

Working overtime – trademark counsel’s efforts to push brands up the boardroom agenda

Now in its fifth year, the *WTR* Global Benchmarking Survey takes the pulse of the industry. While it is true that the hard times are far from over, some positives have come out of adversity – not least a greater corporate appreciation of trademark value. But there’s still plenty of work to be done

When the global economy came crashing down to earth in late 2008, the impact on the corporate world was immediate and drastic. In-house trademark functions – already struggling to win the attention of senior management – did not escape the fallout. Swingeing cuts to legal budgets were made across the board, and the jobs of many trademark professionals hung in the balance as company boards desperately sought out new ways of reducing costs.

Last year’s *WTR* Global Benchmarking Survey suggested that, amid sustained budgetary cuts and freezes, the tentative green shoots of recovery could be discerned. While some of these positive trends may have taken root, the findings of this year’s survey will come as something of a reality check for those working in the world of trademarks. But although the road to recovery is a long and rocky one, slow progress is still being made. As the online space expands and emerging markets enjoy continued growth, trademarks have moved further up the corporate agenda as senior management try to protect and exploit company assets more effectively. At the same time, trademark counsel are expected to achieve a mounting set of objectives with fewer resources.

Loosening the purse strings?

The responses to 2012’s in-house survey confirmed that the severity of budget cuts has been easing off, with 15.3% of respondents reporting cuts compared to 22.5% in 2011 and 31% in 2010. Respondents last year were also fairly positive in their outlook, with 84.1% predicting no further reductions in budgets or staff headcount in the 12 months to follow.

However, the findings this year suggest that such optimism may have been premature: confounding their expectations, some 26.6% of internal counsel were still hit with dwindling trademark budgets. Perhaps understandably, forecasts for the next 12 months are rather more pessimistic, with 22.3% anticipating further cuts during 2013.

At first glance, it might appear from this year’s findings that it has not been bad news for everyone. Interestingly, 36.2% of in-house respondents reported that budgets had increased over the past 12 months – the highest proportion since *WTR* first carried out its benchmarking survey back in 2009. But this does not necessarily indicate a return to the glory days. Colleen Caissie-Dupuis, trademark manager at SPIELO International, thinks that senior management have effectively been forced to loosen the purse strings in many cases, as trademark counsel’s workloads have expanded so dramatically. “I think we may be seeing budget increases because counsel are having to spread themselves a lot thinner and have got a lot more to deal with than they did before,” she says. “That means that senior management have no choice beyond a certain point but to give more budget.”

It appears that budgetary fluctuations do not closely mirror headcount: personnel levels have remained relatively constant, with 46.8% of in-house counsel reporting no changes to the structure of their team. Anthony Tong, managing partner at Robin Bridge & John Liu, suggests that this is down to the nature of trademark work itself. “The level of work in the IP field is fairly stable,” he explains. “It’s like a utility stock – it won’t rise and fall substantially or drastically. Trademark work is labour intensive, so it is hard to cut people. The management of a trademark portfolio never stops, so you can’t significantly reduce the staff.”

Nevertheless, new hires are down on last year, with just 25.5% of respondents recruiting new team members in the past 12 months compared to 31.7% last year. “Many companies are probably expecting their current workers to do more with the same, or fewer, resources,” says Caissie-Dupuis. “In other cases, they are doing some reshuffling and trying to get existing employees to take on other work, or getting rid of people whom they regard as not as crucial as the others.”

Gretchen Testerman, senior corporate counsel at CenturyLink, agrees: “It used to be that your in-house team did prosecution. But now we’ll be doing fair use, social media, domain name issues, counterfeiting and so on. The expectations have gone up as far as job responsibilities are concerned. Trademark teams are taking on a greater volume of work and a greater diversity of issues.”

This ever-growing mandate, without any corresponding increase in manpower, means that in-house counsel are seeking extensive support from their colleagues in private practice. Where in-house

budgets have risen, it appears that the additional funds are being spent on external counsel – 90% of whom are either optimistic or very optimistic regarding the level of client referrals. Furthermore, 44% of law firm respondents reported an increase in personnel over the past year, as demand from corporate clients intensifies. Private practitioners confirmed that clients now expect them to provide a greater range of services, with private investigations, trademark asset monetisation, portfolio strategy and customs operations among those specifically mentioned by respondents. “We have definitely seen a marked increase in the work being sent to us over the last year, with particular growth in terms of non-traditional trademark issues such as trade dress, product design, packaging and colour marks,” says Elizabeth King, shareholder at Conley Rose. Clients are also calling on their external law firms to offer discounted expertise for related non-IP legal matters, such as corporate mergers and acquisitions and regulatory issues such as promotions and unfair competition. “Holistic services are increasingly valued, so we try to provide end-to-end prosecution to enforcement services,” said one private practice lawyer.

Alive to the straitened fiscal positions of their clients, law firms have become increasingly creative in their billing arrangements. An average of 43.6% of private trademark practice income now comes from fixed fees, with 4.3% from retainers, while traditional hourly rate billing accounts for 51% of external counsel’s income. “Based on my experiences, outside counsel have been pretty flexible,” Testerman acknowledges. “They are generally able to offer a competitive rate or a discount, and have also been flexible in terms of the internal-external relationship, where we can handle some of the work in-house and then pass on the rest of the work to them.”

Higher power

These continued budgetary pressures are also promoting greater interaction between trademark departments and senior management, as counsel canvass for more funds and the C-suite demands greater demonstration of the value that trademarks add to the business.

For obvious reasons, the trademark department’s closest internal relationship has always tended to be with marketing. As in previous surveys, a majority (64.9%) of this year’s in-house respondents again indicated that they most frequently interact with their marketing colleagues. Also echoing responses from past years, the marketing department is the group that most trademark counsel (25.5%) would most welcome increased support from.

However, there has been a significant swing this year, with 23.4% now telling *WTR* that they want more face time with the board and senior management. Testerman thinks that the growth of the online space means that trademark issues are resonating more strongly with senior management. “It’s no longer the case, as it was many years ago, that we’re under the radar, mainly focused on prosecuting trademark applications,” she says. “For example, if a cybersquatter is using a domain name featuring our trademarks for negative purposes, senior management will want to hear about it. And those types of hot-button issues are bound to come up more and more often. Senior executives are becoming more engaged as they realise that trademarks directly impact our products, our ability to market, our online presence and so on.”

Caissie-Dupuis further points out that continued corporate restructuring in response to the down economy has resulted in even more work for trademark teams – and in such situations, business leaders have to take notice. “Senior management doesn’t really have much choice than to be more aware of trademarks, because companies have more and more trademark-related problems now

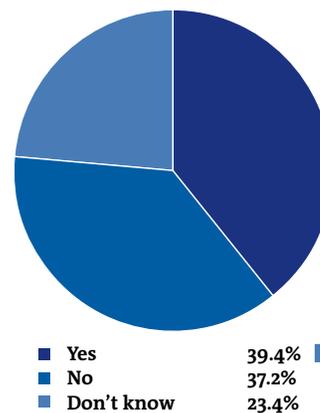
In-house counsel. **Over the past year, was your budget:**

	2013	2012	2011
Cut?	26.6%	15.3%	22.5%
Increased?	36.2%	33.9%	35.2%
Frozen?	37.2%	50.8%	42.3%

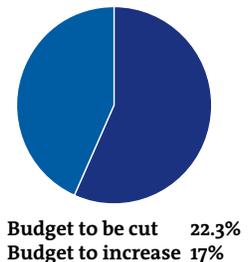
In-house counsel. **Over the past year, how has your team changed?**

	2013	2012
No change	46.8%	43.4%
Hired more team members	25.5%	31.7%
Changed our team structure	10.6%	12.2%
Cut back on staff to reduce costs	7.4%	6.9%
Outsourced more work	5.3%	4.2%
Cut back on staff due to less work	0.0%	1.6%
Other	4.3%	0.0%

In-house counsel. **Do you anticipate further changes to your budget during the next 12 months?**



In-house counsel. **What changes do you expect?**



than they ever have before,” she says. “There is more litigation and there are more oppositions, and where there are mergers and acquisitions taking place, the business function realises that it might be taking on other people’s trademark problems.”

The value of valuation

The portfolio valuations that typically take place within the context of acquisitions, divestments and mergers can put a tangible price on trademark value. Having solid figures to present to the boardroom can assist trademark counsel in arguing that they deserve greater investment. One in-house respondent to the survey describes portfolio valuation as “a superb way to keep in touch with the business folks that allows us to identify priorities and helps senior management to re-evaluate theirs”.

This year, 36.2% of in-house counsel said that they considered trademark portfolio valuation to be a useful tool when requesting budget from senior management, with 23.4% saying that it also plays an important role in securing external investment. “Some companies

External counsel. **Over the past year, has your workload:**

	2013	2012	2011
Increased?	66.5%	69%	58.9%
Decreased?	4.4%	4.8%	8.8%
Stayed about the same?	29.1%	26.2%	32.3%

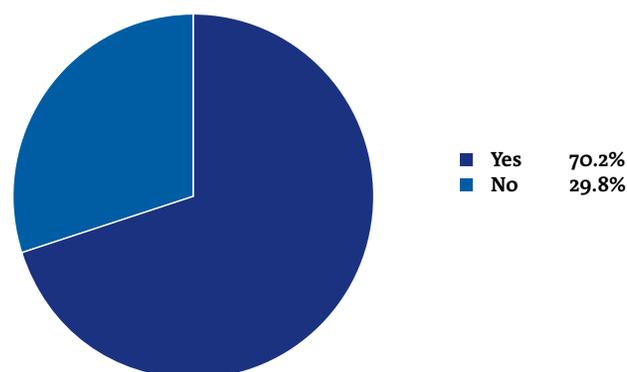
External counsel. **Over the past year, has your firm's trademark practice income:**

	2013	2012	2011
Increased?	67%	68.1%	54.8%
Decreased?	4.8%	6.1%	9%
Stayed about the same?	28.2%	25.8%	36.2%

External counsel. **Over the past year, has the size of your firm's trademark practice in terms of personnel:**

	2013	2012
Increased?	44%	45.1%
Decreased?	5.5%	3.9%
Stayed about the same?	50.5%	51%

In-house counsel. **Does your company have an internal, cross-organisation policy on trademark use?**



In-house counsel. **What impact has the policy had? (Respondents can select all that apply)**

	2013
Better cross-department trademark understanding	50.0%
Reduction in trademark misuse	40.4%
Increased internal monitoring and/or reporting of trademark misuse	38.3%
No discernible impact	5.3%
Don't know	2.1%
Other	0.0%

External counsel. **How optimistic are you with respect to the level of trademark client referrals?**

	2013	2012
Very optimistic	23.9%	20%
Optimistic	66.1%	68.3%
Not optimistic	8.9%	10.2%
Expecting a decrease in work	1.1%	1.6%

External counsel. **How optimistic are you with respect to other areas of business growth?**

	2013	2012
Very optimistic	17.7%	16.9%
Optimistic	70.6%	68.8%
Not optimistic	10.8%	13.4%
Expecting a decrease in work	0.9%	0.9%

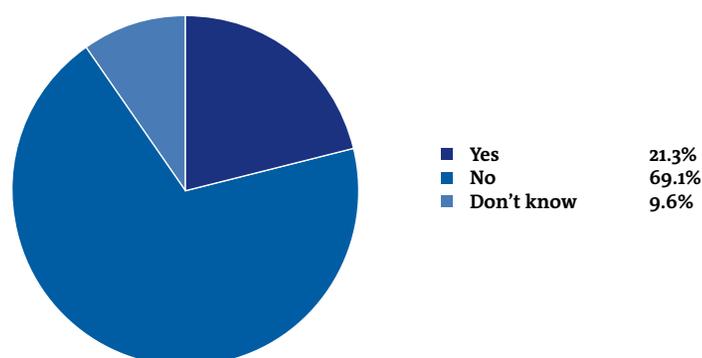
In-house counsel. **Over the past year, has the amount of work you sent to external counsel:**

	2013	2012
Increased?	33.0%	39.6%
Decreased?	21.3%	19.8%
Stayed about the same?	45.7%	40.6%

External counsel. **Currently, what percentage of your revenue comes from the following fee structures?**

	2013
Hourly rate	51.0%
Fixed fees	43.6%
Retainer	4.3%
Other	1.1%

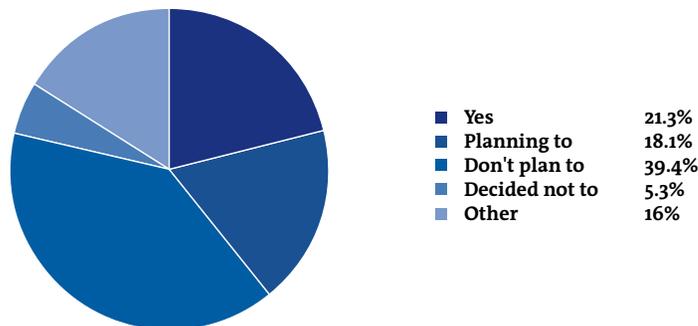
In-house counsel. **Do you anticipate any structural changes to your team during the next 12 months?**



In-house counsel. From the following list, select the opinions that reflect your perspective on trademark portfolio valuation (Respondents can select more than one option):



In-house counsel. Have you valued your trademark portfolio?



want to undertake a portfolio valuation because they are expanding substantially or because they are aiming to go public at some point," says Tong. He suggests that views on portfolio valuation may be reflected in a shifting attitude towards trademarks and IP rights in general: "It is only by way of proper management that people will come to associate a particular brand with a particular product and company. I think that there is now a widespread appreciation that IP has a value to it, and that view comes from a range of different perspectives – whether it's from the point of view of the consumer, the company or a potential investor, they are using valuation to help them achieve their objectives."

However, portfolio valuation remains a challenging proposition for many, with 42.6% of survey respondents suggesting that the lack of a standard methodology undermines its utility. Furthermore, while 39.4% of respondents either have carried out a valuation of their trademark portfolio or are planning to do so, 44.7% either have decided against conducting a valuation or have no plans in this regard. Although she acknowledges that valuations can help in demonstrating value-add to corporate management, Caissie-Dupuis thinks that they still are conducted primarily in situations where companies are required to do so for regulatory purposes. "We live in a world now where there are a lot more mergers, acquisitions and spin-offs going on," she says. "When companies are involved in those kinds of things, trademark counsel are going to have to do

In-house counsel. What percentage of your time is spent on the following activities:

Activity	2013 Percentage
Prosecution (including opposition, cancellation and clearance)	15.6%
Portfolio maintenance/management	13.4%
Providing opinions	10.5%
Licensing (and other non-contentious IP issues)	7.3%
Administrative enforcement (eg, cease and desist letters)	7.1%
Other	6.7%
Trademark watching	5.7%
Litigation	5.7%
Complex anti-counterfeiting (eg, customs operations, investigations, etc)	5.4%
Policy development/involvement with association	5.4%
Domain names	5.2%
Due diligence	4.4%
Social media monitoring	2.4%
Transactions	3.8%
Alternative dispute resolution	1.4%

portfolio valuations."

This view is echoed by King. "Portfolio valuations are a really good idea for a number of other reasons, including insurance purposes and even for strategic marketing, in order to understand which marks are working and which marks are not, and why," she says. "But without some form of intervening catalyst, like a sale or merger, I think that many companies would not sink a lot of money into hiring experts to assess the value of their marks. If you have to pick between valuation and shoring up your trademark protection, the latter is critical and valuation is a bit more attenuated in priority."

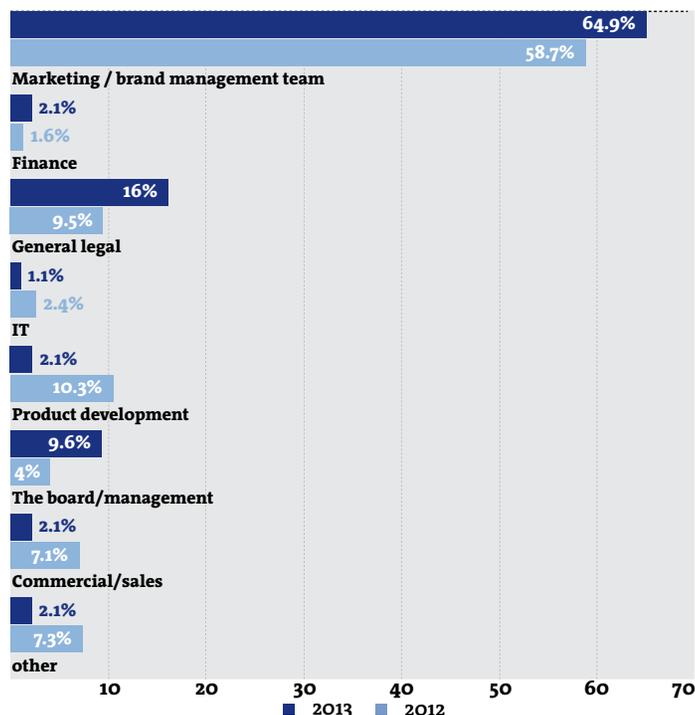
Good housekeeping

Caissie-Dupuis also points out that valuations can influence the decision-making process when it comes to portfolio rationalisation. "A large portfolio costs a lot of money to maintain," she explains. "As a result, trademark counsel are often categorising assets into primary trademarks and secondary trademarks, and valuing from that point as doing some housekeeping and purging the portfolio of marks that are no longer needed."

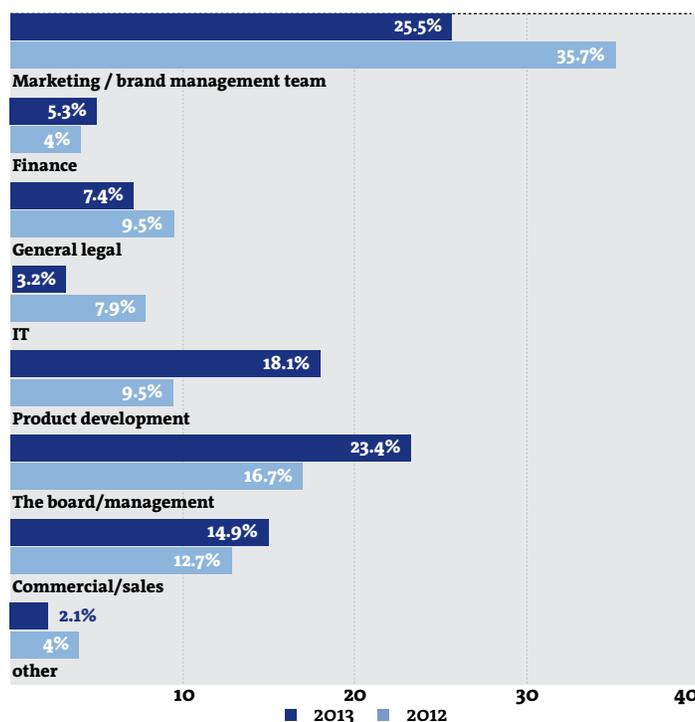
Such situations likewise present in-house counsel with an opportunity to demonstrate how the trademark function can add value to the company. "Of course, trademarks probably won't be intentionally abandoned unless there is senior management approval to do so," she says. "At my company, when we are looking to purge certain marks from the portfolio, senior management look at the valuation so that they can put their two cents in. In that sense, we're doing valuation as a matter of business, and at the same time it is serving that purpose where it is helping us to show value, since it is getting onto senior management's desks."

Several in-house respondents to the WTR benchmarking survey highlighted portfolio rationalisation as something that takes up increasing amounts of their time. Caissie-Dupuis suggests that this activity can lay the groundwork for securing further board-level support, and can potentially open up new streams and opportunities. "I think we are going to be held accountable at some point," she says. "We are always going to the board and asking for more funding, but

In-house counsel. Which internal department would you say you have the most interaction with?



In-house counsel. Which internal department would you welcome increased support from?



In-house counsel. In your company, what challenges do you face in fostering cross-company understanding for trademarks? (Respondents can select all that apply)

	2013
Lack of budget, staff or time in the trademark team	51.1%
Senior management not taking the time to engage	38.3%
The importance of other IP rights (eg, patents) superseding that of trademarks	36.2%
Colleagues being deterred by what they see as complicated legal issues	29.8%
Hostile culture with regard to trademarks	14.9%
Other	5.3%

at the same time they expect us to be efficient too. Purging is one of the things we can do to create value – but in the process of doing that, we also work closely with colleagues in other departments to try to understand whether the trademark could be reused or rebranded for some other purpose.”

Proper use

Extensive interaction with other corporate functions helps trademark counsel both to operate more effectively and to spread the trademark message throughout the wider company. But of course, they cannot be on hand all of the time to ensure that colleagues use the company’s marks properly. Of those in-house counsel completing this year’s survey, 70.2% said that their companies have an internal, cross-organisation policy on trademark use. Of those, 50% reported better cross-departmental understanding of trademarks as a result, with 40.4% noting a reduction in trademark misuse and 38.3% seeing increased internal monitoring and reporting of potential trademark abuse. “Having a policy helps with efficiency,” Caissie-Dupuis confirms. “For example, in terms of reviewing new advertising materials, the policy can provide direction to your marketing teams and, to some extent, to the people who are using your trademark under licence. That is really helpful because it means that, as in-house counsel, you are not then being constantly asked about trademark use issues.”

Nevertheless, it would appear that ensuring compliance has proved challenging in some companies, while in others it has been difficult to drum up the necessary managerial support to implement such a policy. One respondent said that he is striving to promote cross-organisational policy development, but is struggling to do so, as “businesses are heavily siloed within the company”. Another suggested that the resources and enthusiasm needed to create and implement a trademark use policy are simply not forthcoming from senior management: “Our company values operational efficiency, often at the expense of other business concerns.”

Online expansion

However, one aspect of trademark practice that respondents suggest has caught the C-suite’s attention is enforcement and policing in the online space. Internal counsel reported that 7.6% of their time is spent on social media monitoring and domain name issues, with 28.7% outsourcing domain name-related work to their external partners. Meanwhile, 46.6% of private practitioners noted an uptick in online enforcement work since last year’s survey.

WTR asked in-house respondents to highlight which social media platforms they believe pose the biggest challenges in terms

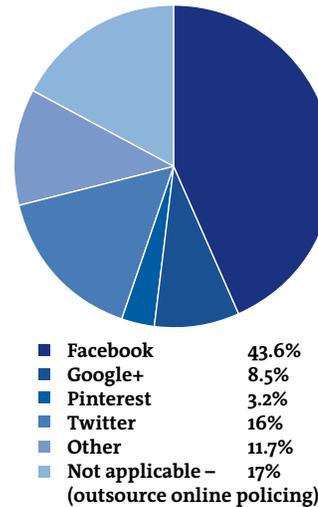
In-house counsel. **Over the past year, has the level of online enforcement activity in which you have engaged:**

	2013
Increased?	51.1%
Decreased?	2.1%
Stayed the same?	46.8%

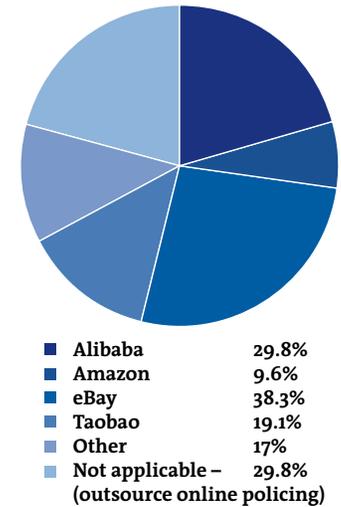
External counsel. **Over the past year, has the level of online enforcement activity in which you engaged:**

	2013
Increased?	46.6%
Decreased?	3.2%
Stayed about the same?	50.2%

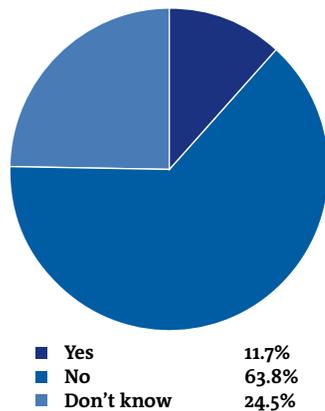
In-house counsel. **Which social media platforms do you feel present the biggest policing challenge?**



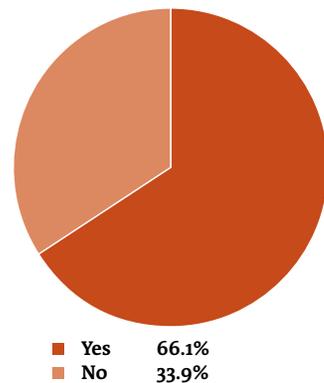
In-house counsel. **Which online auctions sites/marketplaces do you see as the biggest focus for enforcement?**



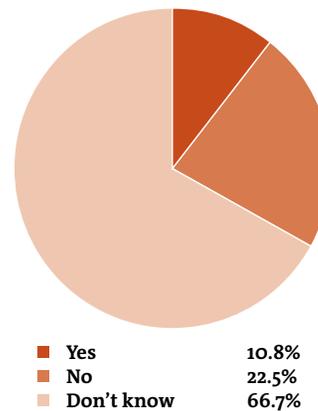
In-house counsel. **Has your enforcement strategy changed in light of the upcoming gTLD expansion?**



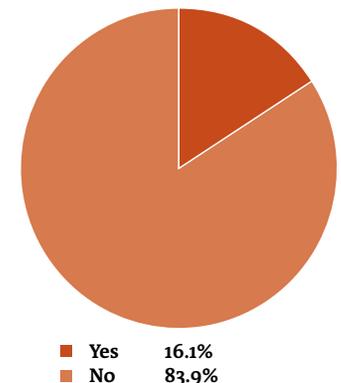
External counsel. **Are you aware of the new rights protection mechanisms introduced under the new gTLD programme?**



External counsel. **Will new gTLDs require a significant shift in the way your clients approach your domain name management strategy?**



External counsel. **Have you identified any business expansion opportunities in terms of the new gTLD environment?**



of policing for trademark misuse. Facebook presented the greatest concerns for 43.6% of counsel – significantly more than second-placed Twitter, with 16%.

We also asked in-house counsel to select which online marketplaces – including auction sites – they saw as the most difficult to police effectively. eBay topped the list (38.3%), with Alibaba (29.8%) not far behind. Several respondents also identified Craigslist and Groupon as important policing targets that are taking up more and more of their time. One European in-house counsel pointed out that in addition to these well-known platforms, a host of more obscure sites demand attention: “Much of our time is focused on other local online marketplaces which are targeting markets in ‘difficult’ jurisdictions such as Turkey, Ukraine and so

on.” Some of those specifically mentioned were Pakistan’s Tradekey, Polish auction site Allegro, Dubai-based Dubizzle and made-in-china.com.

Another issue that trademark counsel must grapple with in today’s online environment is the impending roll-out of new generic top-level domains (gTLDs). The run-up to the eventual launch date (the first new gTLDs are expected to go live during the latter half of 2013) has been fraught with controversy. However, it would seem that the expense and uncertainty surrounding the programme mean that gTLDs have yet to register significantly for most trademark counsel. Tong suggests that the costs of applying for and operating a new gTLD have placed this beyond the reach of many brand owners. “The initial investment is huge and you don’t

In-house counsel. **For which activities do you use external counsel? (Respondents can select all that apply)**

	2013
Prosecution (including opposition and cancellation)	78.7%
Litigation	75.5%
Providing opinions	45.7%
Administrative enforcement (eg, cease and desist letters)	43.6%
Trademark clearance	40.4%
Complex anti-counterfeiting (eg, customs operations, investigations, etc)	39.4%
Trademark watching	35.1%
Portfolio maintenance	30.9%
Domain names	28.7%
Alternative dispute resolution	25.5%
Due diligence	22.3%
Transactions	22.3%
Licensing (and other non-contentious IP issues)	20.2%
Other	6.4%

External counsel. **Rank the significance of these threats to your clients' trademark portfolio in order of priority, where 1 = highest priority and 10 = lowest priority**

	2013
Other	2.75
Preponderance of counterfeit goods	2.81
Lookalike products/passing off	2.93
Online infringement (including gTLDs)	3.26
Competitors' use of trademark terms in keyword advertising	3.58
Brand misuse and abuse in social media	4.31
Cybersquatting	4.68
Problems with customs authorities	5.28
Lack of international harmonisation	5.31

In-house counsel. **Rank the significance of these threats to your trademark portfolio in order of priority, where 1 = highest priority and 10 = lowest priority**

	2013
Preponderance of counterfeit goods	4
Emerging markets	4.4
Online infringement (including gTLDs)	4.49
Lookalike products/passing off	4.67
Competitors' use of trademark terms in keywords advertising	4.73
Cybersquatting	5.08
Brand misuse and abuse in social media	5.1
Other	5.4
Lack of international harmonisation	5.51
Problems with customs authorities	6.3

In-house counsel. **Which activities are most difficult to obtain budget for? Rank in order of difficulty, where 1 = most difficult and 3 = least difficult**

	2013
Other	1.56
Complex anti-counterfeiting (eg, customs operations, investigations, etc)	2
Policy development/involvement with associations	2.03
Litigation	2.06
Prosecution (including opposition and cancellation)	2.11
Trademark watching	2.15
Trademark clearance	2.16
Social media monitoring	2.22
Administrative enforcement (eg, cease and desist letters)	2.27
Transactions	2.29
Due diligence	2.3
Domain names	2.3
Licensing (and other non-contentious IP issues)	2.36
Providing opinions	2.38
Alternative dispute resolution	2.42

External counsel. **Over the past year, have you changed your fee structure for a significant portion of your revenue?**

	2013	2012	2011
Yes	6.2%	11.6%	14.8%
No	93.8%	88.4%	85.2%

External counsel. **Which areas comprise the main focus of your practice? Ranked on a scale of 1 to 3, where 1 = most focus and 3 = least focus**

	2013
Prosecution (including opposition and cancellation)	1.46
Other	1.55
Social media monitoring	1.8
Litigation	1.85
Trademark clearance	2.08
Due diligence	2.23
Providing opinions	2.33
Policy development/involvement with association	2.33
Licensing (and other non-contentious IP issues)	2.38
Complex anti-counterfeiting (eg, customs operations, investigations, etc)	2.39
Domain names	2.41
Administrative enforcement (eg, cease and desist letters)	2.45
Alternative dispute resolution	2.45
Transactions	2.52
Trademark watching	2.54

For those jurisdictions on the following list that you are familiar with, rate their courts' value for money on a scale of 1 to 5, where 1 = very good and 5 = very poor.

2013	In-house counsel	External counsel
Other	2.46	2.37
Germany	2.53	1.89
Canada	2.73	2.41
United States	2.78	2.67
Australia	2.8	2.59
France	2.81	2.66
United Kingdom	2.91	2.49
Japan	3.1	2.9
Brazil	3.23	3.41
China	3.29	3.54
India	3.35	3.37
Russia	3.75	3.65

For those jurisdictions on the following list that you are familiar with, rate their courts' judicial scrutiny on a scale of 1 to 5, where 1 = very good and 5 = very poor.

2013	In-house counsel	External counsel
United Kingdom	2.27	1.77
United States	2.33	1.82
Germany	2.37	1.84
Canada	2.55	2.23
Australia	2.66	2.29
France	2.9	2.47
Japan	2.92	2.48
Other	3	2.62
Brazil	3.13	3.4
India	3.25	3.45
China	3.51	3.63
Russia	3.58	3.78

For those jurisdictions on the following list that you are familiar with, rate their courts' speed on a scale of 1 to 5, where 1 = very good and 5 = very poor.

2013	In-house counsel	External counsel
Germany	2.48	1.85
Canada	2.66	2.6
United States	2.67	2.68
United Kingdom	2.7	2.44
Australia	2.89	2.54
France	2.92	2.65
Japan	3.03	2.74
Other	3.11	2.96
China	3.5	3.53
Brazil	3.63	4.08
Russia	3.67	3.68
India	3.84	4.04

For those jurisdictions on the following list that you are familiar with, rate the efficiency of customs in enforcement activities on a scale of 1 to 5, where 1 = very good and 5 = very poor.

2013	In-house counsel	External counsel
United Kingdom	2.35	2.08
United States	2.39	2.09
Germany	2.48	1.8
Japan	2.52	2.49
Other	2.57	2.19
France	2.58	2.09
Canada	2.62	2.85
Australia	2.71	2.48
India	3.4	3.71
Brazil	3.4	3.66
China	3.45	3.54
Russia	3.68	3.6

“Almost uniformly across all of the jurisdiction-based questions that WTR asked of respondents, the key North American and European jurisdictions were rated highest by both in-house counsel and private practitioners completing the survey”

For those jurisdictions on the following list that you are familiar with, rate the efficiency of their trademark office on a scale of 1 to 5, where 1 = very good and 5 = very poor.

2013	In-house counsel	External counsel
European Union (OHIM)	2.27	1.98
International (WIPO)	2.37	2.43
United Kingdom	2.39	1.94
United States	2.41	2.07
Germany	2.41	1.97
Canada	2.47	2.42
France	2.59	2.48
Australia	2.67	2.28
Other	2.75	2.54
Japan	2.87	2.66
China	3.12	3.68
Brazil	3.29	4.1
Russia	3.43	3.62
India	3.57	4.14

Jurisdiction analysis (see graphs opposite)

Respondents to this year's Global Benchmarking Survey were asked to rate the courts, trademark registration offices and customs authorities in a variety of jurisdictions on factors including speed, efficiency and value for money.

Where respondents were asked to rate the efficiency of trademark offices, transnational agencies fared better than their national counterparts, with the European Union's Office for Harmonisation in the Internal Market (OHIM) coming out on top and the World Intellectual Property Organisation (WIPO) – which handles international applications under the Madrid system – a close second. "Certainly in terms of speed, North American trademark offices can't compare to OHIM," says Colleen Caissie-Dupuis, trademark manager at SPIELO International. But drawing on her personal experience, she suggests that what the US and Canadian offices lack in speed, they make up for in precision. "OHIM and other European offices don't do the kind of examinations that you get in North America," she explains. "As a result, you end up dealing with a lot more oppositions in Europe. I appreciate the transparency of the US system – I love the databases and the fact you can view all the documentation. E-filings are very easy at the US Patent and Trademark Office. And if you file promptly, things can go pretty smoothly."

Almost uniformly across all of the jurisdiction-based questions that *WTR* asked of respondents, the key North American and European jurisdictions were rated highest by both in-house counsel and private practitioners completing the survey. This was mirrored across the board by low ratings for the BRICs (Brazil, Russia, India and China).

While he acknowledges that brand owners' misgivings about the Chinese trademark system are well founded, Anthony Tong, managing partner at Robin Bridge & John Liu, contends that the country's courts, customs and trademark office may be the best out of the BRICs. "Chinese courts are decent in terms of speed and are also inexpensive. However, predictability is a big issue for trademark owners," he says. "As outside counsel, we have to be very careful on the choice of forum. Courts in the bigger cities have more predictable judgments because they know they are being watched from every corner of the world."

On the registration front, too, Tong suggests that China's trademark issuing authorities have taken great strides towards improved efficiency. "The situation has got substantially better," he says. "Reportedly, the average time from date of application to date of examination has been shortened to 12 months. The average timeframe used to be a wait of 24 to 30 months, which is a massive improvement if this is the case."

Several survey respondents were less enthusiastic about the top-ranked jurisdictions, especially in terms of cost. The US judicial system came in for particular criticism. "I don't like the discovery process," says Tong. "Discovery alone can exhaust every penny in your pocket, and at the end of the day there is a jury trial that can make the outcome more unpredictable than it is anywhere else in the world."

know what return, if any, you might get from it," he says. "These new destinations are too pricey for most trademark owners – and they are too pricey for the counterfeiters too!"

While its proponents have touted the opportunities that the expanded world of top-level domains will open up for brand owners, many trademark counsel are fearful that those same opportunities could be exploited by infringers. "It is not a question of sufficiency,

but more an issue of desirability – or more exactly, undesirability and impracticality," said one lawyer. "It is adding to the effort, time and cost investment of brand owners to protect and guard their trademark rights. More and more, this is becoming a rich man's game."

This lacklustre response to the gTLD programme was echoed in many of the survey responses, with 63.8% of in-house counsel saying that enforcement strategies have not changed in light of the imminent expansion. Respondents also remain particularly – perhaps worryingly – in the dark about the roll-out, with 24.5% of internal counsel unable to say whether their company's enforcement strategy had changed and 66.7% of external practitioners unsure as to whether the new gTLDs will require a significant shift in the way that clients approach domain name strategy.

Caissie-Dupuis believes that for many in-house teams, existing issues surrounding social media, e-commerce and domain names are of much more immediate concern than the impending gTLD expansion. "There simply isn't the time or the money to deal with everything," she says. "You have to pick your battles, and new gTLDs just haven't been prioritised yet." Testerman suggests that the focus should hone in on the new gTLDs in the coming months and years, but that meanwhile, many trademark departments will probably consider them within the context of the wider issue of online policing, rather than as something that merits special attention. "I think it will be viewed as part of a wider programme of enforcement where you are watching online ads, monitoring social media sites, policing auction platforms and so on," she says. "My perspective is that the gTLD portion plays an important part of an overall strategy. Eventually, it is going to fit into everything else that in-house teams are already doing, rather than displacing other areas of work."

Many respondents also expressed dissatisfaction with the rights protection mechanisms devised by the Internet Corporation for Assigned Names and Numbers. One private practitioner contended that it will be "almost impossible for trademark owners – even large companies – to protect their brands, given the multiplication of opportunities for cybersquatting that the new gTLDs will make possible". However, others had a slightly more positive – though still critical – perspective of the Trademark Clearinghouse, sunrise period and other measures introduced to safeguard trademark rights. "These mechanisms help a lot, but trademark owners should certainly continue to use traditional measures to prevent cybersquatting," said one respondent.

Overall, the substantial cost of the gTLD programme and the considerable uncertainty that persists among brand owners mean that it has taken a back seat to more urgent concerns. "The value in owning one of the new gTLDs has not been ascertained," says King. "I don't know that companies feel it is worth it. And the other question is: where will all this be in four or five years' time? I just don't think it is prominently on the vast majority of private practitioners' radar screens, and not on the vast majority of their clients' radar screens either. They already have '.com', '.co.uk', and other domains which are getting them web traffic. The system is already working fine for them as it is."

While it remains to be seen whether gTLDs will become a more pressing issue for in-house teams and their external counsel as the roll-out proceeds, the growing prevalence of other internet enforcement issues has certainly forced trademark matters into the boardroom on a more frequent basis. "For example, if you have a new product launch planned and you don't have the domain name that has your trademarked product name in it, that's a massive problem nowadays, where it would not have been in times past,"

Survey methodology

WTR's fifth annual Global Benchmarking Survey was conducted from February to March 2013. Separate questionnaires were developed for in-house trademark professionals and private practitioners respectively. In total, WTR received 820 individual responses to the survey.

The in-house group of respondents comprised senior trademark counsel working in companies across a range of industries. Nearly half (49.5%) of in-house responses came

from organisations with over 5,000 employees, with the second-largest proportion (13.6%) coming from those with fewer than 100 employees; the remainder came from organisations falling between those two groups in terms of employee headcount. In-house counsel were also asked to approximate the size of their organisation's trademark portfolio. One-quarter told WTR that they managed a portfolio of more than 5,000 marks; 7.3% managed between 3,000 and 4,999 marks; 17.5% oversaw

1,000 to 2,999 marks; and the remainder managed up to 999 trademarks (including 13.1% of respondents who had responsibility for a portfolio of fewer than 25 marks).

Of external counsel respondents, 40.4% worked in law firms of less than 25 attorneys, while 7.3% were in firms of more than 1,000 attorneys. In terms of the size of their firm's trademarks practice, 70.2% of external counsel responses came from practices comprising fewer than 25 IP attorneys. Almost

one-quarter (23.5%) of private practitioners reported that their firm managed over 1,000 trademark portfolios, with 14.3% overseeing fewer than 25.

After the survey period closed in early March, WTR collated and analysed the responses – and compared these against the results of previous years' surveys – in an effort to identify significant trends and developments. WTR subsequently contacted a select group of respondents to seek further in-depth comment.

says Testerman. "That's the kind of issue that gets senior management's attention pretty quickly. Increasingly, it is the online world that is driving your customers to you and your products. What differentiates your company – just like in the physical world – is your brand and your trademarks. And I think that senior

management teams are very keen to understand that, in part because it is so closely tied to the product." [WTR](#)

Jack Ellis *World Trademark Review*

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Head Office:

B. Spasskaya Str., 25, bldg. 3, Moscow 129090, Russia
Tel.: +7 (495) 937 6116, Fax: +7 (495) 937 6104/6123
E-mail: pat@gorodissky.ru, www.gorodissky.com

