mark itself in order to achieve greater recognition for the company without the same cost and effort. The master brand strategy therefore involves significantly reducing the number of product and service brand marks and focusing more on the Nortel name as a valuable identifier in its own right. "The idea behind it is to develop a market presence, so that if you say the word Nortel it will have a meaning to everybody, regardless of jurisdiction," Brkich explains; this in contrast, to the previous situation of consumers wondering if it relates to, say, the Norstar or the Meridian product lines.

The master brand strategy has been in effect for three years now and in that time the number of Nortel product and service trademarks has fallen from about 150 down to 90. There may be



Near right **Heather Creamer** Far right Alex Brkich





further reductions but only down to a realistic limit. It will never reduce down to zero, says Brkich, as certain marks - such as Meridian or Norstar – have been on the market for up to 30 years and have a great deal of valuable goodwill and recognition attached to them. "This strategy reflects our focus; what we think is required to help us move ahead quickly and create the parameters by which we can achieve our market share targets," Brkich explains. "We have very strong targets that have been set for the business and in order for those to be achieved we have to all align with them."

The master brand strategy goes hand in hand with an active licensing programme. While the company restricts use of the primary Nortel logo and name to itself and its subsidiaries, it will license use of product and service marks to other organizations it works with, such as authorized resellers or dealers. To this end, it has developed the NORTEL mark with additional words and additional design elements. These additional NORTEL marks are then licensed. under strict guidelines, to other companies for use with their marketing. Licensing in this way also helps to foster a greater awareness of Nortel. "It's almost like an extension of our advertising campaign," Brkich says. "We're basically able to advertise ourselves through licensees." One such mark – SOLUTIONS BY NORTEL – is licensed to over 300 different companies.

Why Canada?

Despite its global reach, nearly all Nortel's global registration efforts are launched from Canada. This is partly a consequence of the company being based in the country and being most familiar with its system. However, it is also a reflection of how well-established and efficient the Canadian trademark system is, particularly when compared to other jurisdictions.

Currently, Canada has no classification system, so one application (and, of course, one fee) can cover any combination of goods and services. As Canada is a signatory to the Paris Convention, applicants can also take advantage of priority filing. So Nortel can use one filing in Canada as the basis for registration activity in any other country in which it wants to register.

In addition, applicants must meet the same threshold to register in Canada that is used throughout the world, meaning that an international firm such as Nortel is dealing with a consistent set of requirements regardless of where it does business. "In Canada there is a requirement to use the trademark before you can register it," Brkich explains, "and the definition for 'use' is fairly straightforward. It's a pretty easy set of rules to follow". The Canadian system is not only easy to use but registration is a reasonably slick process. "As long as I've done my homework, I can get registration relatively quickly, which of course helps to solidify our registration efforts in other countries," Brkich says.

Any discussion about the Canadian trademark system will inevitably touch on whether Canada will adopt international treaties such as the Madrid Protocol, the Nice Agreement or the Trademark Law Treaty – and what effect this might have for trademark practitioners in the country. "That to me is a 'definitely maybe' scenario," Brkich says. He has been involved with a committee looking into this issue under the auspices of the Intellectual Property Institute of Canada. While he believes that the Madrid Protocol has many aspects that would be positive, implementing it might necessitate consideration being given to the current understanding of use: under the Madrid Protocol, use is not a prerequisite for registration. In particular, legislators would have to take great care to make sure Canadian applicants were not prejudiced – for instance, apart from the current benefit of Section 16(2) of the Trademarks Act, if international applicants were granted the ability to register in Canada without demonstrating use of a mark but



Screenshot bearing the **NORTEL logo**

the requirement of use was retained for Canadian applicants. Then there is the question of how much practical help adopting the Madrid Protocol might be. Brkich points out that when the US adopted the protocol, the US Patent and Trademark Office was braced for a flood of applications, which failed to materialize.

There has also been talk among legal practitioners in Canada of the impact that the

protocol would have on their business – one particular worry being the effect that allowing applications from abroad without the necessity of retaining local counsel would have. However, as a veteran of international applications, Brkich has words of reassurance for his private practice colleagues. "In any jurisdiction which I've ever filed in, no matter how well I've done my homework, invariably I get an office action before registration is issued," he says. "And that means, of course, that I still need to have local counsel."

Looking ahead

Whatever the future holds for trademarks in Canada, it is a fairly safe bet that Nortel will not be caught napping. In the last 10 years alone the company has weathered a revolution in the telecommunications systems and witnessed the advent of the Internet as big business. Despite taking a hit from the industry bubble, the company has emerged from the end of the 20th century looking stronger than ever.

The trademark department is helping Nortel to identify itself within an overcrowded telecommunications marketplace. And that department could serve as a textbook example of how economizing can actually strengthen a company's focus on its own identity and market share.

In addition, the master brand strategy demonstrates the importance of a clear game plan and the positive effect this can have

on trademark organization and branding. With its focus on getting value for money and taking time to understand registration processes properly, Nortel's trademark department looks like it will continue to fight well above its weight. WIR

Top left Router equipment displaying the NORTEL logo and the descriptive, non-proprietary brand Ethernet Switch 460-24T-PWR Right Hardware displaying the NORTEL logo

