

# perspectives

THE JOURNAL OF INTELLECTUAL PROPERTY MANAGEMENT

Novagraaf

130

ANNIVERSARY

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Trademark management – an in-house guide

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## A new look to celebrate 130 years of IP leadership

This INTA, we're proud to announce that Novagraaf has achieved another milestone: 130 years serving clients in the IP sector. We're also pleased to introduce our updated logo and branding at this year's conference.

We've grown by helping iconic brands and innovative organisations around the world drive competitive advantage; and, as the demands and challenges faced by those organisations have evolved, so too have we.

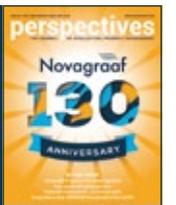
We believe modern IP management requires an IP partner that can bring together tailored legal advice, efficiency-gaining administrative services and proactive commercial insights. View your IP management strategy from a new perspective, and join us in celebrating 130 years of innovation by visiting us at booth #203.

In this special anniversary issue of *Perspectives*, we look in detail at some of the key issues facing IP professionals today. With best practice advice for designing and implementing a future-proof trademark strategy, tips on developing a cost-effective approach to anti-counterfeiting, and techniques on auditing and valuing IP portfolios, our experts provide practical and insightful guides for navigating many of the challenges ahead.

Join in the discussion by contacting us at [inta@novagraaf.com](mailto:inta@novagraaf.com). We're always keen to hear your views.

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## NEWS

# The latest Novagraaf updates

### Raising the bar for IP technology

#### Novagraaf acquires NovumIP software solution.

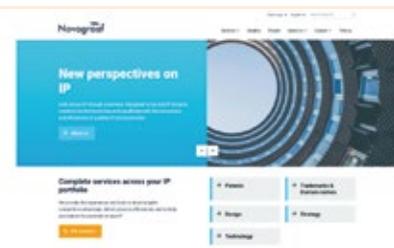
In 2017, Novagraaf undertook a comprehensive search for an IP software that would enable clients to... maximise the ROI from their IP investments. This review established that some technology solutions tend to meet only part of a modern IP department's technology and workflow needs, which means that multiple solutions are required. Other platforms try to replicate an organisation's enterprise system, which is not a realistic solution for many companies with multiple business units and active M&A strategies.

#### A technology for the future

Novagraaf's interest in NovumIP was prompted by its ability to deliver modular technology solutions which meet specific business IP needs. NovumIP provides efficiency enhancements in areas such as invention submission and invention management, IP reporting and contract management. In addition, it has the ability to act as a fully

integrated document management solution. This is achieved by integrating into a corporation's various systems and collating real-time data that is relevant to the IP department and to decision makers. ■

Find out more about this specialist IP technology at [www.novagraaf.com](http://www.novagraaf.com).



As well as our new look, we've also launched a brand new website this INTA. Take a look at our unique content and service offerings at: [www.novagraaf.com](http://www.novagraaf.com). ■

### Novagraaf is top filer at WIPO

#### Novagraaf remains top filer of international trademark rights (IRs) at the World Intellectual Property Organization (WIPO) in 2017.

Novagraaf retained its status as the top filer of IRs at WIPO, according to international filing statistics published at the end of January by *World Trademark Review*. These statistics are based on independent research by Corsearch, which compiled a list of the top representative filers at law and IP firms for the 12 months leading up to 31 August 2017 in a number of key jurisdictions. ■

### We've been recommended by WTR 1000 and IP STARS

Novagraaf has been recognised for its expertise in the 2018 editions of *WTR 1000* and *IP STARS*.

Novagraaf appears as a 'recommended' firm in *World Trademark Review's* 2018 rankings for its 'World's Leading Trademark Professionals survey' (*WTR 1000*). *WTR 1000* is the only such ranking to focus solely on the trademark profession, identifying the leading players in 70 key jurisdictions globally, following industry research and client interviews. On Novagraaf, it writes: "Businesses looking for an ally who will guide them from the initial stages of brand creation to the signing of lucrative rights transfers should consider Novagraaf."

Novagraaf was also awarded 'Tier One' for its trademark prosecution work in Benelux in *Managing IP's IP STARS* this year. The *IP STARS* rankings are based on the outcome of interviews conducted by its in-house research team.

Commenting on the firm's recommendations, Novagraaf Belgium's Managing Director, Ingrid Mennens said: "Our IP attorneys and back-office specialists work hard to deliver to our clients the strategic advice that they need to inform their global filing programmes. We're happy to see that hard work and dedication are also recognised in the *WTR 1000* and *IP STARS* rankings." ■

## Industry round-up

Visit [www.novagraaf.com](http://www.novagraaf.com) to sign up for our bi-weekly newsletter, *Perspectives*, containing news, opinion and in-depth analysis of the latest IP trends and case law.

- **UK ratifies Unified Patent Court agreement**  
The UK's Minister for Intellectual Property, Sam Gyimah MP, confirmed on 26 April that the UK has ratified the Unified Patent Court (UPC) agreement. This represents a key milestone in the implementation of the Unitary Patent, as the UK is one of three mandatory signatories required for the agreement to come into force. Of the other two, France, has already ratified; however, Germany, is yet to do so, as a result of a case currently pending in its Federal Constitutional Court.
- **Afghanistan joins Madrid System**  
The number of countries and regions joining the international system for trademark registration on the basis of the Madrid Convention and its Protocol, continues to grow. Afghanistan is the latest country to deposit an instrument of accession with the World Intellectual Property Organization (WIPO), which comes into force on 26 June 2018. The country will be the 101st member of the Madrid System. After its accession the Madrid System will cover 117 countries in total, including the EU member states and the three countries of the Benelux.
- **Public policy and offensive trademarks**  
The most significant criteria to be met in order to successfully register a trademark are that the mark applied for must be available for registration, distinctive



and not too descriptive of the goods or services. In many territories, it is also important that the mark is not offensive or immoral. Rulings concerning potentially offensive or immoral trademarks differ depending on the territory, and can vary on a case-by-case basis; for example, *Matal v Tam* (US) and *La Mafia v EUIPO* illustrate the differences in how courts in the US and EU have approached this sensitive issue.

- **EUTMs and the benefits of seniority claims**  
A seniority claim allows the owner of a European Trademark (EUTM) to claim prior rights based on existing national trademark registrations within member states of the European Union. A successful claim extends EUTM rights in the country claimed back to the date of the earlier national registration. However, this doesn't necessarily mean that you should allow the earlier national rights to lapse. While seniority can be a useful tool to help strengthen and consolidate European trademark rights, it is advisable to maintain national registrations in the most important territories; in particular, for 'core' trademark rights.



## BREXIT update

#### EC draft agreement: What does it mean for IP?

The European Commission's Draft Withdrawal Agreement, issued at the end of February, proposes that EU registered or granted IP rights be

automatically granted continued protection in the UK without re-examination and without additional charge. While the document is a draft proposal; it looks unlikely that the final agreement will vary considerably from the position outlined.

The draft agreement lays out proposals for managing equivalent protections in the UK on the basis of EU trademarks (EUTMs), International Rights designating the EU, registered and unregistered Community designs, Community plant variety rights, database rights, supplementary protection certificates, and geographical indications, designations of origin and traditional specialities.

For more information, sign up to receive our Brexit white paper and future IP updates by emailing [inta@novagraaf.com](mailto:inta@novagraaf.com).

*If a business wishes to thrive, locally or globally,  
it needs to identify, protect and exploit its IP.*

## IP BEST PRACTICES

# Designing the IP department of the future

Novagraaf's Chantal Koller looks at the steps that need to be taken in order to put a trademark strategy in place to support and build your business, and the pros and cons of the different IP management models available.

Corporate approaches to IP management have varied considerably over the years, driven in part by changes to business structures and practices, as well as to stakeholder understanding of the role and value of intangible assets. While I could lead you through a long list of recommendations, of 'do's' and 'don'ts', and of lessons learned over this time, it is arguably more valuable to look

forward: to take a look at how businesses operate today and the challenges they are likely to face in the future.

We are living at a time in which wealth is driven by IP rights rather than tangible goods. Indeed, in its recent study, 'Intangible capital in global value chains', WIPO estimates that more than a third of the value of manufactured products sold around the world comes from 'intangible capital', such as branding, design and technology. This is twice the value of tangible capital, such as buildings and machinery, underscoring the growing role of IP in the world's economy. Clearly, if a business wishes to thrive, locally or globally, it needs to identify, protect and exploit its IP.

### The right trademark strategy

To develop a trademark management programme that is not only fit-for-purpose, but also fit-for-the-future, the following basic requirements first need to be met:

- Alignment with the business which requires stakeholders to:
  - Define goals in terms both of corporate identity and product development, so that the IP strategy is, as closely as possible, in line with the company's business plan over the coming 5-7 years;
  - Set priorities in terms of the material and geographical scope of anticipated business development, such as defining a top 20 of countries of interest for key brands, as well as towards competitors and their IP strategies;
  - Assign adequate budget;
  - Endorse the strategy throughout the business (the so-called 'top-down' approach).
- Product/service alignment, namely:
  - Alignment with the marketing and communication team on branding elements;
  - Prioritisation of activity in terms of product/service campaigns;
  - Trademark protection that supports the geographic scope/market for each product/service;
  - Trademark protection that supports the evolution of the product/service over time.

Trademark protection is unlimited in time and not subject to secrecy. Take the time you need to define a phased-out protection strategy and registration programme.

Don't lose sight of the other 'soft IP' family of rights that are also at your disposal. What cannot (or does not need to) be protected by trademarks may be protectable through other IP rights. Industrial designs, copyright, domain names should also be used to create a network of legal protection.

### Future challenges

While it is important to identify, protect and enforce the IP rights that already exist in your business; it's just as crucial to identify those rights that will become important

in the future, even if the law often seems to be lagging some way behind when it comes to facilitating their protection. The following are key areas to look out for in the years to come.

Firstly, non-traditional trademarks: As services rise in importance, as opposed to traditional goods/products, ways of communication naturally change. Even traditional businesses, such as banks or department stores, are calling on once unusual forms of branding, such as colours, smells and jingles, to differentiate themselves from their competitors. As a result, so-called non-traditional trademarks have risen in importance, and need to be taken into consideration when building an IP strategy.

In the luxury and the FMCG sectors, anti-counterfeiting efforts also need to be stepped up as the trade in fakes continues to explode online. If companies are to avoid spending all their time and efforts fruitlessly chasing infringers online, they need to revisit their anti-counterfeiting strategies and invest in online enforcement. Image search and data clustering tools, as well as technology to capture and track infringing information, will become key in years to come.

Geographically, three main jurisdictions should attract most companies' attention in addition to their local markets: the People's Republic of China, the US and the EU – not forgetting Brexit (*see page 5*).

The People's Republic of China is too important a market for most businesses to overlook, and anyone wanting to penetrate this market needs to adapt. Overconfidence in brand equity has wrong-footed a number of luxury companies, who paid the price for not transliterating Latin names into Chinese script (the dispute between Michael Jordan and Qiaodan Sports Company illustrates the importance of transliteration). Companies also need to watch out for counterfeiting, particularly by Chinese manufacturers and intermediaries, although progress is being made, e.g. in terms of challenging bad faith trademark filings, in the country.

### Jurisdictional differences

EU companies need an IP strategy that addresses the US separately. The national rules and practices there are like no others in the world, and deserve not only attention but also specific budget for overcoming hurdles such as: the need to adapt specifications of goods/services; to provide the correct evidence of use to obtain registration; and/or to file adequate and timely Declaration of Uses for keeping a trademark registration alive.

For those seeking protection in the EU, the final provisions of the EU's trademark reform came into effect on 1 October last year. Alongside reform targeted at bringing more uniformity to IP practices across the EU, the EUIPO also introduced several important initiatives; namely, (1) changes to the rules for graphical representation, which should give non-traditional trademarks a real chance to thrive; and (2), the creation of a certification mark registration system, which will be of particular interest in industries where consumers are increasingly concentrating on quality, environmental and ethical issues.

Finally, it's impossible to consider trademarks in the EU without mentioning Brexit. However, while there is a proposal currently under discussion (see page 5), there are absolutely no certainties, and this puts companies in a regrettably difficult position. ■

For additional guidance and advice on IP management best practices, please subscribe to our IP newsletter at: [www.novagraaf.com](http://www.novagraaf.com).

Chantal Koller is Managing Director, Trademarks, and IP Consultant at Novagraaf in Switzerland



## A model for IP management success: outsourced, in-house or hybrid?

Time and budget are both limited resources for the modern-day IP department. But, even if a corporate IP department is able to manage the full life cycle of IP rights on its own, a number of organisational questions need to be addressed centrally and supported throughout the entire company if it is to succeed.

More practically, therefore, companies need to develop the right mix of legal service and formality providers that will enable their in-house IP person or team to provide efficient solutions in light of the resources available, while also ensuring they don't lose oversight of the entire portfolio. In my experience, the following three models can prove to be successful in this regard:

- **Fully outsourced:** The ideal model when the person responsible for IP is cumulating this responsibility with other roles, and for smaller/mid-size companies with limited IP capabilities. In this case, a service level agreement (SLA) on service expectations and price is ideally discussed between the company and its external counsel, and the entire IP legal services and administrative formality process, as well as the related data, is managed externally. The company's IP manager provides guidance as to the company's strategy and business decisions, and fulfils a liaison role between the external IP counsel and his/her company. In certain instances, the external IP counsel may also second a member of its team into the business to help to set up processes and procedures.

- **Hybrid:** There are several hybrid solutions possible, the main two being: (1) split of services between the in-house team and one central external supplier; or, (2) split of services among various external suppliers such as high-end legal services on one hand and low-cost formality management companies on the other. In such instances, it is essential that the company's IP manager provides clear guidance as to each stakeholder's role and responsibilities. The main trap of such hybrid solutions is not to have one centralised data management solution, as this can lead to internal stakeholders losing sight of the portfolio as a whole when addressing strategic questions. In the hybrid scenario, the main role of the in-house IP team is to conduct the orchestra in order for everyone to play in tune.
- **Fully in-house:** Some (usually larger) corporations choose to centralise IP management in-house and to use external suppliers where required (e.g. in foreign countries where the company has no domicile), but only as purely administrative executants, what we call point-to-point solutions. In such models, partners are usually chosen as part of a "low cost" approach, and the company needs to keep in mind that: "what you get is what you pay for".

### Success factors

Selecting from these models is a question of finding the right balance for your company. The chosen model may also evolve over time, as a company grows or expands into new markets. Success is often based on the ability to communicate openly on expectations, both internally and externally. Very often, IP managers seek "an agency to manage the complexity of the work"; however, there are often many hidden needs behind such a broad statement and, if all parties' expectations are not clearly identified and addressed, the outsourced solution can lead to mutual disappointment.

This is also the case when moving from one model to the next: discussing your plans with your partner(s)/counsel(s) and examining what solutions they offer is a good way forward here. A model that works today may no longer meet in-house department needs as the company evolves or expands into new markets and geographies. ■

For more information or guidance on IP management models, please contact us at [inta@novagraaf.com](mailto:inta@novagraaf.com).



## IP BEST PRACTICES

# Is your anti-counterfeiting strategy up to scratch?

**A robust anti-counterfeiting strategy is crucial for all brands as the trade in fakes continues to grow.**

Most brand owners will know of the threat to their business of counterfeiting and piracy. The challenge comes in quantifying that threat in order to act against it, both proportionately and effectively. If you don't know the extent to which your brands and products are being targeted, or where those knock-offs are being produced, transported or sold, how can you target action, measure its effectiveness and justify the budget? With what can seem like such a mammoth task ahead of them, it's little wonder that many

brand owners choose to put off for tomorrow what they could or should be doing today.

### **STEP 1: The business case**

Budgeting for anti-counterfeiting activity can be a challenge for IP heads because it can be hard to find up-to-date and consistent data to estimate the threat. What is clear, however, is that the threat is growing.

A 2017 study by the EU's European Economic and Social Committee estimated that the global trade in counterfeit and pirated goods represented 5-7% of world trade, roughly €600 billion a year. The study looked only at counterfeits traded across borders, and the figure is likely to be considerably higher when you

take into account instances of domestic piracy, not to mention damage to brand reputation – a value that can be particularly difficult to quantify.

Knock-offs used to be immediately recognisable to prospective buyers due to the poor quality of the product – a typo in the brand name here, a design flaw there – its low price or the trading location (eg, a dodgy market stall). But counterfeiting has become so much more sophisticated in recent years and, these days, many consumers are being tricked into buying products at close to recommended retail price believing them to be the real deal.

If you've ever received a complaint

from a consumer about a product and then had to break it to them that they'd actually been sold a fake, then you'll already know the damage that this can cause – particularly if that fake had entered your legitimate supply chain prior to sale.

### **STEP 2: Measuring the threat**

Nonetheless, it's crucial to start identifying the threat to your business, your consumers and your bottom line before beginning any action.

Where are the counterfeit products being sold (on- and offline)? Who is manufacturing them – and where? How are they being transported and through which ports? What are the types and volume of products affected, estimated damage to your business and desired benchmarks for reducing the impact? The good news is that many brand owners have asked these questions before you, and there are definite patterns in their findings that will help you to tailor your efforts.

Even by tracking the web for a short time, you'll be able to get an idea how many fake versions of your products are being sold.

### **STEP 3: Targeting and costing action**

You can't find or stop every instance of counterfeiting; it would swallow up all your time, budget and resources. Instead, concentrate on identifying and mapping the biggest threats and the most common channels, for

example, manufacturing sites (typically, China, Hong Kong, India, Turkey, the UAE, or home soil) and their distribution routes (generally, major transit hubs and international trade ports).

Recording your trademark rights with customs in your home country and relevant overseas countries will help officials spot and detain shipments that infringe those rights. For the best results, be as proactive as possible in your efforts to educate those officials about your priority products, telltale signs for spotting counterfeits and details of who to contact if they have concerns.

To tackle the manufacturers themselves, you'll have to find the factories before you can coordinate enforcement action. This can be harder in some countries than others, but a good start would be to look at those factories where you are manufacturing your products officially, as often these can be the source of fakes too. Ensure your agreements make it clear that unofficial copies will not be tolerated, and conduct regular spot-checks to check for breaches.

If the counterfeits are being produced overseas, you'll need to liaise with local agents and involve local police and authorities. It's generally easier and more cost-effective to work with a specialist IP firm to coordinate such action; especially as you progress towards a

factory raid or legal action. We know from our time representing clients in factory shutdowns in China, that it's important to have the right people on the ground to make sure that any planned action isn't leaked in advance to the counterfeit organisation, or that the necessary paperwork doesn't sit for too long on the desk of the relevant local authority.

### **STEP 4: Measuring ROI**

There is, of course, a cost involved with legal actions and raids. Similarly, different countries have different procedures and requirements when it comes to seizing counterfeit products, so it's important to check in advance which costs or actions are required. Try to avoid kneejerk reactions when instances of counterfeit activity are identified; you'll have spent time researching, mapping and prioritising your strategy for action, so it's important to remain proactive and targeted in your approach.

You have to be realistic about the likely results, too. It takes prolonged action (and consumer education) to make a real dent against this type of organised crime. Shut down a factory in one city and it will likely pop up somewhere else; seize products at one customs port and the counterfeiter will try to find another route. But, continue to act against the source and you will find, eventually, that the counterfeiter will decide that it's just easier to move on to something else. →

*Budgeting for anti-counterfeiting activity can be a challenge for IP heads because it can be hard to find up-to-date and consistent data to estimate the threat.*

Other techniques can be brought into play. Routinely modify the design or packaging of your products, for example, and the counterfeiter will find it hard to keep up. (This also makes fakes easier for customs authorities and consumers to spot.)

#### STEP 5: The right support

Finally, it's important to work with a partner that understands the challenges that brand owners face in their battle to hunt down and act against counterfeit products.

Make sure any provider you choose brings a clear and proven strategy, and expertise on the rules and requirements in key jurisdictions, the current threats and common channels for trafficking, and the costs and process involved at each stage of enforcement. The right IP provider will know, from experience, where you should start and end your anti-counterfeiting efforts, so use that knowledge to guide you when taking your first – or next – step towards building an effective and measurable strategy for action. ■

For further information or support, contact us at [inta@novagraaf.com](mailto:inta@novagraaf.com).

Gerard van Hulst is Partner and Business Development Director in the Dutch offices of Novagraaf.



## Anti-counterfeiting: A strategy for China

The production and trade of counterfeit goods in and from the People's Republic of China is the thorn in the side of many well-known brands, but it's not only the global giants that are affected. From rip-offs of fashion and beauty products to fake spirits and medicine, nearly every business could be impacted, particularly those that manufacture their goods in the country. What should they do?

To develop an anti-counterfeiting strategy that is appropriately targeted, brand owners first need to assess the threat by gathering intelligence on:

- The source of the goods, distribution channels (on and offline), ports of entry and local instances of infringement;
- The types and volume of products affected, estimated damages and desired benchmarks for reducing the impact.

While China isn't the only source or market for counterfeit goods, it is rightly on IP professionals' radar as a key country of focus for anti-counterfeiting and brand protection activity.

#### Tackling the offline threat

In any anti-counterfeiting and brand protection strategy that includes China, techniques to identify and prevent activity are of particular importance. For example, by:

- Ensuring key brand and product names are registered as trademarks, and innovative design features are registered as design rights, enabling owners to seek legal redress for any unauthorised use of those trademark or design rights (e.g. for the manufacture, distribution and sale of trademarked goods);
- Raising awareness of the issue in your business and its subsidiaries by educating staff, business partners and customers, and by providing specific training for those employees who are on the ground to help them recognise and report counterfeit products;
- Actively monitoring the online and offline market, recording, reporting and carefully analysing the findings



in order to define routes of action that are proportionate to the threat;

- Working closely with law enforcement authorities such as the Border Force (customs) and local Trading Standards offices that have a statutory duty to enforce criminal provisions in the relevant Trademarks Act; and
- Taking enforcement action where appropriate.

If the manufacture of the fake goods is taking place in China, you will need to liaise with local agents or investigators and involve local police and authorities in order to target the manufacturer at source. This is not a simple task, and you're advised to consult your trademark attorney for advice and support on investigation, including trap purchases, trademark training, trademark records and legal representation in customs seizure proceedings.

#### Could the source of the fake goods be your own manufacturer?

When using intermediaries, be wary of common traps relating to misappropriation of designs and the resulting invasion of counterfeit products. To overcome this:

- Identify the main technical elements and protect respective IP (e.g. patents);
- Register designs before starting mass production;
- Use available copyright registration to add another IP right with unlimited validity to your portfolio;
- Include IP provisions in contracts with manufacturers;
- Mark genuine goods with IP rights registration numbers (see our website for advice on marking products with patent/design and trademark numbers);
- Register IP rights with Chinese customs.

#### Upholding brand rights in the Chinese market

The protection of trademarks in China can be challenging for many outside the country. Despite recent changes to provide overseas brands with greater rights in case of disputes, parties claiming infringement often need to pursue their cases to the highest courts in order to stop the infringing party.

Trademark watching strategies are crucial in such cases, not only by identifying infringement when it takes place (including in Chinese script), but also by collating the evidence needed to prove infringement.

Continuous and persistent enforcement is key to tackling counterfeiting. It sends a clear message to infringers and enables businesses to gain a clear picture of the threat, and the returns on investment in this area. From an online perspective this should also include:

- Notice and takedown actions;
- Cease and desist letters;
- Search engine de-indexing (preventing search engines from re-indexing infringing web pages);
- Requests to payment providers to suspend payment services to an infringing website;
- Reporting of IP infringements to social media platforms for removal. ■

For more tips and advice on developing an anti-counterfeiting strategy, please read our anti-counterfeiting white paper at [www.novagraaf.com](http://www.novagraaf.com).

## Time to get it right: IP in M&A

A well-maintained IP portfolio and, just as importantly, a well-maintained record of the IP portfolio can add significant value to a company as well as making it an attractive proposition. From a buyer's perspective, it can make the transition from buyer to owner a smoother ride as Novagraaf's Alastair Rawlence explains.

Whether directly or indirectly, consciously or unconsciously, IP will play a major role in any merger or acquisition (M&A) activity. A company's brand value or its product or innovation portfolio are key value differentiators, providing plenty of strategic reasons for M&A-related activity. In order to maintain that value, however, companies need to be sure that they maintain accurate records of all their IP and to update their records correctly and promptly. It's a laborious, but necessary task.

### Where to start – due diligence checks

In an ideal world, the IP portfolio will have been diligently maintained and recorded, and an acquired company's IP audited and cleansed as part of the build up to the M&A activity; however, such due diligence does not always take place, whether due to time constraints or the nature of the acquisition.

For that reason, when a merger or acquisition is being considered, there should be an audit of the portfolio at an early stage to see if the records have been properly maintained and the chain of title is up to date. This also serves to verify that the buyer is getting what they think they are buying and gives them the opportunity to ask the seller to make the appropriate updates to the portfolio as a condition of the transaction.

If for reasons of confidentiality or speed it is not possible to conduct the IP audit prior to completion, it should be done at the earliest opportunity. Transfer of all IP assets to the seller needs to be dealt with equally promptly, especially if the company ceases to exist and it is no longer possible for them to sign any relevant documents. Not all IP is a registered right and so an assessment of all company documents will generally be needed to locate other rights, such as copyright or confidential information, licences or distribution rights.

Having reviewed the records and cross-referenced them with other data resources, an analysis of the scope of protection should be undertaken against the new owner's or merged company's business plan. That will enable the new owner to identify key rights and those that are not required. Even in well-maintained portfolios, there are gaps in protection, usually with good reason, which need to be identified and the possibility of obtaining protection reassessed.

### After completion – update the ownership

When IP changes hands, records need to be updated at the relevant registries if the rights are to be properly maintained and enforced. Much like having your car insurance registered to the wrong address, buyers may

find that they're not fully protected when they need their rights the most.

Once the portfolio has been evaluated and required rights identified, consideration needs to be given to updating the ownership of registered rights and transferring any rights based on agreements to the new owner.

Updating IP ownership is not always a simple procedure. Each jurisdiction has its own quirks, requirements and fees, whether in terms of the documents that need to be supplied or the timeframes in which companies need to act.

Depending on where the rights are held, buyers may find that they need to:

- Simply notify the registry by letter or email that the IP rights owners' address has changed;
- Provide evidence (e.g. the master deed or a contract signed by both parties) to substantiate a change in address or owner – there may be good reasons why the business sale agreement cannot be disclosed and so the buyer may need to get the agreement of the seller to sign confirmatory assignment documents in those countries; or
- Supply additional authentication; for example, a notary seal and legalisation from the local consulate.

Translation requirements may also need to be considered.

### Organising the process

The most cost-effective and efficient approach to title updates is to do all of it in one hit. However, depending on the jurisdictions and rights in question, it is possible to phase the process of updating records post-M&A. As a general rule, companies should seek to ensure that their records have been verified and updated by the date by which the next renewal is due.

For trademarks, where renewals are generally payable every 10 years, this can give rights holders a good window in which to plan their activity; e.g. they can decide to update their core rights promptly or prioritise those registered in key jurisdictions, but then to wait for the next renewal deadlines for lesser rights to decide whether they even wish to maintain a right and, if so, update it at that time. For patent rights, time constraints are generally more pressing given that most renewals are payable annually. It's also important not to overlook updates to design rights

and any other registered, non-registered or recorded forms of IP, e.g. domain names, copyright assignments etc. It should always be kept in mind that if you do not record the changes straightaway, obtaining signatures from the seller will become more difficult as time passes and if the seller is liquidated or dissolved, can become impossible.

*Updating IP ownership is not always a simple procedure. Each jurisdiction has its own quirks, requirements and fees.*

One way to avoid that is to ask the seller to sign the documents on or as soon as possible after completion; although note that, in some countries, the documents become void or invalid with time so that does not always solve the problem. It is worth noting that until the ownership is updated, it is not possible to enforce rights in most countries or situations, and buyers may also be unable to claim damages for any acts committed before the ownership change has been recorded on the relevant register.

Finally, companies are advised to look into time schedules in advance of formulating their updating strategy. Some jurisdictions have a six-to-eight month timeframe in which records need to be updated and companies that do not adhere to this will need to pay a local fine. Here, quick and easy access to the named signatory will be also be crucial. Novagraaf's experienced teams are practised in the processes required to verify and update records in every key IP jurisdiction, whether for a direct client or as an outsourced assignment from an in-house team. Our experienced back office can cross check registered rights against a company's records and identify variations. The team can advise on where to find and evaluate non-registered IP rights and how best to keep a record of them going forward.

Once the due diligence process is complete, our back office teams have experience of recording transfers of ownership, the documents required and processes involved, making the experience ultimately less stressful. ■

For more information, contact us at [inta@novagraaf.com](mailto:inta@novagraaf.com).

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# Preparing for an IPO? Don't overlook your IP assets

IP isn't always the first priority for a business preparing for an initial public offering (IPO); however, the sooner you start thinking about your IP assets, the better prepared you'll be.

The route to IPO is rarely plain sailing, with deadline and resource constraints the most frequent sources of headache. As with most major business milestones, preparation will prove crucial, and that applies as much to your IP assets as it does to the regulatory requirements that you'll need to meet. Where should you start?

## Understand what you own – and what it's worth

As a general rule, the sooner you start thinking about your IP assets, the better prepared you will be or you may find that the rights you have in place don't match exactly the portfolio that you thought you held – or need to hold for the IPO to run smoothly. Verifying your portfolio in advance will allow you to fix any oversights in protection, and reinforce your early valuation exercises.

## Consider all forms of IP

Businesses will typically focus on patent or trademark rights that are already in place, but when it comes to both IP value and opportunities for future growth or expansion, other forms of IP are equally important. This includes patents, trademarks and designs that are still in the application phase (domestic and foreign), as well as unregistered rights, manufacturing and distribution agreements, assignments /charges of IP to or from the business, and any IP dispute settlement agreements, including co-existence agreements, as these may impact (positively or negatively) on IP value.

## Avoid nasty surprises

Find out what you own – and what you don't, by pulling together schedules of:

- domestic and foreign patents and patent applications;
- trademarks, trade names and registered designs;
- copyrights and domain names;
- descriptions of important technical know-how belonging to the company, and the methods used to protect trade secrets and know-how;

- all agreements, with copies, relating to inventions and licences, manufacturing and distribution agreements, assignments of IP to or from the company, any mortgages or 'liens' over the company's IP, any IP dispute settlement agreements including co-existence agreements; and
- any claims or threatened claims by or against the company regarding IP.

## Use the opportunity to refocus your portfolio

Consolidating your rights and agreements will provide you with a clearer picture of your IP assets, and their respective strengths and weaknesses. As with the IP audit process in general, it will also give you the opportunity to refocus your IP holdings in light of your future business strategy; for example, by ring-fencing key (or 'core') IP rights and identifying less strategic or unused rights that may no longer justify the renewal fee. The audit process will also prompt you to make sure your rights are in order (i.e. valid and up-to-date), as it will identify any errors in the chain of title or renewal schedule, and give you the data needed to rectify or work around them.

## Give yourself the time not to panic

Typically, the closer you get to the IPO launch date, the more fraught the process will be. Involving your IP team or external advisors and beginning the IP audit early in the process will help you to sidestep any last-minute panics by ensuring that IP value and potential is fully captured and protected in advance.



## ASSET MANAGEMENT

# Know what you own: Adding value to trademark audits

Companies are increasingly asking trademark attorneys to help assess intangible value.

We all know brands are important and valuable to a business, but why seek to put an actual value on them? In today's budget-focused boardrooms, trademark attorneys need to show that the legal rights that protect those brands aren't unnecessary costs, but instead add value to the business.

### Defining the what

In measuring value, we first define what we are seeking to place a value on. In this context, a brand is a marketing-related asset that may

include names, terms and logos intended to identify goods, and create distinctive images and associations in the minds of stakeholders, thereby creating economic benefits for the owner.

How we measure that brand's value depends on the purpose for the valuation. Purpose dictates the premise (or basis), and that, in turn, dictates the method – and different methods produce different results. For example, is the valuation driven by strategic planning, financial reporting, dispute resolution or due diligence? Each of these will result in a different valuation premise and methodology – for instance, the

desire to capture market value, as opposed to investment value or liquidation value.

Legal protection through trademark (and other) registrations has touch-points throughout valuation calculations, no matter which methodology you use; the stronger and better managed that the trademark portfolio is, the higher the value of the brand may be.

### The question of why

Few of us are accountants, so this is not the place for long-winded explanations of brand valuation calculations. For trademark attorneys involved in valuing brands, the 'why'

should come before the 'how'. Some of the most common reasons for undertaking a valuation exercise include: portfolio disposal or acquisition, preparation for an initial public offering (IPO), transfer pricing, IP licensing and IP securitisation. Each of these will require a different valuation method, or combination of methods.

But brand valuation is important at any stage of a brand's life cycle, not just when it comes to a restructuring or sale. Any company needs to see that it is getting a return on investments made, and investment in IP protection is no different to an investment in new plant or manufacturing capabilities. It's just more difficult to articulate or quantify.

Of course, investment in protection is only one aspect of outlay in a brand, which could also include, for example, marketing and PR activities to increase awareness. Although a brand valuation will not necessarily prove that the investment in protection is the factor increasing or decreasing brand value, it will always be a factor.

There are instances where a strong brand protection policy has been undermined by bad publicity, which has a negative effect on brand value. Equally, a strong brand can be undermined by an inadequate trademark protection strategy that prevents the brand owner from, for example, expanding to new countries or new product ranges because

someone else owns those rights. There are also the cases when the value of a company acquisition rested almost entirely with the IP assets being acquired.

### Trademark ratings

As with many industries, the functional differences between products and services have been narrowed to the point of near invisibility. It is intangible assets, such as brands, that provide the basis for establishing meaningful differences between apparently similar offers. Of course, a brand is more than just a trademark but, without trademark protection, a brand is potentially worthless.

There are numerous methods of analysing the strength of a trademark portfolio. For valuation purposes, it is important that the method used can be replicated and that an awareness of competitor behaviour is incorporated into the methodology.

Novagraaf has developed a tried-and-tested methodology (the 4Ws: Who, What, What for, Where?) to undertake IP audits and measure trademark value, assessing the extent to which a company's core brands are strategically protected by trademark registrations in key markets and territories, as well as the comparable strength of those registrations.

The approach also covers such factors as scope of coverage, effective use of trademark registration systems, ownership and portfolio consistency. The service

has been specifically designed to provide businesses with greater insight and clarity into the brand and trademark valuation process, via a robust and transparent methodology, and clear advice on how to identify and remedy the issues that may be undermining asset value.

### Trademarks – cost or investment?

Trademarks and associated forms of IP are the one constant in brand creation. A product's name, the design and colour of its packaging, and the corporate logo are not just marketing tools – they are legal rights which can bring great benefits and growth when nurtured and used properly. Yet, they can often be overlooked in the rush to market, or simply considered a drain on resources – an outgoing cost to the business that seems to bring in little return.

That's why it's important for us as an industry to showcase the contribution made by trademark assets to brand strength. We all know that a strong, well-managed registration portfolio has a direct influence on brand value, and therefore business value. Valuation of that asset can also unlock its true worth, and show that the right trademark registration strategy is an investment, not just a cost. ■

Eric Siecker is Managing Director, Patents at Novagraaf in the UK



# Auditing portfolios: a step-by-step guide

Many companies estimate the health and relative worth of their IP portfolios based on size alone. However, those IP rights will be worth far less if the following checks and balances are not also considered.

## STEP 1:

### Review your IP records and data for accuracy

The data in your IP portfolio needs to be accurate and up-to-date, otherwise you may find that you don't quite own the rights that you think you do. Taking the time now to cleanse, update and rationalise your IP data can save you both time and money in the long-run, as it will identify potentially costly errors in the records.

To identify and rectify common errors, consider the following key questions:

- Exactly which entity is recorded as the owner?
- What is the status?
- Are the rights in force?
- Are licences in force and recorded against any rights?
- Are charges or other interests recorded against any rights?
- Do the registered rights match those used in the business?
- Are there any unregistered rights?

## STEP 2:

### Audit your IP portfolio for value and efficiency

The next step is to assess the value of your portfolio against the costs involved in growing and maintaining the IP rights it contains. It helps to identify, for example, patent and trademark rights that are being renewed despite never being used, as well as gaps in protection, which might leave a company exposed.

This part of the audit should include:

- Reviewing your IP strategy to ensure that it takes into account your strategic business goals;
- Prioritising your IP rights (e.g. between 'core' and 'non-core'), and markets (countries and goods/services) based on current branding/R&D strategy and future plans;
- Auditing licensing and royalty agreements to ensure that the rights have been correctly maintained and the revenues received; and
- Reviewing your supplier list to see if it is possible to generate further cost savings by consolidating your IP portfolio with one provider.

## STEP 3:

### Put a timeline in place for regular health checks

Completing an IP audit is only the first step in what should be a regular programme of portfolio reviews. By conducting audits at regular intervals (ideally at least every six months), you can ensure that your portfolio continues to evolve as your business does. It could also identify additional savings in the future by:

- Merging registrations;
- Allowing possible duplicate (local) registrations to lapse;
- Identifying unexploited rights that could be sold, licensed or allowed to lapse.

This last step will also be crucial in light of possible changes to trademarks, patents and designs in the EU in the future. For example, when the Unitary Patent and Unified Patent Court (UPC) is finally introduced and when Brexit occurs.

For additional information or guidance, email [inta@novagraaf.com](mailto:inta@novagraaf.com).

*Of course, a brand is more than just a trademark but, without trademark protection, a brand is potentially worthless.*



## HOT TOPICS

# On the ball? IP and the FIFA World Cup 2018

With the 2018 FIFA World Cup in Russia due to kick-off on 14 June, Novagraaf's Claire Jones examines the IP implications of this headline-grabbing event.

The FIFA World Cup is the world's largest single sporting event, with nearly half the world's population tuning in and the event comprising nearly 30% of FIFA's annual revenue from marketing rights generated. FIFA has, as with previous events, produced a range of guidelines and documents protecting its IP, and the Russian State Duma adopted Federal laws to recognise FIFA's rights in the World Cup 2018 and Confederations Cup 2017. These include trademarks such as FIFA, WORLD CUP 2018 and RUSSIA 2018, together with a range of registered and unregistered designs and copyrights subsisting in works such as posters, emblems and mascots.

The event's official sponsors are given the right to use FIFA's IP and to use the tournament as a marketing vehicle as they see fit. Other brands will be subject to strict rules. In addition, a range of businesses will be keen to use the event to drum up revenue and sales. However, FIFA will be strictly monitoring those who are not an official sponsor.

Official sponsors have paid handsomely for the privilege, with the six top-tier partners (Adidas, Coca-Cola, Kia/ Hyundai, Emirates, Sony and Visa) paying a combined US\$177 million annually to FIFA.

### Unofficial marketing

Ambush marketing became mainstream news during the 2010 FIFA World Cup with Bavaria Beer disguising Dutch models as Danish fans and revealing promotional attire once the match had commenced. However, examples of such tactics can be seen as early as the 1984 Summer Olympics in Los Angeles and the 1988 Summer Olympics in Seoul where American Express and Visa led a number of 'credit card wars'. Ambush marketing can be:

- **By Intrusion:** A brand intrudes an event to gain prominent exposure, targeting stadium audiences and media viewers (for example, Bavaria Beer).
- **By Association:** A non-official sponsor creates a campaign which brings to mind a sponsored event or misleads consumers into believing that the brand in question is an official sponsor (examples of this can be seen from Paddy Power, giving away 'free lions' t-shirts or Nike's 'Find Your Greatness' campaign during the London 2012 Olympics).

- **Opportunistic/Real-time ambushing:** Where a brand reacts and refers to topical event (for example, Oreo's Tweet during a black out at the Super Bowl in 2013). Although it is debatable whether such reactions are actually ambushing.

### Dos and don'ts

If you are thinking about using the World Cup to advertise your business in any non-official capacity:

- **DON'T:** Use the trademarks, logo or images referenced by FIFA, or offer tickets, even as part of a prize draw.
- **DO:** Research and understand the IP portfolio of FIFA and what will and will not be seen as 'unauthorised commercial association'.

- **DO:** Get creative! Utilise the themes of football and sport to your advantage, but the more elements that are combined together, the more likely it is that it will be seen as an infringement.
- **DO:** Sensecheck any promotion/post before uploading to social media to ensure that it is on the right side of the line from an ambush marketing perspective, and ensure that the restricted event hashtags or emojis are included in that review. ■

Claire Jones is a Trademark Attorney at Novagraaf in London.



# Jupiler, Belgium and the management of 'fluid' brands



AB InBev announced plans to temporarily rebrand 'JUPILER' as 'BELGIUM' in support of the 'Red Devils', Belgium's national football team, in the forthcoming 2018 World Cup. Novagraaf's Pascaline Debois examines the trademark implications.

This is not the first time that AB InBev has temporarily 'rebranded' one of its well-known beers. Previously, BUDWEISER appeared as 'AMERICA' in the US, and CORONA as 'MEXICO' in Mexico. The brewery group is making use of the concept of 'fluid' trademarks, a practice also recognised in trademark case law across the Atlantic, to support Belgium in this year's Football World Cup in Russia. AB InBev's Jupiler has been a sponsor of the Red Devils for 30 years.

A mark is said to be 'fluid' when, in terms of use, it can be substantially and regularly modified in relation to the manner in which it is registered, without its distinctive character being altered. A key example of this can be found with the mark GOOGLE, which transforms its logo on its homepage every day (the Google Doodles).

### Marketing potential

For a brand to make use of this practice, certain elements of the mark need to be sufficiently well known, so that

when other elements are completely transformed, the consumer will still identify with certainty the origin of the product or service concerned (this is precisely the primary function of a trademark).

Another example can be found in 'Make me yours', a recent marketing campaign by Ferrero Rocher, in which it replaced the brand NUTELLA, on its famous jars of chocolate spread, with the first names of consumers or by particular messages. It did so while maintaining the graphics of its initial brand, thus maintaining brand recognition. Coca-Cola has also used other (non-distinctive) words on its products, while maintaining its distinctive font and graphics to ensure that the drink is recognised as such by consumers.

AB InBev has adhered to the same rules in its temporary rebrand of JUPILER. The recognisable graphic and logo remain on the beers; only the word element has changed. Indeed, it is precisely the fact that JUPILER has both a strong brand and a long-standing association with the Red Devils that makes the marketing campaign work so well. ■

Pascaline Debois is a Trademark and Design Attorney at Novagraaf in Belgium.



# THE LAST WORD Will WHOIS be a casualty of the GDPR?



While the entry into effect of the European Union's General Data Protection Regulation (GDPR) on 25 May might be music to the ears of privacy advocates, brand owners and trademark attorneys could be hearing a rather less pleasant tune. The GDPR will make it significantly more difficult to access information about domain name registrants: as a consequence, it will become harder to enforce brand owners' rights online. Novagraaf's Anca Draganescu-Pinawin explains why.

Until now, attorneys advising businesses on the lives of their brands on the internet have relied on WHOIS, an online tool which makes the names and contact information of the persons who have registered a domain name readily available to the public. These data have played a crucial role in enforcing brand owners' rights, and have been especially useful in reacting against domain names registered and used in bad faith.

Indeed, on the basis of information provided on WHOIS, trademark attorneys have been able to offer an initial assessment of the potential infringement and advise their clients on a sound course of action. Data obtained from WHOIS would sometimes signal suspicious domain name registrations to the advising attorney and help identify potential cybersquatters. On other occasions, using WHOIS-sourced information would allow attorneys to contact domain name registrants directly, thus resolving disputes without recourse to costly, time-consuming legal action. Finally, it would be used in UDRP procedures to

help build a case demonstrating the alleged bad faith of a registrant. Now that the GDPR is coming into full force, these tasks are about to become significantly more difficult to carry out. This is because the WHOIS system as we know it is not compliant with the data protection requirements of the GDPR.

### Going dark on data

This turn of events may prove to be a disincentive for brand owners to enforce their rights online. However, cybersquatters and the like may find themselves at an unexpected advantage with the cover provided by the GDPR. This is not to say that the WHOIS system was perfect: a resolute cybersquatter could always find a way to remain in the shadows. That being said, trademark attorneys still had readily available means to contain the problem and offer a variety of solutions to brand owners.

The GDPR will leave a WHOIS-shaped hole in the IP landscape. An accreditation system will probably be offered as a palliative measure to give access to this information for specific professions. That being said, it might not be ready for some time.

As long as a new GDPR-compliant system has not been put in place, we must acknowledge that the GDPR has inadvertently thrown sand into the eyes of trademark attorneys and their clients. ■

Anca Draganescu-Pinawin is IP Counsel at Novagraaf in Switzerland.



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