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The Economics of Trademarks

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FLORIDA INTERNATIONAL UNIVERSITY

Miami, Florida

THE ECONOMICS OF TRADEMARKS

A dissertation submitted in partial fulfillment of the

requirements for the degree of

DOCTOR OF PHILOSOPHY

in

ECONOMICS

by

Jorge Victor Ramos

2015

To: Dean Michael R. Heithaus
College of Arts and Sciences

This dissertation, written by Jorge Victor Ramos, and entitled The Economics of Trademarks, having been approved in respect to style and intellectual content, is referred to you for judgment.

We have read this dissertation and recommend that it be approved.

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Date of Defense: April 23, 2015

The dissertation of Jorge Victor Ramos is approved.

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Florida International University, 2015

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DEDICATION

A Mamá Meca, Papá Bello y Tía Cali... como hubiera querido compartir estos logros y estos momentos con ustedes. Ya tendremos tiempo de celebrar. Los extraño mucho... todos los días. Gracias por estar conmigo, ¡los llevo en el corazón a donde vaya!

A mis padres, Nora y Juan Miguel, dos grandes ejemplos de vida; gracias por darme la vida, los quiero mucho. A Rocio y Miguel, mis hermanos, ramos de un mismo jardín. A Tutty, Sandra, Eduardo, Gaby, Chiari, Vale, Mari, Michel Ángelo, Vivi y a los que vendrán...y a los que vendrán después de los que vendrán...

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ABSTRACT OF THE DISSERTATION
THE ECONOMICS OF TRADEMARKS

by

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Florida International University, 2015

Miami, Florida

Professor Mira Wilkins, Major Professor

There is extensive literature in several areas of academic study (marketing, international business, law, business finance, etc.) regarding brand names and trademarks. Different fields of study have analyzed the nature, applications and effects of brands and trademarks on firms and societies through their own unique perspective. But although brands and trademarks play a crucial and vital role in economic matters related to firms and societies, there does not exist a strong literature from the economic field approaching important issues related to them. Of special interest to us are the effects brands have on the strategies firms create and follow in order to address competition and get an advantage in specific markets, the role trademark creation plays in the economic development of a country and the spillover effects such development has on the aggregate world economy, and the protection patterns and strategies firms use in order to maximize the value of trademarks as economic assets and the economic benefit derived from the use of this form of intellectual property (and other brand related activities). With this dissertation we seek to contribute to the existing literature and to the better understanding of brands and trademarks from an economic point of view. In order to address the questions above, we formulated an economic model, used econometric tools and also performed an in-depth

analysis of empirical data related to brands and trademarks. From our research we found that brands and trademarks play a major role in different aspects of the economic spectrum; they could give the firm an upper hand in a market, they could be a vehicle for economic advancement of societies when trademark protection is fostered and lastly that firms follow an idiosyncratic pattern of IP protection in order to generate and defend the value of these assets and in order to maximize the economic benefit of activities that are related to brands and trademarks. From our overall research we conclude that brands and trademarks are a powerful duality of tremendous potential for firms and countries that need to be protected and fostered and that additional research from the economic field is needed.

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ABBREVIATIONS AND ACRONYMS

AMS	Agricultural Marketing Service
ARIPO	African Regional Intellectual Property Organization
BOIP	Benelux Organization for Intellectual Property
BRC	British Retail Consortium
Brix Level	Measurement of the amount of dissolved sucrose to water in a liquid
COO	Country of Origin
COOL	Country of Origin Labeling
FLO-Cert	Fairtrade Labelling Organizations – Certification
FMCG	Fast Moving Consumer Goods
GAP	Good Agricultural Practices
HACCP	Hazard Analysis & Critical Control Points
IA	Intangible Assets
IBG	Interbrand’s Best Global (brand)
IFS	International Food Standard
IMF	International Monetary Fund
IO	Industrial Organization
IP	Intellectual Property
ISO	International Organization for Standardization
MM	Million
MNE	Multinational Enterprise
OHIM	Office for the Harmonization in the Internal Market
OECD	Organisation for Economic Co-operation and Development
OAPI	African Intellectual Property Organization

ABBREVIATIONS AND ACRONYMS (Cont'd)

OTC	Over-the-Counter
PACA	Perishable Agricultural Commodities Act
PLU	Product Look-Up (code)
PSI	Pound-Force per Square Inch
SA	Social Accountability
SEC	Security and Exchange Commission (of the US)
SQF	Safe Quality Food
USDA	United States Department of Agriculture
USTPO	United States Trademark and Patent Office
WIPO	World Intellectual Property Organization

CHAPTER I

TRADEMARKS AND MONOPOLISTIC COMPETITIVE POWER IN THE FRESH PRODUCE RETAIL INDUSTRY

i. INTRODUCTION

According to Cook (2014)¹, the estimated value of the fresh produce industry in the U.S. as of 2010 (excluding nuts and pulses²) was a whopping \$122.13 billion and retailers accounted for \$69.18 billion of that amount. Each of these two figures represents a significant portion of the overall U.S. economy on their own yet serious economic literature dealing with this important industry is still very limited. As the human population grows and healthy eating habits continue to increase in relevance, the market for fresh produce is very promising and some study from the economic perspective is much needed. Critical to a proper analysis of this industry will be the correct identification and understanding of overall unique characteristics of the fresh produce market in order to recognize what makes it different from other industries in the world. So a key question to be addressed is what makes the fresh produce industry fundamentally different from other industries? The answer is straight forward and has to do with the nature of the products themselves, because of the peculiarities of the industry, without the intervention of trademarks and brands, the

¹ “Trends in the Marketing of Fresh Produce and Fresh-Cut/ Value-added Produce” UC DAVIS, September 25, 2014.

² According to the USDA a pulse (crop) is a term used in North American agriculture that commonly refers to dry (mature) peas, lentils and small and large chickpeas (garbanzo beans) used as food for humans or feed crops for animals (<http://www.ers.usda.gov/topics/farm-economy/farm-commodity-policy/glossary.aspx>).

production of every single produce company in the market will be completely undifferentiated, which creates quite a problem for all players in the marketplace. Immediately another related question comes to our mind, what gives these intellectual property/intangible assets such a tremendous power in the fresh produce industry? Two things: a legal framework that gives them protection and exclusivity, and the lack of perfect information. Without these two key elements, brands will be absolutely worthless regardless of the industry. In this trade, brands not only have a major effect on the products but also characterize and determine the fresh produce industry.

One of our first objectives in this paper is to provide some clarification that will allow us to define properly the relationship that exists between trademarks and brands. We will then examine the importance of these intangible assets as exclusive property of the firm, especially in the fresh produce industry. Later in this essay we will examine the factors determining the monopolistic competitive powers fresh produce companies could enjoy at the retail level by the proper usage of their brands. We will seek to understand and define properly the peculiarities of the industry in order to bundle the theory with the real world business dynamics and be able to finally answer key questions such as, what gives these produce companies control of certain markets, how this control is related to their trademarks and brands, and also what kind of role does reputation play in the mix. Lack of information will play a central role in our paper as it forms the cornerstone of our analysis. We will also seek to analyze and explain the path all firms in the industry must follow in order to become a monopolistic competitive firm in a market, we will aim to determine the

strategies and price structure that will allow them to maximize their revenues and we will offer some interpretation.

It is important that we briefly address and clarify a few conceptual ideas in order to have a productive analysis. The current literature that exists on trademarks and brands in the field of economics fails repeatedly to explicitly make a clear distinction between these two terms (as they are clearly not the same), and many scholars are just satisfied with using them interchangeably, which later tends to lead to some confusion. Key to understanding the difference between the two terms is to identify the relationship of one to the other. In this regard, Wilkins (unpublished) suggests that the relationship that exists between trademarks and brands may be the same that exists between patents and inventions. The explicit relationship suggested by Wilkins allows us to understand trademarks as the legal protected entity while brands are the commercial representation of such legal entity. In other words, trademarks give brands a legal status and by doing so create a set of property rights; furthermore those property rights that come to exist because of the trademarks can be legally defended in the courts (Wilkins, 1992). Therefore, we argue that brands, not trademarks, are the connections that allow consumers to interact with the firm's products. These seemingly trivial definitions will be fundamental to our research later on. Moving forward, we intend to make a strict distinction between both terms and differentiate between the legal entity and the commercial device.

Regardless of the industry we choose to analyze, we will find that there is a need for a profound and comprehensive study of the economic impact of trademarks and brands

on firms. The overall lack of a detailed study in the economic field does not seem to occur with another type of intangible asset, the omnipresent patent. For example, a quick review of the IP/IA economic related literature will show that, economist have used extensively patent citation data primarily as a proxy for the value of the underlying innovation and knowledge flows (Illing and Peitz, 2006). Therefore, it is evident that there seems to be a much deeper concern in the economic literature for the “limited life” patent than for the “long term” trademark. The neglect that has existed in the study has occurred even though unlike patents, which are only protected for a restricted period of time, trademarks could be exclusive assets of the firm for an unlimited period of time and in many cases the value of a firm’s trademark could be much larger than the combined value of all other tangible and intangible assets the firm might own. Through different mechanisms, trademarks and brands’ contribution to the economic performance of the firm is vast and a more detailed and profound study of them could help scholars better understand certain empirical economic observations that otherwise are hard to explain. Specifically, in the fresh produce industry, brands could help us understand why firms are able to charge premium prices for products that are otherwise identical (same product, same variety, same PLU, same count and same quality) but that come from different market suppliers. We claim and emphasize that key issues such as monopolistic competitive power, imperfect information, and reputation will be critical in our study.

Central to our paper will be the issue of product differentiation in an industry where almost the totality of commercial varieties across different categories of produce in the market are openly available to anyone who is willing to grow and commercialize them;

hence product differentiation because of product characteristics is simply null given that all products in the market are identical to each other down to their very genetic essence (clones), as we will address later on. Although some patented cultivars do exist in the industry, their market share represents a negligible portion of the overall market of fresh produce in the world, and these “boutique” niche markets are not the interest of our research nor influence the overall dynamics of the mainstream fresh produce market; our interest is in the mainstream/economies-of-scale fresh produce industry. Furthermore, perception is key, so if differences are not obvious to consumers then they will assume that all products are identical.

ii. LITERATURE REVIEW

Let us start by emphasizing that when it comes to agricultural products we can consider all growers of a specific cultivar to be producers of the very same undifferentiated variety across the entire industry and for all practical purposes, because of the lack of differentiation, we can consider products of that cultivar as coming from the very same orchard and the very same plant. In order to further clarify this idea, let us consider the following hypothetical case. Consider two neighboring growers, grower A and grower B, both producing the same cultivar, let us say clementines. If we could reach across the groves and harvest clementines from grower A’s trees and pack them in boxes as

clementines from grower B, *ceteris paribus* (product characteristics: variety, PLU, count, quality specification), nobody would be able to really tell the difference as there is none (also and without any loss of generality, provided that both growers use the same growing methods and techniques, such as conventional, organic, greenhouse, hydroponics, etc.). But in other industries, products that come from different producers almost always have an attribute that makes them different (a material, a shape, a design, etc.) for the purpose of easy product differentiation and suppliers go to great lengths to make sure that there is indeed true product differentiation to maximize market recognition. Clearly in the fresh produce industry, as in any other industry, there is a real necessity from producers to attain product differentiation to achieve control of a market, and brands play a pivotal role at allowing firms to do this, not the product themselves. In this regard, there is extensive literature in the field of IO related to monopolistic competition, product differentiation and brands, and although not all scholars explicitly agree or elaborate on the role brands play, some of them in one way or another, have tried to address the issue of brands and their relationship to product differentiation.

Authors such as Bain (1968), Bethel (1971), Jacquemin (1987), Coase (1988), Fisher (1991), Fraysse and Grimaud (1991), Chakravarty (1995), address extensively product differentiation but do not explicitly pinpoint brands as a source of it. For example, Bain (1968) talks at large about five sources of product differentiation but he does not mention brands as a source of it. Bethel (1971) merely writes without elaboration that product diversification affects materials, components, and manufacturing methods and processes. Fisher (1991) also affirms that firms produce different varieties of the same

product “with the marginal cost of production just equal to its price, and each varying from the other in the sense that the cost of converting production from one variety to another just reflects at the margin what consumers would be willing to pay to make that change”, but again there is no mention of brands as a source of product differentiation.

But some other scholars have tried to go beyond weak and timid connections between brands and product differentiation, and, for example, George and Joll (1981) assert that there is a dimension of subjectivity in product differentiation and that different brands are different if consumers think they are. Hay and Morris (1979) address product differentiation as an issue of characteristics of the product and talk about brand loyalty as the disutility of consumers of moving from their preferred position in quality space which is related to product differentiation. Shy (1995) divides product differentiation into Non-address (non-location) and Address (locational) approaches, and within the non-address subcategory he asserts that brands are said to be highly differentiated if consumers find the products to be very different. Shepherd (1990) addressing monopolistic competition mentions that there is product differentiation when products differ physically or in brand images or because of seller’s location; but his connection of brands with product differentiation comes only through subjective brand preference because certain qualities of products are preferred over others by consumers. So we find that all these scholars mainly link brands to subjective preferences and physical attributes but fail to address properly and explicitly differentiation through branding when information is a crucial factor to consider.

The ability of brands to convey and provide information is well known and some scholars like Geer (1992) have already identified imperfect information as a source of product differentiation, but overall there is not much that has been said specifically and exclusively regarding this topic as most of the literature centers on the topics previously mentioned above (subjective preferences and physical attributes). Cabral (2000) talks about imperfect information related to prices, as customers do not have access to all the prices of a product in a market. Clarkson and Miller (1982) recognize that brands impart more than just information about the manufacturer (such as quality and reliability) but they fail to make the connection between information and product differentiation, as they indicate that one of the sources of product differentiation are “brands names, trademarks, or company names derived from sales promotion activities of sellers, particularly advertising and services” with no mention of information whatsoever. Furthermore, they seem not to make a proper distinction between brands and trademarks when they state that “brand names (including trademarks) allow buyers to determine which firm has made a given product”. Tirole (1988) indicates that consumers will prefer to buy a brand because it is available at a local store, can be delivered sooner, comes with superior post-sale service, they are unaware of the existence of other brands, or brands do not have the same quality or will not satisfy their preferences (objectively all “produce” should satisfy the same preferences); and although he does not specifically and explicitly talk about information we can certainly assume that consumers do have to make decisions under imperfect information when they are unaware of the existence of competitors’ brands in the market. When dealing with advertisement, Tirole goes a bit further when he states that

for experience goods, informational differentiation may also arise from the consumer's imperfect knowledge of the product's quality or fit with their preferences.

During the review of the literature for our research we found four papers [Schmalensee (1982), Wiggins and Raboy (1996), Clement (1984) and, Hens and Webster (2006)] that deserved special mention and some additional analysis and attention in order to draw clear differences with our study and also to debunk, clarify or rectify some assumptions (many times incorrect) regarding the fresh produce industry. In evaluating this literature, we draw on our dozen years of experience in the fresh produce industry.

The Wiggins and Raboy (1996) study of the banana industry was particularly interesting because it tried to deal with the fresh produce industry. The problem with this paper is that even by the time it was published in 1996, it was already outdated, and lacked precise understanding and appreciation of the fundamental dynamics of the fresh banana industry as most of its assertions regarding this specific category of produce and its market were not valid and therefore this paper constitutes an unreliable source of information. Furthermore, it seems from the footnotes in the paper that Wiggins and Raboy's main source of information about the industry's dynamics (at least on the retailers' side) was obtained from an interview with some Safeway Corp. executives in Landover, MD in April 1991, which greatly biased their view and understanding of the industry.

The Wiggins and Raboy paper wrongfully asserts, that there are branded and unbranded bananas in the North America market; and specifically states that Turbana, a

major brand of bananas in the North America market is “unbranded”. Turbana is actually a brand owned by C.I. UNION de BANANEROS de URABA, S.A. (Uniban) and was long time a brand by the time this paper was finalized and later published. Having been a major supplier of bananas to the U.S. market for many many years with the Turbana brand, Uniban finally filed for trademark registration on May 22, 1992 (trademarks do not need to be registered in order to be entitled to the full protection of the law). In actuality, and contrary to the claims made by the Wiggins and Raboy in this paper, we assert, that there are no bananas in the North America market that are sold “unbranded” at the retail level (at least to the best of knowledge of this researcher). Turbana brand in recent years has even diversified to commercialize other fresh produce products.

Wiggins and Raboy also assert in their paper that regional supermarket buyers purchase bananas in the open market at different prices from several suppliers and that it is in this pre-retail market where price variability is evident, but the truth is that by 1996 a system of contracts was already being implemented across the banana industry and all around the U.S., where produce companies would bid for year round contracts with retailers, locking prices and removing the uncertainty and variability of prices in the market. This system of contracts has been the industry standard ever since it was implemented. Furthermore, given the homogeneity of the product and the size of the market (bananas are the most traded fruit in the US and in the world), in this specific produce category, purchasing is mainly centralized at the corporate level in order to achieve corporate prices and discounts.

This system of contracts had several major implications for the industry:

- 1) Unlike the Wiggins and Raboy's assertions about retailers selling bananas from different suppliers within the same region, retailers would not be able to carry several brands in a specific region (at least not by design), but just one; this also meant that they would only be able to carry one brand at the store level.
- 2) Retail companies would not necessarily award business to produce companies based on just pricing, but they would consider the overall "value" of the product to them and could (and would) assign business even if the price bid was not the lowest. An important fact to consider is that different retailers assess (and assign) value in different ways. Under these conditions brands (and their reputation) play a major role influencing the retailers' business decisions.
- 3) Unlike the authors' claims, the product is not bought anymore en route from the tropics, and this helped remove the uncertainty the produce firms face on the production side.
- 4) Wiggins and Raboy specified that there existed a West-East difference in the price retailers would pay, but this system of contracts when implemented at the national level for major retailers has effectively invalidated this assertion.

The cornerstone of this paper was derived from the assumption that the difference between the quality of bananas shipped under ship decks and the quality of the bananas shipped in refrigerated containers is significant enough that retailers are willing to pay a premium for fruit transported in refrigerated containers from the tropics. But, even by the time this paper was published this assertion had already lost most of its validity, if not all.

For example, Chiquita, a firm that is by definition synonymous with “banana company” in the market, heavily relied on containerized fruit shipped to the U.S. market from the tropics and used this type of “ship mode” to entice some retailers to pay a premium for the fruit, but as better handling practices were put in place for under deck shipments and new technologies entered the scene (new vessels that allow unloading of product through side doors through a system on elevators minimizing handling, better refrigerating systems, better deck insulation, etc.) basically any real and perceptible advantage that could exist between the two systems was effectively eliminated. This better handling practices and new technologies, together with the system of contracts that we described above, gave Chiquita the final blows; in 2001, five years after the Wiggins and Raboy paper was published Chiquita was filling for Chapter 11; the inefficiencies of this system together with the lack of ability to charge a premium for this fruit, were some of the reasons to blame for this company demise and the need to file for bankruptcy protection. Nowadays, produce companies still use both systems, mainly to maximize usage of ships and also because of logistics issues. For example, during the winter, produce companies will try to maximize the amount of fruit that is sent in containers to ports in the north of the country to prevent bananas from getting any chill damage as would occur if the fruit were exposed for long periods of winter temperatures when the hatches of the ship are opened or while the fruit is being unloaded.

The authors also affirm that brands are a marker for higher quality and that purchasers pay a price premium for a quality guarantee; but the truth is, *ceteris paribus*, fresh produce products are homogenous in their attributes and also in their quality, which

is actually guaranteed by a USDA grade system. So, even in the event the purchaser is not satisfied with the quality of the fruit, the produce company can “force” the purchaser to accept the fruit if it passes a USDA Federal Inspection with the appropriate grade and demand payment for the product (premium and all) within certain amount of time by PACA. Also, the authors wrongly state that fruit that is shipped under deck is not refrigerated while in route to the ports from the farms, and as well, as a side note, they do not seem to make a proper distinction between brands and trademarks.

Another interesting paper that some readers could easily mistake as a study dealing with the fresh produce industry is the one by Clement (1984). But the truth is that this study does not deal with fresh produce products but with a complete different industry (and market setting) which is the processed food industry (processed lemon juice). Processed products are of course not fresh products and therefore many of their organoleptic qualities have been lost during processing and are not necessarily considered perishables anymore. Because of the different characteristics of the products and industry, the dynamics of the processed food market barely has any resemblance to the fresh food market (shelf life, shipping methods, cold chains, vertical integration, etc.). To start with, these are products that are not homogenous (product presentations are characteristically different from each other in order to represent the manufacturer’s identity) and are sold side-by-side with competitors’ products with almost always true price differentiation. This is dramatically opposed to the nature of the fresh produce industry and certainly represents a completely different industry with properly delimited and not overlapping boundaries between each other. Case example, Del Monte Fresh Produce and Del Monte Foods in the U.S. market;

one is a fresh produce company and the other is a processed food company, their industries are so different and the boundaries of their industries are so clear that both companies coexist within the same national market without overstepping into each other's business. And whenever any doubts or conflicts have arisen about the boundaries of their legal usage of the brand and trademark for certain business the companies have been known to seek the help of the courts to provide clarification.

Other differences include:

- 1) This case study deals with a different type of entry barriers and with the possibility of compulsory franchising.
- 2) The end consumer has a choice at the time of purchase at the retail store.
- 3) Several brands compete in the same shelf for business (ReaLemon, Seneca, Golden Crown, Vita-Pakt, Minute Maid, etc.)
- 4) There are quality determination incentives for end consumers to search for a brand.

In our paper end consumers do not do any kind of search.

- 5) In this paper, processed food firms with a product with a quality equal or above the market average are encouraged to provide evidence of this fact in order to reduce the risk associated with the purchase. In our fresh produce industry setting, this is not possible and end customers rely on the relationship they have with their retailer for it to provide them with the best quality product that will satisfy their needs.

Next, the Hensen and Webster (2006) empirical paper examines the groceries market in Australia for a specific period of time (2002 to 2005). The main goal of the

authors was to answer the following question: how might the increased intensity of brand and trade mark usage be associated with the increase in real expenditure on grocery items? In our paper we will not seek to investigate such a concern and in actuality we assert that even though it is widely regarded within the produce industry that brand loyalty from end users do exist, it might be more realistic and practical to assume that there are some practical limitations to loyalty and that consumers will just settle for what they are able to find at their local retailer, because of this fact a study in this regard will not make much sense and will not be very productive. Furthermore, out of the 12 categories of groceries studied in this paper none of them is fresh produce (bread, canned fruit, tea, tomato sauce, rice, pasta, pasta sauce, milk, toilet paper, frozen chips, laundry liquid, and salad dressing) therefore none of the specific hypotheses presented in this paper is relevant to our paper or helps us better understand the fresh produce industry. Furthermore, in their conclusions the authors state “that firms are able to affect their demand curves through product differentiation strategies” which is not possible in an industry where product homogeneity is its main characteristic.

Lastly it was very fascinating to analyze Schmalensee (1982) in detail. Even though this paper does not deal with fresh produce products nor does it give any insight into this industry, it is very interesting because the author tried to address several of the same issues that are essential to our paper such as product differentiation, imperfect information, entry to market, competition and brands. Now, before we continue with the analysis of this paper, it is important to point out to the reader so we avoid confusion later on, that there exist a published version from 1982 and a working paper version from 1980

which are different in content and in some key assumptions. During our research and for the purpose of drawing similarities or differences we reviewed the published version from 1982. In the 1982 paper, key assumptions that were made by the author in the 1980 version were dropped and not considered for this last final version. For example, in the 1980 version Schmalensee states that “the first brand might be expected to find optimal to charge a low introductory price to induce trial and then raise the price once consumers have verified that the brand does work”. In the 1982 published version he drops this statement completely and only says “it is assumed that the first brand actually works for all buyers and that it is assumed that the first brand does not change prices in response to entry”. So in his paper, Schmalensee deals with a leader and follower “brand” competing against each other in order to position themselves within the very same market to later interact as a duopoly; and as such this paper addresses the benefits of being a pioneer “brand” in a market and also “brand’s order-of-entry disadvantage” issues. Our approach is of a single firm looking to introduce its product in a specific market seeking to become a monopolistic competitor.

Regarding imperfect information, Schmalensee claims in his paper that there is imperfect information in the market and that the source is related to the quality of the product which “can give long-lived advantages to pioneering brands”. In our study we do not assume imperfect information about the quality of a product as we can certainly identify and determine the quality of the produce if it has passed or not a USDA inspection with a specific grade. Furthermore Schmalensee says that “uncertainty about quality can make a profitable pioneering brand immune to subsequent entry”. In our paper, quality will not be

a barrier for entry given the fact that if a competitor's fruit passes an inspection with a USDA #1 grade, then both qualities are effectively the same in the market. Furthermore we acknowledge that, specifically to the produce industry, brands (not quality) could be used as barrier for entry and we assert that a trademark owner is guaranteed the exclusive use of his brand on products or services for as long as his trademark registration is still in effect; this basically represents a monopolistic usage of the asset and an effective entry barrier.

Related to product differentiation Schmalensee, explaining the motivations for his research (and based on Bain's empirical study) points out that "Bain's study did not explicitly describe any mechanism by which product differentiation advantages might be created, but a number of his remarks pointed toward buyer uncertainty about product quality as centrally involved". In our paper product quality will not be our product differentiation attribute, and we have already emphasized that we are dealing with identical "products", meaning same product, same variety, same PLU, same count and same quality. Schmalensee also claims that (on the basis of studies done by Bond and Lean) important and long-lived advantages can be overcome by later entrants only if their products offer distinct benefits; implying product differentiation based on new attributes of the product itself; something that is ruled out in our paper, given that a Cavendish banana and a Hass avocado will always be just that, a Cavendish banana and a Hass avocado. In the fresh produce industry, product homogeneity is the norm, as there is an industry wide incentive to take advantage of well established market preferences (and therefore of economies of scale). Furthermore, Schmalensee considers "a distinctly new product" but in our paper we

deal with products that are identical and where commercial varieties across different categories of produce in the market are openly available to anybody to grow and commercialize. In this specific matter we have also pointed out that, although some patented cultivars do exist in the fresh produce industry, the market share for these cultivars compared with the total fresh produce market is negligible, and that these “boutique” niche markets are not the interest of our research nor do they influence the overall dynamics of the mainstream fresh produce market.

When it comes to brands there are some clear distinctions between our work and Schmalensee's. For example, Schmalensee assumes that initially the second brand is subjectively identical to the first brand. We assert that brands are our product differentiating attribute and that they are exclusive intangible assets of the firm so, while products could be (and in our case are) identical, brands can never be identical, not even subjectively since they are the base for product differentiation in the fresh produce industry. Also Schmalensee seems to use brands indistinctively to refer to both products and brand names and this is clear when he writes “Consider a narrowly defined product class... It is assumed for simplicity that brands in this class either ‘work’ or ‘don't work’; they either perform as a brand in this class should, or they fail to perform acceptably. This makes it possible to describe uncertainty about the quality of a new brand by a single parameter, the subjective probability that it won't work”. Schmalensee assumes that “that these products are what Phillip Nelson (1970) christened ‘experience goods’ so that the only way a consumer can resolve uncertainty about quality is to purchase a brand and try it. One trial

is both necessary and sufficient to determine whether or not any single brand works. Consumers differ in their valuation of products in this class”.

Some other differences with Schmalensee’s paper are that:

- 1) In Schmalensee’s paper consumers are said to be risk neutral. Given the nature of our industry, we claim that produce buyers are risk adverse by essence since they do not want to risk the health of their customers or the profitability of their companies.
- 2) In the Schmalensee’s paper the newcomer could undercut (price wise) the leader in order to steal customers. Furthermore he states that there is a relationship between the leader and the follower’s demand curves, “with the second brand’s curve depending on the first brand’s price”. In our paper a newcomer does not set its price based on the price of another firm in the industry nor even intends to undercut it, nor does its demand depend on it. In regard to pricing, in our model there are no “restrictions” on the price of the product other than on the upper boundary of it, based on “value” of the product itself; a newcomer might charge even more money for the same product (than other competitors in other markets) and produce buyers will only buy the product if the net estimated value is never lower than the price they have to pay for the product.
- 3) In our model there is no benefit from being a pioneer in a market.
- 4) Schmalensee’s paper deals with end consumers as main customers of the firms. In our paper, end consumers are not direct customers of produce firms but produce buyers at the retail level are; so the “targeted” customers are different in each paper.

- 5) Furthermore in this paper there seems not to be a direct relationship between the quality of the product and the reputation of the brand; on the contrary we will state that brands will only be as good as the products they represent and therefore it will be crucial for the success and future of the brand that the intangible asset (brand) is backed by the tangible and intangible assets it represents or it is associated with. So, a reputable brand has to be backed by a quality product.

So after some careful, meticulous, extensive and detailed research it is clear that the current literature has not addressed industries with true homogenous products (like the fresh produce industry) where real differentiation is achieved through branding. So in this paper we aim to argue that trademarks and brands (and their reputation) can give firms in the fresh produce industry monopolistic competitive powers (at the “retail level”) not only because they give a produce company an exclusive control of the use of a brand but because they also allow firms to differentiate their many times genetically identical products from those offered by competitors. We will show that for the fresh produce firm, the ultimate source behind the brand-based monopolistic competitive power in the market is the lack of perfect information that exists in the marketplace and therefore the necessity of those who purchase the product to solve uncertainties and minimize the risk associated with the transaction. Furthermore, we will address the influence that brands and reputation have in the way firms maximize the extraction of revenue from the market for their products in the form of prices. Like others (Capozza and Van Order, 1982; Lane 1988) we will address our problem as a locational one, where firms will need to position themselves to service an unattended sector of the market. Given that the monopolistic competitive status firms could

enjoy in the fresh produce market derives from a combination of brand, reputation and information, it will not be the norm for firms to just become monopolistic competitors from the start, but they must follow a certain path in order to achieve that status. This process is especially true when we are dealing with experience goods like fresh produce where there must exist room for learning. We will present a two period model with spatial characteristics to achieve these goals. It is good to mention at this point that ours is not a traditional monopolistic competition model since we will assume long-run economic profits for the firm; we will provide justification for our assumptions later in our paper.

iii. MONOPOLISTIC COMPETITION AND IMPERFECT INFORMATION

A brand's success cannot be easily imitated nor its effects can be readily or effortlessly duplicated, therefore substitutability of brands is low according to Capron and Hulland (1999). Furthermore, Foxall (1990) argued that functional equivalence cannot be just the only basis for brand substitutability, otherwise consumers will either just purchase a single brand or will allocate their purchasing equally amongst all brands. As distinct, unique and exclusive devices firms use to differentiate their product in the market, brands have the capacity of turning two otherwise identical products into two very imperfect substitutes of one another. In this regard, Demsetz (1964) asserted that the most plausible source of product differentiation to be found in the market comes from the laws of

trademarks, copyrights and patents, as these laws are clearly barriers to imitative entry. According to him, these barriers provide a trademark owner the requisites needed to establish a trademark based monopoly since there is no free entry into the production of that specific brand.

It is well known in the literature the widespread dispute that exists amongst scholars in different fields regarding the social and economic repercussions of trademarks. Some scholars have argued that trademarks are beneficial to society and the economy, as they allow for efficiencies of scale and lower costs, and therefore lower prices. Demsetz (1964) asserts that brands are effective barriers that are socially justified as they bring incentives to new product development (just like patents do) and reduce information costs to market agents. To consumers, trademarks are huge informational tools that allow them use the knowledge they already own to make purchase decisions and avoid wasting time in expensive and sometimes fruitless searches. Gains to society from trademark infringement might not even come close to compensate the losses created to said society by such infringement. Lack of legal protection or trademark infringement might imply cheaper prices in the short run, but also will imply the destruction of value, information, reputation and incentives for R&D that are strongly associated with trademarks. And as with any other kind of property, trademark owners have the right to prevent others to use their property without their express consent and to avoid the destruction of it.

On the other hand, some have argued that trademarks are not beneficial because of the possibly unjustified economies of scale that producers could enjoy and detriment to fair

competition (because of the lack of access to the trademark and brand, network effects as stated by Weinberg [2005], incentives to consumers not to search for substitutes and stick to the status-quo and the overall negative impact on the competitors' brands) which could lead to a monopoly in the market and prices that would be higher than the ones that would existed in perfect competition and therefore not socially optimal. Although it could be argued that brands could give a trademark owner an upper hand in the market (with various degrees of power), that is far from being able to claim that a trademark could make a trademark owner enjoy a full monopoly over an entire market. Market forces such as consumer sovereignty will ensure that brands (and the products they represent) that are not to the liking of consumers will exit the market. Furthermore, the OHIM claims that trademarks limit monopolies.³ It is good to point out here the symbiosis that exists between brands and the product they represent because it is crucial that the intangible is backed by a tangible that properly addressed the needs of the market, otherwise their reputation will suffer and both will fail to survive in the market.

Because of anti-monopoly laws and regulations imposed by governments in markets around the globe, it is clear that the only possible “monopoly” a monopolistic competitive firm could be entitled to, is the one created by the rightful exclusive usage of their own proprietary assets (such as trademarks, patents, copyrights, etc.) to produce differentiated products and in the process, build reputation and create strategies that allow firms to survive in the market. In their 1982 paper, Capozza and Van Order stated that

³ <https://oami.europa.eu/ohimportal/en/evolution>

product differentiation is a basis for monopolistic competition and in this fashion, brands are powerful tools used by firms to differentiate their products with respect to the products of their competitors. And it is through the use of these exclusive brands that firms achieve monopolistic competitive powers in the market. Under these circumstances, firms are able to produce products that are no longer homogenous and avoid becoming mere price-taking, zero-profit, selling-just-to-cover-cost organizations.

Unlike traditional monopolistic competition literature, we argue that in the long run, even with free entry to the market, firms continue to make economic profits since there is no possible perfect substitute for their products, and this is backed by empirical evidence as companies all around the world, even those that operate in the most open and competitive economies generate millions or billions of dollars in profits a year. Regarding the previous topic, Demsetz (1964) asserts that if a firm produces a profitable brand, “entry” need not to eliminate profits because there is no free entry into the production of that brand, which in our case is our product differentiating attribute. Firms accomplish their profitability goals by adding markups to their final costs to come up with market prices and generate revenues and profits through the sale of their products. According to Boulhol (2008), the markup level over marginal cost provides an indication of the degree of imperfect competition (monopolistic competition) in the market and that the extent of the markup is closely related to the industry each firm operates in.

All things being equal, when we are comparing “apples to apples”; i.e., products that are otherwise identical to one another (same attributes, characteristics, functions,

specifications, quality, etc.; where basically the only true difference between the products is the print on the labeling sticker), the monopolistic competitive power that the trademark owner enjoys in the market exists because the trademark owner is able to “capture” a market solely based on the brand (and the brand’s reputation) and that the firm (trademark owner) is the only legal entity allowed to produce or authorize the production of products with this specific brand. But as we said before, it is crucial that good brands are backed by good quality products otherwise the grasp a producer enjoys of a market will be nothing but flimsy and ephemeral.

As the only producer of the differentiated product that satisfies a consumer’s needs, the trademark owner enjoys certain room to extract as much value as possible in the form of monetary compensation for its product, that he would not be able to do if he will compete in a competitive market with a homogenous product. In a mature market, the monopoly enjoyed by the trademark owner is likely to persist for as long as the expected value of the product it offers to its “captive” market is never inferior to the price loyal consumers are willing to pay for it. Furthermore in these cases, where firms exert monopolistic control of a market, the degree of control (elasticity of demand) must be related to the expected value of the brand and the associated reputation, since a worthless brand without any reputation cannot effectively be expected to exert any control over any market since there will be no loyalty from consumers.

We claim that the monopolistic competitive power a firm uses to control a market and that arises from the exclusive use of a brand is ultimately based on the fact that there

exists imperfect information in the market. Martin (1994) states that “a consumer will collect information from various sources until the marginal cost of collecting additional information equals the expected marginal benefit, in terms of increased utility, of collecting additional information”. On this topic Lane (1988) asserts that trademarks are an important source of information that help consumers lower their search related costs and provide sellers with incentives to produce quality products. In the market consumers have a necessity to solve uncertainties and they completely or partially remove those uncertainties with the information they get swiftly and extract by interacting with a brand. The ability to provide swiftly and conveniently information makes a brand powerful in the eyes of consumers. Furthermore, we claim that if two independent/unaffiliated firms were to use the same brand, then the brand is destined to lose its ability to transmit any useful or valuable information as the situation will create confusion in the market (and will increase the consumer’s search related costs).

Brands in a perfect information environment will be worthless to the consumer because there will be no uncertainty they can help minimize or resolve, nor is there any need for the consumer to feel reassured, nor is there a need for a personal and intimate relationship between a consumer and a brand in particular. For all practical purposes, under perfect information and depending on the underlying quality of a specific product, all brands in the market will be deemed identical. The concept of imperfect information in the market is central to our analysis.

Studying product differentiation Greer (1992) points out that there are three categories of differentiation to be known that could help explain the ability of firms to charge prices above their marginal cost: Product Attributes (horizontal and vertical differentiation), Subjective Desires (Personal Preferences) and Imperfect Information. Brands seem to work well defining and encircling all these categories as they directly relate to the characteristic of the product, the subjective preferences of consumers and moreover to the concept of costly access to information; therefore it is clear that we need a holistic approach to address and comprehend thoroughly the full impact of trademarks on the organization.

Depending on the industry, different levels of product attributes, personal preferences and asymmetric information play a pivotal role determining market prices. Specifically in our study, information plays a strategic role to the advantage or disadvantage of the firm. Verifiability of information is essential, as rational customers are more willing to pay if they can “easily” validate or corroborate certain information about the product they want to buy to diminish the risk associated with the transaction and feel reassured that they are not being taken advantage of. Overall, customers have some limited ways to validate certain key information about a product; for example, when the cost of production is not openly revealed to the market, Barsky et al. (2001) proposed a simple and logical approach to allow customers to identify at least part of this information when dealing with “national” and “private” (generic) brands. They argued that the price of an equivalent or near-equivalent “private” brand product offers precious information about the marginal cost of the “national” brand product. Because the private label version would

not sell at a price lower than its marginal cost, its price serves as a lower bound on the markup ratio. The higher relative price of national brands compared to private labels thus indicates substantial markups over marginal cost. This condition will be true of course if we assume that national brand firms have access to at least the same technology and processes as any other player in the market. Better technologies or procedures should allow the firm to produce their products cheaper and therefore charge less or at least the same as its competitors. This approach might be useful for products such as over-the-counter (OTC) drugs, cereal, bagged salads, etc., where we see national brands competing in the same shelf with private ones; but in the retail fresh produce world, it is not a practice at all for retailers to brand fresh produce with their own private labels to compete against national brands, so Barsky's approach does not really help consumers reduce the imperfection of information in our fresh produce case.

It is very important to understand that the fundamental aspects of each industry are as wide and varied as the products that are offered in the market even within the same industry, and the specifics of each product's market could vary widely from other products within the same category. The production and logistic processes needed to produce and bring products to customers and, consumer's product specific purchasing patterns are essential to define the peculiarities of each market. But in general, in cases where a brand exists and positive reputation has been established for it, brands help tremendously on minimizing the cost and investment related to access and verification of certain kind of information. Firms know this and they use the protection of their trademarks to their advantage to compete in the market by investing and properly taking care of their brands

and reputation, developing strategies to add more value to their brands and proactively protecting these intangible assets by using any legal tool at their disposal. Capron and Hulland (1999) point out that in order to achieve strong consumer awareness and a superior consumer attitude toward a brand, a substantial and often expensive investment needs to take place. Without a constant renewal of such investments, brands face the possibility of losing their capability to generate such economic value and to keep their hold of the market.

iv. TRADEMARKS AND THE FRESH PRODUCE INDUSTRY

From our previous discussions, we understand trademarks to be private goods; they are excludable and rivalrous, no one can use a trademark without proper consent from the owner without infringing the law. The unauthorized simultaneous and arbitrary use of a trademark by any other but the trademark owner will hinder the owner's ability to fully benefit from it and will bring negative effects to society (confusion, higher research costs, destruction of information/reputation, etc.). Economically speaking, unlike public goods, the usage of trademarks by multiple unrelated producing units (entities that do not fall under the same corporate umbrella or franchisor) will be inefficient and will only increase the consumer's costs of searching for adequate goods.

Franchising allows the trademark owners to authorize the simultaneous and uniform usage of a brand by others while fully benefiting from it by collecting licensing fees and royalty payments. In this fashion, the trademark owner still maintains control of the asset and this arrangement allows franchisor and franchisees to work in harmony as one single unit. The negative aspect of licensing a trademark is that if the franchisor fails to exert adequate control over the use of the asset, the production of goods under the same trademark by several autonomous independent units could lead to the destruction of the reputation of the brand. In many industries, franchising of a trademark is extremely hard to enforce because it is extremely difficult to provide “shortsighted” franchisees real incentives not to deviate from the norm, as deviation from it could allow them to minimize costs and maximize revenues, but only in the short run.

Although packing agreements (contracts) are common practices in the fresh produce industry, franchising of trademarks are not. In packing agreements, trademark owners will contract the packing services of third party companies to pack in the owner’s brand, but unlike most franchising arrangements, the trademark owner always keeps control of the exclusive rights to the trademark and normally of all the fruit packed under his brand. The third party packer (toll packer) is paid for his services and does not get to directly commercialize any “branded” packout without proper authorization by the trademark owner. The contracted services may include the harvesting and/or procurement of the produce, storing and later distribution. It would be good to note that that in some of these cases the produce itself does not even “belong” to the packer or the trademark owner

but to another third party grower, but the moment you place the brand on that (otherwise) generic product you achieve true product differentiation.

There are a few good reasons why fresh produce companies might not be interested in franchising their trademarks and keep for themselves the monopoly of their intangible asset. First of all, given the unprocessed nature of the product, packing of fresh produce is always a constant liability to the firm and strict sanitation and food safety guidelines must always be enforced. Moreover, adequate traceability procedures that will help locate, identify and recall the product in the event of an illness or disease outbreak as a result of food contamination need to be in place at all times. Pathogens such as *E. coli*, salmonella, and listeria are some of the most common infections associated with the food industry in general. Use of non-certified pesticides is another issue that could put at risk the life of consumers. All sanitation, food safety and pesticide-related issues are regulated by the FDA. A bad reputation arising from issues related to illness, diseases or even death of end consumers, could deliver blows a brand might never be able to recuperate from. Also, given that produce items are goods that can be transported with ease from one place to another, franchising of a produce brand could lead franchisees to compete against each other (even against the very same franchisor) with the same label in the same market. This competition would void the exclusivity of the brand they are intended to enjoy and could lead to price wars that could in turn lead to the destruction of the value and reputation of the brand. Related to the issues mentioned above is the difficulty in the fresh produce industry to enforce proper controls that could ensure that the name of the brand is not abused and that the reputation of it is not destroyed. Chestek (2001) affirms that the licensing of trademarks

is riskier than licensing other IP assets, as trademark law requires trademark owners to control properly the quality of the goods or services bearing the licensed trademark; failure to control adequately the use of its mark by others may result in a court ruling the abandonment of the trademark.

In modern fresh produce industry there is an obvious and an almost necessary separation between produce growers and end consumers, with many intermediaries (packers, shippers, marketers, distributors, wholesalers, retailers, etc.) filling the gap. The separation is more than just physical and almost unavoidable as there are multiple (some of them mandatory) steps required before a product could reach the end customer for consumption; steps that require a certain degree of investment, knowledge and physical and human infrastructure (vertical integration) not always feasible from every grower down to consumers. Also, in modern day farming, produce production tends to be concentrated in certain geographical regions to take advantage of favorable soil and weather conditions and therefore enhance productivity. Of course we are not claiming that the physical separation between producers and end consumers is exclusive to the fresh produce industry, but because of the unavoidability of the physical separation, the industry heavily relies on an uninterrupted cold chain in order to deliver sound products to the markets, which requires a certain degree of investment, knowledge and physical and human infrastructure (vertical integration).

Wilkins (1992) and Ramello (2006) argue that when a physical separation exists between producers and buyers, there is a lack of intimacy of personal familiarity between

them which is replaced by the familiarity a buyer gets from a brand. Amongst many things, brands could signal origin (source), quality, authenticity, wholesomeness, reputation, etc., and this is what draws customers back to a company's product rather than to the offerings of other players in the market. Brands help consumers and other market agents to answer swiftly and immediately questions regarding the qualities and properties of a product that otherwise would have been gotten from a direct and familiar relation with the producer.

Every industry has its own peculiarities and the modern fresh produce industry is no exception. A very important difference to note is that in this industry, in many cases, there is no difference whatsoever between one producer's product and another's (as we mentioned earlier, given that product, variety, PLU number and count are the same; we do not consider the country of origin labeling (COOL) to be a real factor of differentiation). For example, nowadays in the banana industry the most common and most important cultivar in the world is the Cavendish variety. Just by itself this variety accounts for almost the totality of bananas exported all around the globe. Because of the farming reproduction practices used in this and many other produce industries, all Cavendish bananas around the world are just clones of one another and therefore genetically identical.⁴

Unfortunately, by sticking to a single gene pool the banana industry prevents the evolution of disease resistance which is a huge risk for the overall industry as a one disease has the potential to wipe out the world's entire population of commercial bananas in a

⁴ <http://www.economist.com/blogs/feastandfamine/2014/02/bananas>

matter of years. This situation has happened before when the production of the previously prevalent commercial variety, the Gros Michel, was obliterated by the Panama disease (a fungus infestation) during the 1950's and as a consequence by 1960 this variety was almost extinct. But on the other hand, industry concentration around a single variety brings benefits related to economies of scale that arise from unified production, harvesting, packing, shipping, storing and distribution practices, and also of concerted R&D and collective know-how on one single cultivar. It is very important to note is that, because the genetics of the products are identical, different weather or soil conditions do not translate into any major difference or “new” exclusive characteristics between the bananas produced in different parts of the world, and therefore is not considered a source of product differentiation in this or any other produce category.

But perhaps the most important peculiarity is that the purchase of fresh produce by the end consumers is not “direct”, as they trust produce buyers at the retail level to consolidate purchasing and offer them quality and reliable products at the best price and value. Without any loss of generality we assert that produce buyers do this and offer the consumer one choice of brand (by design) per category of produce (bananas, pineapples, melons, avocados) at a time, so the consumer's options are effectively limited to what the produce buyer puts in the shelves, so for practical purposes, the produce buyer acts as like “benevolent dictator”. The setup in the fresh produce industry is fundamentally different from other industries where retail buyers do the purchasing and offer customers several options to choose from (like when buying a TV, cereal, shoes, etc.). The reason why end consumers rely on produce buyers at the retail level to do the purchasing for them is because of the physical separation that exists between farms and them, and the necessity

that exists to always maintain an uninterrupted cold chain from packing shed to display shelf, which is essential to maintain the integrity of the product, extend shelf life, minimize handling and keep at bay the reproduction of bacteria, fungi and other pathogens that could jeopardize the health or the life of consumers.

Douglas (2002) pointed out that in many industries, the name of the company owner of a trademark is many times primarily and only used as an endorsement rather than an identifier of the product, as in the cases of Nestlé, General Mills, Procter and Gamble, Hormel, Nabisco (which is also a subsidiary of Kraft Foods), etc. All these MNE own more than just one brand and many times the consumer is not aware at all of who the parent company of the product they are buying is (and they might not even care whatsoever); all they care about is the intimate relationship they have with the brand itself. And this is definitively true in the fresh produce industry. Produce firms usually have more than just one brand that they use to pack different standards of quality (the USDA AMS gives fruits a grade of U.S. 1, 2 or 3, and sometimes Fancy, with U.S. 1 or Fancy representing the highest grade), in order to target different sectors of the market and maximize production yields.

Another key difference that we must note is that in the fresh produce industry, the relationship of the produce buyer is not with the produce firm and its entire repertoire of brands, but just with the one specific brand that satisfies his specific needs and the needs of his customers. The great difference between the fresh produce industry and other industries is that, when it comes to other industries, “product” buyers can effectively have

relationships with several brands (from several suppliers); but in the produce industry, the produce buyer has a relationship with a single brand, which is the one that he will carry at the store level. If it is a premium quality customer nothing but the highest quality brand will do. If it is a second tier customer, a third tier brand will not make it for him and because of cost factors a produce firm will not be willing to upgrade him to a higher quality brand. The third tier brand customer is forced by default to his only choice too. The relationship of a produce buyer with a specific brand is so strong that he does not even need to have a direct relationship with the produce company, as he can always find a way to access the brand through a third party company (produce broker).

Purchasing perishables could be a risky business and produce buyers know that there is a strong relationship between reputable brands and quality products; therefore they strive to buy the best brands for their customers in order to minimize their own exposure in different fronts. First, poor quality products translate into poor floor sales, slow rotation of inventories, high shrink levels, underperforming categories and therefore they hamper the ability of the firm to maximize revenues (they might even generate losses) as a consequence of a bad purchase decision. Certainly, the last thing a retailer wants to do is to fill out donation slips or dump certificates to get rid of bad merchandise as this will directly affect the bottom line. Reputable brands minimize this kind of exposure as there is a historical pattern of delivering products that will comply and satisfy the client's specifications. In the fresh produce industry it is well known that some labels are created to be "trashed", there is always a "bottom feeder" that will find some value on a "rock bottom"

quality product. Even though well trained produce inspectors can detect most quality and condition problems with a product, there are some issues that might not be apparent upon arrival and, unlike other industries where the product could be sent back to the supplier, in the fresh produce industry the retailer might not be able to do that since the supplier can always argue that the fruit was delivered in good conditions under PACA and that it was later abused while it was in the possession of the retailer (wrong temperatures, exposure to ethylene or even food cross contamination). Secondly, dealing with perishables implies dealing with items that will be used ultimately for human consumption and this represents a huge liability for any organization. Produce buyers certainly do not want to deal with brands that do not have an established reputation in the market as this will only increase their risk. Thirdly, major retail chains know they are under constant public scrutiny and are being held accountable for the business they do and by the business partners they have. As a result they are putting more and more emphasis on dealing with suppliers that comply with good social and environmental practices. Proper health and safety standards, fair working conditions, fair trade practices, responsible environmental procedures and community involvement are becoming essential to do business in the modern fresh produce industry. To reinforce the good reputation of their brands, produce companies invest large amount of resources in order to achieve and be compliant with different certifications on good food safety and agricultural practices (BRC, SQF, HACCP, IFS, ISO 22000, etc.), good social practices (SA8000, FLO-CERT, etc.) and good environmental practices (ISO 14001, GLOBAL GAP, etc.). Well known, established and reputable brands with many years of history under their belts and long term involvement in their industries provide produce buyers the best choice for minimizing their exposure and liability against the issues

mentioned above. Furthermore, the more vertically integrated a produce company is in a specific industry, the better the level of control it has over the production and logistic issues of the products it commercializes, further minimizing the risks associated with doing business.

There are several large companies in the fresh produce industry, but the three main brands (companies) in the US market (all of them are already in their second century of existence) are Dole Foods (1851), Chiquita Brands (1871) and Del Monte (Fresh Produce and Foods – 1886). Depending on the category of produce (pineapples, bananas, melons, deciduous, etc.) these labels together control a significant percentage of the respective market and enjoy brand recognition and established reputation. Whether or not all end consumers' purchases are finally determined or influenced by their loyalty to a specific brand in the fresh produce industry is unknown to this researcher and it is not our final interest. And even though it is widely regarded within the produce industry that brand loyalty from end users do exist, it might be more realistic and practical to assume that there are some practical limitations to loyalty and that unless consumers have very strong feelings towards a brand, something that Roberts (2004) defines as Lovemarks (brands that inspire loyalty beyond reason), then they will just settle for what they are able to find at their local retailer (once again, as long as the product satisfies their needs).

But the truth is that for the companies mentioned above, there is no real need to identify themselves in the produce market, not even to a novice produce buyer, and entry into a retailer's product/brand mix for these firms is relatively easy as they have the

financial means, the know-how, the adequate logistics and infrastructure and, most importantly the reputation of their brands to back their products. In the fresh produce industry there is no question that brands and reputation could become effective barriers to entry for newcomers or could be used as leverage tools by established reputable brands to acquire new business. In the produce industry, brands will be meaningless, this time as deterrents to entry, if complete information about the industry (market players, costs, logistics, product, food safety, etc.) is readily available. The cost and access to information in this case could be the most fundamental and essential barrier to entry as there must be a real cost of resolving uncertainties related to the product. Together with the cost of information there exists a benefit related to brand history and reputation as produce buyers are better off relying on their relationship with the history and the reputation of a well-known brand. In this regard, Martin (1988) states that brands also deter consumers from switching suppliers as it would be costly for them to scout the market searching for a new and reliable supplier. Hence, newcomers to the industry will face an uphill battle to try to take customers away from reputable produce companies that have been profitably doing business in the market and in many cases lowering the price of their products will not be enough as the risk of switching suppliers could be too high for produce buyer as the risk could outweigh the benefits. Lower prices in the fresh produce industry might not necessarily signal a strategy from a newcomer to gain the trust and business of a retailer, but it might end up signaling low quality of products or lack of commitment to remain a trustworthy and stable supplier in the industry; not to mention that prices that are too low could be prohibited and even penalized by anti-trust or anti-dumping legislation.

Also new entrants to the market might need to invest more resources in industry specific assets and other related costs to attract customers than companies that are already established in the industry. In this regard, Stigler (1968) defined a barrier to entry as a cost of “production” which must be borne by a newcomer to an industry but is not borne by firms already in the industry. Infrastructure and vertical integration is without debate very important in the produce industry as they add value to the organization and its brands. Investment in industry specific infrastructure signals the commitment of a produce company to being a committed market player. Moreover, the fact that a produce company could have control of the produce from the moment it is planted to the moment it is delivered at the retailer’s unloading dock using along the way the firm’s very own logistics and exclusive infrastructure, not only could greatly affect the perception and value of a brand but also places direct responsibility and liability on the produce company, which further minimizes the overall risk associated with the purchase. Furthermore, Demsetz (1982) asserts that the combination of information costs, the creation of a reputable history and the commitment of industry-specific investment constitute barriers to entry.

v. TWO PERIOD MODEL

As we have pointed out before, fresh produce products are experience goods as their true condition and quality attributes are difficult to observe before consumption;

because of these characteristics there is an inherent risk and uncertainty associated with their purchase. Reputable brands in the fresh produce industry help minimize the negative impact of these adverse factors and allow produce companies to maximize the return for their products in the form of price. In the absence of brand recognition and reputation, produce companies would have to fight an uphill battle in order to position their brands in certain markets as produce buyers (retailers) are basically risk adverse individuals who do not want to put at risk the health of their customers nor the profitability of their companies and will not be readily willing to gamble with the uncertainty of dealing with a supplier of unknown product quality and brand reputation investing costly time and resources and even facing the possibility of jeopardizing established relations with other suppliers. Furthermore, produce companies that do not have the backing of a reputable brand already established in the market, might need to entice (as it does happen in the real business world) produce buyers with some attractive pricing in order to get a purchase order, and therefore might need to survive with slim margins until the true value of their brand and product is finally established/revealed and they are able to price their products appropriately.

Our goal in this part of the paper is to identify and analyze formally the approach a produce company, trading an industry “homogenous product” that is only differentiated through branding, must follow in order to achieve a monopolistic competitor status; we will also aim to find the optimal strategies that will lead the produce company to find the profit maximizing equilibrium prices that will in turn allow it to exert, in the long run, a monopolistic competitive control over its targeted market. Furthermore we want to state the effects of brand reputation on these equilibrium prices and on the company’s strategies.

As “wannabes” monopolistic competitors in an “unattended” market, the goal of a produce company is not to leave “any money” on the table, and in order to do that, it must find the perfect balance between the output it offers and the pricing that will allow the firm to achieve that monopolistic control. The reason we will work with a two period model is because it will allow the produce company to build reputation for its brand from one period to the other and will also allow produce buyers to learn in the process. When we say that the market is “unattended”, we are not necessarily implying that there is no company currently servicing that market, but that maybe we are in front of a market that is underperforming as a consequence of the lack of a supplier with a quality oriented and reliable brand that is a better fit to the needs of that specific market (this market could be itself a subset of a much larger market; let us say a well off socioeconomic group/high end retailers). A good example but in a different industry, could be the Coca Cola Co. expanding its operations in China where it is aggressively growing in an effort to develop and maximize the potential of new “unattended” markets, displace incumbent competitors and achieve dominance for several of its brands. When we say that there is not an “established” reputation we are not necessarily implying that there is none at all, but that perhaps it is not known to the targeted market (since that market has never been exposed to the brand); like when we have well-established companies with reputable brands in certain markets that are trying to venture to new markets where their brands and products are not well known. For example, KIA Motors in the automobile industry. Kia Motors is still developing a brand reputation with consumers in the US market but has been in business in South Korea for almost 70 years. In South Korea, Kia Motors is a household brand name that enjoys of good reputation in the market.

In the model that follows, the total number of produce buyers (and therefore of retailers) in the targeted market is fixed and will remain constant for both periods. It is not unrealistic to assume that an increase in the number of end consumers will just be matched by and expansion of operations of the current retailers in the market. Also it is safe to assume that there is a single produce buyer per category as it would be very inefficient for a retailer to have several buyers in the market “cutting” their own independent deals; so at least there should be a “senior” produce buyer (Manager, Director, VP, etc.) with the power to validate or override the deal of a “lower” buyer or with the authority to allocate all the business “at will”. Given that a cherry is not a direct and perfect substitute for an avocado, we will treat each product category’s market as independent from each other (the same way we will treat the markets for cars, mopeds or skateboards). In period one, where there is not yet a reputation established for the produce company’s brand, the firm will introduce its product to the already identified “unattended” market; if a produce buyer decides to buy the product he will purchase one unit of it. In this first period in order to entice produce buyers to buy the product, the produce company will offer them a price that will meet certain requisites and that will be considered attractive by some produce buyers, as we will see later on. Reputation is specific to each retailer; a brand might be well known in the industry but not might be “known” to the retailer. In the second period, after we have allowed the produce company to build reputation for its brand and produce buyers to learn more about the brand and the product, the reputation of the brand as a source of good quality products is established and the true value of the now fully differentiated product is finally revealed to the produce buyer; as we will formulate later on (and in a simplified

way), the true value of the differentiated product will be a function of its natural attributes and the reputation of the brand. In both periods the attributes that are natural to the product will be the same (a Champagne mango will continue to be a Champagne mango) except that in the second period the product will be backed and associated with the reputation of the brand.

The produce firm is a profit seeker entity that wants to maximize earnings setting a price structure that will change depending on the period we are in (P_1, P_2); furthermore, the firm will discount future earnings at a rate $R = \frac{1}{1+r}$, $r > 0$. Let us remember that ours is not a traditional monopolistic competition model since we will assume long run economics profits, furthermore we have already pointed out that that in the long run the firm will continue to make economic profits since there is no possible perfect substitute for their product. In order to keep our study straightforward and because (as it has been pointed out before) a specific fresh produce product is not a direct and perfect substitute for another; we will deal with just one product category in our analysis.

Given that in the first period produce buyers will be working under uncertainty regarding the true value of the product, the price they are willing to pay in the first period could not be higher than the one they will want to pay in period two once the true value of the product has already been revealed, the produce firm on the other hand anticipates this and might be willing to offer an introductory price in order to entice produce buyers to buy, so we have that $P_1 \leq P_2$. The produce company knows that of its targeted audience there are some produce buyers that are the most likely to buy (and of this very same group, some

will buy and some will not, depending on their specific level of risk aversion, as we will see later on), so in order to increase efficiencies and its likelihood of succeeding, the firm will introduce its product in the first period targeting certain customers h_1 in the market (those who have the highest likelihood of buying) and, on the second period (after it has been able to capture a share of the initial market), the firm will explore to broaden its customer base and more customers, which we will identify as h_2 , will be targeted. We can interpret this strategy of market segregation as an effort from the produce firm not to waste resources and focus first on those produce buyers the firm knows it can reach easier and more reliably thanks to its distribution network or perhaps those that seem to be more in line with the quality of the product the produce company offers and that are not just looking for a “cheap” buy but that actually would consider start carrying the product (if they are currently not doing it) or switching suppliers if they are. For example, let us assume a new produce company has identified, let us say, South Florida as a target market; out of the many potential retail customers, at first it will tackle those produce buyers (retailers) in the region that it has identified as being the most likely to buy from it; let us say Sweetbay, Sedano’s, Wholefoods, Publix, Winn-Dixie, Milam’s, Aldi, Albertsons, Save-A-Lot (the last two are subsidiaries of SuperValu). But of course, the produce company knows that it will not necessarily succeed achieving a purchase order from all of these potential produce buyers (but just some of them), as some will not be interested on the product or will rather stick with their current suppliers. The assertion that some produce buyers will remain with their current suppliers or will decide not to carry the product is a realistic representation of real business decisions retailers will have to make; and it is not that these retailers are not reacting to the newcomer but more than anything, they are happy with the current status

quo and there is no incentive right now for them to “move”. So in general, retailers evaluate the newcomer’s offer and react by switching suppliers, not switching suppliers or simply not carrying the produce product. We will impose the restriction in the model that $Rh_1 > h_2$, which does not decrease the validity of our analysis but that will prove very helpful later when determining our equilibrium prices.

As we mentioned before, when dealing with experience goods like perishable products and faced with uncertainty, produce buyers behave as risk adverse individuals with a certain level of risk aversion ρ . We will assume that ρ will be uniformly distributed over the interval $[0,1]$ and that the continuum of our population (in this case produce buyers) is also distributed with respect to their level of risk aversion ρ , this will allow demand to be uniformly distributed with respect to ρ .

Also, because of the natural characteristics of most economic activities there is always an inherent degree of risk associated with the purchase of a particular product, and this is especially true for experience goods because of the uncertainty and lack of information that exist before the purchase. In this paper, the product specific degree of risk that exists when purchasing the fresh produce product will be defined as δ . So we will have that in the first period of our model, when brand reputation has not been established yet for the produce company’s brand (with a specific retailer), produce firms will have an incentive and will be more willing to “hold the hand” of a produce buyer to entice this buyer to buy its produce; this policy of working with them in the event there is something wrong with the product, will help attenuate the risk of the transaction. By the second period

as the market has matured and the firm has established a loyal clientele, these incentives will decline or even disappear as it will make no sense for a firm to offer incentives on perpetuity, especially after it has achieved a solid reputation in the market (and has established brand loyalty). To one extreme, we can see these incentives as a “no questions asked” return policy from the produce company in the first period, but by the second period this policy is completely dropped; we can clearly see that by having such a policy in the first period the produce company basically eliminates the associated risk of the purchase; but of course in real life we do not have such generous policies in place perpetually, as produce companies will go bankrupt. So to summarize, “I will hold your hand” type of policies, are incentives for produce buyers; they are policies designed to entice produce buyers to purchase the firm’s product, but they are not the reason why a produce buyer will buy at the end the fresh produce company’s product. The idea behind these real world policies (that produce companies put in place when they want to lure new customers), is to let them try the product and find out if it satisfies their needs, and also in the process create good reputation for the brand so in the future produce buyers will associate the brand with a good quality product and do not hesitate buying it. Later they can use the information (reputation) they have stored in the brand to remove uncertainties. Produce buyers as the forward-looking rational individuals they are; do not expect these policies to remain always as beneficial or even to remain in place, since they know these are just meant to be incentives, but even if they disappear in the future they will be ok buying the produce company’s product as long as they are not paying more than the true value of the produce. Then we have that $\delta_1 < \delta_2$.

The perishable good in question has a true monetary value of ε , which represents the upper boundary of a buyer's willingness to pay for a one unit of good. Given that the produce buyers have to make decisions under incomplete information (no reputation), ε is unknown to them, but instead they work with the ex-ante estimation $\hat{\varepsilon}$ with a true mean of ε . The value of ε becomes known to a buyer after he receives the product at his warehouse. Even though the ultimate evaluation of the product will be upon consumption, a thorough in-house (or federal inspection) by a seasoned inspector could detect most quality and conditions problems (PSI levels, Brix levels, mechanical damage, misshapen product, sunburn, sugar spots, hallowed hearts, loosed seeds, chill damage, discoloration, anthracnose, decomposition, over ripe, wrong stage/color, insect damage, etc.), so it is safe to assume that if quality and condition is good upon receiving, it will also be good upon shipping to the stores (given that there exist in place adequate handling procedures and rotation of inventories practices at the produce buyer's cold storage). It will be in the best interest of the produce buyer to ensure that proper handling and rotation of inventories is done after the perishables are received as changing suppliers will not solve these internal problems (and needless to say that this could put them "on the hook" for some heavy losses).

In general and given the uncertainty as a result of the imperfect information in the market, "identical" products will be valued differently on the basis of the known reputation of their brands. Products branded with reputable brands will be considered more valuable than those branded with brands that have low, nonexistent or even questionable reputations. Because of the special relationship that produce buyers have with specific brands, we claim

that brands are not used to “reveal” information, but are used to “store” information. In this regard, we have stated earlier that brands could be used by produce buyers to store information that later could be used to remove uncertainties and minimize risk and that brands are basic firm and social devices where information accumulates. Produce buyers store information that answer questions such as: Is this a reliable brand? Is this a brand that consistently offers good quality products? Is the value of the products associated with this brand above the industry average? Is this a reputable brand?

As we said before, different retailers assess (and assign) value in different ways. As a result, we have that certain retailers will pay more money for a pineapple from Del Monte than for a pineapple from Royal Coast because of the higher value these retailers assign to the product that carries the Del Monte brand (even though both pineapples are basically the same). Additionally, even though all conventional bananas (i.e., not organic) are the same, Publix will only carry Chiquita brand bananas in their stores, and this has nothing to do with Chiquita’s distribution network alone (as there are suppliers in their geographical area that have a better distribution network than Chiquita) or with competitive pricing (as other suppliers have tried unsuccessfully many times in the past to lure Publix with low prices in order to get their business) but with the value they assign to bananas that feature that Chiquita brand. We see this “value” effects in different produce categories across the board. As we also pointed out before, the beauty of the fresh produce industry is that, given the fact that there exists true homogeneity amongst the products of different suppliers, a great deal of standardization (at the federal level in the U.S.) has been put in place throughout different categories of fresh produce, and produce companies are effectively

limited on what they can pack in a box if they want to meet a product specific quality standard (for example, USDA #1). We said earlier that reputable brands need to be backed by a good quality product, otherwise the information that is stored in them will be destroyed or will not be reliable (and therefore their ability to signal any kind of quality will be worthless). In the fresh produce industry brands do not just simply signal continued quality, as quality is efficiently and effectively “enforced” by an unbiased, factual and universal system of grading, brands go beyond just that.

So, we define ε to be a function of brand reputation φ and all other attributes θ natural to the product, which implies that even if there is no reputation established yet, there will always be value that is inherent to the product itself. The relationship of ε with φ is defined as being direct and positive. In the unlikely event that the effect of a brand’s reputation becomes negative and erodes the value created by the other attributes of the product then, the produce firm will be better off retiring the brand of the market and start marketing its products under a new brand; this is a common PR strategy and practice in many industries. So we have $\varepsilon(\varphi, \theta)$, where $d\varepsilon(\varphi)/d\varphi > 0$ and $d\varepsilon(\theta)/d\theta > 0$.

Similar to Lane (1988) and given the level of risk aversion of the consumer and riskiness of the transaction (although in our case ε is a function of brand reputation and other attributes that are natural to the product), we define price as:

$$P \leq \hat{\varepsilon}(\varphi, \theta) - \rho\delta \quad (1)$$

where $\rho\delta$ represents the total value subtracted from the perceived value because of the risk associated with the product transaction. Consumers will only buy the product if the net estimated value is never lower than the price they have to pay, if this condition is fulfilled, then each produce buyer buys his one unit of the product. Before the transaction the transaction occurs (ex-ante) information is imperfect and therefore $\delta^I > 0$. But ex-post, after the buyer has received the product, information is “perfect” (complete) and $\delta^C = 0$, so buyers are willing to pay $P \leq \varepsilon(\varphi, \theta)$, i.e., buyers will be willing to pay up to the full amount of their valuation of the product.

From equation (1) we find that the proportion of buyers that will buy in period 1 and 2 are:

$$\rho_1 \equiv \frac{\hat{\varepsilon}(\varphi_1, \theta) - P_1}{\delta_1} \quad \rho_2 \equiv \frac{\hat{\varepsilon}(\varphi_2, \theta) - P_2}{\delta_2} \quad (2) \quad (3)$$

From equations (2) and (3) and given that $P_1 \leq P_2$ and $\delta_1 < \delta_2$ (less or no “holding hands” in period two) we have that $\rho_1 > \rho_2$. So we have that the firm will try to approach as many produce buyers as it can in period 1 by targeting a wider spectrum of individuals based on their risk aversion level than in period two. So, in the first period only produce buyers whose level of risk aversion is lower than ρ_1 ($\rho_{1,i} \leq \rho_1$) will actually purchase the product. In the same fashion only produce buyers with $\rho_{2,i} \leq \rho_2$ will buy the product in the second period.

Let us remember that produce buyers' level of risk aversion ρ is uniformly distributed over the interval $[0,1]$. So, the total number of produce buyers that will buy in period 1 is given by:

$$X_1 = h_1\rho_1 \quad (4)$$

Because $\rho_1 > \rho_2$, none of the $h_1(1 - \rho_1)$ produce buyers that did not buy on period 1 will buy on period 2 (since their ρ is higher than ρ_2), so we have that the total number of produce buyers that do buy in period 2 is given by:

$$X_2 = h_1\rho_1 + h_2\rho_2 \quad (5)$$

It is good to note that because each customer purchases one unit of the item; X_1 and X_2 also represent the demand for the product in each respective period.

The cost the produce firm faces is given by:

$$C(X_t) = cX_t + \tau X_t + f_t \quad (6)$$

Where the total cost for each period is given by the total variable unit cost of production, a transportation cost per unit (Capozza and Van Order, 1982) and some fixed cost in each period. Then we have that the produce firm seeks to maximize:

$$Max_{P_1, P_2} \pi = (P_1 - c - \tau)X_1 + R(P_2 - c - \tau)X_2 - \sum_1^2 f_t \quad (7)$$

$$\begin{aligned} s. t. \quad & P_1 \leq \mu \\ & P_2 \leq \mu \\ & \pi, X_1, X_2 \geq 0 \end{aligned}$$

From (2), (3), (4), (5) , (7) and remembering that $\hat{\varepsilon} = \varepsilon$:

$$\begin{aligned} Max_{P_1, P_2} \pi &= \frac{h_1}{\delta_1} (P_1 - c - \tau)(\varepsilon - P_1) + R(P_2 - c - \tau) \left[\frac{h_1}{\delta_1} (\varepsilon - P_1) + \frac{h_2}{\delta_2} (\varepsilon - P_2) \right] \\ &\quad - \sum_1^2 f_t \quad (8) \\ &P_1 \leq \mu \\ &P_2 \leq \mu \end{aligned}$$

$$\begin{aligned} \mathcal{L} &= \frac{h_1}{\delta_1} (P_1 - c - \tau)(\varepsilon - P_1) + R(P_2 - c - \tau) \left[\frac{h_1}{\delta_1} (\varepsilon - P_1) + \frac{h_2}{\delta_2} (\varepsilon - P_2) \right] - \sum_1^2 f_t \\ &\quad + \sum_1^2 \lambda_t (\mu - P_t) \quad (9) \end{aligned}$$

After some calculus we get that (see Appendix for detailed steps):

$$P_1 = \frac{(\varepsilon - RP_2) + (1 + R)(c + \tau)}{2}$$

and

$$P_2 = \frac{\varepsilon(h_1\delta_2 + 2h_2\delta_1) + (c + \tau)[2h_2\delta_1 - (1 + R)h_1\delta_2]}{(4h_2\delta_1 - Rh_1\delta_2)} \quad \text{so if } P_2 < \varepsilon$$

$$(\varepsilon - c - \tau) (2h_2\delta_1 - (1 + R)h_1\delta_2] > 0$$

The first term of the equation above is positive since the value of the good has to be higher than the associated costs otherwise the firm is better off not producing/commercializing the good. Recalling that $\delta_1 < \delta_2$ and $Rh_1 > h_2$ the second term is negative, which is a contradiction. Therefore $P_2 = \varepsilon$

So we have that:

$$P_1 = \frac{(1 - R)\varepsilon(\varphi_1, \theta) + (1 + R)(c + \tau)}{2} \quad (10)$$

$$P_2 = \varepsilon(\varphi_2, \theta) \quad (11)$$

So, in conclusion, we have shown that in period one the produce company's strategy is to charge a price that is less than true value of its product in order to entice produce buyers to buy from it. From (2) we note that by charging this lower price, the produce firm allows ρ_1 to increase and by doing this from (4) we see that the firm expands its consumer base in period one, boosting the likelihood of succeeding in the market. Produce buyers that bought in period 1 will come back to buy again in period 2 if

the price is adequate, developing brand loyalty. In period two, after the produce firm has established a loyal clientele and the true value of the product has been revealed to them, the strategy the firm chooses to maximize revenues is to charge a price that is equal to the true monetary value of the product which is represented by ε . So the produce company, after it has allowed produce buyers to “learn”, decides not to leave any monies on the table and produce buyers will be willing to pay the “new” set price as long as it is never higher than the true value of the product. The fact that in our model no new produce buyer joins the consumer base in the second period does not mean that a produce company itself cannot grow anymore and this is one of the reasons why savvy produce companies own more than just one label (brand) and also explore other unattended markets. The produce company will look to address the rest of the market through other brand/pricing strategies if it decides to do so. In the second period the produce firm will enjoy of the monopolistic competitive power it has achieved and that arises from the fact that its brand is able to remove the uncertainty and associated risk of the purchasing transaction and provides the produce buyer with crucial information about the product and its quality. Produce buyers that were previously “not properly attended” (but that now are) will not have an incentive to stop being a loyal consumer of the (now incumbent) produce company’s product as long as they do not have to pay more for the produce than what it is worth to them or as long as no other produce company offers them an identical product that has a perceived higher value (perhaps the reputation of the brand is much higher as a result of new technologies or a higher level of vertical integration, etc.) at the same or even lower price. Even though the time length of both periods is not defined in the model, it is reasonable to assume that at least the first period of the model will last long enough that it would allow the produce

company to consolidate its presence and to capture all the customers that exist in the specific market that find value in its product and that are willing to buy from it. Our initial condition that $Rh_1 > h_2$, implies also that $\frac{h_1}{h_2} > 1$; which means that a produce company must target markets where the proportion of produce buyers it considers that are most likely to buy its product be larger than those that are not likely to buy it, as it will make no sense for the produce company to invest resources to enter a market where there is no real potential consumer base for its brand; this goes along pretty well with real world business decisions produce companies make. For example, it might not be a good business decision to try to penetrate a market that is not quality conscious with a premium brand as produce buyers will not be willing to pay the price for the product. This is the reason is why produce companies have more than just one brand (and price) in order to tackle diverse markets.

At the start of the first period, we assumed that the firm's brand reputation φ_1 is unknown to the specific market and therefore it will not be a factor adding value to the fresh produce product; all the value will come from the natural attributes of the product, i.e., $\varepsilon(0, \theta) = \varepsilon(\theta)$. But from (10) we see that if we would allow φ_1 to increase, P_1 it will also increase, but on the flip side the number of produce buyers that will purchase the product will decrease. In the second period after brand reputation has been established (or revealed), we have found that the price P_2 is essentially and directly determined by the combination of the natural attributes of the product and the reputation of the brand, and we expect reputation to effectively influence the returns firms are able to get for their products in the long run. As a rule of thumb we can say that, the higher the reputation of a brand,

the higher the value of the products it “endorses” and positive shocks in brand reputation will positively increase the value of a product. Produce firms in the industry know this and work hard and invest a lot of resources in order to increase the reputation of their brands (and protect their trademarks) in order to be able to extract a higher monetary return for their product. In the fresh produce industry, that we can argue that once a product has passed a federal inspection as a USDA #1 product, then there is no difference with another product with the very same PLU and same count that has also passed inspection as USDA #1 product, but still we can see certain firms being able to charge more money for the same USDA #1 product when the only true difference is the brand stamped on the sides of the boxes and of the stickers that go on the product and the reputation that backs that brand. We can see these effects in other industries also, where consumers are willing to pay higher prices for certain products with “identical” (but imperfect) substitutes in the market.

vi. CONCLUSIONS

In the present paper we started by taking a look at trademarks and brands as exclusive intangible assets of the firm and we concluded that in order to finally understand the difference between them, it is critical that we first clearly identify the relationship that exists between one another. In this regard, we presented the reader with the unequivocal relationship that exists between both entities and with succinct but proper definitions of

that relationship. We also aimed to show that even though the IO literature deals extensively with monopolistic competition, product differentiation and brands, there is no study known to this researcher that directly deals with the fact that in certain cases, like the fresh produce industry, when brands become the only product differentiating attribute, the ultimate source behind the brand-based monopolistic competitive power enjoyed by the firm is a result of the lack of information that exists in the marketplace and the ability of brands to store information that later could be used by produce buyers to remove uncertainties and minimize risk. So in this paper we have intended to fill the gap that existed in the literature regarding this topic. We discussed also that brands in a perfect information environment will be nothing but useless and will not be a real source of value to society or the firm as there are no unanswered questions in the market they can provide us answers for.

Specifically to the retail produce industry, we showed that a produce company will use the exclusivity of its brands to turn homogenous produce products into exclusive differentiated tangible assets and as the only supplier of those exclusive assets in the market it will seek to become a monopolistic competitive firm. Product differentiation will allow the produce company to maximize the revenues that otherwise would have been forgone as it would have not been possible for the firm to generate economic profits should it have to engage in perfect competition with other suppliers of the same undifferentiated product. Our model, provided the basis for a formal analysis of how produce companies will formulate certain strategies designed to maximize revenues and lead them to become in the long run, monopolistic competitors in the retail fresh produce industry; we made this

possible by allowing brand reputation to accumulate and also learning from produce buyers, and by doing this we set the bases for brand loyalty. We also claimed produce buyers “store” information in the brands and therefore brands become information tools. Then the reputation of the brand could be used by produce buyers as a proxy for information (as it could signal price, food safety, quality/condition, supply chain/logistics, etc.).

In this research we have begun to explore the importance of trademarks and brands in the produce industry and their crucial impact as intangible assets in the life of the produce firm, but clearly this is just a start and there is more study to be done in this area as the specific topic is basically unexplored. Even though there exist some broad literature on brands in the general economics field, there is so much more yet to be said when it comes to extend the research on brands and their crucial relationship with trademarks. We have found valuable in this respect the research done in the Law and Economics field. So, the story behind property rights of these intangible assets from an economic perspective is granted and needed, and we hope researchers pursue a deeper research on brands and trademarks. Also, to the surprise of many readers, the fresh produce industry is a state-of-the-art industry and we are convinced that new technologies already in use and to be used in the future (Radio Frequency Identification [RFID], Modified Controlled Atmospheres Technologies, GS1 Databar, Social Media, etc.) could provide us with a better understanding of how the value of brands and impact of trademarks will evolve in the future, so some study in this issue will be of great interest.

CHAPTER II

MACROECONOMIC EFFECTS OF TRADEMARKS

i. INTRODUCTION

Despite the well-known fact that countries and blocks of countries around the world go to great lengths to protect the property rights and economic value of trademarks, not much has been said in the economic literature regarding this intangible asset (IA). Certainly not nearly enough has been said when compared to other types of intellectual property (IP) such as patents, even though as we will argue later on in this paper, the economic impact of trademarks is longer lasting and it could be far more profitable and valuable than the economic impact produced by patents and copyrights. During our extensive research on this topic it was evident to us that a study of trademarks at a macroeconomic level was lacking, so we aim to contribute to the literature with the present research and also we also attempt to answer a few important questions concerning the effects of these intangible assets at the macroeconomic level.

Crucial to our study will be the assertion that from an economic perspective, trademarks are vital and exclusive intangible assets and at the same time they are important intellectual property of firms and countries that need to be protected to preserve and develop their economic value and significance. Without any loss of generality and for the purpose of this paper, even if a single individual is a trademark owner we will consider it a “firm” as it is reasonable to assume that he/she would act like one for the purpose of

commercializing, licensing or defending their trademark. In 2000, in an essay that essentially dealt with tangible assets, De Soto claimed that for countries to develop there should be a legal framework that would help them turn dead, undervalued or underused assets into liquid or more valuable capital; we understand that this same argument also applies to intangible assets, such as trademarks. Furthermore a simple empirical observation validates that no country could develop its economy if there are no proper institutions and tools to protect basic rights, such as the right to protect and benefit from intellectual property, as there would be no incentives for creativity, entrepreneurship, investment, R&D, invention or innovation which are vital for this kind of development to take place. Lin and Nugent (1995) define institutions as "a set of humanly devised behavioral rules that govern and shape the interactions of human beings, in part by helping them to form expectations of what other people will do". According to Rodrik (2007) markets require institutions because of their "not self-creating, self-regulating, self-stabilizing, or self-legitimizing" characteristics. Furthermore, Rodrik claims that there exist five types of market supporting institutions to be known: "property rights, regulatory institutions, institutions for macroeconomic stabilization, institutions for social insurance, and institutions of conflict management", and this institutions help markets to become more efficient. So provided that there exist such institutions and tools, it is not factors such as religion, culture, race, etc., that impede societies from developing their economies, but the lack of deep rooted and established processes for making the overall institutional systems work effectively and efficiently. Specifically to the property rights institution, Rodrik also claims that today's prosperous economies have all been built on the basis of private property. Specifically in the US, because of its IP system of protection, American

industries have flourished, new products have been invented, new uses for old ones discovered, and employment opportunities have been created for millions of Americans according to the USPTO.

In this essay we will claim that trademarks, as valuable IP, are a crucial and important part of a major and complex economic development puzzle and that they have been essential to promote the creation and development of capital in developed countries and could help countries that are not yet developed achieve a high level of creation and development of capital if these underdeveloped countries are able to nurture and encourage the accumulation/creating of trademarks. Regarding the vital contribution of IP (patents and trademarks) the USPTO says: “The strength and vitality of the U.S. economy depends directly on effective mechanisms that protect new ideas and investments in innovation and creativity”.⁵ Concerning the institutions needed for an IP system to work, the OHIM says that countries create “their own trade mark registration offices, recognizing that trade mark law and registers would facilitate trade by defining rights, limiting monopolies and clarifying the boundaries between marks and that trademark registers were designed to enhance business confidence and provide businesses with a fast and efficient way of resolving disputes. Trade mark registration was not mandatory (and still isn't), but for companies who wanted to expand, a registered trade mark became an indispensable way of guaranteeing quality and building brands”.⁶

⁵ <http://www.uspto.gov/about/>

⁶ <https://oami.europa.eu/ohimportal/en/evolution>

So in this research we were especially motivated to determine if trademarks have any effects on the level of GDP of a country and if so, we wanted to go a step ahead and investigate if such effects are the same for all types of economies. We will attempt to provide explanations for our findings and we hope that this work would serve as a stepping stone for future research on this topic.

ii. BRANDS AND TRADEMARKS

There is an old relationship between brands, ownership and value. From the early start of civilization, as humans began to live in societies, a need to clearly identify “valuable” possessions amongst different members of a group and therefore to establish ownership became evident and necessary. Branding was the only reliable device ancient humans had to identify and claim ownership to their most valuable possession; livestock. The earliest known and properly documented form of brands date back to almost 5,000 years ago in Egypt where scholars have found paintings in tombs from around 2700 B.C. depicting humans branding oxen.⁷ As civilizations evolved so did brands together with their social and economic significance. Trademarks will be an invention that would not come until several millennia later.

⁷ <http://agr.wa.gov/foodanimal/livestock/>

It seemed somehow natural that with the passage of time and the increase in distance separating humans, that they would find creative ways to harness the power of more complex types of branding. So brands evolved and they were eventually used not only as a way to indicate ownership but way far more importantly, they were used to indicate origin, which was a pivotal and key development for brands as it set the base for what nowadays constitutes the modern concept of a brand (and trademarks, as there was a greater need to protect intellectual property and regulate commerce as civilization also evolved). Wilkins (1992) and Ramello (2006) argued that the separation that existed between a producer and a buyer and the lack of intimacy of personal familiarity between them, was basically replaced by the familiarity the buyer would get from a brand. On the consumer side, brands promised the buyer product and quality consistency paired with an almost effortless decision making process at the time of purchase as buyers (individually or collectively) were able to “store” within the brand knowledge and information regarding their past experiences and the perceived characteristics of the product. On the producer/brand-owner side, brands offered them an enhanced control over a specific market as they were the solely supplier of a “differentiated” product and also gave them the incentives needed to develop and expand such markets. For the overall society, brands created market efficiencies, welfare and economic development.

But it was not until the development of modern trademarks and trademark systems that the potential of brands was truly and fully unleashed and really took off, giving a huge boost to commerce and therefore to the economic development of societies. Suddenly brand owners did not just have a mere promotional and marketing tool, but they had an

asset; real property they could capitalize on and defend in a court of law if needed. Trademarks granted brands the “birth certificate” that they were lacking and thus, gave them a legal status, a set of rights and a true economic value. In modern times, in the late 19th century, countries and territories around the world, such as the U.S., U.K. France, Hong Kong, etc., realized that with an adequate trademark system they were not only able to regulate commerce but also to improve it and promote economic development and social welfare.

As an initial step to try to understand that importance of trademarks, it is imperative that we first understand the social and economic importance of brands, as these seem to be more evident to the general reader. And before we move forward, it is essential that we properly provide a definition for brands and trademarks and how they interact from an economic perspective. A brand is any device (such as a name, a design, a symbol, etc.) that identifies the source of a product or service and that renders any other comparable product or service in the market an imperfect substitute. A trademark on the other hand is a legal entity, in essence it is a set of property rights granted to and assumed by a brand-owner. Trademarks are concrete but intangible assets that are regulated by local, national and international laws and treaties. Trademarks protect brands; you can trademark a brand, but you cannot “brand” a trademark. Brands are commercial representations of trademarks, and Wilkins (unpublished) suggested that brands are to trademarks what inventions are to patents. Key to our definition of brands is the fact that brands can turn two otherwise similar or identical products into imperfect substitutes of each other.

Brands (their success and reputation) cannot easily be imitated and their effects cannot readily or effortlessly be duplicated thus substitutability is low according to Capron and Hulland (1999). Furthermore, we argue that imitation is highly unlikely to succeed because of the stochastic nature full of causal ambiguity about becoming a successful brand. Certainly social and economic value could not be imitated as it is not endogenous to the firm (brand-owner). Foster (2007) claims that the creation of value is a process of cooperation between producers and customers; in other words a process of value co-creation. He defines this creation of value process as an intimate and respectful long-term cooperative, enduring and evolving matter between equal partners. Capron and Hulland (1999) point out that in order to achieve strong consumer awareness and a superior consumer attitude toward a brand, a substantial and often expensive investment needs to take place. Without a constant renewal of such investments, brands face the possibility of losing their capability to generate economic value. Thus when we brand a good or service we add the ultimate layer of product differentiation. Foxall (1990) argues that if product functional equivalence was the only basis for brand substitutability, then consumers will either just purchase a single brand or, they will allocate their purchasing equally amongst all brands in the market and it would be expected that all brands enjoy the same market share. The problem with arguing that equal product functionality is enough for a consumer to substitute brands is that consumers do not buy all the brands available in the market and certainly the market share of brands varies widely. These empirical facts reinforce the idea that competing branded products from different producers are, at best, imperfect substitutes.

Scholars, such as Capron and Hulland (1999), Foxall (1990), Demsetz (1964), Capozza and Van Order (1982), Weinberg (2005), etc., have debated extensively the social and economic implications of brands and trademarks even analyzing theories that assert that brands and trademarks are not beneficial to society or to the economy. These theories against trademark and brands claim that aside from the obvious enjoyment of economies of scale derived from being the only producer of a differentiated good, when brands are used to differentiate a producer's product from those of other competitors, the lack of access to that brand by these competitors may cause consumers to perceive the competing products as inferior substitutes thus reducing competition. The reduction in competition could lead the brand owner to achieve monopolistic powers and charge a price that is higher than the one that would exist should competitors gain access to the brand. Another pervasive side of brands analyzed in the literature, is that when a brand is highly attached in a consumer's mind it could prevent them from searching for possible substitutes because their time would be wasted should the competing product will not provide them with at least the same level of utility as their preferred branded product. Roberts (2004) calls these types of brands, Lovemarks, brands to which consumers show loyalty beyond reason.

On the other hand, we have those who argue that brands are beneficial to society and the economy and they might even help limiting monopolies.⁸ A protected brand could allow a producer to increase output through efficiencies of scale (and even scope) and therefore achieve lower costs that would translate in to lower prices. To consumers, brands

⁸ <https://oami.europa.eu/ohimportal/en/evolution>

allow them to use “brand familiarity” and past experiences to make purchase decisions so they get the products they need and avoid wasting time in expensive and sometimes fruitless searches. Specifically regarding brand familiarity, Weinberg (2005) talked about the “network effects” which he defined as the increased benefit that a consumer derives from using a product when there are a large number of consumers in society using the same product. We can see these network effects in action when individuals buy certain specific products and brands because they are common in their immediate surroundings.

Although it is plausible that a brand could give a producer certain market advantages, there seems to be no solid evidence, that just a protected brand by itself could give a producer a clear upper hand in or a monopoly of an entire market. Certainly it will be a weak argument to assert that a firm can keep a market captive on the basis of its brands and trademarks alone. Consumer sovereignty and therefore market forces will make sure that brands that are related to products that do not satisfy consumer requirements get flushed out of the system. Brands will only enjoy good reputation in the market as long as the products they are associated with succeed to address and satisfy properly the requirements and expectation of a broad-enough base of consumers. In sum, the value of a brand (and their reputation) arises from the interaction between the properties and characteristics of their products and services and the holistic appreciation that consumers and society have about them. Similar to Fombrun’s (1996) work on corporate reputation, we suggest that brand reputation relates to the overall knowledge and appreciation of a brand by the public. In the long run, brands are just as good as the product they represent;

therefore it is crucial for the success and future of a brand that the intangible asset is backed by the tangible one (or intangible in the case of a service).

From a commercial and social standpoint, brands (and their reputation) are important because they signal origin, quality, authenticity; they help draw customers back to a product, facilitate market agents to answer swiftly and immediately questions regarding the qualities and properties of a product, they can be used as endorsements for other brands (Douglas, 2002) and overall they help maximize the common welfare of producers and consumers. Each market agent will interpret the signals in different ways and therefore assign value to the brands (and reputation) differently. In an analogous way, Newburry and Soleimani (2011) have also addressed the signaling properties of certain firm level factors that are interpreted differently by individuals when making reputation evaluations. A world without the brands we have become so used to and that we so heavily rely on to make purchasing decisions would certainly be a chaotic environment with immeasurable loss of economic value to firms and society. Furthermore, if no brand names were to exist, society would completely lack one of the most important tools of collective knowledge and value accumulation. There would be no way for a firm to lead consumers back to purchase their products and any incentives for R&D and innovation will disappear. With every purchase, individuals will have to invest vast amounts of time searching and still after that tedious search, there will be no way for them to accumulate their knowledge, their experiences and assess value. The impact on society will be catastrophic.

iii. TRADEMARKS AS INTANGIBLE ASSETS

Caves (2007, p.3) suggests that firms possess exclusive assets that allow consumers to differentiate the firm's products from those of their competitors. Such assets must be private and their use must be exclusive in order for the firm to have revenue productivity. These assets signify and represent the willingness of a consumer to pay a premium for the company's products. Trademarks fit the profile of this type of assets, as they allow firms to charge a premium for their products and also to differentiate them from the products of other competitors in the market through the use of exclusive brands. All things equal within an industry, the premium paid for a company's product is the surplus the company is entitled for owning certain assets, such as trademarks. Furthermore, according to Foster (2007) unique product experiences with a brand are a source of surplus value that the firm extracts by charging the consumer a premium for their products.

Intangible Assets (IA) could be any form of Intellectual Property such as patents, copyrights, trademarks, etc., that by their nature lack any physical manifestation (see Table 1 for USPTO definitions). The worth of IA to the firm and society, arises from their (often) exclusive usage, by the continue accumulation of value through the years, and moreover, from the protection that they are entitled by local, national and international laws (see Table 2 for IP protection in the US). Depending on their lifespan, which is determined by the maximum amount of time IA owners are granted exclusive use of the asset by the law, they are classified as a Limited-life asset like patents and copyrights or an Unlimited-life asset

like trademarks. Unlike patents and copyrights that legally protect processes and creation; trademarks protect the source of the goods (Greenhut, 1957).

Essential and at the center of our future discussion will be the fact that by virtue of law, a trademark owner is guaranteed the exclusive use of the trademark on products or services for as long as the registration is still in effect, which essentially represents the monopolistic usage of the asset and an effective entry barrier to the industry. Ramello (2006) asserts that trademarks receive legal protection from Intellectual Property laws and treaties because they are industrial properties that convey information and facilitate purchase decision. Wilkins (1992) points out that when there exists a spatial separation between buyers and sellers, the need for legal protection of these intangible assets becomes imperative. The legal protection is especially needed in economies of scale industries where massive production is concentrated in few places and the complex logistics that are involved to bring these products to the market imply that there is no direct connection between producers and end customers. The need for legal protection has never been more evident than in the context of the modern MNE and the global economy because of the physical separation that exists between producers and buyers. In the U.S., the Lanham (Trademark) Act of 1946 (and the amendments to it) contains the federal statutes governing trademark law. The 1946 Act forbids activities such as trademark infringement, trademark dilution and false advertising amongst other things. However, the Lanham Act is not the only body of law governing trademark regulations within the U.S., as Common Law and State Statutes also control some aspects of trademark protection.

Even though trademarks do not need to be registered in order to be entitled to the full protection of the law, lack of registration may sometimes jeopardize the value and legal protection of a trademark outside a certain geographical area and therefore of the market power it could enjoy otherwise. Registration of a trademark can be done at a regional, national or international level. The OHIM states that a registered trademark “identifies you to your customers, protect you against unfair competition and turn your brand into an asset”.⁹ Specifically in the U.S., the registration of trademarks is governed by the United States Patent and Trademark Office which is an agency of the Department of Commerce. Technically, the lifetime of a Trademark in the U.S. is unlimited, as each registration remains in force for ten years according to the provisions in the Lanham Act, 15 U.S.C.A. § 1058(a) but it can be renewed for additional periods of ten years at the end of each successive ten-year term following the initial date of registration. These unlimited renewals and therefore the permanent protection they receive from the legal system is what make trademarks so valuable.

In the U.S., the exclusive usage of a trademark by the asset owner could cease, if the registration is cancelled by the Commissioner for Trademarks or a Federal Court under certain circumstances such as abandonment, fraud or the brand protected by the trademark becomes generic in a process referred as genericide. According to Ramello (2006), genericide occurs when the specific information-transmitting effect of a brand lapses in favor of a general connotation denoting the entire category of products. In these situations,

⁹ <https://oami.europa.eu/ohimportal/en/evolution>

maintaining the legal protection of a trademark is no longer economically efficient because it will increase the communication cost between the producers and consumers in the market, offsetting any other benefits to society. Genericide is a hot topic for companies that heavily rely on the power and popularity of their brands to promote the sale of certain products. These companies actively fight the generic use of their brands in the market in order to protect their property rights and avoid the genericide of their brands. Examples of brands that ended up “genericided” are aspirin, kerosene and thermos; while Kleenex, Band-Aid and Xerox have come very close to become generic descriptions in the market.

Capron and Hulland (1999) assert that firms seek to neutralize disadvantages through acquisition, imitation, substitution or major innovation. According to them, substitution and innovation occur rarely and imitation is hard to implement (as we have previously discussed), which is why many firms turn to acquisition to achieve certain competitive market advantage. When it comes to trademarks, the acquisition of these type of IA/IP allows the firm to capture assets that otherwise would be too difficult or impossible to develop internally. When venturing across borders and overseas, firms sometimes prefer to acquire local trademarks in order to assimilate more rapidly the host country’s culture and to try to overcome local resistance sometimes associated with FDI. In the 2005 acquisition of US Airways by America West, the deal not only allowed America West to benefit from expanding its operations nationally and internationally, capture new markets and improve cost related efficiencies, but gave them the ownership of a far more valuable asset, the US Airways trademarks and thus the brand’s national and worldwide recognition and reputation. After the merger the combined airline kept the name US Airways (in recent

times US Airways has merged with American Airlines under the American Airlines brand). Also recently Facebook agreed to pay \$19 billion for WhatsApp, a company with no major assets except a powerful brand with millions of active users daily (as of May 2014 WhatsApp had two active trademarks with USTPO and two others with the OHIM, all four dating back just to 2011).

Intangible assets, such as copyrights, patents and trademarks, can generate enormous amounts of value, revenue/profits and also market power for the firm. According to the OHIM a registered trademark “is a way of representing the investment you make in your brand. This value can rise and fall, depending on market forces and the success of your company and its products. Your trade mark can be audited; its value is part of your company's assets. Trade marks can be licensed, sold or developed as collateral”.¹⁰ The story behind the economic characteristics of trademarks (value, revenues, profits, market power, etc.) is one of the reasons why some scholars have studied the links of trademarks with low tax regimes and Tax Havens (Table 03) around the world (Hines 2010, Gellman 2007). The concentration of intangible assets in these financial centers is because of the low or no taxes applied to the income generated by the assets (such as licensing fees and royalty payments). Closely related to the concept of intangible assets are IP holding corporations. Intellectual Property (IP) holdings are companies incorporated in low tax jurisdictions as wholly-owned subsidiaries of a parent company, which owns a substantial amount of IP, in an effort to better manage its intellectual property, reduce tax burden on

¹⁰ <https://oami.europa.eu/ohimportal/en/value>

licensing revenues and maximize earnings related to its IP assets. In this arrangement, the parent company transfers ownership of its intellectual property to its IP Holding subsidiary and then the IP holding subsidiary licenses back the right to use the intellectual property to the parent company. In many industries, including the Fast Moving Consumer Goods (FMCG) industry it is common for companies to own many trademarks and brands and some of these companies are true brand powerhouses. Companies such as Nestlé, Unilever, Sara Lee, Procter & Gamble, Coca-Cola, General Mills, Pepsi and Mars, etc., each own dozens of world renowned brands.

iv. MODEL

Do trademarks have any impact at a macroeconomic level? That is the overall question that we aim to address with this research. As we discussed earlier in this paper trademarks are the legal representations of brands and as such, these intangible assets are intellectual property (IP) that could be defended in a court of law. Unlike patents or copyrights though, the strategic and economic value of trademarks is long lasting. The legal protection of trademarks could be renewed over and over and therefore all granted rights and benefits related to trademarks remain in full force for as long as its registration is current and valid. In many cases, trademarks may be worth more than all the tangible assets

(and other intangible assets) a firm could own and given their protected status, they could provide the firm certain strategic market advantages that arise from the exclusive usage and control of this IP. Without trademarks and without being able to differentiate themselves, firms would find it nearly impossible to become successful and profitable agent in the marketplace as any other competitors could operate or produce “identical” goods and services under the same brand (free riders), wiping off any incentives for investment, entrepreneurship, invention and innovation. Furthermore, trademarks not only enhance and promote markets efficiencies at the firm level but also at the consumer level allowing consumers to make purchasing decisions without delay and allowing them too to have a more intimate relationship with the products and services they require and acquire.

Before we start our analysis it is important that we lay out some of the fundamental and specific questions that we aim to find answers for with our study. Questions such as: do trademarks have any effects on GDP? If any, are the effects the same for all types of economies or are there differences across different types of economies? Are some types of economies better suited than others to maximize or minimize the positive or negative effects of trademark formation (application)? If there are differences, why do they exist? What are the mechanisms that allow trademarks to affect GDP?

For our analysis and the construction of our OLS model we identified a country pool of 59 world economies selected at random (Table 04). Although there is no standard or universal convention established for the designation of the level of development of a country, for our study countries have been categorized following UN/IMF criteria on

economic and social development. So we have that the countries in our study were categorized as follows: developed, emerging, less developed and least developed economies. To conduct our study and in order to construct our explanatory variables panel, we obtained our data from well-known and reputable sources (World Bank and the World Intellectual Property Organization - WIPO) using the latest data sets available. Our dataset encompasses 11 years, from 2000 to 2010.

Our variable of interest, Trademarks, measures the number of trademarks applications per year within a specific country. These trademark applications show the intent of economic agents to seek protection for their IP and gives them the incentives needed to proceed with their investments and development of business. Also, as part of our model we included the following explanatory variables: patent applications, royalty and licensing payments for intangible assets and inward foreign direct investment. We also controlled for R&D expenditures and net secondary education rate but these latter variables were later dropped to allow more observations to enter the model. Please refer to Table 5 for a proper definition of each variable. We also added other basic controls such as population size, governance and as needed, year and country specific fixed effects.

To control by population was very important as we needed to remove the effect of population on the level of GDP of a country. Although a priori, it could have been argued that there was a relationship between population size and the amount of trademarks applications within country our research found out that this is not quite necessarily true and that aggregate number of applications for a single country could be deceiving. For example,

China has seen in the last decade an explosion of trademarks applications as corroborated by the data we obtained and tabulated from WIPO. Furthermore, since 2001 China has been by far the number one destination for trademark applications around the world (Table 6). But if we look at the number of trademark applications per 1,000 individuals, then China does not top the list of countries with higher concentration of trademarks per population. Countries like Switzerland, Chile, South Korea, Japan, United States and even Peru have a higher ratio of trademarks applications per population than China. We should make at this point a special mention of a very *Sui Generis* case that seem to validate Hines (2010) and Gellman (2007) theories regarding Tax Havens and IP. Although Monaco is not part of our study, during our research we found that the concentration of trademarks per 1,000 individuals in the Principality was the highest of any other country in the world, according to the data we obtained from WIPO (Table 7).

Upon an initial and simple vis-à-vis inspection of our dependent variable and our variable of interest, there seemed to exist some sort of correlation between trademarks and the GDP (level and growth), as seen in Figures 01 and 02, but of course a simple one-on-one correlation between two variables does not tell us much about a cause-effect relationship nor it is the proper way to address our issue, so we proceeded to test different model specifications that would allow us to undertake and validate properly our theories. In order to avoid obvious problems of simultaneity, all our explanatory variables in our model were lagged one period with respect to our dependent variable, GDP. Also, whenever possible our variables were transformed by taking logs. Depending on the specification and the analysis to be undertaken, we incorporated dummies for each category

of development to control for category-specific effects. In total we had four distinct categories as follows: category 4, developed; category 3, emerging; category 2, less developed and category 1, least developed economies; for a total of 14 developed countries, 14 emerging countries, 14 less developed countries and 17 least developed countries for each category. Furthermore, in order to address an omitted variable problem, our main model was separately controlled by country characteristic effects (Table 10).

In a first step using our entire sample population, we examined the overall net impact of trademarks in the world economy (selected countries), controlling amongst other things for category specific effects and year effects. We tried different specifications as controls and to show the robustness of our model (Table 8). We found that trademarks, at all times, had a positive and highly significant effect on GDP. In our final specification, we observed that the coefficient for trademarks for all the selected economies together is .190 and that it is significant at the .99 level, i.e., a one percent change in trademark applications could lead to a .190 percent increase in overall GDP. So from our model we might have enough evidence to propose that overall the world economy is better off and benefits from trademark formation.

But the previous analysis does not tell us anything about the impact of trademarks on specific types of economies and how differently or not this IA affect countries depending on their overall set of particular characteristics. For that and in order to undertake properly this endeavor we developed a new model that permitted us to look into those different set of issues. In our new model it was important for us to develop a

specification that would allow for the interaction of all country specific trademark data clustered per categories. In a modern globalized economy it is fair to assume that in order to appropriately analyze the true impact of trademarks on a specific category of countries we should allow for the proper and full interaction of the overall set of the variable of interest (trademarks) in the model. After we ran our model we were able to examine the impact of trademarks for each individual country category (Table 9) noticing that across the board, all trademark coefficients for each individual type of category were positive and significant at the .99 level. But more importantly we also found that for each individual case the coefficients varied depending on the country category; that is, trademark formation (application) had a different effect on GDP depending on country specific characteristics.

We found that the more developed a country is, the higher the trademark coefficient was and therefore the higher the impact of trademarks on GDP. In summary we found that for category 1 or least developed countries we obtained a .122 coefficient for trademarks. It was closely followed by category 2 or less developed countries with a coefficient of .125. For category 3 or emerging countries the coefficient was .182. And at the other end of the spectrum, category 4 or developed countries we got a .289 coefficient and as a category it was the group that better took advantage of overall trademark formation. Rodrik (2007) proposes a possible explanation for the differences in the coefficients (the impact of trademarks on GDP) between the different types of economies when he claims that intellectual property rights “are protected assiduously in the United States and most advanced societies, but not in many developing countries. On the other hand, zoning and environmental legislation restricts the ability of households and enterprises in the rich countries to do as they please with their ‘property’ to a much greater

extent than is the case in developing countries. All societies recognize that private property rights can be curbed if doing so serves a greater public purpose. It is the definition of what constitutes ‘greater public purpose’ that varies”. So it is clear to us that the institutional differences between developed and non-developed countries play a major role in how efficiently societies are able to harness the economic power of trademarks “creation”. The ultimate magnitude of the effect of trademarks creation in an economy will greatly depend on the overall country related characteristics. Rodrik also help us understand why least developed, less developed and emerging countries fare poorer than developed countries in our research when he argues that a “clearly delineated system of property rights; a regulatory apparatus curbing the worst forms of fraud, anticompetitive behavior, and moral hazard; a moderately cohesive society exhibiting trust and social cooperation; social and political institutions that mitigate risk and manage social conflicts; the rule of law and clean government—these are social arrangements that economists usually take for granted, but which are conspicuous by their absence in poor countries”.

v. CONCLUSIONS

Unarguably, firms trademark their brands because they want to have their investments, business and overall IP assets protected and also because they want to reap the legal and economic benefits entitled to them by doing it so. Moreover, firms will

trademark when the benefits of trademark protection offset all the cost associated with the ownership of the trademark itself (application, renewals, defense, etc.). As we discussed earlier, without this type of protection there are no incentives for important business related activities such as investment and innovation which greatly hinders economic development in a country.

Trademarks allow for each unit of investment to be more valuable, productive and efficient than they would have otherwise been in the absence of them as trademark protection minimizes the risks and maximizes the returns of doing business to the firm. But far more importantly and as we also discussed earlier, trademarks “formalize” the creation and development of real property that could be invested on; an asset that could appreciate over time and could use as a collateral, that could be used to develop and shape an entire business segment and that could be used create other trademarks in order to protect an develop new business, etc.; so here is where the true potential for trademarks lays.

Depending on country specific characteristics, countries are better or worse at harnessing the power of the “creation’ of trademarks. Trademarks help countries develop economically as these countries develop also their institutions develop; and as their institutions develop they become better suited to maximize the positive externalities that arise from the formation of trademarks. So as we said previously, the ultimate magnitude of the effect of trademarks in an economy will greatly depend on the overall country related characteristics (which are represented in our model by the four development categories) and therefore on how well suited a country is to maximize the benefits of one additional

unit of trademarks. In general, we can argue that the more developed a country is, the better their overall institutions and the greater the impact each additional unit of trademarks will have in the economy. But regardless of the development level of the country, we argue that trademarks provide economic agents an incentive to bring new products and services to the marketplace and thus promote the creation and development of new markets and generate the overall expansion of the economy. Trademarks also prevent existing markets from going into disarray and their economic value from disappearing in thin air by ensuring that investments and assets are legally protected and furthermore by protecting the economic system of the country. By being able to legally defend their trademarks, firms are also able to “defend” certain markets and each trademark application by itself is the possibility of a new market expansion or development.

Although their effects are smaller, trademarks offer countries that are not “developed” the possibility of boosting their GDP to levels that will not be possible without trademarks, partially helping them achieve the next level of development. In recent times we have seen upper middle-income and Asian economies experience a rapid increase on the amount of trademark formation (Figure 3 and 4) that is unquestionably contributing to the development of their economies. Trademarks give economic potential and significance to intellectual property so these intangible assets could then be used by market agents to generate more value and surplus in the economy. Without trademarks the possibilities of harnessing this potential are basically negligible because of the free rider problem. The role of trademarks as an engine of economic progress has been greatly overlooked in the economics literature. Governments of any type of countries, whether they are developed,

emerging, less developed and least developed should encourage the formation of trademarks as a way to create and protect value by establishing clear property rights that later could be defended in a court of law and that could provide any markets agents the potential to use their IP to create new markets and boost economic progress.

We understand that the trademark-economic development story and relationship that we propose in our paper might be hard to grasp by most economists as it might challenge the conventional economic wisdom. Most economic scholars may have a hard time accepting that trademarks could actually have an impact on economic development, as they will be more comfortable assuming that the formation of trademarks is exclusively a consequence of economic development. But we disagree. It would be easier for these scholars to be convinced that the creation of patents actually has an impact on economic development. But trademarks are real property that are protected by law and that have a true economic value. From an economic perspective, in the same manner a piece of real estate without a deed would be basically worthless to market agents (as it will be “no man’s land”), a brand without the protection of trademarks will be in the public domain and will have negligible economic value. But if we can formalize property rights over real estate and generate economic value and development (as suggested by De Soto [2001]), then in the same fashion we also can formalize other types of property rights and generate economic value and development as well. In our view, adequate formalization of property rights, regardless if this happens by means of a patent, a trademark, a real estate deed, etc., will have an actual impact on economic development. It is not that countries formalize

property rights because they develop; it is that countries develop because (amongst other things) they are able to formalize property rights. This idea is more evident if we look at recent newcomers to the marketplace, for example FIVE GUYS (Burgers and Fries). Some people might argue that there is nothing special about making burgers (and fries) and they might be right. Copycats can imitate a “secret” recipe or even “improve” it to make it more appealing to certain demographic groups. Copycats can even create a name that is similar to FIVE GUYS, maybe SIX GUYS (if they are able to register it at all since it is likely to be challenged), but there will not be free access to the brand FIVE GUYS. The legal protection conferred to brands by a trademarks, has allowed the FIVE GUYS brand owners to use their brand/trademarks to create economic progress in the communities and in the countries they operate. In summary, by means of their exclusive rights to the utilization of the brand and trademarks (economic assets), they can franchise their brand name and allow others to start a business or they can use their trademark as a collateral if needed, generating this way economic development not only at the local level but also at the macro aggregate level.

FIGURE 1 - RELATIONSHIP BETWEEN GDP AND TRADEMARKS
(NATURAL LOGS)

FIGURE 2 - RELATIONSHIP BETWEEN GDP AND TRADEMARKS
(GROWTH RATE)

**FIGURE 3 - TOTAL TRADEMARK APPLICATIONS - DIRECT AND VIA THE
MADRID SYSTEM (%) – PER REGION**

FIGURE 4 - TOTAL TRADEMARK APPLICATIONS - DIRECT AND VIA THE MADRID SYSTEM (%) – PER COUNTRY INCOME

TABLE 1 – USPTO DEFINITIONS

	Trademarks	Copyrights	Patents
ACCOORDING TO THE USPTO WHAT ARE:	<p>A trademark is a word, name, symbol or device which is used in trade with goods to indicate the source of the goods and to distinguish them from the goods of others. The terms "trademark" and "mark" are commonly used to refer to both trademarks and servicemarks. Trademark rights may be used to prevent others from using a confusingly similar mark, but not to prevent others from making the same goods or from selling the same goods or services under a clearly different mark. Trademarks which are used in interstate or foreign commerce may be registered with the Patent and Trademark Office.</p>	<p>Copyright is a form of protection provided to the authors of "original works of authorship" including literary, dramatic, musical, artistic, and certain other intellectual works, both published and unpublished. The law generally gives the owner of copyright the exclusive right to reproduce the copyrighted work, to prepare derivative works, to distribute copies or phonorecords of the copyrighted work, to perform the copyrighted work publicly, or to display the copyrighted work publicly. The copyright protects the form of expression rather than the subject matter of the writing. . Copyrights are registered by the Copyright Office of the Library of Congress.</p>	<p>A patent for an invention is the grant of a property right to the inventor, issued by the Patent and Trademark Office. US patent grants are effective only within the US, US territories, and US possessions. In the US, the right conferred by the patent grant is, in the language of the statute and of the grant itself, "the right to exclude others from making, using, offering for sale, or selling" the invention in the United States or "importing" the invention into the United States. What is granted is not the right to make, use, offer for sale, sell or import, but the right to exclude others from making, using, offering for sale, selling or importing the invention.</p>

TABLE 2 – IP PROTECTION IN THE US

	Trademarks	Copyrights	Patents
Current Law	1946*	1976	1952
Amended	Yes	Yes	Yes
Constitutional Base	Commerce Clause Article I, Section 8, Clause 3	Patent and Copyright Clause Article I, Section 8, Clause 8	Patent and Copyright Clause Article I, Section 8, Clause 8
What does the US Constitution say?	The Congress shall have Power ... To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes	The Congress shall have Power... To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries	The Congress shall have Power... To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries
US CODE	Title 15, CHAPTER 22 - (§§ 1051—1141n)	Title 17	Title 35
Length of Protection	10 years	For the life of the author plus an additional 70 years (after January 1, 1978)**	Utility and Plant patents 20 years/ Design patents 14 years (on or after June 8, 1995)***, ****
Renewal Period	Yes (10 years, unlimited)	No	No

* A first attempt by Congress to regulate trademarks was The Federal Trade-Mark Act of 1870 but this Act failed when it was struck down by the United States Supreme Court in 1879 because of the fact that the Copyright Clause of the Constitution gave Congress no power to protect or regulate trademarks. In the court's opinion a trademark was neither an invention, a discovery, nor a writing within the meaning of the eighth clause of the eighth section of the first article of the Constitution, which confers on Congress power to secure for limited times to authors and inventors the exclusive right to their respective writings and discoveries. Furthermore the Court hinted that if an act of Congress could in any case regulate trademarks, it must be limited to their use in "commerce with foreign nations, and among the several states, and with the Indian tribes." Congress responded by enacting the Trademark Act of 1881.

**For an anonymous work, a pseudonymous work, or a work made for hire, the copyright endures for a term of 95 years from the year of its first publication or a term of 120 years from the year of its creation, whichever expires first. For works first published prior to 1978, the term will vary depending on several factors.

***For Utility and Plant patents protection starts when the patent is granted but the 20 years period start the date the patent was filed. For the 14 year protection period starts the date the patent is granted.

**** Patents in force on June 8 and patents issued thereafter on applications filed prior to June 8, 1995 automatically have a term that is the greater of the twenty year term discussed above or seventeen years from the patent grant.

TABLE 3 – TAX HAVENS¹¹

TAX HAVENS		
Andorra	Grenada	Monaco
Anguilla	Guernsey	Montserrat
Antigua and Barbuda	Hong Kong	Nauru
Aruba	Ireland	Netherlands Antilles
Bahamas	Isle of Man	Niue
Bahrain	Jersey	Panama
Barbados	Jordan	Samoa
Belize	Lebanon	San Marino
Bermuda	Liberia	Seychelles
British Virgin Islands	Liechtenstein	Singapore
Cayman Islands	Luxembourg	St. Kitts and Nevis
Cook Island	Macao	St. Lucia
Costa Rica	Maldives	St. Martin
Cyprus	Malta	St. Vin. and the Gran.
Djibouti	Marshall Islands	Switzerland
Dominica	Mauritius	Tonga
Gibraltar	Micronesia	Turks and Caicos Is.
		Vanuatu

¹¹ Hines, James H. (2010): “Treasure Island.”

TABLE 4 - LIST OF COUNTRIES

Classification	Country
Developed	Canada
	Denmark
	Finland
	France
	Germany
	Ireland
	Italy
	Japan
	Netherlands
	Spain
	Sweden
	Switzerland
	United Kingdom
	United States
Emerging	Argentina
	Brazil
	Chile
	China
	Hungary
	India
	Mexico
	Poland
	Republic of Korea
	Russian Federation
	South Africa
	Taiwan
	Thailand
	Turkey

Classification	Country
Less Developed	Bulgaria
	Colombia
	Egypt
	Indonesia
	Kenya
	Malaysia
	Pakistan
	Peru
	Philippines
	Romania
	Tunisia
	Ukraine
	Uruguay
	Vietnam
Least Developed	Afghanistan
	Bangladesh
	Cambodia
	Central African Republic
	Congo, Dem. Rep.
	Congo, Rep.
	Eritrea
	Ethiopia
	Haiti
	Laos
	Lesotho
	Liberia
	Myanmar
	Nepal
	Sudan
	Uganda
	Yemen

TABLE 5 – DEFINITION OF VARIABLES

Dependent Variable	Description
GDP (Gross Domestic Product)	GDP at purchaser's prices is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. Data are in current U.S. dollars. Dollar figures for GDP are converted from domestic currencies using single year official exchange rates. For a few countries where the official exchange rate does not reflect the rate effectively applied to actual foreign exchange transactions, an alternative conversion factor is used.

Independent Variables	Description
Royalties and Licensing Payments	Royalty and license fees are payments and receipts between residents and nonresidents for the authorized use of intangible, nonproduced, nonfinancial assets and proprietary rights (such as patents, copyrights, trademarks, industrial processes, and franchises) and for the use, through licensing agreements, of produced originals of prototypes (such as films and manuscripts). Data are in current U.S. dollars.
Inward FDI	Foreign direct investment are the net inflows of investment to acquire a lasting management interest (10 percent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. This series shows net inflows (new investment inflows less disinvestment) in the reporting economy from foreign investors. Data are in current U.S. dollars.

TABLE 5 (Cont'd) – DEFINITION OF VARIABLES

Independent Variables	Description
R&D	Expenditures for R&D (Research and Development) are current and capital expenditures (both public and private) on creative work undertaken systematically to increase knowledge, including knowledge of humanity, culture, and society, and the use of knowledge for new applications. R&D covers basic research, applied research, and experimental development.
Education	Net enrolment rate. Secondary. All programmes. Total is the ratio of children of the official secondary school age who are enrolled in secondary school to the population of the official secondary school age.
Trademarks	Trademark Applications
Patents	Patent Applications
Population	Population, total refers to the total population. Several sources: (1) United Nations Population Division. World Population Prospects, (2) United Nations Statistical Division. Population and Vital Statistics Reprot (various years), (3) Census reports and other statistical publications from national statistical offices, (4) Eurostat: Demographic Statistics, (5) Secretariat of the Pacific Community: Statistics and Demography Programme, and (6) U.S. Census Bureau: International Database.
Governance	Government Effectiveness captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. Estimate gives the country's score on the aggregate indicator, in units of a standard normal distribution, i.e. ranging from approximately -2.5 to 2.5.

TABLE 6 - TRADEMARK APPLICATIONS BY SELECTED IP OFFICE

Office	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
China	212,602	259,924	364,948	446,654	581,805	659,148	741,942	681,358	669,088	808,546	1,057,480
United States	292,464	216,308	212,637	220,965	248,406	264,510	277,579	304,129	294,070	266,845	281,867
Korea	110,073	107,137	107,876	110,611	113,320	123,064	130,738	141,289	137,461	134,211	129,486
Brazil	108,231	101,617	94,312	95,580	94,039	99,310	95,724	104,125	121,712	112,661	125,654
Japan	145,834	123,788	117,472	123,393	128,851	136,050	135,865	143,236	119,448	110,622	124,726
Mexico	59,721	61,488	56,237	53,724	58,553	63,899	69,781	83,216	84,287	81,937	94,457
France	111,792	74,837	70,809	69,410	73,654	75,564	77,166	80,034	79,206	84,213	93,187
Germany	97,337	77,880	66,644	70,446	74,197	80,091	80,481	83,352	80,865	74,676	74,339
Argentina	61,847	40,583	42,812	81,216	76,431	78,172	79,139	58,389	62,074	59,403	69,565
Russian Federation	42,814	53,096	43,494	35,091	40,611	47,222	52,867	57,346	57,165	49,189	56,856
Indonesia		38,648	30,004	36,340	49,311	40,816	52,649	43,259	47,606	42,777	47,794
Spain	98,751	89,200	78,931	63,029	62,706	64,699	65,884	64,136	55,586	46,711	47,120
Canada	46,252	39,092	36,732	38,712	39,888	41,832	45,031	47,758	45,619	40,956	45,220
Chile	34,388	30,381	29,122	29,034	29,744	33,757	31,577	32,081	33,026	39,935	45,104
Thailand	27,055	26,119	30,109	33,049	36,968	36,423	33,947	33,555	35,422	36,087	37,656
United Kingdom	42,531	37,454	35,994	34,451	35,564	36,998	39,111	40,484	35,705	34,253	36,484
Vietnam	8,192	8,767	10,747	14,203	17,175	20,663	26,140	31,497	32,684	32,864	32,289
South Africa	25,678	21,901	20,367	22,768	23,826	27,835	31,795	35,001	29,907	26,494	30,549
Ukraine	11,316	14,174	16,607	20,048	20,330	24,653	29,885	33,512	33,019	26,434	28,915
Switzerland	28,147	24,806	22,188	22,009	23,642	27,088	28,589	30,939	31,514	28,945	27,972
Malaysia	18,803	16,603	16,446	17,766	20,743	22,147	24,049	25,894	26,034	24,070	26,370
Colombia	16,610	14,904	15,296	16,365	16,930	19,937	21,670	23,994	23,464	21,099	25,990
Peru	15,955	13,903	14,085	13,888	14,976	18,821	19,596	21,645	24,825	20,945	23,120
Poland	28,207	25,792	23,962	24,611	22,536	21,654	21,462	20,614	20,609	17,877	18,251
Philippines	10,623	9,661	11,021	11,816	12,142	12,728	14,492	15,078	15,847	14,912	16,838
Sweden	16,669	15,161	14,325	13,326	13,800	14,812	14,269	15,030	14,998	12,706	12,662
Romania	11,335	12,621	12,511	14,008	17,622	20,991	22,596	17,531	15,578	12,977	12,063
Bangladesh	5,519	4,744	4,840	5,395	5,807	4,624	6,451	8,232		9,306	10,231
Turkey	29,532	28,917	36,245	38,577	47,195	60,697	67,300	72,034	74,685	71,466	8,241
Bulgaria	9,218	9,402	9,619	11,610	12,473	14,618	16,087	12,539	10,853	7,904	7,140
Hungary	15,854	15,428	13,862	13,701	11,637	10,102	9,285	8,785	7,903	6,671	6,298
Denmark	12,433	11,984	10,662	10,040	10,057	10,600	9,226	8,583	8,019	6,075	5,788
Uruguay	15,698	14,904	12,272	11,035	12,908	12,764	12,216	12,795	11,501	9,603	5,730
Finland	10,475	10,244	8,934	7,989	7,801	7,736	7,533	7,400	7,328	5,564	5,504
Monaco	5,361	5,069	4,056	3,676	3,521	4,412	4,649	4,413	4,474	3,324	4,956
Italy	59,662	56,406	54,681	54,161	56,846	59,297	58,688	61,715	60,344	40,702	4,387
Kenya	1,548	2,803	2,706	2,528	2,609	3,197	3,486	3,746	3,854	3,883	4,321
Yemen	1,943	1,757	1,934	2,088	2,381	2,590	3,604	4,375	4,518	3,730	4,165
Egypt	3,159	3,216	2,496	2,404	2,505	2,947	3,208	3,146	3,340	2,828	3,955
Ireland	4,781	3,956	5,744	6,184	6,367	6,326	6,033	5,918	5,183	4,091	3,769
Sudan	2,485	1,868	4,150	2,469	2,733	3,389	4,318	4,369	1,075	743	1,026
Liberia	1,227	1,018	760	665	716	766	740	724	781	489	612
Lesotho	1,083	990	774	668	771	981	900	931	910	634	566
India	84,275	90,236	94,120	92,251	78,996	85,669	103,419	123,514	130,172	141,943	
Pakistan	8,320	7,244	6,902	8,471	13,592	12,554	14,040	13,985	14,872	15,734	
Cambodia	1,939	1,519	1,650	1,854	2,077	2,376	2,565	2,866			
Nepal	1,175	1,361	1,651	1,516	1,174	1,004	723	1,132			
Ethiopia	659	588	753	520	510	574	546	719			
Laos	701	577	681	1,024							

**TABLE 7 - NUMBERS OF TRADEMARK APPLICATIONS PER THOUSAND PEOPLE IN
SELECTED ECONOMIES**

Office	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Monaco	152.622	143.6466	114.7676	104.0682	99.79593	125.1276	131.823	125.0319	126.6131	93.95935	139.9723
Switzerland	3.917876	3.431051	3.045814	2.99891	3.19935	3.642273	3.82005	4.097275	4.12073	3.737814	3.57417
Chile	2.230117	1.946976	1.845034	1.819197	1.843765	2.070762	1.917397	1.928727	1.966349	2.35525	2.635551
Korea	2.34158	2.262327	2.265256	2.311185	2.358917	2.556483	2.702762	2.907301	2.808249	2.728864	2.620644
Argentina	1.674677	1.087954	1.136883	2.137193	1.993465	2.020931	2.027965	1.483156	1.563014	1.482759	1.721379
Uruguay	4.755748	4.504956	3.709204	3.340357	3.909463	3.861183	3.685662	3.849387	3.449556	2.870905	1.707093
France	1.835336	1.219726	1.14572	1.115159	1.17467	1.196088	1.212967	1.250296	1.23047	1.301185	1.431981
Sweden	1.878809	1.704257	1.60505	1.487571	1.534436	1.640388	1.571388	1.642966	1.626745	1.366455	1.350163
Canada	1.503167	1.257709	1.171226	1.222124	1.246695	1.294627	1.382334	1.4503	1.369155	1.214242	1.325082
Denmark	2.328445	2.236329	1.983284	1.86251	1.860849	1.955925	1.696807	1.571564	1.459693	1.099927	1.043318
Finland	2.023682	1.974554	1.717879	1.532511	1.492109	1.47462	1.430425	1.399204	1.379155	1.042168	1.026224
Spain	2.452636	2.190544	1.910516	1.500529	1.46881	1.490824	1.493411	1.429089	1.220176	1.017478	1.02277
Japan	1.149476	0.973566	0.921747	0.966136	1.008532	1.064779	1.063473	1.121039	0.93535	0.867229	0.978623
Bulgaria	1.12825	1.172278	1.222474	1.48398	1.602974	1.888655	2.089487	1.636996	1.423644	1.042039	0.947667
Malaysia	0.803035	0.692813	0.670846	0.708933	0.810576	0.848536	0.904564	0.957224	0.946622	0.861199	0.928488
United States	1.036509	0.759058	0.739285	0.761665	0.848366	0.895077	0.930287	1.00962	0.967037	0.869849	0.91116
Germany	1.183983	0.94572	0.807919	0.853537	0.89918	0.97116	0.97699	1.013196	0.984836	0.911769	0.909046
Ireland	1.256447	1.023216	1.460854	1.547346	1.564273	1.520705	1.416084	1.358296	1.171119	0.917482	0.842356
Mexico	0.597451	0.606812	0.547937	0.517061	0.556715	0.600082	0.647107	0.761906	0.761902	0.731362	0.832785
Peru	0.616931	0.530077	0.529925	0.515969	0.549739	0.682941	0.703213	0.768478	0.872175	0.728138	0.795144
China	0.168378	0.204367	0.285027	0.346673	0.448898	0.50559	0.565927	0.517009	0.505104	0.607299	0.790447
Brazil	0.6205	0.574506	0.526033	0.526226	0.511433	0.533962	0.509283	0.548609	0.635428	0.582991	0.644556
Ukraine	0.230113	0.291144	0.344526	0.419301	0.428437	0.523361	0.638736	0.720543	0.713798	0.573987	0.630359
Hungary	1.552644	1.514394	1.364557	1.352577	1.151364	1.001481	0.92192	0.873627	0.787293	0.665592	0.629799
South Africa	0.583591	0.487667	0.447299	0.493706	0.510578	0.589744	0.66613	0.7253	0.612936	0.537184	0.611086
United Kingdom	0.72218	0.633654	0.606717	0.578364	0.594042	0.614337	0.645443	0.663817	0.581576	0.554157	0.586264
Romania	0.505058	0.570261	0.573817	0.644283	0.81264	0.970262	1.046709	0.813622	0.724099	0.604132	0.562692
Colombia	0.417713	0.368705	0.372364	0.392146	0.399427	0.463214	0.49592	0.540986	0.521355	0.46215	0.561402
Thailand	0.42839	0.408755	0.465774	0.505566	0.559609	0.546084	0.50459	0.494937	0.518867	0.525237	0.544774
Poland	0.73353	0.674335	0.626779	0.64419	0.590222	0.567372	0.562698	0.540758	0.540553	0.468578	0.477979
Russian Federation	0.292639	0.363797	0.29934	0.242677	0.282316	0.329878	0.370996	0.403561	0.402712	0.346621	0.40062
Vietnam	0.105525	0.11151	0.135117	0.176504	0.210897	0.250784	0.313757	0.37398	0.383965	0.382028	0.371447
Lesotho	0.55146	0.497742	0.385025	0.32923	0.376648	0.474888	0.431539	0.442043	0.42775	0.294993	0.260671
Indonesia		0.178758	0.136988	0.163812	0.219544	0.179566	0.22899	0.186091	0.202621	0.180179	0.199249
Philippines	0.137408	0.122346	0.136685	0.143583	0.144657	0.148785	0.166352	0.17008	0.17574	0.162612	0.180547
Yemen	0.10963	0.09619	0.102699	0.10752	0.118895	0.125432	0.169297	0.199344	0.199677	0.159892	0.173163
Liberia	0.430936	0.346341	0.253665	0.218936	0.231511	0.240688	0.223314	0.208214	0.213478	0.127479	0.153225
Turkey	0.464136	0.448014	0.553814	0.581509	0.701931	0.890727	0.974465	1.029164	1.053033	0.994708	0.113275
Kenya	0.04953	0.087386	0.08218	0.074781	0.075183	0.089767	0.0954	0.099933	0.10022	0.098398	0.106658
Italy	1.047766	0.989975	0.956674	0.940219	0.97715	1.011773	0.995699	1.039405	1.008554	0.676195	0.072532
Bangladesh	0.042587	0.035954	0.036048	0.03952	0.041887	0.03289	0.045317	0.057184		0.063293	0.068807
Egypt	0.046697	0.046684	0.035568	0.033623	0.034388	0.039715	0.042452	0.040888	0.042644	0.035476	0.048754
Sudan	0.090179	0.066293	0.144066	0.083851	0.090792	0.110113	0.137515	0.13681	0.03314	0.022535	0.030532
Cambodia	0.155781	0.120044	0.128452	0.142351	0.157421	0.177877	0.189777	0.209658			
Ethiopia	0.010049	0.008737	0.010907	0.007346	0.007032	0.007729	0.007185	0.009251			
India	0.079965	0.084225	0.086452	0.083418	0.070344	0.075145	0.089383	0.10521	0.109309	0.117528	
Laos	0.13184	0.106676	0.123893	0.183446							
Nepal	0.048155	0.054483	0.064587	0.057988	0.043941	0.036801	0.025976	0.039896			
Pakistan	0.057569	0.049093	0.045889	0.055315	0.087206	0.079132	0.086928	0.085043	0.088819	0.092285	

TABLE 8 – OLS OVERALL ECONOMIES

	MCO con rezagos									
	mco_1_1 coef/se	mco_1_2 coef/se	mco_1_3 coef/se	mco_1_4 coef/se	mco_1_5 coef/se	mco_1_6 coef/se	mco_1_7 coef/se	mco_1_9 coef/se	mco_1_10 coef/se	mco_1_8 coef/se
ln_trademarks_1	1.170*** (0.028)	0.209*** (0.050)	0.303*** (0.071)	0.284*** (0.058)	0.187*** (0.045)	0.313*** (0.046)	0.230*** (0.036)	0.184*** (0.031)		0.190*** (0.030)
ln_royalties_1		0.142*** (0.028)	0.139*** (0.039)	0.073** (0.032)	0.111*** (0.031)	0.098*** (0.026)	0.149*** (0.023)		0.010 (0.020)	0.047** (0.021)
ln_patents_1		0.257*** (0.037)	-0.094** (0.042)	0.035 (0.036)	0.125*** (0.035)	0.042 (0.029)	0.126*** (0.025)	0.215*** (0.020)	0.267*** (0.018)	0.190*** (0.022)
ln_fdi_1		0.283*** (0.029)	0.214*** (0.036)	0.172*** (0.029)	0.181*** (0.027)	0.140*** (0.021)	0.155*** (0.020)	0.137*** (0.017)	0.168*** (0.018)	0.139*** (0.018)
rd_1			0.193*** (0.053)	0.099** (0.044)	0.065 (0.045)					
education_1			0.010** (0.004)	-0.000 (0.003)		0.005* (0.003)				
ln_pobla_1			0.758*** (0.072)	0.554*** (0.063)	0.365*** (0.036)	0.539*** (0.052)	0.335*** (0.028)	0.352*** (0.024)	0.401*** (0.024)	0.361*** (0.024)
govern_1			0.459*** (0.080)	0.040 (0.078)	-0.099 (0.068)	0.101 (0.062)	-0.063 (0.054)	0.001 (0.047)	0.022 (0.046)	-0.004 (0.046)
CAT2				-1.418*** (0.150)	-0.239 (0.278)	-0.054 (0.138)	-0.261** (0.123)	-0.047 (0.087)	0.216** (0.100)	-0.006 (0.106)
CAT3				-0.810*** (0.102)	0.106 (0.307)	0.352** (0.167)	-0.028 (0.151)	0.476*** (0.109)	0.697*** (0.126)	0.374*** (0.133)
CAT4				(dropped)	1.191*** (0.340)	1.191*** (0.195)	1.029*** (0.188)	1.637*** (0.142)	1.762*** (0.162)	1.495*** (0.165)
2000								(dropped)	(dropped)	(dropped)
2001								-0.894*** (0.078)	(dropped)	-0.829*** (0.081)
2002								(dropped)	(dropped)	(dropped)
2003								-0.651*** (0.078)	0.229*** (0.073)	-0.614*** (0.081)
2004								-0.517*** (0.079)	0.378*** (0.074)	-0.472*** (0.080)
2005								-0.437*** (0.079)	0.458*** (0.074)	-0.407*** (0.079)
2006								-0.410*** (0.077)	0.475*** (0.074)	-0.380*** (0.078)
2007								-0.310*** (0.077)	0.571*** (0.076)	-0.289*** (0.078)
2008								-0.264*** (0.077)	0.585*** (0.077)	-0.261*** (0.078)
2009								-0.347*** (0.079)	0.533*** (0.080)	-0.340*** (0.079)
2010								-0.097 (0.077)	0.778*** (0.078)	-0.088 (0.077)
2011								(dropped)	0.894*** (0.083)	(dropped)
2012								(dropped)	(dropped)	(dropped)
_cons	14.471*** (0.273)	12.900*** (0.481)	1.963** (0.848)	8.908*** (1.003)	10.378*** (0.692)	7.449*** (0.757)	10.450*** (0.507)	13.239*** (0.433)	11.837*** (0.452)	12.277*** (0.460)
Number of observations	520	390	161	161	248	223	344	388	364	344
Adjusted R2	0.775	0.864	0.939	0.962	0.941	0.962	0.951	0.960	0.964	0.965

note: *** p<0.01, ** p<0.05, * p<0.1

TABLE 9 – OLS PER CATEGORY

	Lagged OLS w/ Dummies							
	mco_1_1	mco_1_2	mco_1_3	mco_1_5	mco_1_6	mco_1_7	mco_1_8	mco_1_9
	coef/se	coef/se	coef/se	coef/se	coef/se	coef/se	coef/se	coef/se
trad_cat1	0.802*** (0.047)	0.498*** (0.049)	(dropped)	0.134** (0.067)	0.271*** (0.054)	0.219*** (0.040)	0.147*** (0.034)	0.122*** (0.033)
trad_cat2	0.874*** (0.036)	0.361*** (0.044)	0.206*** (0.061)	0.132*** (0.045)	0.260*** (0.047)	0.191*** (0.035)	0.148*** (0.030)	0.125*** (0.031)
trad_cat3	0.912*** (0.031)	0.367*** (0.043)	0.271*** (0.058)	0.174*** (0.042)	0.301*** (0.046)	0.219*** (0.034)	0.189*** (0.028)	0.182*** (0.029)
trad_cat4	1.035*** (0.032)	0.433*** (0.045)	0.344*** (0.060)	0.277*** (0.043)	0.376*** (0.047)	0.318*** (0.036)	0.292*** (0.030)	0.289*** (0.031)
ln_roypayments_1		0.159*** (0.027)	0.094*** (0.032)	0.120*** (0.030)	0.118*** (0.025)	0.160*** (0.021)	0.067*** (0.020)	
ln_patents_1		0.196*** (0.030)	0.021 (0.036)	0.102*** (0.033)	0.036 (0.029)	0.115*** (0.025)	0.176*** (0.021)	0.211*** (0.019)
ln_fdi_1		0.188*** (0.025)	0.169*** (0.030)	0.175*** (0.026)	0.143*** (0.021)	0.155*** (0.019)	0.140*** (0.017)	0.141*** (0.016)
rd_1			0.120*** (0.044)	0.092** (0.043)				
education_1			-0.001 (0.003)		0.005* (0.003)			
ln_pobla_1			0.527*** (0.065)	0.354*** (0.035)	0.506*** (0.054)	0.319*** (0.027)	0.338*** (0.023)	0.330*** (0.024)
govern_1			0.029 (0.080)	-0.135** (0.066)	0.106* (0.063)	-0.077 (0.052)	-0.016 (0.044)	0.007 (0.045)
2001							-0.815*** (0.079)	-0.911*** (0.076)
2002							(dropped)	(dropped)
2003							-0.599*** (0.078)	-0.659*** (0.076)
2004							-0.459*** (0.078)	-0.525*** (0.077)
2005							-0.401*** (0.076)	-0.449*** (0.077)
2006							-0.374*** (0.076)	-0.421*** (0.076)
2007							-0.283*** (0.076)	-0.317*** (0.076)
2008							-0.259*** (0.076)	-0.273*** (0.075)
2009							-0.345*** (0.077)	-0.357*** (0.077)
2010							-0.082 (0.074)	-0.092 (0.076)
2011							(dropped)	(dropped)
2012							(dropped)	(dropped)
_cons	16.880*** (0.337)	13.382*** (0.534)	8.549*** (0.999)	10.935*** (0.689)	8.112*** (0.795)	10.702*** (0.521)	12.776*** (0.477)	14.085*** (0.437)
Number of observations	520	390	161	248	223	344	344	388
Adjusted R2	0.871	0.912	0.961	0.944	0.961	0.953	0.967	0.961

note: *** p<0.01, ** p<0.05, * p<0.1

TABLE 10 – CONTROL OMITTED VARIABLES

	mco_1_1	mco_1_2	mco_1_3	mco_1_5	mco_1_6	mco_1_7	mco_1_8	mco_1_9
	coef/se	coef/se	coef/se	coef/se	coef/se	coef/se	coef/se	coef/se
trad_cat1	0.046 (0.120)	-0.011 (0.207)		0.394 (1.211)	-0.017 (0.223)	-0.257 (0.188)	-0.073 (0.143)	0.178* (0.108)
trad_cat2	1.011*** (0.110)	0.425*** (0.096)	0.880*** (0.142)	0.466*** (0.125)	0.611*** (0.111)	0.240** (0.095)	0.218*** (0.072)	0.164*** (0.062)
trad_cat3	0.898*** (0.125)	0.319*** (0.095)	0.215 (0.152)	0.125 (0.110)	0.168 (0.136)	0.203** (0.094)	0.140* (0.072)	0.149** (0.071)
trad_cat4	-0.465** (0.203)	-0.518*** (0.160)	-0.297* (0.175)	-0.419** (0.174)	-0.289* (0.149)	-0.263* (0.154)	-0.023 (0.120)	-0.022 (0.108)
ln_roypayments_1		0.402*** (0.024)	0.226*** (0.041)	0.312*** (0.031)	0.249*** (0.032)	0.319*** (0.024)	0.116*** (0.024)	
ln_patents_1		0.027 (0.037)	-0.147*** (0.054)	-0.017 (0.046)	-0.134*** (0.041)	-0.037 (0.035)	0.047* (0.028)	0.045 (0.027)
ln_fdi_1		0.114*** (0.018)	0.075*** (0.025)	0.099*** (0.021)	0.077*** (0.019)	0.087*** (0.016)	0.066*** (0.014)	0.073*** (0.012)
rd_1			0.143 (0.126)	-0.039 (0.111)				
education_1			0.009 (0.008)		0.007 (0.005)			
ln_pobla_1			1.870** (0.953)	2.787*** (0.528)	2.590*** (0.539)	3.594*** (0.362)	0.062 (0.370)	-0.311 (0.344)
govern_1			-0.079 (0.110)	-0.000 (0.096)	-0.005 (0.092)	0.038 (0.083)	0.181*** (0.065)	0.233*** (0.063)
a2001							(dropped)	-0.344*** (0.035)
a2002							(dropped)	(dropped)
a2003							0.174*** (0.035)	-0.148*** (0.032)
a2004							0.295*** (0.037)	
a2005							0.348*** (0.040)	0.083** (0.033)
a2006							0.437*** (0.042)	0.183*** (0.035)
a2007							0.564*** (0.046)	0.321*** (0.036)
a2008							0.636*** (0.050)	0.413*** (0.038)
a2009							0.540*** (0.055)	0.340*** (0.039)
a2010							0.728*** (0.056)	0.529*** (0.038)
a2011							0.826*** (0.061)	0.639*** (0.042)
a2012							(dropped)	(dropped)
	21.881*** (0.767)	14.658*** (0.718)	-13.297 (15.928)	-31.226*** (9.108)	-26.461*** (9.048)	-46.000*** (6.194)	19.631*** (6.593)	28.585*** (5.965)
Number of observation:	520	390	161	248	223	344	344	388
Adjusted R2	0.973	0.982	0.989	0.986	0.989	0.987	0.993	0.992

note: *** p<0.01, ** p<0.05, * p<0.1

CHAPTER III
EMPIRICAL STUDY OF MNE TRADEMARK PATTERNS
(OHIM 1996 – 2011)

i. INTRODUCTION

Previously in our study (Chapter II) we addressed the idea that societies actively encourage the protection of property rights as a mean to achieve and further economic development within their border. This protection of property, whether this property is tangible or intangible, is a key mechanism that allow societies to create and maximize the value of economic assets overall. At that point in our research and based on the results of our study, we proposed that this protection not only has a fundamental and positive economic effect within the borders of a country but, that there also exist an overall aggregate spillover effect on the world economy as a whole, as the positive externalities of asset and value creation transcend geographical borders in a world that is highly interconnected and that is, in many ways, one global market.

The ultimate motivation behind our previous paper was to better understand the far reaching effects (if there were any at all) that trademarks have on a general macro-economic setting but, there is a lot more to be said about trademarks particularly at their most elemental form, at their individual level. At this level, one of the most important characteristics of trademarks is that (without any loss of generality) they are vital and exclusive intangible economic assets of the firm. Specifically in this paper we will look

closer and in detail at the symbiotic relationship that exist between brands and trademarks and at the indisputable legal protection conferred to the former by the latter. As it has been argued before, it is because of this protection (and the protection strategies followed by the firm), that many brands acquire significant market value, value that might be far superior to the combined value of all other assets (tangible or intangible) owned by the firm. In the past we presented the reader with the idea that trademarks are the legal protected entities while brands are the commercial representation of such legal entities, but in this paper we will go way beyond that idea and will reveal to the reader a far more complex relationship between brands and trademarks that is neither evident nor trivial.

As we have mentioned before, although there is extensive literature in several areas of academic study (such as marketing, international business, finance, accounting, legal, etc.) regarding the nature, applications and effects of trademarks and brands on firms and societies there are no studies known to this researcher, that look deep into the way firms (especially MNE) address their trademark needs from an economic perspective nor does there exist a study that answers (with cold hard evidence) a very simple, general but fundamental question: are the protection characteristics and the “creation” of these economic assets the same across all different economic sectors or geographical and political borders? This profound but yet unpretentious question has many levels of complexity that could only be answered if we do an in-depth and detailed analysis of trademark protection and creation across different industries and across different types of borders.

The challenge we faced when we started this study was, how to address and tackle properly the problem in front of us given the limitations of trademark (and brand) data readily available. And moreover, which trademarks were to be used for our research, as it was clear that a study of all trademark applications in a specific IP database (such as the USTPO, OHIM, etc.) would have not been possible or relevant for this research. As we will explain in detail later, our first task was to find an independent way to narrow down the number of trademarks in order to obtain a group that would be meaningful and relevant to our study. One thing was clear to us from the very start, for our paper and in order to study and validate the existence of any differences whatsoever in trademarking patterns across different economic sectors or geographical and political borders we needed to study brands that had a wide appeal and transcended (political) national and (geographical) regional borders, brands that were likely to actively use trademarking strategies to protect their value, defend their survival and improve their chances at market success.

As we will also explain later, a research agenda, such as the one we propose in this paper, would have been nearly impossible a few years back as the databases (and probably relevant data and “critical mass”) needed to get the level of detail on each trademark would have not been available (as in the case of the OHIM) or maybe “available” but in a not very user friendly or useful way at all (as in the case of the USTPO).

ii. BRAND, TRADEMARKS AND THE MNE

Trademarks are economic intangible assets that store value and from which economic benefits can be derived by the trademark owner. The economic benefit is related to the use of the IP and the activities related to the brand protected by the trademark. Companies will seek trademark protection for their brands and then actively protect their trademarks (and thus their brands) against any perceived or possible infringement as long as the expected economic value of doing it exceeds all the cost associated with researching, filing, maintaining and defending the trademark. Apart from being assets over which ownership rights could be enforced, trademarks are intellectual property which must be private and their use “exclusive” in order to have revenue productivity for the MNE (economic benefit). A brand, backed up by an adequate system of trademarks, has the tools needed to become not only valuable but powerful, and as we have discussed before this could allow the trademark owner to exert certain control over a market. The key concept at this point which we want to emphasize is: system of trademarks; this concept will be crucial in our research, but we will elaborate on this later on.

Aside the obvious trademark/brand relationship commonly known to researchers, most scholars might be unaware of the true complexity of trademark protection and the overall strategies MNE follow not only to protect their assets but more importantly, to create and increase the value of these assets. Without adequate trademark protection creation of value is impossible. This creation of value is a key economic aspect of trademarks. Scholars have known and understood well the protection capabilities of

trademarks but have neglected or have not been able to fully comprehend the role a complete system of trademarks plays at creating and increasing the value of the brand (and all related trademarks). As we will discuss in this chapter, in order to increase the value of their “brands”, MNE create (not so evidently) extensions of those same brands and seek further protection, creating a complex relation amongst brands, trademarks, corporate structure, etc. The purpose of this research is to study in detail the intricacies of trademarks as economic assets of the firm; of special interest will be the protection mechanisms and characteristics of this protection across several multidimensional aspects (corporate structure, industrial sectors, geographical and political borders, etc.) in order to improve our knowledge and understanding of the matters related to MNE ownership of trademarks and fill the void that might exist in the literature.

So given the true global reach of the modern MNE and the complex structures of these organizations, we want to go beyond the original question posed earlier and find proper answers to questions such as:

- Aside general definitions, what other relations do we find between brands and trademarks that could be supported by the empirical evidence?
- How do MNE address their needs for trademark protection?
- How do MNE corporate structure characteristics influence trademark protection?
- Are there any differences in trademark protection across different regions of the world, across different countries and/or across different economic activities?

- When related to the MNE, are all trademarks the same? If any, what kinds of differences or patterns exist? And why do these differences and patterns exist?
- Based on the data available to us, which regions, countries or economic activities seem to be more trademark intensive?
- Is the number of trademarks by firm related to the value of a brand?
- What can trademark protection and the MNE tell us about pre-conceived ideas regarding brands characteristics?
- What are the most sought after “classes” and what type of protection patterns do we see?

To talk about trademark protection is in fact a matter of not only addressing the allocation of property rights but also of addressing the issue of overall incomplete contracts. In that regard, in 2011 Pol Antrás talked at length about property rights and incomplete contracts in the context of the MNE. This issue has been and continue to be a hot topic in the literature related to MNE, as these type of firms, in order to conduct their business, not only rely heavily on activities and operations that could take place in distant corners of the world but they also depend on activities and operations that lay outside the boundaries of the firm. It is good to note and point out that when it comes to MNE, property rights over certain assets (such as trademarks) are not necessarily straightforward, even when overall business activities are tightly kept “within” the boundaries of the firm, as corporate structure and some other particularities of modern ways of doing business play a role on the complexity of the matter. When it comes to corporate structure for example, we

could have (as we will see later on) a complex system where a subsidiary of subsidiary of a parent MNE could own (at least on record) the property rights over IP on behalf of the overall MNE. Without having insider information or knowledge regarding the corporate rules governing the usage of these assets it is difficult to fully understand the limitations that could exist or are imposed on related companies on the usage of these corporate assets. Also, although less common, it is possible though for two (or more) formerly related companies (but now separate and independent firms), to have access to the usage of a trademark. In these instances, legally binding arrangements contracted by the parties are struck and property rights over IP, such as trademarks, remain within the corporate boundaries of one the firms while the other firms enjoy access to the trademark based on their private contracts.

But the truth is that nowadays it will be basically impossible for a MNE to fully operate within the boundaries of the firm. Whether it is related to production, operations, logistics or distribution, MNEs are likely to outsource certain activities. For example, regarding the control of foreign production processes, Antrás emphasized that when it is time for MNE to design their global sourcing strategies, one of the key organizational decisions faced by firms is the extent of the control they want to exert over these activities. On one hand, ownership of foreign operations and assets by the MNE is one of the main preferred methods to exert control over key activities, processes, proprietary IP and know-how. On the other hand, the outsourcing of certain activities to non-affiliated companies, while maintaining within the boundaries of the firm some other activities, is the preferred way to operate for other firms. The level of control over certain activities, operations and

assets is for the MNE to decide. But regardless of the preferred operational setup chosen by the MNE, there are some crucial assets (tangible and/or intangible) that the MNE wants and needs to fiercely protect. For instance, control over these assets is especially important if the MNE plans to “relinquish” control over certain parts of their operations as it engages in outsourcing activities with non-affiliated companies. For example, let us say a German based MNE decides to contractually outsource ground distribution of their (branded or not) products in South East Asia to a Vietnamese company; what kind of rights (or obligations) does the Vietnamese company have over the brand of the German MNE in order to dutifully execute its distribution obligations? The answer might seem straight forward to some, but at the end it might not be the case at all as contracts cannot account for all states of nature, and as it is commonly said in civil law countries, “no one is forced to do what the law does not require or prevented from doing what it does not prohibit”. According to Antrás (2011), the Property rights theory suggests that because of the fact that contracts are incomplete there are some residual rights over an asset that must be purchased by or need to be allocated to a party. To own and control a trademark is to have the exclusive authority to decide and determine how the trademark could or should be used (by an affiliated unit or non-affiliated unit). Ownership over IP/IA such as trademarks (and brands) is not the kind of grey area matter the MNE wants to leave unresolved when it operates specially in a foreign market for example. Thanks to trademarks, the ownership of these protected assets is hard to challenge (unless certain specific rights have been given away) and MNE have the courts of law to enforce the protection of their property.

As pointed out along our research, in general when it comes to study IP and IA, patents account for much of the overall research that has been done in this matter in the economic field. This bias also exist when we talk about research related to the firm and IP protection (Eeckhout and Jovanovic (2002), Kanwar and Evenson (2003), Kevles (2007), Bloom and Van Reenen (2002)). It is good to remember that unlike patents, which are protected only for a limited period of time, trademarks could be exclusive assets of the firm for an unlimited period of time as their registration could be renewed basically in perpetuity ensuring for the firm the continuous protection of these economic assets. Maybe one of the best explanations behind the bias in the study of these intangible assets could be attributed to the extensive availability of data related to patents which could have made it easier for scholars to study them, data that in many ways seemed to be limited, minimal or even absent for trademarks. In the past, lack of reliable, readily available and adequate data seems to have been a major obstacle for the study of this IP. Luckily in recent years, more and better efforts geared towards collecting trademark data and making it available have been implemented by some organizations around the world. Nowadays we have available to us, accurate and reliable data compiled in strict scientific and methodological fashion; and whether we want to access or obtain specific and detailed trademark information, market value of brands, trademark classification or general statistics, we can now rely on several organizations such as the OHIM (European Office of Harmonization for the Internal Market), WIPO (World Intellectual Property Organization), USTPO (United States Patent and Trademark Office), Millward Brown and Interbrand's brand valuation analyses, etc.

Because of the fact that no MNE trademarks database existed for us to do our study, for this paper we aimed to construct a high quality database to do our research. We relied mainly on two sources in order to set a framework and obtained part of information and data needed for this study. We used Interbrand's Best Global Brands database for the years 2001 to 2010 to come up with a pool of world class MNE related brands. Then we obtained from the OHIM (EU Office for the Harmonization of the Internal Market) detailed trademark data for each of those brands. We considered for our study all valid and relevant trademarks that unambiguously and directly protected a specific brand. For example trademarks such as Coca-Cola, Coca-Cola Light and Coca-Cola Zero (whether they are "word", "figurative", etc.) unambiguously and directly protect the same brand, Coca-Cola. On the other hand and although they are IP of the same parent MNE, trademarks such as Coke, Coke Light and Coke Zero do not protect Coca-Cola as a brand. Also note that "Apple" related trademarks do not protect other Apple Inc. owned brands such as iPhone, iPad or iMac.

iii. TRADEMARK PROTECTION AND BRAND VALUATION SOURCES

Nowadays, although fragmented and scattered, there exists brand and trademark data and information available from multiple trustworthy organizations for scholars to collect. These organizations have been able to index and record vast amounts of

information and data in a methodological and detailed fashion that is suitable for scholarly research. The problem faced when the present study began was that, because of their nature, these organizations (and their databases) have specialized on different and opposing aspects of the brand/trademark relationship, with no transitional happy middle. On one hand, for example, we have national or supranational organizations that were essentially created for the exclusive purpose of dealing with all issues associated with IP protection (and proper recording of extensive and detailed data and information related to trademark activity) in specific jurisdictions. And on the other hand we have organizations, mainly private, that as part of their activities and business purpose, seek to evaluate brands, rank them based on certain pre-established criteria and provide a market valuation for those brands. For our present study, brand valuation itself is not a concern of ours (nor it is a fundamental aspect of our research); our problem is one of being able to study properly trademarks as economic assets of the firm and also identify protection patterns across economic sectors and, geographical and political borders. In order to be able to answer all the pertinent and relevant questions related to our research we have done a detailed study and analysis of several sources of information and diligently constructed a database that merged both sides of the brand/trademark duality. We have mentioned before that most scholars might not be aware of the true complexity of trademark protection and other related matters; some scholars might not even be aware of the fundamental differences that exist between brands and trademarks and it is probable that many readers might not be familiar with some of the most important institutions and systems that govern trademarks protection and that assess brand valuation. In order to have a more productive discussion it will be good for the reader to be presented and get familiarized with some of these

institutions and systems. Because of their “contribution” to our research (and their worldwide influence on brand and trademark matters) these organizations and system are:

- USTPO
- OHIM
- WIPO
- Madrid System
- Nice Classification
- Millard Brown
- Interbrand

For our study, we examined trademark data from the European OHIM and the American USTPO, possibly the two most reputable and well known IP offices in the world. Headquartered in Alexandria, VA, the United States Patent and Trademark Office is the Federal agency that is entitled with the responsibility of granting patents and registering trademarks in fulfillment of the mandates of the Copyright and Patent Clause and the Commerce Clause of the US Constitution respectively. The USTPO has its origins in the first US patent Act passed into law on April 10, 1790. The first Trademark Law dates from 1881 and it was that same year that trademark registration was added to the functions of the Patent Office. There was a major amendment to the Act of 1881 in 1905 followed by some other partial revisions thereafter. Currently the Lanham Act of 1946 governs the U.S. federal trademark registration system and provides for protection of trademarks used in

commerce and registered with the USPTO.¹² The USPTO works with other agencies to secure strong IP protection in free trade and other international agreements for US entrepreneurs and innovators around the world. Its stated mission is to foster innovation and competitiveness by “providing high quality and timely examination of patent and trademark applications, guiding domestic and international intellectual property policy, and delivering intellectual property information and education worldwide”.¹³ The USPTO aside being a filing office also “advises the President of the United States, the Secretary of Commerce, and U.S. Government agencies on intellectual property (IP) policy, protection, and enforcement; and promotes the stronger and more effective IP protection around the world”.¹⁴ As well the USPTO provides training, education, and capacity building programs intended to promote respect for IP and the development of strong IP enforcement regimes by trading partners of the U.S.

Based in Alicante, Spain, the OHIM is the Office for Harmonization in the Internal Market and it is the official trademarks and designs office of the European Union. Established by Council Regulation (EC) No 40/94 of 20 December 1993, but officially opening on April 1, 1996 this EU office “registers the Community Trade Mark (CTM) and Registered Community Design (RCD), which are essential components of the European single market covering 28 countries in the European Union and over 500MM people”.¹⁵

¹² The USPTO Trademark Case Files Dataset: Descriptions, Lessons, and Insights. January 2013.

¹³ http://www.uspto.gov/web/offices/com/annual/2007/30100_mission_org.html

¹⁴ <http://www.uspto.gov/about/>

¹⁵ <http://www.ecap-project.org/resources/ohim>

As part of their duties the OHIM works in close partnership with the national IP offices of all the EU member states, with international IP offices outside the boundaries of the EU and with the European Commission on a wide range of matters that affect the owners and users of intellectual property rights. Since it started operations, the OHIM has seen an explosive increase in the amount of trademark applications filed with this office, experiencing a 2262%¹⁶ growth from 1996 to 2011. Until 2012 (and for the entire timeframe of our study), US brands (and firms) were OHIM's largest filers of trademark applications, though lately German firms have taken the lead, on yearly applications and on the overall aggregate amount of trademarks filed with this office.¹⁷

Both IP offices, OHIM and USPTO, have databases that are accessible online to the general public, but unlike the USPTO website (in the opinion of this researcher), the OHIM web interface has been created to be more user friendly (maybe because the database itself was born in times of the digital era) and appears to be more "reliable" and clear at the time results are reported. Also the OHIM database has the advantage of having more "recent", less outdated IP data and information, so this IP database is more likely to have trademarks that are relevant to our study. For all these reasons the optimal choice for us was to use OHIM's IP database to obtain part of the data needed to build our research's dataset.

¹⁶ https://oami.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/about_ohim/the_office/ssc009-statistics_of_community_trade_marks_2013_en.pdf

¹⁷ https://oami.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/about_ohim/the_office/SSC009-Statistics_of_Community_Trade_Marks-2014_en.pdf

The World Intellectual Property Organization (WIPO) is a specialized agency of the United Nations. The WIPO is headquartered in Geneva (Switzerland) and was chartered by the WIPO Convention of 1967 with a mandate of promoting the protection of IP all over the world through cooperation among states and in collaboration and partnership with other international organizations. As of late 2014 there were 188 Member States (Table 11) up from 185 in 2011, i.e. over 90 percent of the countries of the world are members of the WIPO. The WIPO works with Member States to develop international laws and standards for trademarks and devotes great efforts at developing a balanced and accessible international IP system, promoting creativity, innovation and economic progress around the world while safeguarding the public interest. WIPO's World Intellectual Property Indicators report provides a wide range of statistical information covering various areas of intellectual property: “patents, utility models, trademarks, industrial designs, microorganisms and plant varieties protection”.¹⁸ Specifically to trademarks, these statistics are based on information supplied to WIPO by IP offices around the globe in annual surveys and are supplemented with data found in national IP offices annual and statistical reports. The WIPO-administered Madrid System for the International Registration of Marks (which at its core is shaped by the Madrid Agreement and the Madrid Protocol- Table 12) offers a route to trademark protection in multiple “countries” by filing a single application. With the Madrid system an applicant can seek protection for its trademark in 94 jurisdictions (Contracting Parties) by filing one application and paying one

¹⁸ <http://www.wipo.int/ipstats/en/wipi/>

single set of fees. A Contracting Party is defined as a State (or intergovernmental organization such as the EU) which is party to the Madrid Agreement and/or the Madrid Protocol. Although it has been revised and amended in several occasions the original Madrid Agreement dates from 1891.¹⁹ The Madrid Protocol is a newer document and it dates from 1989.²⁰ In order to file for trademark protection through the Madrid System the trademark applicant must have the necessary ‘connection’ through an establishment, domicile or nationality on any Contracting Party. After the applicant has been able to register a trademark through the Madrid system, the protection to the trademark can be extended to other Contracting Parties as needed. One key aspect of the Madrid System is that regardless of the number of Contracting Parties included in an international registration, the registration will have just one single expiration day and from the start, each international registration is entitled to a ten year protection which can be renewed indefinitely for additional periods of ten years at a time. A cornerstone of the Madrid system is the figure of the basic national (or regional) trademark application or registration. The difference that exists between the Madrid Agreement and the Madrid Protocol is that, whereas in the Madrid Agreement a basic registration (a registered trademark) must exist in the Contracting Party where the trademark owner has the necessary connection in order to apply for an international registration; under the Madrid Protocol, a basic registration does not need to exist and only a basic application suffices in order to be able to file for an international application, i.e., the international application may be based on a basic

¹⁹ https://oami.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/about_ohim/the_office/SSC009-Statistics_of_Community_Trade_Marks-2014_en.pdf

²⁰ http://www.wipo.int/export/sites/www/treaties/en/documents/pdf/madrid_marks.pdf

registration or a basic application. Trademark applicants through the Madrid system seeking to protect their marks for specific goods and/or services must do so complying with the International Classification of Goods and Services, also known as the Nice Classification (applicants are able to indicate any goods and/or services as long as they adequately classify their choices in accord with the Nice Classification). The trademark will enjoy protection for only the goods and/or services mentioned on the application.

The Nice Classification is an international classification system used to classify goods and services for the purposes of the registration of trademarks (and service marks). It was established by the Nice Agreement on June, 1957 entering in force on April 1961 and subsequently revised and modified in 1967, 1977 and 1979. The Nice Classification has “about 10,000 indications referring to goods (such as chemicals, pharmaceuticals, machinery, scientific equipment, vehicles, textiles, household utensils, games, food and drink) and 1,000 indications referring to services (such as advertising, telecommunications, transport, entertainment, medical, legal and security services)”.²¹ The use of the Nice Classification by competent trademark offices has the advantage of simplifying and standardizing trademark application as the goods and services to which a given mark applies will be classified in the same way in all countries that have adopted the Classification. As of August, 2014 there were 84 States party to the Nice Agreement, New Zealand being its newest member (Table 13). According to the WIPO, in addition to the International Bureau of WIPO, around 150 IP offices from all over the world (member and

²¹ http://www.wipo.int/madrid/en/faq/madrid_system.html

non-members), plus four regional organizations, namely the African Intellectual Property Organization (OAPI), the African Regional Intellectual Property Organization (ARIPO), the Benelux Organization for Intellectual Property (BOIP) and the European Union Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM), use and apply the Nice Classification.²² The Nice Classification comprises 45 possible classes, the first 34 classes are for Goods and the last 11 classes are for Services (Table 14).

When it comes to assess brand valuation, there are two well-known and reputable global brand consultancy firms that stand out from the rest, Interbrand and Millward Brown. Both firms and their annual lists of 100 Best/Most Valuable Global Brands are without argument the best known and most comprehensive analysis of brand valuation in the market. Although their methodologies have similarities, they also have fundamental differences which lead (in many cases) to major discrepancies on their market valuation of the very “same” brands, as each firm has a different understanding and definition of what a brand is. For example, in their 2011 report Millward Brown ranked and valued the next brands as follows: Apple #1 at \$153,285MM, Google #2 at \$111,498MM, IBM #3 at \$100,849MM (see glossary for MM). But for the same year those same brands were ranked and valued by Interbrand as follows: Apple #8 at \$33,492MM, Google #4 at \$55,317MM, IBM #3 at \$69,905MM. Also, Microsoft ranked #3 and #5 on Millward Brown and Interbrand’s reports respectively at a corresponding value of \$78,243MM and \$59,087MM each. Although Coca Cola did not fare well on Millward Brown’s ranking landing at the

²² http://www.wipo.int/classifications/nice/en/about_the_ncl/faq.html

6th spot (as opposed to the 1st spot on the Interbrand's report), both companies valued the brand pretty "close" to each other at \$73,752MM vs. \$71,861MM respectively. These differences in the market valuation, could certainly lead to some criticism on the way these rankings are put together and how accurately market valuation is assessed and determined. At the end, in the eventuality that any of these powerful brands become one day up for sale, market forces (and some good financial and accounting analysis) will reveal the true market value of the brand to the prospective buyer. But until then, these rankings constitute serious but referential studies of world-class brands that are by many standards, powerful and relevant in today's market. For the purpose of our study these reports provide to us something that we need; an independent, unbiased and comprehensive list of world-class brands for us to dissect trademark patterns on and answer the questions proposed by our research. Founded 1973 Millward Brown is headquartered in New York City and it is part of Kantar, the information and consultancy division of British multinational WPP. According to information in the WPP website, as of late 2014, Millward Brown owns 87 offices in 58 countries around the world. WPP asserts that BrandZ, their brand equity database created in 1998, is the largest in the world. Raw data for the BrandZ study is collected annually by interviewing over 150,000 consumers and professionals around the world, who are asked to evaluate brands in a competitive context from a category they actually shop in. This database holds over 60,000 brand results split in over 200 separate categories.²³ On the other hand with 33 offices in 27 countries around the world and also headquartered in New York City, Interbrand started operations in 1974 and it is a division

²³ <http://www.wpp.com/wpp/marketing/brandz/what-is-brandz/>

of the Omnicom Group. Interbrand's method looks at the ongoing investment and management of the brand as a business asset taking into account financial performance, the role of brand in the purchase decision process, and the strength of the brand.

Both studies by Interbrand and Millward Brown offer consistent, serious and solid valuation methodologies as indicated, but as also noted their assessment of the value of a very “same” brand could vary considerably as each company seems to interpret the concept of the “brand” in a somewhat different way. Millward Brown assesses the value of a “branded firm” as a whole, while Interbrand assesses the value of each individual “branded units” of a firm. For example in the case of Millward Brown, the Coca-Cola brand becomes more an analysis of Coca-Cola Inc., which will include other brand names such as Sprite and Fanta, but in the case of Interbrand the analysis centers around the value of Coca-Cola as a brand name and Sprite is treated as a different entity (Sprite itself is a Best Global brand in the Interbrand rankings), therefore the Interbrand survey allows us to identify the net estimated market value of each individual brand unit. Also, even though both organizations base their brand valuation on a similar 3-step parameter system, the Interbrand approach add certain inclusion pre-requisites to ensure that the brand in question is a true global powerhouse and that it has successfully transcended geographic (and cultural) differences, and furthermore, that it has expanded across the established economic centers of the world and is entering the major markets of the future. In measurable terms, the Interbrand methodology requires that:

- At least 30 percent of revenues come from outside the home country, and no more than 50 percent of revenues come from any one continent.

- It must have a presence on at least three major continents, and must have broad geographic coverage in growing and emerging markets.
- There must be substantial, publicly available data on the brand's financial performance. Economic profit must be positive showing a return above the operating and financing costs.
- The brand must have a public profile and awareness above and beyond its own marketplace.

This way the Interbrand approach weeds out “brands” that, although powerful, could be more of a national or regional reach. So because we are interested in true global brands (across different sectors and across geographical and political borders) for which trademark protection would be of extreme need for the defense of their business and the survival of the organization, the Interbrand survey is the optimal choice for our research. Now it is good to note that it could be argued that some of these requirements seem to be related more to the firm that “owns” the brand than to the brand itself, for example when it requires that there must be substantial, publicly available data on the brand's financial performance and that economic profit must be positive. Although it is fair to say that with some adequate accounting it is possible for most firms to estimate the financial performance and that economic profit of a brand, it would be extremely rare to see firms reporting numbers like these.

To construct the dataset for our study, we gathered each and every brand that made it to Interbrand's 100 Best Global Brands for a 11 year period, from 2001 to 2011 (Table

15). By doing this, we identified a total of 147 Best Global Brands for the indicated time period that were valid and relevant for our study (for list of business type abbreviations and full descriptions please refer to Table 26). These brands came from 18 different home countries²⁴ (Table 16 and 17), spanning three different continents (Americas, Europe and Asia); hence we covered our need to have a study that transcended political and geographical borders. Also, following Interbrand's classification of industrial sectors, brands were categorized into 26 distinct sectors (subsequently we clustered these brands into nine groups); which covered our need to have a study that would look into different economic activities (Table 19). The majority of these brands was a reoccurring feature in the Interbrand's ranking for all 11 years; most appeared in most years, some made the ranking in only few years and some others made just a single appearance on it. The fact that we only have 147 (valid and relevant) brands over the entire period of 11 years (and therefore 1,100 single rankings) is a testament to the long term value and stable place of these brands as true global superpowers.

In order to get detailed trademark information for our study on these 147 brands we meticulously researched each and every of these brands in the European OHIM web based database.²⁵ The trademarks we obtained were filed by a natural or legal person on behalf of a subsidiary or the parent MNE and included all trademarks on record from April 2006

²⁴ Self-governing since 1620, Bermuda is the oldest and most populous of the British overseas territories (<https://www.cia.gov/library/publications/the-world-factbook/geos/bd.html>), but for the purpose of this paper it will be considered a home "country".

²⁵ <https://oami.europa.eu/eSearch/#advanced/trademarks>

to October 2011. As it is required by the European Union, all trademarks applications presented to the OHIM are done so using the Nice Classification system.

There could be a concern to some readers that we will only find trademark applications by European brands owners given that OHIM is an European Trademark System, but the evidence does not support the possibility of such a claim. As noted earlier, the brands used in our study are true Global Brands on their own merits and in order to be labeled as such, these brands had to meet certain minimum requirements (pp. 121-122 above) which are not easily achievable, not even by other powerful brands, such as: Wal-Mart, Baidu, Kirin, Tim Hortons, Itaú, OXXO, etc. Because of the extent, the reach and the complexity of their operations it is reasonable to expect that the firms that own these powerful brands will seek extensive protection for their property in markets around the world. The fact that US brands dominate Interbrand's list of Best Global brands and also dominate the trademark statistics obtained from our analysis of the OHIM data is a validation of this assertion and rest any validity to a concern related to bias on the data.

iv. DATASET DESCRIPTION AND ANALYSIS

Our data consists of all valid trademarks on record at the OHIM from 1996 to late 2012 for selected brands that were part of Interbrand's 100 Best Global Brands ranking

report from 2001 to 2011 (a total of 11 years). In order to meet the Interbrand list, these brands had to meet stringent requirements related to their performance and reach of operations that made them ideal for our research. As part of our analysis we researched these brands through different sources (such SEC, LexisNexis, Bloomberg, etc.) to gather additional information related to the MNE corporate structure, amongst other things. Under close examination of the brands included in our research, it was noted that in two instances, Interbrand's requirements for being considered a Best Global brand were bent slightly for the following brand names: Rolex and Merck. Rolex is privately owned firm and as such it does not openly or commonly disclose financial information. This situation might be in contradiction with the requirement that financial performance must be publicly available (and possibly that the economic profit must be positive). In the case of Merck, although previously related, the US "based" brand owned by Merck & Co., Inc, included in the Interbrand's reports (which operates as Merck Sharp & Dohme (MSD) outside the US and Canada), is technically not the same as the Merck brand owned by Germany based Merck KGaA, which has the rights to the brand name Merck everywhere else in the world but in the US and Canada. This situation will go against the requirements that no more than 50 percent of revenues (of the "brand") could come from any one continent and that it has to have a presence in at least three major continents and coverage in emerging markets. For the purpose of our paper though, understanding that under minimal rules of good corporate governance both companies have an (mutually beneficial) implicit fiduciary responsibility with one another to protect (jointly and severally) the good name of the Merck brand worldwide, provided that under close examination the German "brand" does meet

Interbrand's requirements, given that both MNE operate in the same sector and because both companies have actually the same origin, we will treat them both as one.

For the period 2001-2011 a total of 151 Global brands were identified in the Interbrand's reports. Unfortunately four brands were deemed not valid to be incorporated to our study for different but specific reasons. The four brands in question are Chanel, Sony Ericsson, Reuters and Sun Microsystems. In the case of the brand name Chanel, there are no trademarks filed for the brand, although Chanel S.A. (parent MNE) does own two unrelated trademarks (CTM # 000628891 and 006430086) at the OHIM. Sony Ericsson is a defunct brand; Sony Corporation bought L. M. Ericsson out of their mobile business partnership. The brand Reuters (and the namesake company) was acquired by the Thomson Corporation and the new company was rebranded as Thomson Reuters (which is part of our brands to be studied). Lastly, Sun Microsystems (and the namesake company) was acquired by Oracle Inc. and it is now a defunct brand. So after removing these brands we were left with the 147 brands that are part of our final research.

Originally, for our pool of 147 brands we identified a total of 4,352 individual trademarks that were filed with the OHIM for these brands, and together these trademarks we obtained a total of 15,003 individual class applications (Nice Classes). All trademarks were analyzed to determine if they were valid and relevant for our study; under close examination we identified 31 trademarks that for different reasons had to be removed from our dataset (Table 18). The removal of CTMs lowered our total number of trademarks to 4,321 for all 147 brands (Table 20) and the total number of individual class applications

related to these trademarks was left at 14,918 (Table 21). For each specific trademark record we were able to obtain individual information on the following parameters:

- Trademark
- Trademark number
- Filing date
- Classes (Nice Classification)
- Name of owner
- Type of mark
- Status

For each Community Trademark (CTM) record, “Trademark” is the verbal description of the trademark (which is the same as the trademark if the CTM is a “word” trademark). The “Trademark number” is permanent identification number assigned to each CTM by the OHIM. The “Filing date” is the date the trademark application was formally received by the OHIM. The “Classes” are the specific Nice Classifications for which protection is sought for. The “Name of owner” is the name of the legal entity that will appear on record as the CTM owner. For “Type” and “Status of trademark” we found that there exist several possibilities to be known.

For Types of mark we have:

- 3D
- Color
- Sound

- Figurative
- Olfactory
- Hologram
- Word
- Others.

The possible statuses for trademark applications (found in our study) are:

- Registered
- Absolute grounds OK
- International registration accepted
- Application under examination
- Application published
- Registration expired
- Application withdrawn
- Application opposed
- Application refused
- Registration cancelled
- Registration cancellation pending
- Registration surrendered
- Removed from register

It is good to point out now that for the purpose of our research, “Registered” was not the only status that was valid for a trademark to be part of our study. MNE do not take

lightly the time, efforts and costs associated with filing, maintaining and defending their trademark portfolio so they do their best to make sure that their trademarks will withstand possible challenges. Furthermore, from the moment a trademark is filed the applicant acquires certain protection and rights, even before the Community Trademark (CTM) has a “Registered” status. After careful evaluation, here below are the reasons why a CTM with a status other than “Registered” could have been used for our study:

- 1) **Registration expired:** Even if a CTM was expired at the time we pulled the data from the OHIM database, at certain point that CTM was registered and valid during the timeframe established for our study (most likely it was valid for most of the timeframe) which makes them relevant for our research. Examples of these trademarks are: HONDA i-SERIES (CTM#: 1933811) and JACK DANIEL'S OLD TIME Old No. 7 BRAND QUALITY Tennessee SOUR MASH WHISKEY BOTTLED AT THE DISTILLERY (CTM#: 1342815).
- 2) **Application withdrawn:** Most of these CTM were filed and later withdrawn (sometimes many years later) without any litigation or challenge to the rights of the trademark owner by a third party. This category includes some CTMs that were just transformed to National Marks. So at one point (and for some or most of the timeframe of our analysis) the applicant claimed and had certain rights over these trademarks and if needed they would have been able defend their rights to those trademarks. Examples of these trademarks are: TOYOTA Reflex (CTM#: 006661144),

HYUNDAICARD mini M (CTM#: 003584257) and GUINNESS (CTM#: 3985652).

- 3) **Application opposed:** That a trademark was opposed at the time the data was collected does not mean that the applicant was unable to exert their rights over such trademark or that the challenge was successful. The vast majority of these oppositions we resolved in favor of the applicant but we also have amicable settlements and registrations after some limitations were imposed. Examples of these trademarks include: CISCO NEXUS (CTM#:7359417), PEPSI NEXT (CTM#:9819301), THOMSON REUTERS (CTM#: 6680987), BABY GAP (CTM#: 9460651), HTC DESIRE S (CTM#:9733221), LG Apps (CTM#: 9849803).
- 4) **Application refused:** This category includes just one specific entry: INNOVATION TECHNOLOGY DESIGN PREMIO INTEL DESIGN (CTM#: 1138528). This trademark was not filed by Intel Corporation but it was opposed by this company. At the end Intel Corporation was able to successfully defend their challenge of the CTM and prevail. After the CTM was refused to the original applicant, Intel Corporation requested the transfer of the ownership of the trademark and they have rights over it.
- 5) **Registration cancelled:** This category also includes just one specific entry: GILLETTE DIVINE (CTM#: 3393485). Registration was alive for six years.
- 6) **Registration cancellation pending:** Pending cancellation does not imply necessarily that the CTM will be cancelled. In this category we have

trademarks that are still going through the cancelation process (and are still “pending cancelation”) and trademarks that were able to win the challenge (and were registered). Examples of these trademarks include: ZARA (CTM#: 732958) and Lexus (CTM#:24406).

- 7) **Registration surrendered:** This category include trademarks that were “cancelled” at the request of the owner without any known litigation on record. Applicants had the rights to the trademarks for an extended period of time that fell within the timeframe of our study and also and if needed they would have been able to defend their rights to those trademarks. Examples of these trademarks include: VISA TRANSFORMING THE WORLD OF COMMERCE (CTM#: 7252778), ALICO AIG LIFE (CTM#: 6600126), AT&T SECUREBUY (CTM#: 494815) all surrendered voluntarily.
- 8) **Removed from register:** This category also includes just one specific entry: FEDEX EVERY PACKAGE MATTERS (CTM# 0873758). Registration was alive for three years.

In the Interbrand Best Global brands report, a “home country” for the brand has already been established and we will refer to this home country as the “country of origin” (COO) of the brand moving forward. Although there is no disclosure regarding the criteria used to determine this country of origin, it seems like it was based on the actual country where the brand was first originated. For example, Budweiser and Corona are considered to be US and Mexican brands respectively in the Interbrand report, even though their parent

company is not. The only brand that does not follow this rule is Smirnoff, which has been labeled as a UK brand (although its origin is Russian). As we will discuss later on, aside the COO of the brand and the parent MNE we have a third COO to be aware about, the COO of the trademark owner. All these three COO could be different from one another (as it occurs sometimes in our study). As the reader could notice, the COO issue adds another level of complexity to the brand, trademark and MNE story. As part of the additional information that was incorporated to our dataset regarding MNE corporate structure, we determined that data on the COO of the parent MNE was needed. For the purpose of our paper, the parent MNE will be the highest level company in the corporate hierarchy on record as of late 2011. We will define the country of origin (COO) of the parent MNE as the jurisdiction of incorporation of that (highest level) company. A quick comparison between the COO of the brand and parent MNE shows us that it is common for these two COO to be different. The question now is: why do we have a different country of origin (COO) between the brand and the parent MNE? Complex MNE's corporate structures in a highly globalized economy will be the most simple but accurate answer. As MNEs venture outside their home countries and expand the scale and scope of their operations they could add "foreign" brands to their portfolios. In our study we found a total of 18 COO for our brands. The total number of COO for the parent companies was also 18, although they were not necessarily the same as the brand's COOs (Table 24). We found situations like this for brands from Europe and the Americas, though Europe had a higher incidence of brands having a different COO than the COO of the parent company. For example we found:

- German brand Puma has a French parent company (Kering S.A.).

- Italian brands Bulgari and Gucci have a French parent company (LVMH and Kering S.A. respectively).
- Italian brand Ferrari now has a Dutch incorporated parent company (Fiat-Chrysler Automobiles N.V.)
- Irish brand Guinness has a UK parent company (Diageo plc).
- US brand Budweiser now has a Belgian incorporated parent company (Anheuser-Busch InBev N.V.)
- Mexican brand Corona now has a Belgian incorporated parent company (Anheuser-Busch InBev N.V.)
- The Accenture brand, which can trace its roots to the US, has a parent company that has been incorporated in Ireland.

v. STATISTICS, OBSERVATIONS AND RESULTS

In this part of our research we will proceed to present the reader with an in depth and comprehensive analysis of our extensive and detailed data. Our efforts will be targeted at not only identifying specificities of overall IP protection characteristics but we will also look at patterns and differences across a multilayered fabric of economic sectors, political borders and geographical regional boundaries that will allow us to tell a more accurate and holistic story of the relationship between brands, trademarks and the MNE. As we move

forward with this analysis we will attempt to address the questions we originally proposed at the beginning of this paper and some other questions that we identified during our research, we will also provide overall results and observations based on our data that will help us elaborate our conclusions at the end of this chapter.

One of the most important observations to be made before we proceed with our analysis is that, although a total of 147 valid Best Global brands were identified for our study as part of the Interbrand survey for the years 2001-2011, only a total of 18 brand's COO were identified for those same years (and 18 parent MNE's COO for a total of 19 countries overall, Table 16 and 17). This number represents an extraordinary concentration of not only Best Global brands but also of value in the hands of just a few countries (with the corresponding worldwide stream of economic benefit). An even more remarkable concentration to be aware about is that, out of a total population sample of 147 Best Global brands, 127 of them call seven specific countries their country of origin (US, Germany, France, Japan, Switzerland, UK, and Italy) and an equal 127 of these brands have a parent MNE incorporated in also seven specific countries (US, Germany, France, Japan, Switzerland, UK, and Netherlands); in both instances this is over 86% of all the brands studied for this 11 year period. The US comes on top of the ranking as the world's brand super power; no other country comes close to rival or to challenge its hegemony and top spot on the list. The US alone accounts for 53% and 52% of all the brands and parent MNE respectively. Overall, all countries in these two COO lists (brand and parent MNE) are

high-income²⁶ capitalistic democracies (Mexico is the exception being an upper-middle-income; IMF figures place Taiwan as a high-income country²⁷), all countries (except Taiwan) are OECD²⁸ member states and overall they all have very strong (or at least higher than average) IP protection systems (Table 25).

It is evident that these brands come from well-developed national or regional markets that could guarantee their success at those levels but thanks to the MNE they have been able to transcend the borders of their own “neighborhood” and have extended to far and remote corners of the world. In our paper we will cluster our Best Global as originating in the Americas, Europe and Asia, although it will be more precise to say that they originated in North America (which will include Mexico), Western Europe and Eastern Asia.

So in the context of the MNE and Global brands we have been able to find with our research fact-based answers to key questions such as:

Is there one trademark for each brand?

Our study indicates that one brand is likely to have multiple trademarks protecting it; moreover in our study all brands had more than one trademark associated to them and we did not find any 1-1 relationship whatsoever.

²⁶ <http://data.worldbank.org/about/country-and-lending-groups>

²⁷ <http://www.imf.org/external/pubs/ft/weo/2014/02/weodata/index.aspx>

²⁸ As we mentioned before, Bermuda is a British (UK) overseas territory. UK is an OECD member.

Why are there multiple trademarks for each brand?

Form our analysis we were able to identify three main reasons to be known:

- Firms create “extensions” of their original brands and then they seek to also protect those extension of the brand. For example: Pepsi and Pepsi Max; Marriot and Courtyard by Marriot; or Google and Google Latitude.
- Firms might file trademarks for different “types” of the same brand. In the OHIM system, types include: 3D, Color, Sound, Figurative, Olfactory, Hologram, Word and others. For Example: Coca-Cola (word – CTM #2091569) and Coca-Cola (figurative – CTM #569731).
- Firms might seek separate or additional registrations for a specific “type” of trademarks. This approach might be in response to a corporate/business strategy or as needed by market in which they operate as different trademarks address different business needs. In this category we have two main cases to be known:
 - Variation of the “same” word trademark but filed for different (Nice) classes. For Example “APPLE” CTMs # 2593168 and # 2592988.
 - Variations of the “same” figurative brand trademark (based on the trademark word description), such as logos which could change over time.

For example, figurative “PEPSI” trademarks CTMs #106112 and #105338.

It will be good to remind the reader again that trademarks are the legal protected entities and brands are the commercial representation of such legal entities, where logos are graphic marks of the brand. For a list of current official logos²⁹ (as of late

²⁹ Interbrand’s Best Global Brands 2014 ranking (<http://bestglobalbrands.com/2014/ranking/>). Interbrand’s Best Global Reports – Previous Years (<http://bestglobalbrands.com/previous-years/2013>)

2014) and to see the difference between a logo, brand and a trademark please refer to Figure 5.

Are all trademarks in the MNE's portfolio equally the same for the firm?

Not likely. On the contrary, our data support the hypothesis that actually even if they are basically the 'same', no trademarks are alike. Take for example Microsoft's CTMs #330910, #479956, #2850634 and #530253; all these registrations are for the trademark "Microsoft". The first three CTMs are for "word" trademarks but for different (Nice) classes; the last CTM is for a "Microsoft" figurative trademark. As we said before and based on the evidence, it is our understanding that different trademarks address different business needs and moreover, they are likely to respond to an overall corporate strategy.

Do characteristics such as corporate structure, country of origin of the parent MNE/brand and business sector influence trademark protection patterns and portfolio characteristics?

Yes. Our study supports the idea that all these factors affect the trademark protection patterns and the characteristics of the trademark portfolio of a MNE.

For example, based on corporate structure, "ownership" of trademarks could be centralized or decentralized, moreover it could be exerted directly by a parent MNE or a subsidiary. Also when seeking protection, depending on the COO of the brand and economic sector, we could see a bias towards "service" or "good" classes or even specific classes (as we will see later on).

Is the brand name the same as the parent MNE name?

Not necessarily. At least in our study our data showed that although it is very common for the brand name to be part of the name of the parent MNE, the brand name was always different than the MNE parent name (Table 15). So if we want to be “proper”, we should never use the name of a brand to refer to a company, it is highly likely that they are not the same.

Are trademarks always owned by the MNE parent company?

No. Overall in most cases trademarks are filed (and owned on record) by a parent MNE company (in our study 82 out of 147 brands were owned by a parent MNE—Table 23), but in many cases this is not that case and we have subsidiaries filing for trademark protection (and are at least on record the owner of that trademark). For example:

- Trademarks related to the Microsoft brand name are owned by the parent company, Microsoft Corporation.
- The Trademarks related to the Disney brand name are owned by Disney Enterprises, Inc., which is a subsidiary of the parent company The Walt Disney Company.

Do we always have either a parent or a direct subsidiary of the parent owning trademarks on the record?

No, this is not the case. We have found in our analysis highly complex ways of ownership that are related to the corporate structure. In some instances, for example, we have found subsidiaries of subsidiaries being trademark owners on record. For example:

- On record, the trademarks for the brand name Accenture are owned by Accenture Global Services Limited, which is a subsidiary of Accenture SCA, which is then a subsidiary of Accenture plc, the parent MNE.
- Accenture Global Services Limited and Accenture plc are companies incorporated in Ireland. Accenture SCA is incorporated in Luxembourg.
- As a side note Accenture Inc. (the US based company) is a subsidiary of Accenture SCA.

Do we always have one MNE entity (parent or subsidiary) owing all trademarks?

Not necessarily. In our study we have found that it is possible for two or more related entities to own trademarks for the same brand (in our study 23 out 147 brands had trademarks that were owned by two or more related companies – Table 22). This fact is further evidence of different and complex types of corporate structures and that different MNEs handle their IP assets in different ways. For example:

- On one hand we have that all the trademarks related to the brand name “Apple” are owned by the parent MNE, Apple Inc.

- And on the other hand we have several subsidiaries of the Hyundai Motor Group (parent MNE) owning (at least on record) trademarks for the “Hyundai” brand name (Hyundai Steel Company, Mobis Parts Europe N.V., Hyundai Card Company Limited, Hyundai Hysco Co., Ltd.).

Have we found evidence of IP Holding companies?

Although some additional research is needed in this area, it seems like we found evidence of IP Holding companies. As we have previously defined (Chapter II), IP Holdings are companies incorporated in low tax jurisdictions as wholly-owned subsidiaries of a parent company, which own a substantial amount of IP, in an effort to better manage its intellectual property, reduce tax burden on licensing revenues and maximize earnings related to its IP assets. In this arrangement, the parent company transfers ownership of its intellectual property to its IP Holding subsidiary and then the IP Holding subsidiary licenses back the right to use the intellectual property to the parent company. In many industries, including the Fast Moving Consumer Goods (FMCG) industry it is common for companies to own many brands (and trademarks); this extensive portfolio of brands make these companies true brand powerhouses. Companies such as Nestlé, Unilever, Sara Lee, Procter & Gamble, Coca-Cola, General Mills, Pepsi and Mars, etc., each own dozens of world renowned brands. Note that when we say low tax jurisdictions we are talking about sovereign nations and non-sovereign nations jurisdictions (Switzerland vs. Delaware for example). Some of the presumably IP Holding companies that we found in our study are:

- Motorola Trademark Holding, LLC
- Kraft Foods Global Brands, LLC,
- AT&T Intellectual Property II, L.P.
- Compaq Trademark B.V.
- HLT International IP LLC

Have we found any evidence of companies incorporated for the purpose of taking advantage of Tax Havens?

Although some additional research will also be needed in this area, possibly we might have found some evidence of some companies being incorporated for the purpose of taking advantage of Tax Havens. As we also mentioned previously (Chapter II), the concentration of intangible assets in these financial centers is a result of the low or no taxes applied to the income generated by the assets (such as licensing fees and royalty payments).

For example:

- Parent MNE Accenture plc, with subsidiary companies incorporated all around the world, was incorporated in 2009 in Ireland.³⁰ This company can trace its origins back in the US.
- Texas Instruments Incorporated, a US MNE headquartered in Dallas, TX, has been incorporated in the State of Delaware.³¹

³⁰ SEC Form 8-K (<http://www.sec.gov/Archives/edgar/data/1467373/000146737315000090/a2015-02x04plc8xk.htm>)

³¹ SEC FORM 10-K (<http://www.sec.gov/Archives/edgar/data/97476/000009747615000003/txn-12312014x10xk.htm>)

- The Coca Cola Company, a US MNE headquartered in Atlanta, GA, has been incorporated in the State of Delaware.³²
- Ford Motor Company, a US MNE headquartered in Dearborn, MI, has been incorporated in the State of Delaware.³³

It is good to point out at this point that it is likely that not only taxes motivate firms to incorporate in Delaware but also matters related to corporate law.

Do we have any evidence of trademark ownership issues between related subsidiaries?

Yes. Danone Group seems to have a very complex corporate structure. The group appears to be formed by three related but somewhat independent companies:

- Danone S.A., based in Barcelona, Spain.
- Compagnie Gervais Danone S.A., based in Paris, France.
- The Dannon Company, Inc., based in New York, US.

Danone S.A. has been successful at challenging in the past Compagnie Gervais Danone S.A. trademark applications. Additional research is needed.

Is the country of origin of the brand the same as the country of incorporation of the MNE parent?

³² SEC FORM 8-K (http://www.sec.gov/Archives/edgar/data/21344/000110465915016299/a15-5696_18k.htm)

³³ SEC FORM 8-K (<http://www.sec.gov/Archives/edgar/data/37996/000003799615000015/sales8-kdated3x3x2015.htm>)

Not necessarily. As we saw earlier some “consolidation” of brands has taken place, especially in Europe. When MNE expand their operations and businesses, they often acquire other companies (with their IP) in the process. It is reasonable to expect some further consolidation in the future and this will result on more brands and parent MNE having a different COO (especially in Europe). It is good to point out that in some instances we found subsidiaries of the parent MNE being the owners “on record” of trademarks. In some cases the COO of these subsidiaries did not match the brand or the parent MNE’s COO.

Do we have one MNE parent company for each brand name and related set of trademarks?

Not necessarily. From our study we found out that on many occasions one parent MNE company owns the trademark rights to more than one Global brand name (in many cases thanks to the “consolidation” process we spoke about before). Within our research we have identified a total of 12 key MNEs controlling 29 of our Best Global brands. That is approximately 9% of the parent MNE controlling in our research almost 20% of all the studied brands, 17% of all trademarks and 18% of all individuals classes.

These parent MNE companies are:

• Anheuser-Busch InBev N.V	2 Global Brands
• Diageo plc	3 Global Brands
• Hewlett-Packard Company	2 Global Brands

• Kering SA	2 Global Brands
• L'Oréal S.A.	2 Global Brands
• LVMH Moët Hennessy Louis Vuitton S.A.	4 Global Brands
• Nestlé S.A.	2 Global Brands
• The Coca-Cola Company	2 Global Brands
• The Procter & Gamble Co.	4 Global Brands
• Toyota Motor Corporation	2 Global Brands
• Volkswagen Aktiengesellschaft	3 Global Brands
• Yum! Brands, Inc.	2 Global Brands

Is there any evidence in our data that could validate some “preconceptions” regarding brands?

Possibly yes. For example here are a few:

- The US is the world’s brand superpower and it has the most “industry” diversified brands.
- All of Japan’s global brands are concentrated in the electronics and automotive sectors. 4 out of 8 Japanese trademarks are “Electronics” and 4 out of 8 Japanese trademarks are “Automotive”.
- Europe has an almost complete dominance in the “luxury” brands (9 out of 11 Best Global brands). 3 out of 9 French trademarks are “Luxury”, 4 out of 6 Italian trademarks are “Luxury”.
- 5 out of 11 German trademarks are “Automotive”.
- 3 out of 9 Swiss trademarks are for “Financial Services”.

- Taiwan's only global brand is in the electronics sector.
- The restaurants sector is dominated by US global brands.

As we have seen earlier, out of 45 possible classes in the Nice system (Table 14), the first 34 are for Goods (75.6%) and the last 11 are for Services (24.4%); but in our study we found that overall 63.52% of all classes filed (for our studied trademarks) were for Goods classes and 36.48% were for Services classes. A more interesting fact is that overall, out of the eight top classes (which by themselves represent an impressive 48.56% of the overall volume of total classes filed) five of these classes were Service classes. On the other hand seven out of the eight least used classes, representing just 3.39% of all classes filed, were for Goods classes (Table 27). This finding could be related to the fact that developed countries are service economies. Overall the most used classification is 9 and the least used classification is 13 with 9.35% and 0.25% respectively of the total volume of classes filed. Class 9 is related to electrical/electronic instruments, apparatus, etc., and class 13 is related to firearms, explosives and fireworks.

COO of brands were categorized on three geographical regions, Americas, Europe and Asia with 4, 11 and 3 countries respectively in each region. From the beginning we could start seeing some differences on the trademark patterns for each region. For example from Table 28 we can see that for the Americas we have that Fast Moving Consume Goods (FMCG) and Electronics are the leading industrial sectors in this region, with 12 and 11 brands respectively in each sector or about 28% of the brands in this region (Note that by itself, the US dominates the Americas region). In Europe, with a total of 53 companies, the

Luxury and Financial Services sectors were the two top categories with nine brands each sector or 35.85% of all the brands in this region (alcohol came a close third with eight brands). Asia was an interesting case as its brands concentrated exclusively around the Automotive and Electronics sectors with five brands in the first sector and seven in the second sector. We also found some that 33% (3 out of 9) of French brands are in “Luxury”, 66% (4 out of 6) of Italian brands are in “Luxury”, 45% (5 out of 11) of German brands are in “Automotive”, 33% (3 out of 9) Swiss brands are in “Financial Services”, 50% (4 out of 8) Japanese brands are in “Electronics” and the other 50% are in “Automotive” and the US brands (the most industry diversified COO) are present in 23 out of 26 possible sectors. Also from Table 28 we can notice that “Alcohol” is the most prevalent sector across all countries, with nine countries with a brand in this category (note that “Electronics” have more brands in the category but it is more concentrated on fewer countries). When we analyze the Group classification “Drinks” also comes on top with a total of ten countries owing a brand in this category. Also note that the only categories that have presence in all geographical regions are the “Automotive” and “Electronics” sectors. A total of 78 of these Best Global brands or 53% have the US as their COO. The country with the second largest amount of global brands is Germany with 11 brands or 7.48%, followed by France with nine brands or 6.12% of the overall number of brands.

In absolute terms, German brand Nivea is the largest single applicant with a total of 148 trademarks for that one brand. US based brands, Marlboro comes second with total 129 trademarks, closely followed by MTV with 119 applications (Table 29). But when it comes to total classifications filed, although it only has 45 trademarks, BP takes the top

spot with 588 classes filed. When we differentiate between Good and Service classifications, Disney has an important lead on the Good classification with 424 out of their 542 total individual classifications on this group of classes. On the other hand, when it comes to Service classes, Swiss brand Zurich takes the lead with a total of 268 service classes filed. In relative terms, although it is less uncommon for brands to exclusively have “word” trademarks (APPLE, HSBC, TIME, FINANCIAL TIMES), it is rarer to find brands with just “non-word” trademarks such as LEVI’S and PUMA, but their trademark applications (during the time frame of our study) was minimal and any assumption here could be misleading. Overall German BMW is the brand that files more classes per trademark with an average of 16.89 CLASS/TM, followed by Dutch PHILIPSs and US based CATERPILLAR with 15.75 and 13.63 CLASS/TM respectively. Although there a few companies that have filed for just “Goods” classes (GILLETTE, HEINZ, KLEENEX, CAMPBELL’S, WRIGLEY, DURACELL AND LEVI’S) only one brand has filed services classes almost exclusively, AXA.

As we will see in Tables 30-33, although we have 18 “COO” countries for our Best Global brands, only seven of them have enough critical mass for us to feel comfortable to make observations and assumptions on them (six or more Best Global brands). These seven COO have been highlighted on Table 30. On Table 31 we could see a detailed summary of all the classes filed for each COO of the brand. Following a pattern that we will also notice when we talk about overall regions, we could see from Table 30 that Japanese MNEs have the highest ratio of trademarks per brand (40.75TM/BRAND), i.e., for each brand they own, they seek to protect their brands more actively through trademarks, while French

brands have the lowest (18TM/BRAND). On the other hand UK brands seek protection in more areas (classes) on average with almost 186 CLASS/BRAND, i.e., for each brand they own as a COO, they seek to protect their brands on more “fronts” by classes per brand. Additionally, let us note that out of the seven largest “COO” countries for brands, the three top filers of classes per trademark (CLASS/TM) are European COO (Germany, Italy and UK). Furthermore, Swiss brands at .83, are the only brands related to those seven countries that have a GOODS/SERVICES ratio lower than one and well below the average ratio of 1.74 GOOD/SERVICES for all brands, this indicates that Swiss brands have more service related classes filed with their trademarks than any of the other brands. On Table 32 we can appreciate how US brands have basically an absolute dominance on applications per single class, although this is most likely because the US brands are the number one trademark and class filer (with 50.38% and 45.75% respectively). Still we have four instances in which brands from a different country are the top class applicant. We have that brands from Germany because of their “Automotive” industry snatch class 13 (related to firearms, explosive and fireworks) and class 23 (related to yarns and threads). We also have that overall, Japan as an COO for brands, thanks to strong brands in the “Automotive” industry is the top filer for class 12 (related to vehicles) and the UK brands overall, thanks to brands like Smirnoff and Johnnie Walker, are the top filer for class 33 (related to alcoholic beverages, except beer). When we go to the COO brand level we can also see some interesting patterns of trademark protection. On Table 33 we could see for example how class 9 is the top class for countries such as Canada, Finland and Taiwan, which at the time had Blackberry, Nokia and HTC as their strongest brands (Class 9 is, amongst other things, related to apparatus for recording, transmission or reproduction of sound or images).

Also we have countries with strong banking/financial institutions and activities such as Spain, Switzerland and UK with class 36 (related to insurance, financial and monetary affairs) as their top class. All these reinforces that idea that trademark protection is not the same for all, and that specific MNE/countries could concentrate their efforts protecting their brands/trademarks in areas that matter the most to them.

Some of the most interesting patterns are observable at the regional level as we cluster all brands, trademarks and classes into just three categories and it is easier to identify the aggregate effects of trademark protection. On Table 35 we could see a detailed summary of all the classes filed per region. One the most interesting observations at the regional level (Table 34) is that on average Asian brands (Asian MNEs) file for more trademarks per brand than any other geographical regions; 41.33 vs. an overall average of 29.38 TM/BRAND for all Best Global brands combined. On the other hand, on average European brands are more likely to file for more class protection for each individual trademark they own (4.06 CLASS/TM). We also identify overall similarities amongst these groups, the most important is the one related to the GOODS/SERVICES ratio which are easier to see if we convert the ratios into percentages, this way we will have for the Americas, Asia, Europe and Overall, the percentage of “Good” classes filed per trademark are 62.90%, 66.83%, 63.48% and 63.52 respectively; and 37.10%, 33.17%, 36.52% and 36.48% respectively for “Service” classes. Overall, even though the Americas (thanks to the US) dominate on applications per single class, Europe as a whole has gained significant terrain (Table 36). The Americas barely lead the ranking with 23 individual classes going to the Americas and 22 individual classes going to Europe (Asia does not have dominance

on any single class but also this region only a minority fraction of the overall filings; 8.16% as opposed to 55.78% for the Americas and 36.05% for Europe). Analyzing Table 37 we found another key similarity (and difference); whereas for the Americas and Asia (and also Overall) the top class is 9 (a Good class), for Europe the top class is a Service class, 36 (see Table 14 for class description). Additionally for both the Americas and Asia (and also overall) the top three spots for individual classes are in this order: two “Goods” classes and one “Services” class. For Europe it is the opposite, two “Services” classes followed by one “Goods” class.

Even though we have a total of 26 Sector classifications as proposed by Interbrand for our Best Global brands, similarly to the COO issue, we have only identified 11 sectors that have enough critical mass (five or more Best Global brands). These sectors have been highlighted on Table 38. On Table 39 we can see a detailed summary of all the classes filed on each specific sector. The Electronics sector, with a total of 20 brands, not only has the highest number of Best Global brands in a single category but also has the highest number of trademarks with 619 or 14.22% of the overall amount of trademarks in our study (Table 38). This sector was closely followed by Financial Services and Fast Moving Consumer Goods (FMCG) with 17 brands apiece, and with 583 and 600 trademarks each respectively or 13.49% and 13.89% of the total applications each. The Automotive sector has the highest ratio of trademarks per brand with 43.38 TM/BRAND and the Luxury category has the lowest ratio of trademarks per brand with 11.45 TM/BRAND but it has the second highest ratio of classifications per trademark (C/T) with 5.44 CLASS/TM (so for each trademark they seek more class protection). As it could be expected, sectors such as Alcohol, FMCG

and Luxury have ratios higher than one on the GOODS/SERVICES relationship (actually they have the highest ratios for all sectors highlighted), but also sectors that rely heavily on service activities, such as Hospitality and Financial Services have ratios that are lower than one, with Hospitality having the lowest of all sectors, i.e., they concentrate their trademarking protection on Services classes. Although Electronics is the category that has more brands and trademarks overall, the Automotive sector is the one with the highest number of classes overall (15.59%) and as well, this sector is the top filer for 15 individual classes (Table 40). The Electronic sector comes in second place with both, the overall percentage of classes filed with 14.85% and with the number of individual classes where it is the highest applicant (with a total of ten). At the individual sector level class 9 is the most important classification for many of them (including Electronics) but for other sectors (Financial Services, Hospitality, Internet Services, Media and Telecommunications) that are intrinsically service oriented the most important class is a service class.

In the last part of our data analysis we sought to consolidate some of the original Interbrand's sectors (please see Table 38) into larger groups based on the brand's business "affinity" (Table 46). Just as with the regions, some of the most interesting patterns are observable at this level. We clustered all brands, trademarks and classes into nine categories, all of them with enough critical mass that should allow us to identify the aggregate effects of trademark protection on these broader groups. On Table 43 we could see a detailed summary of all the classes filed on each specific group. On Table 42 we find that now our group Consumer Goods is the most trademark intensive of all. Also our group manufacturing has the highest ratio of classes per trademark, which means that for each

trademark more “areas” of protection are sought for. Also we have two clear opposites on the GOODS/SERVICES ratio, with Consumer Goods having almost as many as seven times more “Goods” classes than “Service” classes, and the Services group having basically twice as many “Services” classes than “Goods” classes. On Table 44 we can note that two groups dominate the applications per single class; Technology with 15 single classes and Transportation with ten single classes. Table 45 further confirms what we have observed all along, sectors that are essentially services oriented will seek different trademark protection than other groups, this way we have groups Media and Services having as a top class a service related classification.

vi. CONCLUSIONS

Based on our extensive research, in this paper we proposed to the reader the idea that trademarks were economic assets that store value and from which firms could derive an economic benefit. We also indicated that brand owners will seek trademark protection for their brands and then actively protect these trademarks (and thus their brands) by doing a thorough cost-benefit analysis. So the MNE will protect and safeguard the integrity of their IP as long as the expected economic value of protecting these trademarks is higher than the aggregate cost associated with defending the economic asset against actual or

“perceived” infringement (perceived infringement could become a costly material violation to their IP in the future and needs to be deterred swiftly).

From an economic perspective, with this paper we sought to better understand the characteristics of the protection mechanisms that MNE, as profit seeking organizations, use in order to maximize the value of their trademarks and the economic benefits that could be derived from the private usage of this form of IP. The protection mechanism (key to an IP system) is what confers on the asset its private aspect (exclusive ownership and control) which ultimately allows the MNE to have the final authority to decide and determine the most efficient and profitable way to use the trademark by an affiliated or non-affiliated unit. In order to address their maximization problems, MNEs create and follow certain strategies at the corporate level targeted at protecting and enforcing their exclusive rights over their trademarks, otherwise all the revenue productivity attributes of these economic assets will be lost. Furthermore, without this protection mechanism, the firm would lose any incentives to invest in developing the potential of the brand/trademark duality since it will not be possible to maximize the returns on their investments (investments that could be related to brand awareness, R&D on the goods or services associated on with the brand, etc.).

In our research we extensively analyzed detailed trademark data across different economic sectors, geographical regions and political borders and we validated the hypothesis that the characteristics of trademark protection are not the same for all MNEs and moreover that these firms are likely to address their needs for trademark protection in

different ways (some prefer direct ownership of the assets by the parent MNE, some others not, some will seek to set up IP holdings, some will choose to file a high number of trademarks per brand, some will prefer to file less trademarks but more classes per trademark, some heavily trademark on service classes, etc.). More research is needed to determine how the MNE corporate structure and firm specific idiosyncrasies, together with country and regional level characteristics (cultural, legal, etc.) affect the way these MNEs understand and seek trademark protection. But with our study we also showed that although there are differences across different countries and regions, there are also some similarities as we saw on how overall there is a convergence on the GOODS/SERVICES ratios for these economies. Also with our research we showed that IP protection does not consist of just one-fit-all/all-purpose/quick-fix/all-terrain single trademark. Trademark protection is a highly complex process targeted at defending the value of these assets that responds not only to the idiosyncratic strategies of the MNE but also trademark protection is handled differently depending on the structure of the MNE. Environmental and cultural characteristics related to the origins of the brand/MNE also seem to play a role. MNEs from different countries and region handle these economic assets in a way that trademark protection will allow them to maximize the expected return on their IP so protection is not the same across the board.

Based on our research and using the widely accepted Nice Classification standards as a background (see Table 14, p.160), we want to propose to the reader the idea that abstractly trademarks are tetracontapentagons (45-sided polygons) and brand owners could choose or not (or be allowed or not) to protect their brands (and extensions) on just one

side or on multiple sides of the trademark polygon. To not protect the trademark on one “side” of this polygon does not mean that the trademark will fail, but it could make it weaker. The opposite could also be true as the trademark owners might face more challenges to their trademarks if they decide to seek protection on all “sides”. So the proper combination of CLASS/TM is for the MNEs to decide based on their needs and on the strategies that they have chosen to follow. Moreover, we also claim that for all practical purposes trademarks are like the immune defense system of brands. Each trademark specialized on protecting specific aspects of the entire MNE brand eco-system. From the MNE perspective, a weak trademark protection system could lead to the death of the brand. Following the immune system analogy, trademarks are “living” corporate organisms (assets); they also need to be protected and taken care of through any legal mechanism at the MNE disposal. This definition could help us understand why we found multiple trademarks for each of the top brands.

To finalize our conclusions we believe that additional research is needed to further unravel all the intricacies of trademark protection. It is important to look, for example, in more depth at the Law and Economics aspect of trademark protection. The same way a law clerk can influence the opinions of a court, legal professionals assisting the brand owners can influence in the way firms seek protection. Lastly, more research is needed on the issue of tax havens and trademarks.

FIGURE 5 – I.B.G. BRAND: LOGOS, BRANDS AND TRADEMARKS

No.	LOGO	BRAND	TRADEMARK
1		COCA-COLA	COCA-COLA ZERO
2		IBM	IBM Business Partner
3		MICROSOFT	MICROSOFT OFFICE LIVE
4		GOOGLE	GOOGLE WAVE
5		GE	GE UNIBIS
6		MCDONALD'S	MCDONALD'S FILET-O-FISH
7		INTEL	INTEL PLAY
8		APPLE	APPLE STORE
9		DISNEY	DISNEY MOBILE
10		HP	HP PLANET PARTNERS
11		TOYOTA	TOYOTA I-CFI
12		MERCEDES-BENZ	MERCEDES-BENZ RICAMBI ORIGINALI
13		CISCO	CISCO TELEPRESENCE
14		NOKIA	NOKIA XSERIES
15		BMW	BMW Active Hybrid
16		GILLETTE	Gillette Fusion
17		SAMSUNG	SAMSUNG BIOLOGICS
18		LOUIS VUITTON	LOUIS VUITTON CLASSIC
19		HONDA	HONDA HYBRID EXPERIENCE
20		ORACLE	ORACLE OPENWORLD
21		H&M	Baby-baby HENNES H&M MAURITZ
22		PEPSI	PEPSI RAW
23		AMERICAN EXPRESS	AMERICAN EXPRESS SAFEKEY
24		SAP	SAP VantageOne
25		NIKE	NIKE SPORT CULTURE
26		AMAZON.COM	AMAZON.COM ANYWHERE
27		UPS	UPS PROACTIVE RESPONSE
28		J.P. MORGAN	J.P. Morgan eXpress
29		BUDWEISER	Budweiser KING OF BEERS
30		NESCAFÉ	NESCAFÉ Xpress
31		IKEA	IKEA room
32		HSBC	HSBC ADVANCE
33		CANON	CANON IMAGE GATEWAY
34		KELLOGG'S	Kellogg's OPTIMA
35		SONY	Sony MOVEE
36		eBAY	EBAY ADCOMMERCE
37		THOMSON REUTERS	THOMSON REUTERS EIKON

FIGURE 5 (Cont'd) – I.B.G. BRAND: LOGOS, BRANDS AND TRADEMARKS

No.	LOGO	BRAND	TRADEMARK
38		GOLDMAN SACHS	GOLDMAN SACHS BRICS
39	GUCCI	GUCCI	FLORA BY GUCCI
40	L'ORÉAL PARIS	L'ORÉAL	L'OREAL EXCELLENCE
41		PHILIPS	PHILIPS
42		CITI	YOUR CITI NEVER SLEEPS
43		DELL	PURE DELL
44	ZARA	ZARA	ZARA BASIC
45	accenture	ACCENTURE	ACCENTURE INNOVATION DELIVERED
46	SIEMENS	SIEMENS	Solution Partner SIEMENS
47		VOLKSWAGEN	Volkswagen Racing
48		NINTENDO	NINTENDO ENTERTAINMENT SYSTEM
49		HEINZ	HEINZ 57 VARIETIES
50		FORD	FORD SYNC
51		COLGATE	COLGATE DESIGN-IT
52		DANONE	DANONE nations cup
53		AXA	AXA TRAVEL INSURANCE redefining/service
54	Morgan Stanley	MORGAN STANLEY	MORGAN STANLEY GLOBAL LINKAGES
55		NESTLÉ	Nestlé KitKat Kit Kat
56		BLACKBERRY	BLACKBERRY WEBWORKS
57		XEROX	XEROX PROACTIVE CONSUMABLES MANAGEMENT
58		MTV	MTV FAHRENHEIT
59		AUDI	Audi Consulting
60		ADIDAS	ADIDAS UNITED WORLD OF SPORTS
61		HYUNDAI	Hyundai Card
62		KFC	KFC CRISPY STRIPS
63		SPRITE	SPRITE 3G
64		CATERPILLAR	CATERPILLAR
65	AVON	AVON	AVON The Company For Women
66		HERMÉS	Eau de pamplemousse rose COLOGNE HERMES
67		ALLIANZ	Allianz Alternative Asset Management
68		SANTANDER	FORMULA SANTANDER
69		PANASONIC	New Panasonic SPECIAL AA RS Heavy Duty
70		CARTIER	CALIBRE DE CARTIER
71		KLEENEX	KLEENEX TRAVELERS
72		PORSCHE	PORSCHE DESIGN
73	TIFFANY & CO.	TIFFANY & CO.	TIFFANY & CO.
74		SHELL	SHELL THERMO

FIGURE 5 (Cont'd) – I.B.G. BRAND: LOGOS, BRANDS AND TRADEMARKS

No.	LOGO	BRAND	TRADEMARK
75		VISA	VISA INTERLINK
76		YAHOO!	YAHOO! EVERYWHERE
77		MOËT & CHANDON	MOËT & CHANDON IMPÉRIAL
78		JACK DANIEL'S	JACK DANIEL'S OLD TIME Old No. 7 BRAND QUALITY Tennessee WHISKEY
79		BARCLAYS	BARCLAYS GLOBAL INVESTORS
80		ADOBE	ADOBE DISCOVER
81		PIZZA HUT	CHEEZY CRUST Pizza Hut
82		CREDIT SUISSE	CREDIT SUISSE e-BUSINESS
83		JOHNSON & JOHNSON	JOHNSON & JOHNSON DIABETES INSTITUTE
84		GAP	THE GAP GENERATION
85		3M	3M DUAL LOCK
86		CORONA	CORONA LIGHT
87		NIVEA	NIVEA BEAUTY EXPERT
88		JOHNNIE WALKER	JOHNNIE WALKER GOLD LABEL RESERVE
89		SMIRNOFF	SMIRNOFF EXPERIENCE
90		NISSAN	NISSAN QUEST
91		HEINEKEN	Heineken LAGER BEER PREMIUM QUALITY
92		UBS	UBS TRADER
93		ARMANI	AHR ARMANI HOTELS & RESORTS
94		ZURICH	Future Mobility powered by Z ZURICH
95		BURBERRY	BURBERRY BRIT
96		STARBUCKS	STARBUCKS TRIBUTE BLEND
97		JOHN DEERE	JOHN DEERE CREDIT
98		HTC	HTC Engineering Mobility
99		FERRARI	Ferrari world
100		HARLEY DAVIDSON	AUTHORIZED HARLEY-DAVIDSON RENTALS
101		MARLBORO	ADVENTURE TEAM MARLBORO
102		LANCÔME	Ô LANCÔME
103		CAMPBELL'S	Campbell's SOUP
104		WRIGLEY	WRIGLEY'S SPEARMINT CHEWING GUM
105		ROLEX	ROLEX BLACK KNIGHT
106		BP	BP INVIGORATE
107		DURACELL	DURACELL ULTRA FORCE
108		PRADA	PRADA MILANO
109		BURGER KING	BURGER KING
110		LEXUS	LEXUS RX430h

FIGURE 5 (Cont'd) – I.B.G. BRAND: LOGOS, BRANDS AND TRADEMARKS

No.	LOGO	BRAND	TRADEMARK
111		PUMA	PUMA SOCIAL
112		POLO RALPH LAUREN	POLO RALPH LAUREN
113		MERRILL LYNCH	MERRILL LYNCH FACTOR MODEL
114		AIG	AIG LIFE
115		ING	ING Drivers Club
116		MOTOROLA	MOTOROLA SOLUTIONS
117		HENNESSY	Hennessy HP HENNESSY PRIVÉ
118		MARRIOTT	COURTYARD by Marriott
119		FEDEX	FEDEX TRADELINK DOCCENTER
120		KODAK	KODAK
121		KRAFT	KRAFT PHILADELPHIA
122		LG	LG Air Sync
123		HERTZ	WHEELZ BY HERTZ
124		PFIZER	Pfizer Working together for a healthier world
125		NOVARTIS	NOVARTIS ONCOLOGY
126		BULGARI	BULGARI LIGNE MERVEILLEUSE
127		LEVI'S	This is a pair of Levi's THEY ARE THE ORIGINAL JEANS
128		MERCK	MERCK MILLIPORE
129		TIME	TIME-LIFE
130		AOL	AOL INSTANT MESSENGER
131		ESTÉE LAUDER	ESTÉE LAUDER PLEASURES
132		BOEING	CONNEXION BY BOEING
133		MOBIL	MOBIL MONITOR
134		BACARDI	Ron BACARDI LIMÓN
135		BARBIE	BARBIE AS THE ISLAND PRINCESS
136		THE WALL STREET JOURNAL	THE WALL STREET JOURNAL
137		AT&T	AT & T DIRECT
138		COMPAQ	COMPAQ Inspiration Technology
139		TEXAS INSTRUMENTS	OMAP TEXAS INSTRUMENTS TECHNOLOGY
140		PAMPERS	PAMPERS NIGHT PANTS
141		ABSOLUT	ABSOLUT COUNTRY OF SWEDEN ORIENT APPLE
142		GUINNESS	GUINNESS FOREIGN EXTRA GENUINE QUALITY ST. JAMES'S GATE DUBLIN
143		FINANCIAL TIMES	NO FT...NO COMMENT
144		HILTON	HAMPTON BY HILTON - A NEW KIND OF ECONOMY HOTEL
145		CARLSBERG	CARLSBERG COPENHAGEN DENMARK
146		SWATCH	CreArt by swatch
147		BENETTON	UNITED COLORS OF BENETTON.

TABLE 11 – WORLD INTELLECTUAL PROPERTY ORGANIZATION – MEMBER STATES

WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO) - MEMBER STATES AS OF MARCH 2015		
Afghanistan	Georgia	Pakistan
Albania	Germany	Panama
Algeria	Ghana	Papua New Guinea
Andorra	Greece	Paraguay
Angola	Grenada	Peru
Antigua and Barbuda	Guatemala	Philippines
Argentina	Guinea	Poland
Armenia	Guinea-Bissau	Portugal
Australia	Guyana	Qatar
Austria	Haiti	Republic of Korea
Azerbaijan	Holy See	Republic of Moldova
Bahamas	Honduras	Romania
Bahrain	Hungary	Russian Federation
Bangladesh	Iceland	Rwanda
Barbados	India	Saint Kitts and Nevis
Belarus	Indonesia	Saint Lucia
Belgium	Iran (Islamic Republic of)	Saint Vincent and the Grenadines
Belize	Iraq	Samoa
Benin	Ireland	San Marino
Bhutan	Israel	Sao Tome and Principe
Bolivia (Plurinational State of)	Italy	Saudi Arabia
Bosnia and Herzegovina	Jamaica	Senegal
Botswana	Japan	Serbia
Brazil	Jordan	Seychelles
Brunei Darussalam	Kazakhstan	Sierra Leone
Bulgaria	Kenya	Singapore
Burkina Faso	Kiribati	Slovakia
Burundi	Kuwait	Slovenia
Cabo Verde	Kyrgyzstan	Somalia
Cambodia	Lao People's Democratic Republic	South Africa
Cameroon	Latvia	Spain
Canada	Lebanon	Sri Lanka
Central African Republic	Lesotho	Sudan
Chad	Liberia	Suriname
Chile	Libya	Swaziland
China	Liechtenstein	Sweden
Colombia	Lithuania	Switzerland
Comoros	Luxembourg	Syrian Arab Republic
Congo	Madagascar	Tajikistan
Costa Rica	Malawi	Thailand
Côte d'Ivoire	Malaysia	Republic of Macedonia
Croatia	Maldives	Togo
Cuba	Mali	Tonga
Cyprus	Malta	Trinidad and Tobago
Czech Republic	Mauritania	Tunisia
Dem. People's Republic of Korea	Mauritius	Turkey
Democratic Republic of the Congo	Mexico	Turkmenistan
Denmark	Monaco	Tuvalu
Djibouti	Mongolia	Uganda
Dominica	Montenegro	Ukraine
Dominican Republic	Morocco	United Arab Emirates
Ecuador	Mozambique	United Kingdom
Egypt	Myanmar	United Republic of Tanzania
El Salvador	Namibia	United States of America
Equatorial Guinea	Nepal	Uruguay
Eritrea	Netherlands	Uzbekistan
Estonia	New Zealand	Vanuatu
Ethiopia	Nicaragua	Venezuela (Bolivarian Republic of)
Fiji	Niger	Viet Nam
Finland	Nigeria	Yemen
France	Niue	Zambia
Gabon	Norway	Zimbabwe
Gambia	Oman	
		Total Members : 188

TABLE 12 – MADRID SYSTEM FOR THE INT’L REGISTRATION OF MARKS³⁴

MADRID SYSTEM FOR THE INTERNATIONAL REGISTRATION OF MARKS		
CONTRACTING PARTY	MADRID AGREEMENT	MADRID PROTOCOL
African Intellectual Property Organization (OAPI)	-	YES
Albania	YES	YES
Algeria	YES	-
Antigua and Barbuda	-	YES
Armenia	YES	YES
Australia	-	YES
Austria	YES	YES
Azerbaijan	YES	YES
Bahrain	-	YES
Belarus	YES	YES
Belgium	YES	YES
Bhutan	YES	YES
Bosnia and Herzegovina	YES	YES
Botswana	-	YES
Bulgaria	YES	YES
China	YES	YES
Colombia	-	YES
Croatia	YES	YES
Cuba	YES	YES
Cyprus	YES	YES
Czech	YES	YES
Democratic People's Republic of Korea	YES	YES
Denmark	-	YES
Egypt	YES	YES
Estonia	-	YES
European Union	-	YES
Finland	-	YES
France	YES	YES
Georgia	-	YES
Germany	YES	YES
Ghana	-	YES
Greece	-	YES
Hungary	YES	YES
Iceland	-	YES
India	-	YES
Iran (Islamic Republic of)	YES	YES
Ireland	-	YES
Israel	-	YES
Italy	YES	YES
Japan	-	YES
Kazakhstan	YES	YES
Kenya	YES	YES
Kyrgyzstan	YES	YES
Latvia	YES	YES
Lesotho	YES	YES
Liberia	YES	YES
Liechtenstein	YES	YES

³⁴ The OAPI and Zimbabwe will become Contracting Parties in March 2015.

TABLE 12 (Cont'd) – MADRID SYSTEM FOR THE INT'L REGISTRATION OF MARKS

MADRID SYSTEM FOR THE INTERNATIONAL REGISTRATION OF MARKS		
CONTRACTING PARTY	MADRID AGREEMENT	MADRID PROTOCOL
Lithuania	-	YES
Luxembourg	YES	YES
Madagascar	-	YES
Mexico	-	YES
Monaco	YES	YES
Mongolia	YES	YES
Montenegro	YES	YES
Morocco	YES	YES
Mozambique	YES	YES
Namibia	YES	YES
Netherlands	YES	YES
New Zealand	-	YES
Norway	-	YES
Oman	-	YES
Philippines	-	YES
Poland	YES	YES
Portugal	YES	YES
Republic of Korea	-	YES
Republic Moldova	YES	YES
Romania	YES	YES
Russian Federation	YES	YES
Rwanda	-	YES
San Marino	YES	YES
Sao Tome and Principe	-	YES
Serbia	YES	YES
Sierra Leone	YES	YES
Singapore	-	YES
Slovakia	YES	YES
Slovenia	YES	YES
Spain	YES	YES
Sudan	YES	YES
Swaziland	YES	YES
Sweden	-	YES
Switzerland	YES	YES
Syrian Arab Republic	-	YES
Tajikistan	YES	YES
Republic of Macedonia	YES	YES
Tunisia	-	YES
Turkey	-	YES
Turkmenistan	-	YES
Ukraine	YES	YES
United Kingdom	-	YES
United States of America	-	YES
Uzbekistan	-	YES
Viet Nam	YES	YES
Zambia	-	YES
Zimbabwe	-	YES
Total Members	55	93

TABLE 13 – NICE AGREEMENT – MEMBER STATES

NICE AGREEMENT - MEMBER STATES AS OF MARCH 2015		
Albania	Guinea	Portugal
Algeria	Hungary	Republic of Korea
Argentina	Iceland	Republic of Moldova
Armenia	Ireland	Romania
Australia	Israel	Russian Federation
Austria	Italy	Saint Kitts and Nevis
Azerbaijan	Jamaica	Saint Lucia
Bahrain	Japan	Serbia
Barbados	Jordan	Singapore
Belarus	Kazakhstan	Slovakia
Belgium	Kyrgyzstan	Slovenia
Benin	Latvia	Spain
Bosnia and Herzegovina	Lebanon	Suriname
Bulgaria	Liechtenstein	Sweden
China	Lithuania	Switzerland
Croatia	Luxembourg	Syrian Arab Republic
Cuba	Malawi	Tajikistan
Czech Republic	Malaysia	Republic of Macedonia
Dem. People's Republic of Korea	Mexico	Trinidad and Tobago
Denmark	Monaco	Tunisia
Dominica	Mongolia	Turkey
Egypt	Montenegro	Turkmenistan
Estonia	Morocco	Ukraine
Finland	Mozambique	United Kingdom
France	Netherlands	United Republic of Tanzania
Georgia	New Zealand	United States of America
Germany	Norway	Uruguay
Greece	Poland	Uzbekistan
		Total Members : 84

TABLE 14 - NICE CLASSIFICATION HEADINGS (10TH EDITION)³⁵

CLASS	LIST OF TERMS
1	Chemicals used in industry, science and photography, as well as in agriculture, horticulture and forestry; Unprocessed artificial resins, unprocessed plastics; Manures; Fire extinguishing compositions; Tempering and soldering preparations; Chemical substances for preserving foodstuffs; Tanning substances; Adhesives used in industry
2	Paints, varnishes, lacquers; Preservatives against rust and against deterioration of wood; Colorants; Mordants; Raw natural resins; Metals in foil and powder form for painters, decorators, printers and artists
3	Bleaching preparations and other substances for laundry use; Cleaning, polishing, scouring and abrasive preparations; Soaps; Perfumery, essential oils, cosmetics, hair lotions; Dentifrices
4	Industrial oils and greases; Lubricants; Dust absorbing, wetting and binding compositions; Fuels (including motor spirit) and illuminants; Candles and wicks for lighting
5	Pharmaceutical and veterinary preparations; Sanitary preparations for medical purposes; Dietetic food and substances adapted for medical or veterinary use, food for babies; Dietary supplements for humans and animals; Plasters, materials for dressings; Material for stopping teeth, dental wax; Disinfectants; Preparations for destroying vermin; Fungicides, herbicides
6	Common metals and their alloys; Metal building materials; Transportable buildings of metal; Materials of metal for railway tracks; Non-electric cables and wires of common metal; Ironmongery, small items of metal hardware; Pipes and tubes of metal; Safes; Goods of common metal not included in other classes; Ores
7	Machines and machine tools; Motors and engines (except for land vehicles); Machine coupling and transmission components (except for land vehicles); Agricultural implements other than hand-operated; Incubators for eggs; Automatic vending machines
8	Hand tools and implements (hand-operated); Cutlery; Side arms; Razors
9	Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; Apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; Apparatus for recording, transmission or reproduction of sound or images; Magnetic data carriers, recording discs; Compact discs, DVDs and other digital recording media; Mechanisms for coin-operated apparatus; Cash registers, calculating machines, data processing equipment, computers; Computer software; Fire-extinguishing apparatus

³⁵ <http://oami.europa.eu/ec2/classheadings/?niceClassLang=en> (02/22/15)

TABLE 14 (Cont') - NICE CLASSIFICATION HEADINGS (10TH EDITION)

CLASS	LIST OF TERMS
10	Surgical, medical, dental and veterinary apparatus and instruments, artificial limbs, eyes and teeth; Orthopedic articles; Suture materials
11	Apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes
12	Vehicles; Apparatus for locomotion by land, air or water
13	Firearms; Ammunition and projectiles; Explosives; Fireworks
14	Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; Jewellery, precious stones; Horological and chronometric instruments
15	Musical instruments
16	Paper, cardboard and goods made from these materials, not included in other classes; Printed matter; Bookbinding material; Photographs; Stationery; Adhesives for stationery or household purposes; Artists' materials; Paint brushes; Typewriters and office requisites (except furniture); Instructional and teaching material (except apparatus); Plastic materials for packaging (not included in other classes); Printers' type; Printing blocks
17	Rubber, gutta-percha, gum, asbestos, mica and goods made from these materials and not included in other classes; Plastics in extruded form for use in manufacture; Packing, stopping and insulating materials; Flexible pipes, not of metal
18	Leather and imitations of leather, and goods made of these materials and not included in other classes; Animal skins, hides; Trunks and travelling bags; Umbrellas and parasols; Walking sticks; Whips, harness and saddlery
19	Building materials (non-metallic); Non-metallic rigid pipes for building; Asphalt, pitch and bitumen; Non-metallic transportable buildings; Monuments, not of metal
20	Furniture, mirrors, picture frames; Goods (not included in other classes) of wood, cork, reed, cane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, meerschaum and substitutes for all these materials, or of plastics
21	Household or kitchen utensils and containers; Combs and sponges; Brushes (except paintbrushes); Brush-making materials; Articles for cleaning purposes; Steelwool; Unworked or semi-worked glass (except glass used in building); Glassware, porcelain and earthenware not included in other classes
22	Ropes, string, nets, tents, awnings, tarpaulins, sails, sacks and bags (not included in other classes); Padding and stuffing materials (except of rubber or plastics); Raw fibrous textile materials
23	Yarns and threads, for textile use
24	Textiles and textile goods, not included in other classes; Bed covers; Table covers

TABLE 14 (Cont') - NICE CLASSIFICATION HEADINGS (10TH EDITION)

CLASS	LIST OF TERMS
25	Clothing, footwear, headgear
26	Lace and embroidery, ribbons and braid; Buttons, hooks and eyes, pins and needles; Artificial flowers
27	Carpets, rugs, mats and matting, linoleum and other materials for covering existing floors; Wall hangings (non-textile)
28	Games and playthings; Gymnastic and sporting articles not included in other classes; Decorations for Christmas trees
29	Meat, fish, poultry and game; Meat extracts; Preserved, frozen, dried and cooked fruits and vegetables; Jellies, jams, compotes; Eggs; Milk and milk products; Edible oils and fats
30	Coffee, tea, cocoa and artificial coffee; Rice; Tapioca and sago; Flour and preparations made from cereals; Bread, pastry and confectionery; Edible ices; Sugar, honey, treacle; Yeast, baking-powder; Salt; Mustard; Vinegar, sauces (condiments); Spices; Ice
31	Grains and agricultural, horticultural and forestry products not included in other classes; Live animals; Fresh fruits and vegetables; Seeds; Natural plants and flowers; Foodstuffs for animals; Malt
32	Beers; Mineral and aerated waters and other non-alcoholic beverages; Fruit beverages and fruit juices; Syrups and other preparations for making beverages
33	Alcoholic beverages (except beers)
34	Tobacco; Smokers' articles; Matches
35	Advertising; Business management; Business administration; Office functions
36	Insurance; Financial affairs; Monetary affairs; Real estate affairs
37	Building construction; Repair; Installation services
38	Telecommunications
39	Transport; Packaging and storage of goods; Travel arrangement
40	Treatment of materials
41	Education; Providing of training; Entertainment; Sporting and cultural activities
42	Scientific and technological services and research and design relating thereto; Industrial analysis and research services; Design and development of computer hardware and software
43	Services for providing food and drink; Temporary accommodation
44	Medical services; Veterinary services; Hygienic and beauty care for human beings or animals; Agriculture, horticulture and forestry services

TABLE 14 (Cont') - NICE CLASSIFICATION HEADINGS (10TH EDITION)

CLASS	LIST OF TERMS
45	Legal services; Security services for the protection of property and individuals; Personal and social services rendered by others to meet the needs of individuals

TABLE 15 – I.B.G. BRANDS: SUMMARY INFORMATION

No.	BRAND NAME	PARENT MNE	CTM OWNER ON RECORD AT THE OHIM	CLASSIFICATION		REGION	COUNTRY OF ORIGIN (COO)		PARENT MNE/CTM OWNER	MULTIPLE CTM APPLICANTS
				SECTOR	GROUP		BRAND	PARENT MNE		
1	COCA-COLA	The Coca-Cola Company	The Coca-Cola Company	Beverages	Drinks	Americas	United States	United States	YES	NO
2	IBM	International Business Machines Corporation (IBM)	International Business Machines Corporation (IBM)	Business Services	Technology	Americas	United States	United States	YES	NO
3	MICROSOFT	Microsoft Corporation	Microsoft Corporation	Computer Software	Technology	Americas	United States	United States	YES	NO
4	GOOGLE	Google Inc.	Google Inc.	Internet Services	Technology	Americas	United States	United States	YES	NO
5	GE	General Electric Company	General Electric Company	Diversified	Technology	Americas	United States	United States	YES	NO
6	McDONALD'S	McDonald's International Property Company, Ltd.	McDonald's International Property Company, Ltd.	Restaurants	Services	Americas	United States	United States	NO	NO
7	INTEL	Intel Corporation	Intel Corporation	Electronics	Technology	Americas	United States	United States	YES	NO
8	APPLE	Apple Inc.	Apple Inc.	Media	Technology	Americas	United States	United States	YES	NO
9	DISNEY	The Walt Disney Company	Disney Enterprises, Inc.	Electronics	Media	Americas	United States	United States	NO	NO
10	HP	Hewlett-Packard Company	Hewlett-Packard Development Company, L.P.	Automotive	Technology	Americas	United States	United States	NO	YES
11	TOYOTA	Toyota Motor Corporation	Toyota Motor Corporation	Automotive	Transportation	Asia	Japan	Japan	YES	YES
12	MERCEDES-BENZ	Daimler AG	Daimler AG	Automotive	Transportation	Europe	Germany	Germany	YES	NO
13	CISCO	Cisco Systems, Inc.	Cisco Technology, Inc.	Business Services	Technology	Americas	United States	United States	NO	NO
14	NOKIA	Nokia Corporation (Nokia Oyj)	Nokia Corporation (Nokia Oyj)	Electronics	Technology	Europe	Finland	Finland	YES	NO
15	BMW	Bayerische Motoren Werke AG	Bayerische Motoren Werke AG	Automotive	Transportation	Europe	Germany	Germany	YES	NO
16	GILLETTE	The Gillette Company	The Gillette Company	FMCG	Consumer Goods	Americas	United States	United States	NO	NO
17	SAMSUNG	Samsung Group	Samsung Electronics Co., Ltd.	Electronics	Technology	Asia	South Korea	South Korea	NO	YES
18	LOUIS VUITTON	LVMH Moët Hennessy Louis Vuitton S.A.	Louis Vuitton Malletier, S.A.	Luxury	Clothing/Accessories	Europe	France	France	NO	NO
19	HONDA	Honda Motor Co., Ltd.	Honda Motor Co., Ltd.	Automotive	Transportation	Asia	Japan	Japan	YES	NO
20	ORACLE	Oracle Corporation	Oracle International Corporation	Business Services	Technology	Americas	United States	United States	NO	NO
21	H&M	H & M Hennes & Mauritz AB	H & M Hennes & Mauritz AB	Apparel	Clothing/Accessories	Europe	Sweden	Sweden	YES	NO
22	PEPSI	PepsiCo Inc.	PepsiCo Inc.	Beverages	Drinks	Americas	United States	United States	YES	NO
23	AMERICAN EXPRESS	American Express Company	American Express Marketing & Development Corp.	Financial Services	Services	Americas	United States	United States	NO	NO
24	SAP	SAP AG	SAP AG	Business Services	Technology	Europe	Germany	Germany	YES	NO
25	NIKE	Nike, Inc.	Nike International Ltd.	Sporting Goods	Clothing/Accessories	Americas	United States	United States	NO	NO
26	AMAZON.COM	Amazon.com, Inc.	Amazon Europe Holding Technologies SCS	Internet Services	Technology	Americas	United States	United States	NO	NO
27	UPS	United Parcel Service, Inc.	United Parcel Service of America, Inc.	Transportation	Services	Americas	United States	United States	NO	NO
28	J.P. MORGAN	JPMorgan Chase & Co.	JPMorgan Chase & Co.	Financial Services	Drinks	Americas	United States	United States	YES	NO
29	BUDWEISER	Anheuser-Busch InBev N.V.	Anheuser-Busch, Incorporated*	Alcohol	Drinks	Americas	United States	Belgium	NO	NO
30	NESCAFÉ	Nestlé S.A.	Société des Produits Nestlé S.A.	Beverages	Drinks	Europe	Switzerland	Switzerland	NO	NO
31	IKEA	Inter IKEA Holding S.A.*	Inter IKEA Systems B.V.	Home Furnishings	Consumer Goods	Europe	Sweden	Sweden	NO	NO
32	HSBC	HSBC Holdings plc	HSBC Holdings plc	Financial Services	Services	Europe	United Kingdom	United Kingdom	YES	NO
33	CANON	Canon Inc. (Canon Kabushiki Kaisha)*	Canon Inc. (Canon Kabushiki Kaisha)*	Electronics	Technology	Asia	Japan	Japan	YES	NO
34	KELLOGG'S	Kellogg Company	Kellogg Company	FMCG	Food	Americas	United States	United States	YES	NO
35	SONY	Sony Corporation	Sony Corporation	Electronics	Technology	Asia	Japan	Japan	YES	YES
36	eBAY	eBay Inc.	eBay Inc.	Internet Services	Technology	Americas	United States	United States	YES	NO
37	THOMSON REUTERS	Thomson Reuters Corporation	Thomson Reuters Global Resources	Media	Media	Americas	Canada	Canada	NO	YES
38	GOLDMAN SACHS	The Goldman Sachs Group, Inc.	Goldman, Sachs & Co.	Financial Services	Services	Americas	United States	United States	NO	NO
39	GUCCI	Kering SA	GUCCIO GUCCI S.P.A.	Luxury	Clothing/Accessories	Europe	Italy	France	NO	YES
40	L'ORÉAL	L'Oréal S.A.	L'Oréal S.A.	FMCG	Consumer Goods	Europe	France	France	YES	NO
41	PHILIPS	Koninklijke Philips Electronics N.V.	Koninklijke Philips Electronics N.V.	Electronics	Technology	Europe	Netherlands	Netherlands	YES	NO
42	CTI	Citigroup Inc.	Citigroup Inc.	Financial Services	Services	Americas	United States	United States	YES	NO
43	DELL	Dell Inc.	Dell Inc.	Electronics	Technology	Americas	United States	United States	YES	NO
44	ZARA	Industria de Diseño Textil, S.A.	Industria de Diseño Textil, S.A.	Apparel	Clothing/Accessories	Europe	Spain	Spain	YES	NO
45	ACCENTURE	Accenture plc	Accenture Global Services Limited	Business Services	Technology	Americas	Ireland	Ireland	NO	YES
46	SIEMENS	Siemens AG	Siemens AG	Diversified	Technology	Europe	Germany	Germany	YES	YES
47	VOLKSWAGEN	Volkswagen Aktiengesellschaft	Volkswagen Aktiengesellschaft	Automotive	Transportation	Europe	Germany	Germany	YES	YES
48	NINTENDO	Nintendo Co., Ltd.	Nintendo Co., Ltd.	Electronics	Technology	Asia	Japan	Japan	YES	NO
49	HEINZ	H. J. Heinz Company	H. J. Heinz Company Limited	FMCG	Food	Americas	United States	United States	NO	NO
50	FORD	Ford Motor Company	Ford Motor Company	Automotive	Transportation	Americas	United States	United States	YES	NO

TABLE 15 (Cont'd) – I.B.G. BRANDS: SUMMARY INFORMATION

No.	BRAND NAME	PARENT MNE	CTM OWNER ON RECORD AT THE OHIM	CLASSIFICATION		REGION	COUNTRY OF ORIGIN (COO)		PARENT MNE CTM OWNER	MULTIPLE CTM APPLICANTS
				SECTOR	GROUP		BRAND	PARENT MNE		
51	COLGATE	Colgate-Palmolive Company	Colgate-Palmolive Company	FMCG	Consumer Goods	Americas	United States	United States	YES	NO
52	DANONE	Danone S.A.	Compagnie Gervais Danone S.A.	FMCG	Food	Europe	France	France	NO	YES
53	AXA	AXA S.A.	AXA S.A.	Financial Services	Services	Europe	France	France	YES	NO
54	MORGAN STANLEY	Morgan Stanley	Morgan Stanley	Financial Services	Services	Americas	United States	United States	YES	NO
55	NESTLÉ	Nestlé S.A.	Société des Produits Nestlé S.A.	FMCG	Food	Europe	Switzerland	Switzerland	NO	YES
56	BLACKBERRY	Research In Motion Limited	Research In Motion Limited	Electronics	Technology	Americas	Canada	Canada	YES	NO
57	XEROX	Xerox Corporation	Xerox Corporation	Electronics	Technology	Americas	United States	United States	YES	NO
58	MTV	Viacom, Inc.	Viacom, Inc.	Media	Media	Americas	United States	United States	YES	NO
59	AUDI	Volkswagen Aktiengesellschaft	Volkswagen Aktiengesellschaft	Automotive	Transportation	Europe	Germany	Germany	YES	NO
60	ADIDAS	Adidas AG	Adidas AG	Sporting Goods	Clothing/Accessories	Europe	Germany	Germany	YES	YES
61	HYUNDAI	Hyundai Motor Group	Hyundai Card Company Limited	Automotive	Transportation	Asia	South Korea	South Korea	NO	YES
62	KFC	Yum! Brands, Inc.	Kentucky Fried Chicken International Holdings, Inc.	Restaurants	Services	Americas	United States	United States	NO	NO
63	SPRITE	The Coca-Cola Company	The Coca-Cola Company	Beverages	Drinks	Americas	United States	United States	YES	NO
64	CATERPILLAR	Caterpillar Inc.	Caterpillar Inc.	Diversified	Manufacturing	Americas	United States	United States	YES	NO
65	AVON	Avon Products, Inc.	Avon Products, Inc.	FMCG	Consumer Goods	Americas	United States	United States	YES	NO
66	HERMÈS	Hermès International SCA	Hermès International SCA	Luxury	Clothing/Accessories	Europe	France	France	YES	NO
67	ALLIANZ	Allianz SE	Allianz SE	Financial Services	Services	Europe	Germany	Germany	YES	NO
68	SANTANDER	BANCO SANTANDER, S.A.	BANCO SANTANDER, S.A.	Financial Services	Services	Europe	Spain	Spain	YES	NO
69	PANASONIC	Panasonic Corporation	Panasonic Corporation	Electronics	Technology	Asia	Japan	Japan	YES	NO
70	CARTIER	Compagnie Financière Richemont SA	Compagnie Financière Richemont SA	Luxury	Clothing/Accessories	Europe	France	France	YES	NO
71	KLEENEX	Kimberly-Clark Corporation	Kimberly-Clark Worldwide, Inc.	FMCG	Consumer Goods	Americas	United States	United States	NO	NO
72	PORSCHE	Volkswagen Aktiengesellschaft	Dr. Ing. h.c. F. Porsche Aktiengesellschaft	Automotive	Transportation	Europe	Germany	Germany	NO	NO
73	TIFFANY & CO.	Tiffany & Company	Tiffany & Company	Luxury	Clothing/Accessories	Americas	United States	United States	YES	NO
74	SHELL	Royal Dutch Shell plc	Royal Dutch Shell plc	Energy	Manufacturing	Europe	Netherlands	Netherlands	YES	NO
75	VISA	Visa Inc.	Visa International Service Association	Financial Services	Services	Americas	United States	United States	NO	NO
76	YAHOO!	Yahoo! Inc.	Yahoo! Inc.	Internet Services	Technology	Americas	United States	United States	YES	NO
77	MOËT & CHANDON	LVMH Moët Hennessy Louis Vuitton S.A.	LVMH Moët Hennessy Louis Vuitton S.A.	Alcohol	Drinks	Europe	France	France	NO	NO
78	JACK DANIEL'S	Brown-Forman Corporation	Brown-Forman Corporation	Alcohol	Drinks	Americas	United States	United States	YES	NO
79	BARCLAYS	Barclays PLC	Barclays PLC	Financial Services	Services	Europe	United Kingdom	United Kingdom	YES	NO
80	ADOBE	Adobe Systems Incorporated	Adobe Systems Incorporated	Computer Software	Technology	Americas	United States	United States	YES	NO
81	PIZZA HUT	Yum! Brands, Inc.	Pizza Hut International, LLC	Restaurants	Services	Americas	United States	United States	NO	NO
82	CREDIT SUISSE	Credit Suisse Group	Credit Suisse Group	Financial Services	Services	Europe	Switzerland	Switzerland	YES	YES
83	JOHNSON & JOHNSON	Johnson & Johnson	Johnson & Johnson	FMCG	Consumer Goods	Americas	United States	United States	YES	NO
84	GAP	Gap Inc.	Gap Inc.	Apparel	Clothing/Accessories	Americas	United States	United States	YES	NO
85	3M	3M Company	3M Company	Diversified	Technology	Americas	United States	United States	YES	NO
86	CORONA	Anheuser-Busch InBev N.V.	CERVECERIA MODELO S.A. DE C.V.	Alcohol	Drinks	Americas	Mexico	United States	NO	NO
87	NIVEA	Beiersdorf AG	Beiersdorf AG	FMCG	Consumer Goods	Europe	Germany	Germany	YES	NO
88	JOHNNIE WALKER	Diageo plc	Diageo Brands B.V.	Alcohol	Drinks	Europe	United Kingdom	United Kingdom	NO	NO
89	SMIRNOFF	Diageo plc	Diageo North America, Inc.	Alcohol	Drinks	Europe	United Kingdom	United Kingdom	NO	NO
90	NISSAN	Nissan Motor Co., Ltd.	Nissan Motor Co., Ltd.	Automotive	Transportation	Asia	Japan	Japan	YES	NO
91	HEINEKEN	Heineken Holding N.V.	Heineken Brouwerijen B.V.	Alcohol	Drinks	Europe	Netherlands	Netherlands	NO	NO
92	UBS	UBS AG	UBS AG	Financial Services	Services	Europe	Switzerland	Switzerland	YES	NO
93	ARMANI	Giorgio Armani S.p.A.	Giorgio Armani S.p.A.	Luxury	Clothing/Accessories	Europe	Italy	Italy	YES	NO
94	ZURICH	Zürich Insurance Group AG	Zürich Versicherungs-Gesellschaft AG	Financial Services	Services	Europe	Switzerland	Switzerland	NO	NO
95	BURBERRY	Burberry Group plc	Burberry Limited	Luxury	Clothing/Accessories	Europe	United Kingdom	United Kingdom	NO	NO
96	STARBUCKS	Starbucks Corporation	Starbucks Corporation	Restaurants	Services	Americas	United States	United States	YES	NO
97	JOHN DEERE	Deere & Company	Deere & Company	Diversified	Manufacturing	Americas	United States	United States	YES	NO
98	HTC	HTC Corporation	HTC Corporation	Electronics	Technology	Asia	Taiwan	Taiwan	YES	NO
99	FERRARI	Fiat Chrysler Automobiles N.V.	Ferrari S.p.A.	Automotive	Transportation	Europe	Italy	Netherlands	NO	NO
100	HARLEY-DAVIDSON	Harley-Davidson Inc.	H-D Michigan, LLC	Automotive	Transportation	Americas	United States	United States	NO	NO

TABLE 14 (Cont'd) – I.B.G. BRANDS: SUMMARY INFORMATION

No.	BRAND NAME	PARENT MNE	CTM OWNER ON RECORD AT THE OHIM	CLASSIFICATION		REGION	COUNTRY OF ORIGIN (COO)		PARENT MNE OWNER	MULTIPLE CTM APPLICANTS
				SECTOR	GROUP		BRAND	PARENT MNE		
101	MARLBORO	Philip Morris International, Inc	Philip Morris Brands Sarl	Tobacco	Consumer Goods	Americas	United States	United States	NO	YES
102	L'ORÉAL	L'Oréal S.A.	LANCÔME PARFUMS ET BEAUTE & CIE (SNC)	FMCG	Consumer Goods	Europe	France	France	NO	NO
103	CAMPBELL'S	Campbell Soup Company	Campbell Soup Company	FMCG	Food	Americas	United States	United States	YES	NO
104	WRIGLEY	Mars, Inc.	WM. WRIGLEY JR. COMPANY	FMCG	Consumer Goods	Americas	United States	United States	NO	NO
105	ROLEX	Rolex SA	Rolex SA	Luxury	Clothing/Accessories	Europe	Switzerland	Switzerland	YES	YES
106	BP	BP plc	BP plc	Energy	Manufacturing	Europe	United Kingdom	United Kingdom	YES	NO
107	DURACELL	The Procter & Gamble Co.	Duracell Batteries BVBA	Electronics	Technology	Americas	United States	United States	NO	NO
108	PRADA	Prada Group S.p.A.	Prada S.A.	Luxury	Clothing/Accessories	Europe	Italy	Italy	NO	NO
109	BURGER KING	Burger King Holdings, Inc.	Burger King Corporation.	Restaurants	Services	Americas	United States	United States	NO	NO
110	LEXUS	Toyota Motor Corporation	Toyota Motor Corporation	Automotive	Transportation	Asia	Japan	Japan	YES	NO
111	PUMA	Puma AG	Puma AG	Sporting Goods	Clothing/Accessories	Europe	Germany	Germany	NO	NO
112	POLO RALPH LAUREN	Ralph Lauren Corporation	The Polo/Lauren Company L.P.	Luxury	Clothing/Accessories	Americas	United States	United States	NO	NO
113	MERRILL LYNCH	Bank of America Corporation	Bank of America Corporation	Financial Services	Services	Americas	United States	United States	YES	NO
114	AIG	American International Group, Inc.	American International Group, Inc.	Financial Services	Services	Americas	United States	United States	YES	NO
115	ING	ING Groep N.V.	ING Groep N.V.	Financial Services	Services	Europe	Netherlands	Netherlands	YES	YES
116	MOTOROLA	Motorola Mobility LLC	Motorola Trademark Holdings, LLC	Electronics	Technology	Americas	United States	United States	NO	NO
117	HENNESSY	LVMH Moët Hennessy Louis Vuitton S.A.	SOCIÉTÉ JAS HENNESSY & Co	Alcohol	Drinks	Europe	France	France	NO	NO
118	MARRIOTT	Marriott International, Inc.	Marriott Worldwide Corporation	Hospitality	Services	Americas	United States	United States	NO	NO
119	FEDEX	FedEx Corporation	Federal Express Corporation	Transportation	Services	Americas	United States	United States	NO	NO
120	KODAK	Eastman Kodak Company	Eastman Kodak Company	Electronics	Technology	Americas	United States	United States	YES	NO
121	KRAFT	Kraft Foods Inc.	Kraft Foods Global Brands LLC	FMCG	Food	Americas	United States	United States	NO	YES
122	LG	LG Corp.	LG Corp.	Electronics	Technology	Asia	South Korea	South Korea	YES	NO
123	HERTZ	Hertz Global Holdings Inc	Hertz System, Inc	Transportation	Services	Americas	United States	United States	NO	NO
124	Pfizer	Pfizer, Inc.	Pfizer, Inc.	Pharmaceuticals	Manufacturing	Americas	United States	United States	YES	NO
125	NOVARTIS	Novartis AG	Novartis AG	Pharmaceuticals	Manufacturing	Europe	Switzerland	Switzerland	YES	NO
126	BULGARI	LVMH Moët Hennessy Louis Vuitton S.A.	Bulgari S.p.A.	Luxury	Clothing/Accessories	Europe	Italy	Italy	NO	NO
127	LEVI'S	Levi Strauss & Co.	Levi Strauss & Co.	Apparel	Clothing/Accessories	Americas	United States	United States	YES	NO
128	MERCK	Merck & Co., Inc.	Merck KGaA	Pharmaceuticals	Manufacturing	Americas	United States	United States	NO	NO
129	TIME	Time Warner Inc.	Time Inc.	Media	Media	Americas	United States	United States	NO	YES
130	AOL	Aol Inc.	Aol Inc.	Internet Services	Technology	Americas	United States	United States	YES	NO
131	ESTÉE LAUDER	The Estée Lauder Companies Inc.	ESTÉE LAUDER COSMETICS LTD.	FMCG	Consumer Goods	Americas	United States	United States	NO	YES
132	BOEING	The Boeing Company	Boeing Management Company	Aerospace and Defense	Transportation	Americas	United States	United States	NO	NO
133	MOBIL	Exxon Mobil Corp.	Exxon Mobil Corp.	Energy	Manufacturing	Americas	United States	United States	YES	NO
134	BACARDI	Bacardi Limited	Bacardi & Company Limited	Alcohol	Drinks	Americas	Bermuda	Bermuda	NO	NO
135	BARBIE	Mattel, Inc.	Mattel, Inc.	Toy Manufacturing	Consumer Goods	Americas	United States	United States	YES	NO
136	THE WALL STREET JOURNAL	News Corporation	Dow Jones & Company, Inc.	Media	Media	Americas	United States	United States	NO	NO
137	AT&T	AT&T Inc.	AT&T INTELLECTUAL PROPERTY II, L.P.	Telecommunications	Technology	Americas	United States	United States	NO	NO
138	COMPAQ	Hewlett-Packard Company	Compaq Trademark B.V.	Electronics	Technology	Americas	United States	United States	NO	YES
139	TEXAS INSTRUMENTS	Texas Instruments Inc	Texas Instruments Inc.	Electronics	Technology	Americas	United States	United States	YES	NO
140	PAMPERS	The Procter & Gamble Co.	The Procter & Gamble Co.	FMCG	Consumer Goods	Americas	United States	United States	YES	NO
141	ABSOLUT	Pernod Ricard	V&S Vin & Spirit A/S	Alcohol	Drinks	Europe	Sweden	Sweden	NO	NO
142	GUINNESS	Diageo plc	Diageo plc	Alcohol	Drinks	Europe	Ireland	Ireland	NO	YES
143	FINANCIAL TIMES	Pearson PLC	Pearson PLC	Media	Media	Europe	United Kingdom	United Kingdom	YES	NO
144	HILTON	Hilton Worldwide Holdings Inc.	HLT INTERNATIONAL IP LLC	Hospitality	Services	Americas	United States	United States	NO	YES
145	CARLSBERG	Carlsberg A/S	Carlsberg A/S	Alcohol	Drinks	Europe	Denmark	Denmark	YES	NO
146	SWATCH	The Swatch Group AG	SWATCH AG (SWATCH SA) (SWATCH LTD.)	Leisure Goods	Clothing/Accessories	Europe	Switzerland	Switzerland	NO	NO
147	BENETTON	Benetton Group S.p.A.	Benetton S.r.l.	Retail	Clothing/Accessories	Europe	Italy	Italy	NO	NO

TABLE 16 – COUNTRY OF ORIGIN: I.B.G. BRAND vs. PARENT MNE (COUNT)

COUNTRY	COUNTRY OF ORIGIN (COO)	
	BRAND	PARENT MNE
United States	78	76
Germany	11	10
France	9	12
Japan	8	8
Switzerland	8	8
United Kingdom	7	8
Italy	6	3
Netherlands	4	5
South Korea	3	3
Sweden	3	3
Canada	2	2
Spain	2	2
Bermuda	1	1
Denmark	1	1
Finland	1	1
Ireland	1	1
Mexico	1	-
Taiwan	1	1
Belgium	-	2
Grand Total	147	147

TABLE 17 – COUNTRY OF ORIGIN: I.B.G. BRAND vs. PARENT MNE (%)

COUNTRY	COUNTRY OF ORIGIN (COO)	
	BRAND	PARENT MNE
United States	53.06%	51.70%
Germany	7.48%	6.80%
France	6.12%	8.16%
Japan	5.44%	5.44%
Switzerland	5.44%	5.44%
United Kingdom	4.76%	5.44%
Italy	4.08%	2.04%
Netherlands	2.72%	3.40%
South Korea	2.04%	2.04%
Sweden	2.04%	2.04%
Canada	1.36%	1.36%
Spain	1.36%	1.36%
Bermuda	0.68%	0.68%
Denmark	0.68%	0.68%
Finland	0.68%	0.68%
Ireland	0.68%	0.68%
Mexico	0.68%	-
Taiwan	0.68%	0.68%
Belgium	-	1.36%
Grand Total	100%	100%

TABLE 18 – TRADEMARKS REMOVED FROM STUDY

TRADEMARKS REMOVED FROM STUDY							
NO.	TRADEMARK	STATUS	REASON	CTM #	CLASSES	TYPE	COMMENTS
1	L'OREAL Lingerie	Withdrawn	Opposed	693150	16, 25, 39	FIGURATIVE	UNRELATED APPLICANT. PROPERTY OF CTM WAS NEVER REQUESTED.
2	accenture	Withdrawn	N/A.	2207165	9, 16, 35, 36, 37, 41, 42	FIGURATIVE	RECORD REMOVED.
3	FORD MUSTANG	Withdrawn	Opposed	5020235	12	WORD	IKELIHOOD OF CONFUSION.
4	Nestlé	Removed from the Register	Opposed	1014400	11, 30	FIGURATIVE	LIKELIHOOD OF CONFUSION.
5	BLACKBERRY CONCIERGE	Withdrawn	Opposed	9894312	9, 35, 38, 42	WORD	LIKELIHOOD OF CONFUSION.
6	XEROX	Withdrawn	N/A.	6584809	2, 9, 16, 35, 37, 40, 42	FIGURATIVE	RECORD REMOVED.
7	AVON VOWS	Withdrawn	Opposed	1244334	3	WORD	IDENTICAL WITH THE EARLIER TRADE MARK AND THE GOODS OR SERVICES
8	YAHOO	Refused	Opposed	1620673	18	WORD	UNRELATED APPLICANT. PROPERTY OF CTM WAS NEVER REQUESTED.
9	BRUT IMPÉRIAL MOÛT & CHANDON	Withdrawn	N/A.	3578747	32, 33, 43	FIGURATIVE	RECORD REMOVED.
10	BW BARCLAYS WOOLLEN CO. LTD. LONDON	Registered	N/A.	630558	22, 24	FIGURATIVE	UNRELATED APPLICANT. PROPERTY OF CTM WAS NEVER CHALLENGED.
11	ADOBE GENESIS	Withdrawn	Opposed	9950817	35, 42, 45	WORD	LIKELIHOOD OF CONFUSION.
12	THE GAP PARTNERSHIP	Withdrawn	Opposed	9673179	35, 41	WORD	UNFAIR ADVANTAGE OR BE DETRIMENTAL TO EARLIER TRADE MARK.
13	Corona FootVOLLEY	Withdrawn	Opposed	8291981	25, 35, 41	FIGURATIVE	LIKELIHOOD OF CONFUSION.
14	SMIRNOFF experience	Withdrawn	Opposed	2718765	9, 16, 18, 25, 38, 41, 43	FIGURATIVE	MULTIPLE OPPOSITIONS. LIKELIHOOD OF CONFUSION.
15	NISSAN ALTERRA	Withdrawn	Opposed	1433432	12	WORD	IDENTICAL WITH THE EARLIER TRADE MARK AND THE GOODS OR SERVICES
16	NISSAN INSURANCE	Withdrawn	Opposed	6525381	36	WORD	INFORMATION REMOVED.
17	NISSAN EXTENDED WARRANTY	Withdrawn	Opposed	6525281	36	WORD	INFORMATION REMOVED.
18	Z ZURICH INVEST (WITHDRAWN)	Withdrawn	Opposed	1161231	16, 35, 36, 38, 41, 42	FIGURATIVE	RECORD REMOVED. CTM NUMBER RE-ASSIGNED (?).
19	AIG PREMIER	Refused	Opposed	5022421	36	WORD	LIKELIHOOD OF CONFUSION.
20	MOTOROLA XOOM	Withdrawn	Opposed	9477167	9	WORD	MULTIPLE OPPOSITIONS. LIKELIHOOD OF CONFUSION.
21	EMOTION BY HERTZ	Withdrawn	Opposed	7262124	12, 16, 39	WORD	LIKELIHOOD OF CONFUSION.
22	HZCAR BY HERTZ	Withdrawn	Opposed	7262074	12, 16, 39	WORD	LIKELIHOOD OF CONFUSION.
23	MERCK RETROLOGISTIK	Withdrawn	N/A.	2666105	1, 39, 42	WORD	RECORD REMOVED.
24	TIME FOR KIDS	Withdrawn	N/A.	3995651	16, 38, 41	WORD	RECORD REMOVED.
25	ESTÉE LAUDER PRIVATE SPA COLLECTION	Withdrawn	Opposed	1953728	3	WORD	MULTIPLE OPPOSITIONS. LIKELIHOOD OF CONFUSION.
26	WSJ	Withdrawn	N/A.	6822977	9, 16, 41	WORD	RECORD REMOVED.
27	ABSOLUT VIVA	Withdrawn	Opposed	9422891	33	WORD	MULTIPLE OPPOSITIONS. LIKELIHOOD OF CONFUSION.
28	ABSOLUT	Withdrawn	Refilled	3851128	25	WORD	CTM# 3851128 was replaced by CMT # 5631841.
29	GUINNESS STORM	Withdrawn	Opposed	3128451	32	WORD	MULTIPLE OPPOSITIONS. LIKELIHOOD OF CONFUSION.
30	FT DISCOVERY	Withdrawn	Opposed	160556	9, 16, 35, 36, 37, 38, 41, 42	WORD	LIKELIHOOD OF CONFUSION.
31	POP SWATCH	Refused	Opposed	226043	14	WORD	LIKELIHOOD OF CONFUSION.

TABLE 19 – I.B.G. BRANDS: COUNT OF BRANDS

REGION	Total
Americas	82
Asia	12
Europe	53
Grand Total	147

GROUP	Total
Clothing and Accessories	20
Consumer Goods	14
Drinks	16
Food	6
Manufacturing	8
Media	6
Services	27
Technology	36
Transportation	14
Grand Total	147

BRAND'S COUNTRY	Total
Bermuda	1
Canada	2
Denmark	1
Finland	1
France	9
Germany	11
Ireland	1
Italy	6
Japan	8
Mexico	1
Netherlands	4
South Korea	3
Spain	2
Sweden	3
Switzerland	8
Taiwan	1
United Kingdom	7
United States	78
Grand Total	147

SECTOR	Total
Aerospace and Defense	1
Alcohol	12
Apparel	4
Automotive	13
Beverages	4
Business Services	5
Computer Software	2
Diversified	5
Electronics	20
Energy	3
Financial Services	17
FMCG	17
Home Furnishings	1
Hospitality	2
Internet Services	5
Leisure Goods	1
Luxury	11
Media	6
Pharmaceuticals	3
Restaurants	5
Retail	1
Sporting Goods	3
Telecommunications	1
Tobacco	1
Toy Manufacturing	1
Transportation	3
Grand Total	147

TABLE 20 – I.B.G. BRANDS: TOTAL VALID TRADEMARKS (CTM)

REGION	Total	GROUP	Total
Americas	2,298	Clothing and Accessories	283
Asia	496	Consumer Goods	655
Europe	1,527	Drinks	502
Grand Total	4,321	Food	101
		Manufacturing	172
		Media	243
		Services	837
		Technology	955
		Transportation	573
		Grand Total	4,321

BRAND'S COUNTRY	Total	SECTOR	Total
Bermuda	55	Aerospace and Defense	13
Canada	38	Alcohol	381
Denmark	19	Apparel	97
Finland	40	Automotive	560
France	162	Beverages	121
Germany	398	Business Services	123
Ireland	33	Computer Software	43
Italy	142	Diversified	99
Japan	326	Electronics	616
Mexico	28	Energy	108
Netherlands	85	Financial Services	583
South Korea	124	FMCG	600
Spain	62	Home Furnishings	13
Sweden	88	Hospitality	43
Switzerland	233	Internet Services	75
Taiwan	46	Leisure Goods	12
United Kingdom	265	Luxury	126
United States	2,177	Media	243
Grand Total	4,321	Pharmaceuticals	45
		Restaurants	77
		Retail	8
		Sporting Goods	40
		Telecommunications	18
		Tobacco	129
		Toy Manufacturing	14
		Transportation	134
		Grand Total	4,321

TABLE 21 – I.B.G. BRANDS: TOTAL CLASSES (NICE CLASSIFICATION)

REGION	Total	GROUP	Total
Americas	7,269	Clothing and Accessories	1,202
Asia	1,450	Consumer Goods	1,153
Europe	6,199	Drinks	1,460
Grand Total	14,918	Food	361
		Manufacturing	1,211
		Media	1,105
		Services	2,375
		Technology	3,614
		Transportation	2,437
		Grand Total	14,918

BRAND'S COUNTRY	Total	SECTOR	Total
Bermuda	156	Aerospace and Defense	112
Canada	215	Alcohol	1,098
Denmark	60	Apparel	363
Finland	170	Automotive	2,325
France	386	Beverages	362
Germany	1,668	Business Services	452
Ireland	126	Computer Software	117
Italy	773	Diversified	645
Japan	1,157	Electronics	2,215
Mexico	72	Energy	797
Netherlands	333	Financial Services	1,665
South Korea	231	FMCG	1,135
Spain	302	Home Furnishings	77
Sweden	291	Hospitality	114
Switzerland	790	Internet Services	312
Taiwan	62	Leisure Goods	17
United Kingdom	1,300	Luxury	686
United States	6,826	Media	1,105
Grand Total	14,918	Pharmaceuticals	241
		Restaurants	229
		Retail	32
		Sporting Goods	104
		Telecommunications	46
		Tobacco	204
		Toy Manufacturing	98
		Transportation	367
		Grand Total	14,918

TABLE 22 – I.B.G. BRANDS: MULTIPLE TRADEMARK (CTM) APPLICANTS

MULTIPLE TRADEMARK (CTM) APPLICANTS AT THE OHIM PER:				
REGION	NO	YES	GROUP	NO YES
Americas	73	9	Clothing and Accessories	17 3
Asia	8	4	Consumer Goods	12 2
Europe	43	10	Drinks	15 1
Grand Total	124	23	Food	3 3
			Manufacturing	8 -
			Media	4 2
			Services	24 3
			Technology	30 6
			Transportation	11 3
			Grand Total	124 23
BRAND'S COUNTRY	NO	YES	SECTOR	NO YES
Bermuda	1	-	Aerospace and Defense	1 -
Canada	1	1	Alcohol	11 1
Denmark	1	-	Apparel	4 -
Finland	1	-	Automotive	10 3
France	8	1	Beverages	4 -
Germany	8	3	Business Services	4 1
Ireland	-	1	Computer Software	2 -
Italy	5	1	Diversified	4 1
Japan	6	2	Electronics	16 4
Mexico	1	-	Energy	3 -
Netherlands	3	1	Financial Services	15 2
South Korea	1	2	FMCG	13 4
Spain	2	-	Home Furnishings	1 -
Sweden	3	-	Hospitality	1 1
Switzerland	5	3	Internet Services	5 -
Taiwan	1	-	Leisure Goods	1 -
United Kingdom	7	-	Luxury	9 2
United States	70	8	Media	4 2
Grand Total	124	23	Pharmaceuticals	3 -
			Restaurants	5 -
			Retail	1 -
			Sporting Goods	2 1
			Telecommunications	1 -
			Tobacco	1
			Toy Manufacturing	1 -
			Transportation	3 -
			Grand Total	124 23

TABLE 23 – I.B.G. BRANDS: PARENT MNE OWNERSHIP OF CTM

REGION	NO	YES
Americas	40	42
Asia	2	10
Europe	23	30
Grand Total	65	82

GROUP	NO	YES
Clothing and Accessories	10	10
Consumer Goods	7	7
Drinks	11	5
Food	4	2
Manufacturing	1	7
Media	4	2
Services	13	14
Technology	10	26
Transportation	5	9
Grand Total	65	82

BRAND'S COUNTRY	NO	YES
Bermuda	1	-
Canada	1	1
Denmark	-	1
Finland	-	1
France	5	4
Germany	2	9
Ireland	1	-
Italy	5	1
Japan	-	8
Mexico	1	-
Netherlands	1	3
South Korea	2	1
Spain	-	2
Sweden	2	1
Switzerland	4	4
Taiwan	-	1
United Kingdom	3	4
United States	37	41
Grand Total	65	82

SECTOR	NO	YES
Aerospace and Defense	1	-
Alcohol	10	2
Apparel	-	4
Automotive	4	9
Beverages	1	3
Business Services	3	2
Computer Software	-	2
Diversified	-	5
Electronics	5	15
Energy	-	3
Financial Services	4	13
FMCG	9	8
Home Furnishings	1	-
Hospitality	2	-
Internet Services	1	4
Leisure Goods	1	-
Luxury	6	5
Media	4	2
Pharmaceuticals	1	2
Restaurants	4	1
Retail	1	-
Sporting Goods	2	1
Telecommunications	1	-
Tobacco	1	-
Toy Manufacturing	-	1
Transportation	3	-
Grand Total	65	82

TABLE 24 – PARENT MNE, CTM OWNER AND I.B.G. BRAND TABLE SUMMARY

REGION	PARENT MNE's COO	PARENT MNE	CTM OWNER ON RECORD AT THE OHIM	BRAND	BRAND's COO
Americas	Bermuda	Bacardi Limited	Bacardi & Company Limited	BACARDI	Bermuda
	Canada	Research In Motion Limited	Research In Motion Limited	BLACKBERRY	Canada
		Thomson Reuters Corporation	Thomson Reuters Global Resources	THOMSON REUTERS	Canada
	Ireland	Accenture plc	Accenture Global Services Limited	ACCENTURE	United States
		3M Company	3M Company	3M	United States
	United States	Adobe Systems Incorporated	Adobe Systems Incorporated	ADOBE	United States
		Amazon.com, Inc.	Amazon Europe Holding Technologies SCS	AMAZON.COM	United States
		American Express Company	American Express Marketing & Development Corp.	AMERICAN EXPRESS	United States
		American International Group, Inc.	American International Group, Inc.	AIG	United States
		Anheuser-Busch InBev N.V.	Anheuser-Busch, Incorporated*	BUDWEISER	United States
			CERVECERIA MODELO, S.A. DE C.V.	CORONA	Mexico
		Aol Inc.	Aol Inc.	AOL	United States
		Apple Inc.	Apple Inc.	APPLE	United States
		AT&T Inc.	AT&T INTELLECTUAL PROPERTY II, L.P.	AT&T	United States
		Avon Products, Inc.	Avon Products, Inc.	AVON	United States
		Bank of America Corporation	Bank of America Corporation	MERRILL LYNCH	United States
		Brown-Forman Corporation	Brown-Forman Corporation	JACK DANIEL'S	United States
		Burger King Holdings, Inc.	Burger King Corporation.	BURGER KING	United States
		Campbell Soup Company	Campbell Soup Company	CAMPBELL'S	United States
		Caterpillar Inc.	Caterpillar Inc.	CATERPILLAR	United States
		Cisco Systems, Inc.	Cisco Technology, Inc.	CISCO	United States
		Citigroup Inc.	Citigroup Inc.	CITI	United States
		Colgate-Palmolive Company	Colgate-Palmolive Company	COLGATE	United States
		Deere & Company	Deere & Company	JOHN DEERE	United States
		Dell Inc.	Dell Inc.	DELL	United States
		Eastman Kodak Company	Eastman Kodak Company	KODAK	United States
		eBay Inc.	eBay Inc.	eBAY	United States
		Exxon Mobil Corp.	Exxon Mobil Corp.	MOBIL	United States
		FedEx Corporation	Federal Express Corporation	FEDEX	United States
		Ford Motor Company	Ford Motor Company	FORD	United States
		Gap Inc.	Gap Inc.	GAP	United States
		General Electric Company	General Electric Company	GE	United States
		Google Inc.	Google Inc.	GOOGLE	United States
		H. J. Heinz Company	H. J. Heinz Company Limited	HEINZ	United States
		Harley-Davidson Inc.	H-D Michigan, LLC	HARLEY DAVIDSON	United States
		Hertz Global Holdings Inc.	Hertz System, Inc.	HERTZ	United States
		Hewlett-Packard Company	Compaq Trademark B.V.	COMPAQ	United States
			Hewlett-Packard Development Company, L.P	HP	United States
		Hilton Worldwide Holdings Inc.	HLT INTERNATIONAL IP LLC	HILTON	United States
		Intel Corporation	Intel Corporation	INTEL	United States
		International Business Machines Corporation (IBM)	International Business Machines Corporation (IBM)	IBM	United States
		Johnson & Johnson	Johnson & Johnson	JOHNSON & JOHNSON	United States
		JPMorgan Chase & Co.	JPMorgan Chase & Co.	J.P. MORGAN	United States
		Kellogg Company	Kellogg Company	KELLOGG'S	United States
		Kimberly-Clark Corporation	Kimberly-Clark Worldwide, Inc.	KLEENEX	United States
		Kraft Foods Inc.	Kraft Foods Global Brands LLC	KRAFT	United States
		Levi Strauss & Co.	Levi Strauss & Co.	LEVI'S	United States
		Marriott International, Inc.	Marriott Worldwide Corporation	MARRIOTT	United States
		Mars, Inc.	WM. WRIGLEY JR. COMPANY	WRIGLEY	United States
		Mattel, Inc.	Mattel, Inc.	BARBIE	United States
		McDonald's Corporation	McDonald's International Property Company, Ltd.	MCDONALD'S	United States
		Merck & Co., Inc.	Merck KGaA	MERCK	United States
		Microsoft Corporation	Microsoft Corporation	MICROSOFT	United States
		Morgan Stanley	Morgan Stanley	MORGAN STANLEY	United States
		Motorola Mobility LLC	Motorola Trademark Holdings, LLC	MOTOROLA	United States
		News Corporation	Dow Jones & Company, Inc.	THE WALL STREET JOURNAL	United States
		Nike, Inc.	Nike International Ltd.	NIKE	United States
		Oracle Corporation	Oracle International Corporation	ORACLE	United States
		PepsiCo Inc.	PepsiCo Inc.	PEPSI	United States
		Pfizer, Inc.	Pfizer, Inc.	PFIZER	United States
		Philip Morris International, Inc.	Philip Morris Brands Sarl	MARLBORO	United States
		Ralph Lauren Corporation	The Polo/Lauren Company L.P.	POLO RALPH LAUREN	United States
		Starbucks Corporation	Starbucks Corporation	STARBUCKS	United States
		Texas Instruments Inc.	Texas Instruments Inc.	TEXAS INSTRUMENTS	United States
		The Boeing Company	Boeing Management Company	BOEING	United States
		The Coca-Cola Company	The Coca-Cola Company	COCA-COLA	United States
				SPRITE	United States
		The Estée Lauder Companies Inc.	ESTEE LAUDER COSMETICS LTD.	ESTEE LAUDER	United States
		The Goldman Sachs Group, Inc.	Goldman, Sachs & Co.	GOLDMAN SACHS	United States
		The Procter & Gamble Co.	Duracell Batteries BVBA	DURACELL	United States
			The Gillette Company	GILLETTE	United States
			The Procter & Gamble Co.	PAMPERS	United States
		The Walt Disney Company	Disney Enterprises, Inc.	DISNEY	United States
		Tiffany & Company	Tiffany & Company	TIFFANY & CO.	United States
		Time Warner Inc.	Time Inc.	TIME	United States
		United Parcel Service, Inc.	United Parcel Service of America, Inc	UPS	United States
		Viacom, Inc.	Viacom, Inc	MTV	United States
		Visa Inc.	Visa International Service Association	VISA	United States
		Xerox Corporation	Xerox Corporation	XEROX	United States
		Yahoo! Inc.	Yahoo! Inc.	YAHOO!	United States
		Yum! Brands, Inc.	Kentucky Fried Chicken International Holdings, Inc.	KFC	United States
			Pizza Hut International, LLC	PIZZA HUT	United States

TABLE 24 (Cont'd) – PARENT MNE, CTM OWNER AND I.B.G. BRAND TABLE SUMMARY

REGION	PARENT MNE's COO	PARENT MNE	CTM OWNER ON RECORD AT THE OHIM	BRAND	BRAND's COO
Asia	Japan	Honda Motor Co., Ltd.	Honda Motor Co., Ltd.	HONDA	Japan
		Nintendo Co., Ltd.	Nintendo Co., Ltd.	NINTENDO	Japan
		Nissan Motor Co., Ltd.	Nissan Motor Co., Ltd.	NISSAN	Japan
		Panasonic Corporation	Panasonic Corporation	PANASONIC	Japan
		Sony Corporation	Sony Corporation	SONY	Japan
		Toyota Motor Corporation	Toyota Motor Corporation	LEXUS	Japan
			TOYOTA	Japan	Japan
			CANON	Japan	Japan
	South Korea	Canon Inc. (Canon Kabushiki Kaisha)*	Canon Inc. (Canon Kabushiki Kaisha)*		
Hyundai Motor Group		Hyundai Card Company Limited	HYUNDAI	South Korea	
LG Corp.		LG Corp.	LG	South Korea	
		Samsung Group	Samsung Electronics Co., Ltd.	SAMSUNG	South Korea
	Taiwan	HTC Corporation	HTC Corporation	HTC	Taiwan
Europe	Denmark	Carlsberg A/S	Carlsberg A/S	CARLSBERG	Denmark
	Finland	Nokia Corporation (Nokia Oyj)	Nokia Corporation (Nokia Oyj)	NOKIA	Finland
	France	AXA S.A.	AXA S.A.	AXA	France
		Compagnie Financière Richemont SA	Compagnie Financière Richemont SA	CARTIER	France
		Danone S.A.	Compagnie Gervais Danone S.A	DANONE	France
		Hermès International SCA	Hermès International SCA	HERMÉS	France
		Kering SA	GUCCIO GUCCI S.P.A.	GUCCI	Italy
			Kering	PUMA	Germany
		L'Oréal S.A.	LANCÔME PARFUMS ET BEAUTE & CIE (SNC)	LANCÔME	France
			L'Oréal S.A.	L'ORÉAL	France
		LVMH Moët Hennessy Louis Vuitton S.A.	Bulgari S.p.A.	BULGARI	Italy
			Louis Vuitton Malletier, S.A.	LOUIS VUITTON	France
			MHCS	MOET & CHANDON	France
			SOCIETE JAS HENNESSY & Co	HENNESSY	France
	Germany	Adidas AG	Adidas AG	ADIDAS	Germany
		Allianz SE	Allianz SE	ALLIANZ	Germany
		Bayerische Motoren Werke AG	Bayerische Motoren Werke AG	BMW	Germany
		Beiersdorf AG	Beiersdorf AG	NIVEA	Germany
		Daimler AG	Daimler AG	MERCEDES-BENZ	Germany
		SAP AG	SAP AG	SAP	Germany
		Siemens AG	Siemens AG	SIEMENS	Germany
		Volkswagen Aktiengesellschaft	Dr. Ing. h.c. F. Porsche Aktiengesellschaft	PORSCHE	Germany
			Volkswagen Aktiengesellschaft	AUDI	Germany
				VOLKSWAGEN	Germany
	Italy	Benetton Group S.p.A.	Bencom S.r.l.	BENETTON	Italy
		Giorgio Armani S.p.A	Giorgio Armani S.p.A	ARMANI	Italy
		Prada Group S.p.A.	Prada S.A.	PRADA	Italy
	Netherlands	Fiat Chrysler Automobiles N.V.	Ferrari S.p.A.	FERRARI	Italy
		Heineken Holding N.V.	Heineken Brouwerijen B.V.	HEINEKEN	Netherlands
		ING Groep N.V.	ING Groep N.V.	ING	Netherlands
		Koninklijke Philips Electronics N.V.	Koninklijke Philips Electronics N.V.	PHILIPS	Netherlands
	Spain	Royal Dutch Shell plc	Royal Dutch Shell plc	SHELL	Netherlands
		Grupo Santander	BANCO SANTANDER, S.A.	SANTANDER	Spain
		Industria de Diseño Textil, S.A.	Industria de Diseño Textil, S.A.	ZARA	Spain
	Sweden	H & M Hennes & Mauritz AB	H & M Hennes & Mauritz AB	H&M	Sweden
		Pernod Ricard	V&S Vin & Sprit Aktiebolag	ABSOLUT	Sweden
	Switzerland	Inter IKEA Holding S.A.*	Inter IKEA Systems B.V.	IKEA	Sweden
		Credit Suisse Group	Credit Suisse Group	CREDIT SUISSE	Switzerland
		Hans Wilsdorf Foundation	Rolex SA	ROLEX	Switzerland
		Nestlé S.A.	Nestlé S.A.	NESCAFé	Switzerland
			Société des Produits Nestlé S.A.	NESTLÉ	Switzerland
		Novartis AG	Novartis AG	NOVARTIS	Switzerland
		The Swatch Group AG	SWATCH AG (SWATCH SA) (SWATCH LTD.)	SWATCH	Switzerland
		UBS AG	UBS AG	UBS	Switzerland
	United Kingdom	Zurich Insurance Group AG	Zürich Versicherungs-Gesellschaft AG	ZURICH	Switzerland
		Barclays PLC	Barclays PLC	BARCLAYS	United Kingdom
		BP plc	BP plc	BP	United Kingdom
		Burberry Group plc	Burberry Limited	BURBERRY	United Kingdom
		Diageo plc	Diageo Brands B.V.	JOHNNIE WALKER	United Kingdom
			Diageo Ireland	GUINNESS	Ireland
			Diageo North America, Inc.	SMIRNOFF	United Kingdom
		HSBC Holdings plc	HSBC Holdings plc	HSBC	United Kingdom
		Pearson PLC	Pearson PLC	FINANCIAL TIMES	United Kingdom
GRAND TOTAL		130	144	147	

TABLE 25 – INTELLECTUAL PROPERTY PROTECTION RANKINGS

COUNTRY	IP PROTECTION RANKINGS			
	IPRI (IPR)*		WORLD ECONOMIC FORUM**	
	INDEX	RANK‡	INDEX	RANK‡
Finland	8.60	1	6.20	1
Japan	8.50	2	6.00	7
United States	8.40	3	5.40	20
Netherlands	8.30	4	5.70	11
United Kingdom	8.30	4	5.90	8
Germany	8.20	7	5.40	21
Sweden	8.20	7	5.50	19
Belgium	8.10	9	5.30	23
Canada	8.10	9	5.70	12
Switzerland	8.10	9	6.00	4
Denmark	8.00	13	5.30	24
France	7.90	16	5.60	13
Ireland	7.90	16	5.60	14
Taiwan	7.10	22	5.10	26
Spain	6.70	26	3.60	77
Italy	6.60	30	3.70	70
Mexico	5.60	42	3.50	82
South Korea	N/A	-	3.70	68
Bermuda	N/A	-	N/A	-
OVERALL AVERAGE	7.80		5.48	

*The International Property Rights Index 2014. The IPR (Intellectual Property Rights) index is one of the components of the overall IPRI index (the other two components are Legal and Political Environment (LP) and Physical Property Rights (PPR)). Note that one of the sources to construct the IPR index was the World Economic Forum Index. <http://internationalpropertyrightsindex.org/>

** Edition 2014--2015. Competitiveness Rankings: Intellectual Property Protection.

<http://reports.weforum.org/global-competitiveness-report-2014-2015/rankings/>

‡ Each study ranked each country based on the specific overall population sample. In the case of the IPRI the total population was 97 countries. In the case of the World Economic Forum the total population was 144 countries. The IPRI allowed for countries to tie for a rank position, the World Economic Forum Ranking did not. IPRI ranks countries on a scale from 0 (worst)-10(best). World Economic Forum ranked countries on a scale from 1(worst)-7(best).

TABLE 26 – LIST OF BUSINESS ENTITY TYPES

Abbreviation	Full Description	Country
A/S	Aktieselskab	Denmark
AB	Aktiebolag	Sweden
AG	Aktiengesellschaft	Germany
B.V.	Besloten vennootschap	Netherlands
Corp. (Inc.)	Corporation (Incorporated)	US
GMbH	Gesellschaft mit beschränkter Haftung	Germany
KGaA	Kommanditgesellschaft auf Aktien	Germany
KK	Kabushiki Kaisha	Japan
LLC	Limited Liability Company	US
LP	Limited partnership	US
Ltd.	Limited company	UK/Ireland
N.V.	Naamloze vennootschap	Netherlands/Belgium
OYJ	Osakeyhtiö	Finland
PLC	Public limited company	UK/Ireland
S.A.	Sociedad Anónima	Civil Law Countries
S.p.A.	Società per Azioni	Italy
S.r.l.	Società a responsabilità limitata	Italy
SARL	Société à responsabilité limitée	France
SCA	Société en commandite par actions	France
SE	Societas Europaea	Europe
SNC	Société en nom collectif	France

TABLE 27 – INTERBRAND’S BEST GLOBAL (I.B.G.) BRANDS: RANKING OF CLASSES

RANK	TYPE	CLASS			CUMULATIVE	
		No.	COUNT	%	INCREASING	DECREASING
01	GOODS	09	1,396	9.36%	9.36%	100.00%
02	GOODS	16	978	6.56%	15.91%	90.64%
03	SERVICES	35	974	6.53%	22.44%	84.09%
04	SERVICES	36	914	6.13%	28.57%	77.56%
05	SERVICES	41	821	5.50%	34.07%	71.43%
06	SERVICES	42	795	5.33%	39.40%	65.93%
07	GOODS	25	692	4.64%	44.04%	60.60%
08	SERVICES	38	660	4.42%	48.46%	55.96%
09	GOODS	03	642	4.30%	52.77%	51.54%
10	GOODS	28	463	3.10%	55.87%	47.23%
11	GOODS	12	459	3.08%	58.95%	44.13%
12	GOODS	18	382	2.56%	61.51%	41.05%
13	SERVICES	37	382	2.56%	64.07%	38.49%
14	SERVICES	39	381	2.55%	66.62%	35.93%
15	GOODS	32	380	2.55%	69.17%	33.38%
16	GOODS	14	329	2.21%	71.38%	30.83%
17	GOODS	21	315	2.11%	73.49%	28.62%
18	GOODS	33	296	1.98%	75.47%	26.51%
19	GOODS	30	289	1.94%	77.41%	24.53%
20	GOODS	34	236	1.58%	78.99%	22.59%
21	GOODS	11	222	1.49%	80.48%	21.01%
22	GOODS	24	206	1.38%	81.86%	19.52%
23	GOODS	29	206	1.38%	83.24%	18.14%
24	SERVICES	43	195	1.31%	84.55%	16.76%
25	GOODS	20	192	1.29%	85.84%	15.45%
26	GOODS	05	178	1.19%	87.03%	14.16%
27	GOODS	04	173	1.16%	88.19%	12.97%
28	GOODS	07	166	1.11%	89.30%	11.81%
29	GOODS	06	160	1.07%	90.37%	10.70%
30	SERVICES	40	134	0.90%	91.27%	9.63%
31	GOODS	01	132	0.88%	92.16%	8.73%
32	GOODS	08	121	0.81%	92.97%	7.84%
33	GOODS	26	115	0.77%	93.74%	7.03%
34	GOODS	02	113	0.76%	94.50%	6.26%
35	GOODS	10	109	0.73%	95.23%	5.50%
36	SERVICES	44	106	0.71%	95.94%	4.77%
37	GOODS	27	99	0.66%	96.60%	4.06%
38	SERVICES	45	80	0.54%	97.14%	3.40%
39	GOODS	22	73	0.49%	97.63%	2.86%
40	GOODS	17	72	0.48%	98.11%	2.37%
41	GOODS	31	67	0.45%	98.56%	1.89%
42	GOODS	19	65	0.44%	98.99%	1.44%
43	GOODS	15	64	0.43%	99.42%	1.01%
44	GOODS	23	49	0.33%	99.75%	0.58%
45	GOODS	13	37	0.25%	100.00%	0.25%
GRAND TOTAL			14,918	100%		

TABLE 28 – COUNTRY OR REGION OF ORIGIN OF BRAND: SECTORS AND GROUPS

DESCRIPTION	COUNTRY OR REGION OF ORIGIN OF BRAND																							TOTAL COUNT
	Bermuda	Canada	Denmark	Finland	France	Germany	Ireland	Italy	Japan	Mexico	Netherlands	South Korea	Spain	Sweden	Switzerland	Taiwan	United Kingdom	United States	GRAND TOTALS	Americas	Asia	Europe		
SECTOR																								
Aerospace and Defense																				1	1	1	1	
Alcohol	1		1		2		1			1	1			1			2	2	2	12	4	8	9	
Apparel													1	1				2	4	2	2	3		
Automotive						5						1						2	13	2	5	6		
Beverages									1	4					1			3	4	3	1	2		
Business Services						1												4	5	4	1	2		
Computer Software																		2	2	2		1		
Diversified																		4	5	4	1	2		
Electronics						1				4		1	2			1		10	20	11	7	2		
Energy											1						1	1	3	1	2	3		
Financial Services						1	1				1		1		3	2		8	17	8	9	7		
FMCG						3	1								1			12	17	12	5	4		
Home Furnishings														1					1		1	1		
Hospitality																		2	2	2		1		
Internet Services																		5	5	5		1		
Leisure Goods																1			1			1		
Luxury						3			4						1		1	2	11	2	9	5		
Media		1															1	4	6	5	1	3		
Pharmaceuticals															1			2	3	2	1	2		
Restaurants																		5	5	5		1		
Retail										1									1		1	1		
Sporting Goods						2												1	3	1	2	2		
Telecommunications																		1	1	1		1		
Tobacco																		1	1	1		1		
Toy Manufacturing																		1	1	1	1	1		
Transportation																		3	3	3		1		
GROUP	GROUP																							
Clothing and Accessories					3	2		5					1	1	2		1	5	20	5	15	8		
Consumer Goods					2	1								1				10	14	10	4	4		
Drinks	1		1		2		1				1	1		1	1		2	5	16	7	9	10		
Food					1										1			4	6	4	2	3		
Manufacturing															1		1	5	8	5	3	4		
Media		1																4	6	5	1	3		
Services					1	1						1		1	3		2	18	27	18	9	7		
Technology		1		1		2		4				1	2			1		24	36	25	7	8		
Transportation						5			1	4		1						3	14	3	5	3		
Grand Total	1	2	1	1	9	11	1	6	8	1	4	3	2	3	8	1	7	78	147	82	12	53		

TABLE 29 – I.B.G. BRANDS STATISTICS AND RATIOS

BRAND	BRAND STATISTICS AND RATIOS								
	TRADEMARKS	WORD	CLASSES	GOODS	SERVICES	WORD/TM	CLASS/TM	GOODS/CLASS	SERV./CLASS
COCA-COLA	47	23	169	140	29	0.49	3.60	0.83	0.17
IBM	29	14	130	63	67	0.48	4.48	0.48	0.52
MICROSOFT	31	18	82	41	41	0.58	2.65	0.50	0.50
GOOGLE	9	6	25	9	16	0.67	2.78	0.36	0.64
GE	47	39	206	90	116	0.83	4.38	0.44	0.56
McDONALD'S	8	6	26	15	11	0.75	3.25	0.58	0.42
INTEL	68	39	216	152	64	0.57	3.18	0.70	0.30
APPLE	17	17	112	70	42	1.00	6.59	0.63	0.38
DISNEY	76	56	542	424	118	0.74	7.13	0.78	0.22
HP	53	42	192	94	98	0.79	3.62	0.49	0.51
TOYOTA	35	24	104	71	33	0.69	2.97	0.68	0.32
MERCEDES-BENZ	9	8	152	118	34	0.89	16.89	0.78	0.22
CISCO	61	52	179	94	85	0.85	2.93	0.53	0.47
NOKIA	40	26	170	94	76	0.65	4.25	0.55	0.45
BMW	52	48	239	172	67	0.92	4.60	0.72	0.28
GILLETTE	15	12	18	18	0	0.80	1.20	1.00	0.00
SAMSUNG	70	50	115	91	24	0.71	1.64	0.79	0.21
LOUIS VUITTON	7	4	26	22	4	0.57	3.71	0.85	0.15
HONDA	53	28	151	115	36	0.53	2.85	0.76	0.24
ORACLE	12	11	31	16	15	0.92	2.58	0.52	0.48
H&M	17	8	40	32	8	0.47	2.35	0.80	0.20
PEPSI	51	18	87	79	8	0.35	1.71	0.91	0.09
AMERICAN EXPRESS	23	12	48	1	47	0.52	2.09	0.02	0.98
SAP	16	12	80	41	39	0.75	5.00	0.51	0.49
NIKE	31	23	81	69	12	0.74	2.61	0.85	0.15
AMAZON.COM	7	6	90	66	24	0.86	12.86	0.73	0.27
UPS	63	49	195	61	134	0.78	3.10	0.31	0.69
J.P. MORGAN	7	6	10	2	8	0.86	1.43	0.20	0.80
BUDWEISER	13	11	25	17	8	0.85	1.92	0.68	0.32
NESCAFÉ	11	5	43	34	9	0.45	3.91	0.79	0.21
IKEA	13	6	77	54	23	0.46	5.92	0.70	0.30
HSBC	6	6	10	5	5	1.00	1.67	0.50	0.50
CANON	5	2	55	40	15	0.40	11.00	0.73	0.27
KELLOGG'S	13	5	80	59	21	0.38	6.15	0.74	0.26
SONY	19	13	100	54	46	0.68	5.26	0.54	0.46
eBAY	23	13	58	26	32	0.57	2.52	0.45	0.55
THOMSON REUTERS	12	11	56	12	44	0.92	4.67	0.21	0.79
GOLDMAN SACHS	18	17	28	6	22	0.94	1.56	0.21	0.79
GUCCI	24	11	270	221	49	0.46	11.25	0.82	0.18
L'ORÉAL	34	25	48	34	14	0.74	1.41	0.71	0.29
PHILIPS	4	2	63	42	21	0.50	15.75	0.67	0.33
CITI	16	12	36	8	28	0.75	2.25	0.22	0.78
DELL	38	32	125	43	82	0.84	3.29	0.34	0.66
ZARA	13	11	132	109	23	0.85	10.15	0.83	0.17
ACCENTURE	5	3	32	8	24	0.60	6.40	0.25	0.75
SIEMENS	23	12	160	87	73	0.52	6.96	0.54	0.46
VOLKSWAGEN	51	46	283	186	97	0.90	5.55	0.66	0.34
NINTENDO	74	17	383	197	186	0.23	5.18	0.51	0.49
HEINZ	19	10	50	50	0	0.53	2.63	1.00	0.00
FORD	60	44	217	133	84	0.73	3.62	0.61	0.39
COLGATE	66	38	98	96	2	0.58	1.48	0.98	0.02
DANONE	10	2	37	32	5	0.20	3.70	0.86	0.14
AXA	25	6	75	1	74	0.24	3.00	0.01	0.99
MORGAN STANLEY	22	18	53	23	30	0.82	2.41	0.43	0.57
NESTLÉ	30	7	119	96	23	0.23	3.97	0.81	0.19
BLACKBERRY	26	20	159	81	78	0.77	6.12	0.51	0.49
XEROX	24	18	84	32	52	0.75	3.50	0.38	0.62
MTV	119	88	358	179	179	0.74	3.01	0.50	0.50
AUDI	57	47	321	196	125	0.82	5.63	0.61	0.39
ADIDAS	7	2	17	14	3	0.29	2.43	0.82	0.18
HYUNDAI	8	4	15	11	4	0.50	1.88	0.73	0.27
KFC	8	5	21	16	5	0.63	2.63	0.76	0.24
SPRITE	12	10	63	52	11	0.83	5.25	0.83	0.17
CATERPILLAR	8	3	109	72	37	0.38	13.63	0.66	0.34
AVON	53	43	66	47	19	0.81	1.25	0.71	0.29
HERMÉS	9	5	68	55	13	0.56	7.56	0.81	0.19
ALLIANZ	27	18	130	52	78	0.67	4.81	0.40	0.60
SANTANDER	49	28	170	41	129	0.57	3.47	0.24	0.76
PANASONIC	29	2	131	103	28	0.07	4.52	0.79	0.21
CARTIER	10	8	18	12	6	0.80	1.80	0.67	0.33
KLEENEX	5	3	13	13	0	0.60	2.60	1.00	0.00
PORSCHE	6	4	70	55	15	0.67	11.67	0.79	0.21
TIFFANY & CO.	10	6	34	30	4	0.60	3.40	0.88	0.12
SHELL	35	24	167	117	50	0.69	4.77	0.70	0.30
VISA	52	44	140	49	91	0.85	2.69	0.35	0.65
YAHOO!	22	21	97	32	65	0.95	4.41	0.33	0.67

TABLE 29 (Cont'd) – I.B.G. BRANDS STATISTICS AND RATIOS

BRAND	BRAND STATISTICS AND RATIOS								
	TRADEMARKS	WORD	CLASSES	GOODS	SERVICES	WORD/TM	CLASS/TM	GOODS/CLASS	SERV./CLASS
MOET & CHANDON	17	3	48	31	17	0.18	2.82	0.65	0.35
JACK DANIEL'S	34	9	114	106	8	0.26	3.35	0.93	0.07
BARCLAYS	73	58	292	142	150	0.79	4.00	0.49	0.51
ADOBE	12	11	35	14	21	0.92	2.92	0.40	0.60
PIZZA HUT	8	1	20	14	6	0.13	2.50	0.70	0.30
CREDIT SUISSE	41	17	70	15	55	0.41	1.71	0.21	0.79
JOHNSON & JOHNSON	6	3	46	25	21	0.50	7.67	0.54	0.46
GAP	64	48	182	124	58	0.75	2.84	0.68	0.32
3M	10	6	106	82	24	0.60	10.60	0.77	0.23
CORONA	28	9	72	49	23	0.32	2.57	0.68	0.32
NIVEA	148	35	210	181	29	0.24	1.42	0.86	0.14
JOHNNIE WALKER	12	11	51	45	6	0.92	4.25	0.88	0.12
SMIRNOFF	84	46	221	177	44	0.55	2.63	0.80	0.20
NISSAN	83	61	162	114	48	0.73	1.95	0.70	0.30
HEINEKEN	21	3	33	27	6	0.14	1.57	0.82	0.18
UBS	26	16	94	38	56	0.62	3.62	0.40	0.60
ARMANI	12	5	56	49	7	0.42	4.67	0.88	0.13
ZURICH	93	58	350	82	268	0.62	3.76	0.23	0.77
BURBERRY	21	15	68	61	7	0.71	3.24	0.90	0.10
STARBUCKS	50	31	140	96	44	0.62	2.80	0.69	0.31
JOHN DEERE	11	6	64	46	18	0.55	5.82	0.72	0.28
HTC	46	32	62	43	19	0.70	1.35	0.69	0.31
FERRARI	82	26	369	261	108	0.32	4.50	0.71	0.29
HARLEY DAVIDSON	36	8	171	135	36	0.22	4.75	0.79	0.21
MARLBORO	129	49	204	184	20	0.38	1.58	0.90	0.10
LANCOME	43	16	48	46	2	0.37	1.12	0.96	0.04
CAMPBELL'S	14	2	39	39	0	0.14	2.79	1.00	0.00
WRIGLEY	10	5	29	29	0	0.50	2.90	1.00	0.00
ROLEX	15	12	82	68	14	0.80	5.47	0.83	0.17
BP	45	17	558	363	195	0.38	12.40	0.65	0.35
DURACELL	16	14	21	21	0	0.88	1.31	1.00	0.00
PRADA	12	3	29	24	5	0.25	2.42	0.83	0.17
BURGER KING	3	1	22	19	3	0.33	7.33	0.86	0.14
LEXUS	28	25	71	60	11	0.89	2.54	0.85	0.15
PUMA	2	0	6	4	2	0.00	3.00	0.67	0.33
POLO RALPH LAUREN	2	1	18	17	1	0.50	9.00	0.94	0.06
MERRILL LYNCH	6	5	11	1	10	0.83	1.83	0.09	0.91
AIG	74	59	78	2	76	0.80	1.05	0.03	0.97
ING	25	7	70	19	51	0.28	2.80	0.27	0.73
MOTOROLA	23	14	75	55	20	0.61	3.26	0.73	0.27
HENNESSY	7	3	18	15	3	0.43	2.57	0.83	0.17
MARRIOTT	21	12	75	18	57	0.57	3.57	0.24	0.76
FEDEX	37	28	79	13	66	0.76	2.14	0.16	0.84
KODAK	2	1	14	8	6	0.50	7.00	0.57	0.43
KRAFT	15	2	36	28	8	0.13	2.40	0.78	0.22
LG	46	24	101	70	31	0.52	2.20	0.69	0.31
HERTZ	34	29	93	45	48	0.85	2.74	0.48	0.52
PFIZER	15	3	33	26	7	0.20	2.20	0.79	0.21
NOVARTIS	5	2	15	13	2	0.40	3.00	0.87	0.13
BULGARI	4	2	17	8	9	0.50	4.25	0.47	0.53
LEVI'S	3	0	9	9	0	0.00	3.00	1.00	0.00
MERCK	25	13	193	140	53	0.52	7.72	0.73	0.27
TIME	6	6	20	11	9	1.00	3.33	0.55	0.45
AOL	14	9	42	17	25	0.64	3.00	0.40	0.60
ESTEE LAUDER	59	54	64	60	4	0.92	1.08	0.94	0.06
BOEING	13	7	112	76	36	0.54	8.62	0.68	0.32
MOBIL	28	18	72	56	16	0.64	2.57	0.78	0.22
BACARDI	55	19	156	149	7	0.35	2.84	0.96	0.04
BARBIE	14	12	98	87	11	0.86	7.00	0.89	0.11
THE WALL STREET JOURNAL	6	5	29	10	19	0.83	4.83	0.34	0.66
AT&T	18	12	46	12	34	0.67	2.56	0.26	0.74
COMPAQ	3	1	16	8	8	0.33	5.33	0.50	0.50
TEXAS INSTRUMENTS	13	2	21	18	3	0.15	1.62	0.86	0.14
PAMPERS	60	53	134	130	4	0.88	2.23	0.97	0.03
ABSOLUT	58	22	174	130	44	0.38	3.00	0.75	0.25
GUINNESS	33	22	126	91	35	0.67	3.82	0.72	0.28
FINANCIAL TIMES	24	24	100	34	66	1.00	4.17	0.34	0.66
HILTON	22	14	39	5	34	0.64	1.77	0.13	0.87
CARLSBERG	19	6	60	48	12	0.32	3.16	0.80	0.20
SWATCH	12	6	17	12	5	0.50	1.42	0.71	0.29
BENETTON	8	3	32	29	3	0.38	4.00	0.91	0.09
GRAND TOTALS	4,321	2,607	14,918	9,476	5,442	0.60	3.45	0.64	0.36

TABLE 30 – COUNTRY OF ORIGIN (COO) OF I.B.G. BRAND: STATISTICS SUMMARY

COUNTRY	TOTALS						RATIOS						AS PERCENTAGE OF OVERALL					
	BRANDS	TM	CLASSES	WORD TM	GOODS CLASSES	SERV. CLASSES	TM/ BRAND	CLASS/ BRAND	CLASS/ TM	WORD/ TM	GOODS/ TM	SERV. CLASSES	BRANDS	TM	CLASSES	WORD TM	GOODS CLASSES	SERV. CLASSES
Bermuda	1	55	156	19	149	7	55.00	156.00	2.84	0.35	21.29	0.68%	1.27%	1.05%	0.73%	1.57%	0.13%	
Canada	2	38	215	31	93	122	19.00	107.50	5.66	0.82	0.76	1.36%	0.88%	1.44%	1.19%	0.98%	2.24%	
Denmark	1	19	60	6	48	12	19.00	60.00	3.16	0.32	4.00	0.68%	0.44%	0.40%	0.23%	0.51%	0.22%	
Finland	1	40	170	26	94	76	40.00	170.00	4.25	0.65	1.24	0.68%	0.93%	1.14%	1.00%	0.99%	1.40%	
France	9	162	386	72	248	138	18.00	42.89	2.38	0.44	1.80	6.12%	3.75%	2.59%	2.76%	2.62%	2.54%	
Germany	11	398	1,668	232	1,106	562	36.18	151.64	4.19	0.58	1.97	7.48%	9.21%	11.18%	8.90%	11.67%	10.33%	
Ireland	1	33	126	22	91	35	33.00	126.00	3.82	0.67	2.60	0.68%	0.76%	0.84%	0.84%	0.96%	0.64%	
Italy	6	142	773	50	592	181	23.67	128.83	5.44	0.35	3.27	4.08%	3.29%	5.18%	1.92%	6.25%	3.33%	
Japan	8	326	1,157	172	754	403	40.75	144.63	3.55	0.53	1.87	5.44%	7.54%	7.76%	6.60%	7.96%	7.41%	
Mexico	1	28	72	9	49	23	28.00	72.00	2.57	0.32	2.13	0.68%	0.65%	0.48%	0.35%	0.52%	0.42%	
Netherlands	4	85	333	36	205	128	21.25	83.25	3.92	0.42	1.60	2.72%	1.97%	2.23%	1.38%	2.16%	2.35%	
South Korea	3	124	231	78	172	59	41.33	77.00	1.86	0.63	2.92	2.04%	2.87%	1.55%	2.99%	1.82%	1.08%	
Spain	2	62	302	39	150	152	31.00	151.00	4.87	0.63	0.99	1.36%	1.43%	2.02%	1.50%	1.58%	2.79%	
Sweden	3	88	291	36	216	75	29.33	97.00	3.31	0.41	2.88	2.04%	2.04%	1.95%	1.38%	2.28%	1.38%	
Switzerland	8	233	790	123	358	432	29.13	98.75	3.39	0.53	0.83	5.44%	5.39%	5.30%	4.72%	3.78%	7.94%	
Taiwan	1	46	62	32	43	19	46.00	62.00	1.35	0.70	2.26	0.68%	1.06%	0.42%	1.23%	0.45%	0.35%	
United Kingdom	7	265	1,300	177	827	473	37.86	185.71	4.91	0.67	1.75	4.76%	6.13%	8.71%	6.79%	8.73%	8.69%	
United States	78	2,177	6,826	1,447	4,281	2,545	27.91	87.51	3.14	0.66	1.68	53.06%	50.38%	45.76%	55.50%	45.18%	46.77%	
GRAND TOTALS	147	4,321	14,918	2,607	9,476	5,442	29.39	101.48	3.45	0.60	1.74	100%	100%	100%	100%	100%	100%	

TABLE 31 – COUNTRY OF ORIGIN (COO) OF I.B.G. BRAND: COUNT OF CLASSES

CLASSES	COUNTRY OF ORIGIN OF THE BRAND																			Grand Total
	Bermuda	Canada	Denmark	Finland	France	Germany	Ireland	Italy	Japan	Mexico	Nether-lands	South Korea	Spain	Sweden	Switzer-land	Taiwan	United Kingdom	United States		
01	1					24		5	10		6	1	2			4	22	57	132	
02	1					17		6	12		2	3	3		3		8	55	113	
03	1				85	168	3	36	7		5		9	6	4		19	299	642	
04	1					25	3	9	9		25	1	5			3	39	53	173	
05	1				7	19		5	6		3	4	2		12		8	111	178	
06	1		7		3	23	3	18	9		6	3	3	3	4		22	55	160	
07	1					31		5	34		5	15	2		3		13	57	166	
08	1				3	15	3	12	9		6		3	6	4		2	57	121	
09	4	33			37	6	101	5	50	142	10	96	13	8	24	43	93	731	1,396	
10					1		22		5	10	5	7	2		7		50	109	252	
11	1	7			2	44	1	11	19		7	22	3	3	10		17	73	222	
12	1				2	130	1	31	154		6	4	3		6		12	109	459	
13	1				1	10	1	5	4		2		2		3		9	37	93	
14	2	1			2	16	29	3	38	18	2	6	2	3	17	34	24	132	329	
15					1	2	10	2	5	10	2	2	3		4		25	64	154	
16	14	11	1		2	11	66	5	46	80	8	22	2	32	16	98	81	483	978	
17	1				1	12		5	7		2	1	2		1		8	33	72	
18	2	7	1		2	10	38	3	50	15	2	9	1	7	18	5	44	168	382	
19	1				1	10		5	7		3	1	2	1	1		8	26	65	
20		6			1	2	19	3	11	12	5	2	3	6	4		21	97	192	
21	5	7	8		1	6	28	5	15	11	6	6	6	9	6		33	169	315	
22	1				2	15		9	5		2	1	3	2	3		8	22	73	
23	1				1	11		5	4		2	1	2	1	1		9	10	49	
24	1				2	5	21	3	19	9	3	3	1	3	10	5	25	96	206	
25	24	7	14		6	12	49	8	70	25	16	11	1	9	19	6	74	341	692	
26	2				1	3	15	2	15	8		3		3		3	10	50	115	
27					1	2	18		7	9	3	1	3	3	3		11	37	99	
28	3	7	1		13	3	60	5	44	75	1	6	2	4	5	6	36	192	463	
29	1				1	8	12	2	9	4	2			2	4	22	14	126	206	
30	7				2	7	13	4	10	8	2	2	2	6	38		15	175	289	
31					1	1	8		7	5	2	2		2	3	2	13	21	67	
32	22		19		1	23	11	18	6	4	15	22	2	2	13	20	36	168	380	
33	50		4		1	22	12	5	6	5	2	2	2	2	54	2	89	42	296	
34	12				2	5	20	3	12	8	2	2		3		4	13	152	236	
35					7	28	90	6	40	51	10	33	14	41	23	111	4	78	426	
36					4	24	83	4	13	33		32	8	48	2	163		101	386	
37					8	3	91		23	39		13	6	3		8	7	32	140	
38	1				23	20	42	2	19	73	2	9	9	26	10	46	2	43	306	
39					8	2	5	45	2	9	27	7	2	2	2	2	35	233	381	
40					2		15		5	16		5		2		2	21	65	134	
41	4		5		15	21	74	12	40	89	3	11	5	12	18	28	62	405	821	
42					12	13	72	7	17	48	4	10	11	15	10	54	6	54	440	
43	2				5	1	14	20	2	8	5	4	3	1	10	6	43	71	195	
44						8	19		6	11		2	3	1		7	1	42	106	
45																				
Grand Total	156	215	60	170	386	1,668	126	773	1,157	72	333	231	302	291	790	62	1,300	6,826	14,918	

TABLE 32 – COO OF I.B.G. BRAND: TOP COUNTRY PER CLASS/OVERALL

CLASSES	COUNTRY OF ORIGIN OF THE BRAND																		Grand Total
	Bermuda	Canada	Denmark	Finland	France	Germany	Ireland	Italy	Japan	Mexico	Nether-lands	South Korea	Spain	Sweden	Switzer-land	Taiwan	United Kingdom	United States	
01				0.76%		18.18%		3.79%	7.58%		4.55%	0.76%	1.52%		3.03%		16.67%	43.18%	100%
02				0.88%		15.04%		5.31%	10.62%		1.77%	2.65%	2.65%		2.65%		7.08%	48.67%	100%
03				0.16%	13.24%			5.61%	1.09%		0.78%	2.65%	1.40%		0.62%		2.96%	46.57%	100%
04				0.58%		14.45%		5.20%	5.20%		14.45%	0.58%	2.89%		1.73%		22.54%	30.64%	100%
05				0.56%	3.93%	10.67%		2.81%	3.37%		1.69%	2.25%	1.12%		6.74%		4.49%	62.36%	100%
06		4.38%		0.63%	1.88%	14.38%		11.25%	5.63%		3.75%	1.88%	1.88%		2.50%		13.75%	34.38%	100%
07				0.60%		18.67%		3.01%	20.48%		3.01%	9.04%	1.20%		1.81%		7.83%	34.34%	100%
08				0.83%	2.48%	12.40%		2.48%	7.44%		4.96%		2.48%		3.31%		1.65%	47.11%	100%
09	0.29%	2.36%		2.65%	0.43%	7.23%		3.58%	10.17%		0.72%	6.88%	0.93%		1.72%	3.08%	6.66%	52.36%	100%
10				0.92%		20.18%		4.59%	9.17%		4.59%	6.42%	1.83%		6.42%		7.66%	45.87%	100%
11	0.45%	3.15%		0.90%	0.90%	19.82%		4.95%	8.56%		3.15%	9.91%	1.35%		4.50%		7.66%	32.88%	100%
12				0.22%	0.44%	28.32%		6.75%	33.55%		1.31%	0.87%	0.65%		1.31%		2.61%	23.75%	100%
13				2.70%		27.03%		13.51%	10.81%		5.41%		5.41%		8.11%		7.29%	40.12%	100%
14	0.61%	0.30%		0.61%	4.86%	8.81%		11.55%	5.47%		1.82%	0.61%	0.91%		5.17%		7.29%	40.12%	100%
15				1.56%	3.13%	15.63%		7.81%	15.63%		3.13%	0.82%	4.69%		6.25%		8.28%	39.06%	100%
16	1.43%	1.12%	0.10%	0.20%	1.12%	6.75%		4.70%	8.18%		2.25%	0.20%	3.27%		1.64%		11.11%	45.83%	100%
17				1.39%		16.67%		6.94%	9.72%		2.78%	1.39%	2.78%		1.39%		11.11%	45.83%	100%
18	0.52%	1.83%	0.26%	0.52%	2.62%	9.95%		13.09%	3.93%		2.36%	0.26%	1.83%		4.71%		11.52%	43.98%	100%
19				1.54%		15.38%		7.69%	10.77%		4.62%	1.54%	3.08%		1.54%		12.31%	40.00%	100%
20		3.13%		0.52%	1.04%	9.90%		5.73%	6.25%		2.60%	1.04%	1.56%		3.13%		10.94%	50.52%	100%
21	1.59%	2.22%	2.54%	0.32%	1.90%	8.89%		4.76%	3.49%		1.90%		1.90%		2.86%		10.48%	53.65%	100%
22				1.37%	2.74%	20.55%		12.33%	6.85%		2.74%	1.37%	4.11%		2.74%		10.96%	30.14%	100%
23				2.04%		22.45%		10.20%	8.16%		4.08%	2.04%	4.08%		6.12%		18.37%	20.41%	100%
24	0.49%			0.97%	2.43%	10.19%		1.46%	4.37%		1.46%	0.49%	1.46%		2.43%		12.14%	46.60%	100%
25	3.47%	1.01%	2.02%	0.87%	1.73%	7.08%		10.12%	3.61%		1.59%	0.14%	1.30%		2.75%		10.69%	49.28%	100%
26	1.74%			0.87%	2.61%	13.04%		13.04%	6.96%		2.61%		2.61%		2.61%		8.70%	43.48%	100%
27				1.01%	2.02%	18.18%		7.07%	9.09%		3.03%	1.01%	3.03%		3.03%		11.11%	37.37%	100%
28	0.65%	1.51%	0.22%	2.81%	0.65%	12.96%		1.08%	16.20%		1.30%	0.43%	0.86%		1.30%		7.78%	41.47%	100%
29				0.49%	3.88%	5.83%		0.97%	4.37%		0.97%		0.97%		1.94%		6.80%	61.17%	100%
30	2.42%			0.69%	2.42%	4.50%		1.38%	3.46%		0.69%		0.69%		2.08%		5.19%	60.55%	100%
31				1.49%	1.49%	11.94%		10.45%	7.46%		2.99%		2.99%		4.48%		19.40%	31.34%	100%
32	5.79%		5.00%	0.26%	6.05%	2.89%		1.58%	1.05%		5.79%		5.79%		3.42%		9.47%	44.21%	100%
33	16.89%		1.35%	0.34%	7.43%	4.05%		2.03%	1.69%		0.68%		0.68%		18.24%		30.07%	14.19%	100%
34	5.08%			0.85%	2.12%	8.47%		5.08%	3.39%		0.85%		1.27%		1.69%		5.51%	64.41%	100%
35		1.23%		0.72%	2.87%	9.24%		4.11%	5.24%		3.39%	1.44%	4.21%		2.36%	0.41%	8.01%	43.74%	100%
36		1.31%	0.11%	0.44%	2.63%	9.08%		1.42%	3.61%		3.50%	0.88%	5.25%		0.22%		11.05%	42.23%	100%
37		2.36%		2.09%	0.79%	23.82%		6.02%	10.21%		3.40%	1.57%	0.79%		2.09%	1.83%	8.38%	36.65%	100%
38	0.15%	4.09%		3.48%	3.03%	6.36%		2.88%	11.06%		1.36%	1.36%	3.94%		1.52%	0.30%	6.52%	46.36%	100%
39		2.10%		0.52%	1.31%	11.81%		2.36%	7.09%		1.84%	0.52%	0.52%		0.52%		9.19%	61.15%	100%
40		0.75%		1.49%		11.19%		3.73%	11.94%		3.73%		1.49%		1.49%		15.67%	48.51%	100%
41	0.49%	2.07%	0.61%	1.83%	2.56%	9.01%		1.46%	4.87%		1.34%	0.61%	1.46%		2.19%		7.55%	49.33%	100%
42		2.64%	0.13%	1.51%	1.64%	9.06%		2.14%	6.04%		1.26%	1.38%	1.89%		1.26%	0.75%	6.79%	55.35%	100%
43	1.03%		2.56%	0.51%	7.18%	10.26%		4.10%	2.56%		1.54%		0.51%		5.13%		22.05%	36.41%	100%
44		4.72%		0.94%	7.55%	17.92%		5.66%	10.38%		1.89%	2.83%	0.94%		6.60%		0.94%	39.62%	100%
45		12.50%		1.25%	2.50%	13.75%		1.25%	13.75%		3.75%	1.25%	1.25%		6.25%		3.75%	38.75%	100%
Grand Total	1.05%	1.44%	0.40%	1.14%	2.59%	11.18%	0.84%	5.18%	7.76%	0.48%	2.23%	1.55%	2.02%	1.95%	5.30%	0.42%	8.71%	45.76%	100%

TABLE 33 – COO OF I.B.G. BRAND: TOP CLASS PER COUNTRY/OVERALL

CLASSES	COUNTRY OF ORIGIN OF THE BRAND																	Grand Total	
	Bermuda	Canada	Denmark	Finland	France	Germany	Ireland	Italy	Japan	Mexico	Nether-lands	South Korea	Spain	Sweden	Switzer-land	Taiwan	United Kingdom		United States
01				0.59%		1.44%		0.65%	0.86%		1.80%	0.43%	0.66%		0.51%		1.69%	0.84%	0.88%
02				0.59%		1.02%		0.78%	1.04%		0.60%	1.30%	0.99%	1.03%	0.38%		0.62%	0.76%	0.76%
03				0.59%	22.02%	10.07%	2.38%	4.66%	0.61%		1.50%	1.50%	2.98%	2.06%	0.51%		1.46%	4.38%	4.30%
04				0.59%		1.50%	2.38%	1.16%	0.78%		7.51%	0.43%	1.66%		0.38%		3.00%	0.78%	1.16%
05				0.59%	1.81%	1.14%		0.65%	0.52%		0.90%	1.73%	0.66%		1.52%		0.62%	1.63%	1.19%
06		3.26%		0.59%	0.78%	1.38%	2.38%	2.33%	0.78%		1.80%	1.30%	0.99%	1.03%	0.51%		1.69%	0.81%	1.07%
07				0.59%		1.86%		0.65%	2.94%		1.50%	6.49%	0.66%		0.38%		1.00%	0.84%	1.11%
08				0.59%	0.78%	0.90%	2.38%	1.55%	0.78%		1.80%		0.99%	2.06%	0.51%		0.15%	0.84%	0.81%
09	2.56%	15.35%		21.76%	1.55%	6.06%	3.97%	6.47%	12.27%		3.00%	41.56%	4.30%	2.75%	3.04%	69.35%	7.15%	10.71%	9.36%
10				0.59%		1.32%		0.65%	0.86%		1.50%	3.03%	0.66%		0.89%		0.73%	0.73%	0.73%
11	0.64%	3.26%		1.18%	0.52%	2.64%	0.79%	1.42%	1.64%		2.10%	9.52%	0.99%	1.03%	1.27%		1.31%	1.07%	1.49%
12				0.59%	0.52%	7.79%	0.79%	4.01%	13.31%		1.80%	1.73%	0.99%		0.76%		0.92%	1.60%	3.08%
13				0.59%		0.60%	0.79%	0.65%	0.35%		0.60%		0.66%		0.38%			0.13%	0.25%
14	1.28%	0.47%		1.18%	4.15%	1.74%	2.38%	4.92%	1.56%	2.78%	1.80%	0.87%	0.99%	5.84%	4.30%		1.85%	1.93%	2.21%
15				0.59%	0.52%	0.60%	1.59%	0.65%	0.86%		0.60%		0.99%		0.51%		0.37%	0.70%	0.43%
16	8.97%	5.12%	1.67%	1.18%	2.85%	3.96%	3.97%	5.95%	6.91%	11.11%	6.61%	0.87%	10.60%	5.50%	12.41%		6.23%	7.08%	6.56%
17				0.59%		0.72%		0.65%	0.61%		0.60%	0.43%	0.66%		0.13%		0.62%	0.48%	0.48%
18	1.28%	3.26%	1.67%	1.18%	2.59%	2.28%	2.38%	6.47%	1.30%	2.78%	2.70%	0.43%	2.32%	6.19%	0.63%		3.38%	2.46%	2.56%
19				0.59%		0.60%		0.65%	0.61%		0.90%	0.43%	0.66%	0.34%	0.13%		0.62%	0.38%	0.44%
20		2.79%		0.59%	0.52%	1.14%	2.38%	1.42%	1.04%		1.50%	0.87%	0.99%	2.06%	0.51%		1.62%	1.42%	1.29%
21	3.21%	3.26%	13.33%	0.59%	1.55%	1.68%	3.97%	1.94%	0.95%		1.80%	1.99%	1.99%	3.09%	0.76%		2.54%	2.48%	2.11%
22				0.59%	0.52%	0.90%		1.16%	0.43%		0.60%	0.43%	0.99%	0.69%	0.38%		0.62%	0.32%	0.49%
23				0.59%		0.66%			0.35%		0.60%	0.43%	0.66%	0.34%	0.38%		0.69%	0.15%	0.33%
24	0.64%			1.18%	1.30%	1.26%	2.38%	2.46%	0.78%	4.17%	0.90%	0.43%	0.99%	3.44%	0.63%		1.92%	1.41%	1.38%
25	15.38%	3.26%	23.33%	3.53%	3.11%	2.94%	6.35%	9.06%	2.16%	22.22%	3.30%	0.43%	2.98%	6.53%	0.76%		5.69%	5.00%	4.64%
26	1.28%			0.59%	0.78%	0.90%	1.59%	1.94%	0.69%		0.90%		0.99%		0.38%		0.77%	0.73%	0.77%
27				0.59%	0.52%	1.08%		0.91%	0.78%		0.90%	0.43%	0.99%	1.03%	0.51%		0.85%	0.54%	0.66%
28	1.92%	3.26%	1.67%	7.65%	0.78%	3.60%	3.97%	5.69%	6.48%	1.39%	1.80%	0.87%	1.32%	1.72%	0.76%		2.77%	2.81%	3.10%
29				0.59%	2.07%	0.72%	1.59%	1.16%	0.35%		0.60%		0.66%	1.37%	2.78%		1.08%	1.85%	1.38%
30	4.49%			1.18%	1.81%	0.78%	3.17%	1.29%	0.69%		0.60%		0.66%	2.06%	4.81%		1.15%	2.56%	1.94%
31				0.59%	0.26%	0.48%		0.91%	0.43%		0.60%		0.66%	1.03%	0.25%		1.00%	0.31%	0.45%
32	14.10%		31.67%	0.59%	5.96%	0.66%		0.78%	0.35%	2.78%	0.60%		0.66%	4.47%	2.53%		2.77%	2.46%	2.55%
33	32.05%		6.67%	0.59%	5.70%	0.72%		0.78%	0.43%	20.83%	0.61%		0.66%	18.56%	0.25%		6.85%	0.62%	1.98%
34	7.69%			1.18%	1.30%	1.20%	2.38%	1.55%	0.69%		0.60%		0.99%		0.51%		1.00%	2.23%	1.58%
35		5.58%		4.12%	7.25%	5.40%	4.76%	5.17%	4.41%	13.89%	9.91%	6.06%	13.58%	7.90%	14.05%	6.45%	6.00%	6.24%	6.53%
36		5.58%	1.67%	2.35%	6.22%	4.98%	3.17%	1.68%	2.85%		9.61%	3.46%	15.89%	0.69%	20.63%		7.77%	5.65%	6.13%
37		4.19%		4.71%	0.78%	5.46%		2.98%	3.37%		3.90%	2.60%	0.99%		1.01%	11.29%	2.46%	2.05%	2.56%
38	0.64%	12.56%		13.53%	5.18%	2.52%	1.59%	2.46%	6.31%	2.78%	2.70%	3.90%	8.61%	3.44%	5.82%	3.23%	3.31%	4.48%	4.42%
39		3.72%		1.18%	1.30%	2.70%	1.59%	1.16%	2.33%		2.10%	0.87%	0.66%	0.69%	0.25%		2.69%	3.41%	2.55%
40		0.47%		1.18%		0.90%		0.65%	1.38%		1.50%		0.66%		0.25%		1.62%	0.95%	0.90%
41		2.56%	8.33%	8.82%	5.44%	4.44%	9.52%	5.17%	7.69%	4.17%	3.30%	2.16%	3.97%	6.19%	3.54%		4.77%	5.93%	5.50%
42		9.77%	1.67%	7.06%	3.77%	4.32%	5.56%	2.20%	4.15%	5.56%	3.00%	4.76%	4.97%	3.44%	6.84%	9.68%	4.15%	6.45%	5.33%
43		1.28%	8.33%	0.59%	3.63%	1.20%	1.59%	1.03%	0.43%	5.56%	0.90%		0.33%	3.44%	0.76%		3.31%	1.04%	1.31%
44		2.33%		0.59%	2.07%	1.14%		0.78%	0.95%		0.60%	1.30%	0.33%		0.89%		0.08%	0.62%	0.71%
45		4.65%		0.59%	0.52%	0.66%		0.13%	0.95%		0.90%	0.43%	0.33%		0.63%		0.23%	0.45%	0.54%
Grand Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

TABLE 34 – REGION OF ORIGIN OF I.B.G. BRAND: STATISTICS SUMMARY

REGION	TOTALS						RATIOS			AS PERCENTAGE OF OVERALL								
	BRANDS	TM	CLASSES	WORD TM	GOODS CLASSES	SERV. CLASSES	TM/ BRAND	CLASS/ BRAND	CLASS/ TM	WORD/ TM	GOODS/ TM	SERV. CLASSES	BRANDS	TM	CLASSES	WORD TM	GOODS CLASSES	SERV. CLASSES
Americas	82	2,299	7,269	1,506	4,572	2,697	28.04	88.65	3.16	0.66	1.70		55.78%	53.21%	48.73%	57.77%	48.25%	49.56%
Asia	12	496	1,450	282	969	481	41.33	120.83	2.92	0.57	2.01		8.16%	11.48%	9.72%	10.82%	10.23%	8.84%
Europe	53	1,526	6,199	819	3,935	2,264	28.79	116.96	4.06	0.54	1.74		36.05%	35.32%	41.55%	31.42%	41.53%	41.60%
GRAND TOTALS	147	4,321	14,918	2,607	9,476	5,442	29.39	101.48	3.45	0.60	1.74		100%	100%	100%	100%	100%	100%

TABLE 35 – REGION OF ORIGIN OF I.B.G. BRAND: COUNT OF CLASSES

CLASSES	REGION OF ORIGIN OF THE BRAND				%
	Americas	Asia	Europe	Grand Total	
01	57	11	64	132	0.88%
02	55	15	43	113	0.76%
03	299	7	336	642	4.30%
04	53	10	110	173	1.16%
05	111	10	57	178	1.19%
06	62	12	86	160	1.07%
07	57	49	60	166	1.11%
08	57	9	55	121	0.81%
09	768	281	347	1,396	9.36%
10	50	17	42	109	0.73%
11	81	41	100	222	1.49%
12	109	158	192	459	3.08%
13	9	4	24	37	0.25%
14	137	20	172	329	2.21%
15	25	10	29	64	0.43%
16	516	82	380	978	6.56%
17	33	8	31	72	0.48%
18	179	16	187	382	2.56%
19	26	8	31	65	0.44%
20	103	14	75	192	1.29%
21	181	11	123	315	2.11%
22	22	6	45	73	0.49%
23	10	5	34	49	0.33%
24	100	10	96	206	1.38%
25	388	26	278	692	4.64%
26	52	8	55	115	0.77%
27	37	10	52	99	0.66%
28	203	77	183	463	3.10%
29	126	4	76	206	1.38%
30	182	8	99	289	1.94%
31	23	5	39	67	0.45%
32	205	4	171	380	2.55%
33	92	5	199	296	1.98%
34	164	8	64	236	1.58%
35	448	69	457	974	6.53%
36	398	41	475	914	6.13%
37	149	52	181	382	2.56%
38	336	84	240	660	4.42%
39	241	29	111	381	2.55%
40	66	16	52	134	0.90%
41	429	94	298	821	5.50%
42	465	65	265	795	5.33%
43	77	5	113	195	1.31%
44	47	14	45	106	0.71%
45	41	12	27	80	0.54%
Grand Total	7,269	1,450	6,199	14,918	100%

TABLE 36 – REGION OF ORIGIN OF I.B.G. BRAND: TOP REGION PER CLASS/OVERALL

CLASSES	REGION OF ORIGIN OF THE BRAND			
	Americas	Asia	Europe	Grand Total
01	43.18%	8.33%	48.48%	100%
02	48.67%	13.27%	38.05%	100%
03	46.57%	1.09%	52.34%	100%
04	30.64%	5.78%	63.58%	100%
05	62.36%	5.62%	32.02%	100%
06	38.75%	7.50%	53.75%	100%
07	34.34%	29.52%	36.14%	100%
08	47.11%	7.44%	45.45%	100%
09	55.01%	20.13%	24.86%	100%
10	45.87%	15.60%	38.53%	100%
11	36.49%	18.47%	45.05%	100%
12	23.75%	34.42%	41.83%	100%
13	24.32%	10.81%	64.86%	100%
14	41.64%	6.08%	52.28%	100%
15	39.06%	15.63%	45.31%	100%
16	52.76%	8.38%	38.85%	100%
17	45.83%	11.11%	43.06%	100%
18	46.86%	4.19%	48.95%	100%
19	40.00%	12.31%	47.69%	100%
20	53.65%	7.29%	39.06%	100%
21	57.46%	3.49%	39.05%	100%
22	30.14%	8.22%	61.64%	100%
23	20.41%	10.20%	69.39%	100%
24	48.54%	4.85%	46.60%	100%
25	56.07%	3.76%	40.17%	100%
26	45.22%	6.96%	47.83%	100%
27	37.37%	10.10%	52.53%	100%
28	43.84%	16.63%	39.52%	100%
29	61.17%	1.94%	36.89%	100%
30	62.98%	2.77%	34.26%	100%
31	34.33%	7.46%	58.21%	100%
32	53.95%	1.05%	45.00%	100%
33	31.08%	1.69%	67.23%	100%
34	69.49%	3.39%	27.12%	100%
35	46.00%	7.08%	46.92%	100%
36	43.54%	4.49%	51.97%	100%
37	39.01%	13.61%	47.38%	100%
38	50.91%	12.73%	36.36%	100%
39	63.25%	7.61%	29.13%	100%
40	49.25%	11.94%	38.81%	100%
41	52.25%	11.45%	36.30%	100%
42	58.49%	8.18%	33.33%	100%
43	39.49%	2.56%	57.95%	100%
44	44.34%	13.21%	42.45%	100%
45	51.25%	15.00%	33.75%	100%
Grand Total	48.73%	9.72%	41.55%	100%

TABLE 37 – REGION OF ORIGIN OF I.B.G. BRAND: TOP CLASS PER REGION/OVERALL

CLASSES	REGION OF ORIGIN OF THE BRAND			
	Americas	Asia	Europe	Grand Total
01	0.78%	0.76%	1.03%	0.88%
02	0.76%	1.03%	0.69%	0.76%
03	4.11%	0.48%	5.42%	4.30%
04	0.73%	0.69%	1.77%	1.16%
05	1.53%	0.69%	0.92%	1.19%
06	0.85%	0.83%	1.39%	1.07%
07	0.78%	3.38%	0.97%	1.11%
08	0.78%	0.62%	0.89%	0.81%
09	10.57%	19.38%	5.60%	9.36%
10	0.69%	1.17%	0.68%	0.73%
11	1.11%	2.83%	1.61%	1.49%
12	1.50%	10.90%	3.10%	3.08%
13	0.12%	0.28%	0.39%	0.25%
14	1.88%	1.38%	2.77%	2.21%
15	0.34%	0.69%	0.47%	0.43%
16	7.10%	5.66%	6.13%	6.56%
17	0.45%	0.55%	0.50%	0.48%
18	2.46%	1.10%	3.02%	2.56%
19	0.36%	0.55%	0.50%	0.44%
20	1.42%	0.97%	1.21%	1.29%
21	2.49%	0.76%	1.98%	2.11%
22	0.30%	0.41%	0.73%	0.49%
23	0.14%	0.34%	0.55%	0.33%
24	1.38%	0.69%	1.55%	1.38%
25	5.34%	1.79%	4.48%	4.64%
26	0.72%	0.55%	0.89%	0.77%
27	0.51%	0.69%	0.84%	0.66%
28	2.79%	5.31%	2.95%	3.10%
29	1.73%	0.28%	1.23%	1.38%
30	2.50%	0.55%	1.60%	1.94%
31	0.32%	0.34%	0.63%	0.45%
32	2.82%	0.28%	2.76%	2.55%
33	1.27%	0.34%	3.21%	1.98%
34	2.26%	0.55%	1.03%	1.58%
35	6.16%	4.76%	7.37%	6.53%
36	5.48%	2.83%	7.66%	6.13%
37	2.05%	3.59%	2.92%	2.56%
38	4.62%	5.79%	3.87%	4.42%
39	3.32%	2.00%	1.79%	2.55%
40	0.91%	1.10%	0.84%	0.90%
41	5.90%	6.48%	4.81%	5.50%
42	6.40%	4.48%	4.27%	5.33%
43	1.06%	0.34%	1.82%	1.31%
44	0.65%	0.97%	0.73%	0.71%
45	0.56%	0.83%	0.44%	0.54%
Grand Total	100%	100%	100%	100%

TABLE 38 – SECTOR OF I.B.G. BRAND: STATISTICS SUMMARY

SECTOR	TOTALS						RATIOS				AS PERCENTAGE OF OVERALL							
	BRANDS	TM	CLASSES	WORD TM	GOODS CLASSES	SERV. CLASSES	TM/ BRAND	CLASS/ BRAND	CLASS/ TM	WORD/ TM	GOODS/ SERV.	BRANDS	TM	CLASSES	WORD TM	GOODS CLASSES	SERV. CLASSES	
Aerospace and Defense	1	13	112	7	76	36	13.00	112.00	8.62	0.54	2.11	0.68%	0.30%	0.75%	0.27%	0.80%	0.66%	
	12	381	1,098	164	885	213	31.75	91.50	2.88	0.43	4.15	8.16%	8.82%	7.36%	6.29%	9.34%	3.91%	
Apparel	4	97	363	67	274	89	24.25	90.75	3.74	0.69	3.08	2.72%	2.24%	2.43%	2.57%	2.89%	1.64%	
Automotive	13	560	2,325	373	1,627	698	43.08	178.85	4.15	0.67	2.33	8.84%	12.96%	15.59%	14.31%	17.17%	12.83%	
Beverages	4	121	362	56	305	57	30.25	90.50	2.99	0.46	5.35	2.72%	2.80%	2.43%	2.15%	3.22%	1.05%	
Business Services	5	123	452	92	222	230	24.60	90.40	3.67	0.75	0.97	3.40%	2.85%	3.03%	3.53%	2.34%	4.23%	
Computer Software	2	43	117	29	55	62	21.50	58.50	2.72	0.67	0.89	1.36%	1.00%	0.78%	1.11%	0.58%	1.14%	
Diversified	5	99	645	66	377	268	19.80	129.00	6.52	0.67	1.41	3.40%	2.29%	4.32%	2.53%	3.98%	4.92%	
Electronics	20	616	2,215	368	1,316	899	30.80	110.75	3.60	0.60	1.46	13.61%	14.26%	14.85%	14.12%	13.89%	16.52%	
Energy	3	108	797	59	536	261	36.00	265.67	7.38	0.55	2.05	2.04%	2.50%	5.34%	2.26%	5.66%	4.80%	
Financial Services	17	583	1,665	387	487	1,178	34.29	97.94	2.86	0.66	0.41	11.56%	13.49%	11.16%	14.84%	5.14%	21.65%	
FMCG	17	600	1,135	315	983	152	35.29	66.76	1.89	0.53	6.47	11.56%	13.89%	7.61%	12.08%	10.37%	2.79%	
Home Furnishings	1	13	77	6	54	23	13.00	77.00	5.92	0.46	2.35	0.68%	0.30%	0.52%	0.23%	0.57%	0.42%	
Hospitality	2	43	114	26	23	91	21.50	57.00	2.65	0.60	0.25	1.36%	1.00%	0.76%	1.00%	0.24%	1.67%	
Internet Services	5	75	312	55	150	162	15.00	62.40	4.16	0.73	0.93	3.40%	1.74%	2.09%	2.11%	1.58%	2.98%	
Leisure Goods	1	12	17	6	12	5	12.00	17.00	1.42	0.50	2.40	0.68%	0.28%	0.11%	0.23%	0.13%	0.09%	
Luxury	11	126	686	72	567	119	11.45	62.36	5.44	0.57	4.76	7.48%	2.92%	4.60%	2.76%	5.98%	2.19%	
Media	6	243	1,105	190	670	435	40.50	184.17	4.55	0.78	1.54	4.08%	5.62%	7.41%	7.29%	7.07%	7.99%	
Pharmaceuticals	3	45	241	18	179	62	15.00	80.33	5.36	0.40	2.89	2.04%	1.04%	1.62%	0.69%	1.89%	1.14%	
Restaurants	5	77	229	44	160	69	15.40	45.80	2.97	0.57	2.32	3.40%	1.78%	1.54%	1.69%	1.69%	1.27%	
Retail	1	8	32	3	29	3	8.00	32.00	4.00	0.38	9.67	0.68%	0.19%	0.21%	0.12%	0.31%	0.06%	
Sporting Goods	3	40	104	25	87	17	13.33	34.67	2.60	0.63	5.12	2.04%	0.93%	0.70%	0.96%	0.92%	0.31%	
Telecommuni-cations	1	18	46	12	12	34	18.00	46.00	2.56	0.67	0.35	0.68%	0.42%	0.31%	0.46%	0.13%	0.62%	
Tobacco	1	129	204	49	184	20	129.00	204.00	1.58	0.38	9.20	0.68%	2.99%	1.37%	1.88%	1.94%	0.37%	
Toy Manufacturing	1	14	98	12	87	11	14.00	98.00	7.00	0.86	7.91	0.68%	0.32%	0.66%	0.46%	0.92%	0.20%	
Transportation	3	134	367	106	119	248	44.67	122.33	2.74	0.79	0.48	2.04%	3.10%	2.46%	4.07%	1.26%	4.56%	
GRAND TOTALS	147	4,321	14,918	2,607	9,476	5,442	29.39	101.48	3.45	0.60	1.74	100%	100%	100%	100%	100%	100%	

TABLE 39– SECTOR OF I.B.G. BRAND: COUNT OF CLASSES

Classes	SECTOR CLASSIFICATION OF BRANDS																										
	Aerospace and Defense	Alcohol	Apparel	Automotive	Beverages	Business Services	Computer Software	Diversified	Electronics	Energy	Financial Services	FMCG	Home Furnishings	Hospitality	Internet Services	Leisure Goods	Luxury	Media	Pharmaceuticals	Restaurants	Retail	Sporting Goods	Telecommuni- cations	Tobacco	Toy Manufacturing	Transportation	
	Grand Total																										
01			2	25			17	17	35	1	5				2		7	21								132	
02			3	25			11	35	11	1	2	3			2		7	12		1						113	
03	8		32	37	2	3	11	11	16	4	418	1	1	2	2	48	22	16		2	2		2	2	4	642	
04	5	16	35				8	8	82		2				2	10	3	1						1		173	
05			4	15	7		14	14	10	1	63			2	2	7	3	35	1				1	1	1	178	
06	4	19	3	46	3	4	14	20	16	6	4	1	1	3	3	12	2	1					1	1		160	
07	4	2	54			2	31	34	15		2			3	3	7	5	6						1		166	
08	4	12	4	26	5	3	9	14	3	4	8	3		3	3	15	5		1	1			1	1	1	121	
09	4	40	11	134	21	99	54	521	38	85	12	3	2	30	42	159	18	8	3	11	7	2	11	45	1,396		
10	4		2	13		1	18	25	2	1	15			2	7	2	15		1			1		1	1	109	
11	4	9	3	50	10	4	23	61	17	3	3	3	3	2	11	5	5	7					1	1	222		
12	5	1	4	336		2	16	16	13	7	4			3	2	10	9		1	2		1	2	28	459		
13		1	2	13			2	5	2		2			2	2	7							1			37	
14	5	32	18	58	7	5	13	31	11	16	7	1	1	7	10	58	29		4	2	7			4	3	329	
15		8	3	16			2	13	2	1	3			2		9	4		1					1		64	
16	4	54	10	106	10	49	14	19	146	32	210	79	5	7	15	28	100	19	8	2	1	5	10	11	34	978	
17	4	2	15				13	14	13		2			2	2	5		1			1					72	
18	4	30	37	65	9	10	9	33	11	23	6	3	1	7	7	57	34	2	5	5	13		9	9		382	
19		5	2	13			9	9	15		2	1	2	2	2	5		1				1				65	
20	4	9	8	29	6	4	8	30	10	17	7	5	2	6	16	25		1			1		1	4	4	192	
21	4	45	11	42	13	6	12	26	13	22	42	4	1	7	7	19	30		8			1	1	9	315		
22		1	3	23		3	5	7	10	3	3	1		2	2	11				1	1	1	1	1		73	
23			2	14			2	7	10		2	1		3		8										49	
24	4	22	10	40	6	5	5	12	11	15	11	3	2	3	3	22	24					3		5	3	206	
25	5	115	48	105	28	10	3	12	48	18	26	39	3	1	11	55	94		10	5	27		9	10	10	692	
26	4	11	7	37	5	1	2	8	10	2	2			2	2	14	4			1				4	1	115	
27		3	27	5			5	8	11	3	11	3	1	3	2		13	4				2		1	1	99	
28	5	28	8	98	6	10	2	14	105	13	30	15	3	1	7	16	60		8	3	17		4	10	4	463	
29	7	2	20	17			2	5	15		70	2	1	3	15	5	16	11	29				1			206	
30	23	3	21	34	1		2	9	15	2	89	2	1	5	5	7	17	11	44				1	2		289	
31		3	2	14			4	6	14		5	3		2	2	5	4	2	3							67	
32	152	2	22	96			2	5	14	2	43		1	1	1	5	15	2	16				1	1		380	
33	224	2	18	13			2	6	14	2	3			1	1	5		1	2	1			1			296	
34	4	21	3	35	2		7	7	14	3	2			2	2	14					2		120			236	
35	5	27	49	103	14	34	10	40	140	38	235	35	10	17	37	3	33	59	10	13	1	5	3	5	2	46	974
36	1	6	7	100	2	20	3	40	59	33	543	7	2	11	11		10	34	3	3			3	1	15	914	
37	7		3	145		12	1	35	77	44	12	2		3	3	2	9	10	1				2		14	382	
38	2	17	5	47	5	44	12	21	171	15	121	8	2	3	30		13	91	1	4		2	16	1	29	660	
39	4	2	2	86	2	2	1	24	37	38	34	3	2	2	8		6	9	2	1			3		113	381	
40			2	18		1	1	16	48	23	2	2		4			6		6	1				4		134	
41	7	55	3	97	18	41	11	22	151	25	85	38	3	15	20		16	164	5	10	2	7	2	8	9	7	821
42	9	34	10	53	9	75	22	51	173	34	110	15	3	10	40		14	53	21	26		3	8	2	20	795	
43	1	70	5	25	3		3	6	6	16	7	1	28	3			6	4		11						195	
44		1	1	12	2		9	16	2	5	31		2	1	5		5	6	13							106	
45		1	2	12	2	1	1	7	21	3	15	4		5			1									80	
Grand Total	112	1,098	363	2,325	362	452	117	645	2,215	797	1,665	1,135	77	114	312	17	686	1,105	241	229	32	104	46	204	98	367	14,918

TABLE 40 – SECTOR OF I.B.G. BRAND: TOP SECTOR PER CLASS/OVERALL

CLASSES	SECTOR CLASSIFICATION OF BRANDS																			Grand Total							
	Aerospace and Defense	Alcohol	Apparel	Automotive	Beverages	Business Services	Computer Software	Diversified	Electronics	Energy	Financial Services	FMCG	Home Furnishings	Hospitality	Internet Services	Leisure Goods	Luxury	Media	Pharmaceuticals	Restaurants	Retail	Sporting Goods	Telecommunications	Tobacco	Toy	Manufacturing	Transportation
01	1.52%	18.94%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
02	2.65%	22.12%	9.73%	30.97%	9.73%	0.76%	3.79%	0.76%	3.79%	0.76%	3.79%	0.76%	3.79%	0.76%	3.79%	0.76%	3.79%	0.76%	3.79%	0.76%	3.79%	0.76%	3.79%	0.76%	3.79%	0.76%	3.79%
03	1.25%	4.98%	5.76%	0.31%	0.47%	0.88%	1.77%	0.88%	1.77%	0.88%	1.77%	0.88%	1.77%	0.88%	1.77%	0.88%	1.77%	0.88%	1.77%	0.88%	1.77%	0.88%	1.77%	0.88%	1.77%	0.88%	1.77%
04	2.89%	9.25%	20.23%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%	4.62%
05	2.25%	8.43%	3.93%	7.87%	7.87%	5.62%	0.56%	35.39%	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%
06	2.50%	11.88%	1.88%	28.75%	1.88%	2.50%	8.75%	12.50%	10.00%	3.75%	2.50%	0.63%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%	1.88%
07	2.41%	1.20%	32.53%	1.20%	1.20%	1.20%	18.67%	20.48%	9.04%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
08	3.31%	9.92%	3.31%	21.49%	4.13%	2.48%	7.44%	11.57%	2.48%	3.31%	6.61%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%	2.48%
09	0.29%	2.87%	0.79%	9.60%	1.50%	7.09%	2.58%	3.87%	37.32%	2.72%	6.09%	0.86%	0.21%	0.14%	2.15%	3.01%	11.39%	1.29%	0.57%	0.21%	0.79%	0.50%	0.14%	0.79%	0.50%	0.14%	0.79%
10	3.67%	1.83%	11.93%	0.92%	0.92%	1.83%	16.51%	22.94%	1.83%	0.92%	13.76%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%
11	1.80%	4.05%	1.35%	22.52%	4.50%	1.80%	10.36%	27.48%	7.66%	1.35%	1.35%	1.35%	1.35%	1.35%	1.35%	1.35%	1.35%	1.35%	1.35%	1.35%	1.35%	1.35%	1.35%	1.35%	1.35%	1.35%	1.35%
12	1.09%	0.22%	0.87%	73.20%	0.44%	0.44%	3.49%	3.49%	2.83%	1.53%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%
13	2.70%	5.41%	35.14%	5.41%	5.41%	5.41%	5.41%	13.51%	5.41%	5.41%	5.41%	5.41%	5.41%	5.41%	5.41%	5.41%	5.41%	5.41%	5.41%	5.41%	5.41%	5.41%	5.41%	5.41%	5.41%	5.41%	5.41%
14	1.52%	9.73%	5.47%	17.63%	2.13%	1.52%	12.50%	4.69%	25.00%	2.36%	2.62%	2.36%	2.62%	2.36%	2.62%	2.36%	2.62%	2.36%	2.62%	2.36%	2.62%	2.36%	2.62%	2.36%	2.62%	2.36%	2.62%
15	0.41%	5.52%	1.02%	10.84%	1.02%	5.01%	1.43%	1.94%	14.93%	3.27%	21.47%	8.08%	0.51%	0.72%	1.53%	3.13%	14.06%	6.25%	2.86%	10.22%	1.94%	0.82%	0.20%	0.10%	0.51%	1.02%	1.12%
16	0.51%	2.78%	20.83%	18.06%	19.44%	18.06%	18.06%	19.44%	18.06%	18.06%	18.06%	18.06%	18.06%	18.06%	18.06%	18.06%	18.06%	18.06%	18.06%	18.06%	18.06%	18.06%	18.06%	18.06%	18.06%	18.06%	18.06%
17	5.66%	7.85%	9.69%	17.02%	2.36%	2.62%	2.36%	8.64%	2.88%	6.02%	1.57%	0.79%	0.26%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%	1.83%
18	1.05%	3.08%	20.00%	13.85%	13.85%	23.06%	13.85%	13.85%	23.06%	13.85%	13.85%	13.85%	13.85%	13.85%	13.85%	13.85%	13.85%	13.85%	13.85%	13.85%	13.85%	13.85%	13.85%	13.85%	13.85%	13.85%	13.85%
19	2.08%	4.69%	4.17%	15.10%	3.13%	2.08%	4.17%	15.63%	5.21%	8.85%	3.65%	2.60%	1.04%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%	3.13%
20	1.27%	14.29%	3.49%	13.33%	4.13%	1.90%	3.81%	8.25%	4.13%	6.98%	13.33%	1.27%	0.32%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%
21	1.37%	4.11%	31.51%	4.11%	4.11%	4.11%	6.85%	9.99%	13.70%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%	4.11%
22	4.08%	28.57%	2.91%	2.43%	2.43%	2.43%	2.43%	8.83%	5.34%	7.28%	5.34%	1.46%	0.97%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%
23	1.94%	10.68%	4.85%	19.42%	2.91%	2.43%	2.43%	8.83%	5.34%	7.28%	5.34%	1.46%	0.97%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%
24	0.72%	16.62%	6.94%	15.17%	4.05%	1.45%	0.43%	1.73%	6.94%	2.60%	3.76%	5.64%	0.43%	0.14%	1.59%	1.59%	1.59%	1.59%	1.59%	1.59%	1.59%	1.59%	1.59%	1.59%	1.59%	1.59%	1.59%
25	3.48%	9.57%	6.09%	32.17%	4.35%	0.87%	1.74%	6.96%	8.70%	1.74%	1.74%	1.74%	1.74%	1.74%	1.74%	1.74%	1.74%	1.74%	1.74%	1.74%	1.74%	1.74%	1.74%	1.74%	1.74%	1.74%	1.74%
26	3.03%	27.27%	5.05%	5.05%	5.05%	5.05%	5.05%	8.08%	11.11%	3.03%	11.11%	3.03%	3.03%	3.03%	3.03%	3.03%	3.03%	3.03%	3.03%	3.03%	3.03%	3.03%	3.03%	3.03%	3.03%	3.03%	3.03%
27	1.08%	6.05%	1.73%	21.17%	1.30%	2.16%	0.43%	3.02%	22.68%	2.81%	6.48%	3.24%	0.65%	0.22%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%	1.51%
28	3.40%	0.97%	9.71%	8.25%	8.25%	8.25%	0.97%	2.43%	7.28%	3.11%	5.19%	0.69%	0.35%	0.49%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%	1.46%
29	7.96%	1.04%	7.27%	11.76%	0.35%	0.35%	0.69%	3.11%	5.19%	0.69%	30.80%	30.80%	0.69%	0.35%	1.73%	1.73%	1.73%	1.73%	1.73%	1.73%	1.73%	1.73%	1.73%	1.73%	1.73%	1.73%	1.73%
30	4.48%	2.99%	20.90%	2.99%	2.99%	2.99%	2.99%	8.96%	20.90%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%	2.99%
31	40.00%	0.53%	5.79%	25.26%	25.26%	25.26%	0.53%	1.32%	3.68%	0.53%	11.32%	11.32%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%
32	75.68%	0.68%	6.08%	4.39%	4.39%	4.39%	0.68%	2.03%	4.73%	0.68%	1.01%	1.01%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%
33	1.69%	8.90%	1.27%	14.83%	0.85%	0.85%	2.97%	2.97%	5.93%	1.27%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
34	0.51%	2.77%	5.03%	10.57%	1.44%	3.49%	1.03%	4.11%	14.37%	3.90%	24.13%	3.99%	1.03%	1.75%	3.80%	0.31%	3.39%	6.06%	1.03%	1.33%	0.10%	0.51%	0.31%	0.51%	0.21%	4.72%	100%
35	0.11%	0.66%	0.77%	10.94%	0.22%	2.19%	0.33%	4.38%	6.46%	3.61%	59.41%	0.77%	0.22%	1.20%	1.20%	1.20%	1.09%	3.72%	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%	0.11%	1.64%	100%
36	1.83%	0.79%	37.96%	3.14%	3.14%	3.14%	0.26%	9.16%	20.16%	11.52%	3.14%	0.52%	0.79%	0.79%	0.79%	0.52%	2.36%	2.62%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%
37	0.30%	2.58%	7.12%	0.76%	0.76%	0.76%	1.82%	3.18%	25.91%	2.27%	18.33%	1.21%	0.30%	0.45%	4.55%	1.97%	13.79%	0.15%	0.61%	0.61%	0.61%	0.30%	2.42%	0.15%	4.39%	29.66%	100%
38	1.05%	0.52%	22.57%	0.52%	0.52%	0.52%	0.26%	6.30%	9.71%	9.97%	8.92%	0.79%	0.52%	0.52%	0.52%	0.52%	1.57%	2.36%	0.52%	0.26%	0.26%	0.30%	2.42%	0.79%	2.99%	100%	
39	1.49%	13.43%	0.75%	0.75%	0.75%	0.75%	0.75%	11.94%	35.82%	17.16%	1.49%	1.49%	1.49%	1.49%	1.49%	1.49%	4.48%	4.48%	4.48%	4.48%	4.48%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
40	0.85%	6.70%	0.37%	11.81%	2.19%	4.99%	1.34%	2.68%	18.39%	3.05%	10.35%	4.63%	0.37%	1.83%	2.44%	0.37%	3.39%	6.06%	1.03%	1.33%	0.24%	0.85%	0.24%	0.97%	1.10%	0.85%	100%
41	1.13%	4.28%	1.26%	6.67%	1.13%	9.43%	2.77%	6.42%	21.76%	4.28%	13.84%	1.89%	0.38%	1.26%	5.03%	1.76%	6.67%	6.67%	6.67%	6.67%	6.67%	0.38%	1.01%	0.25%	2.52%	100%	100%
42	0.51%	35.90%	2.56%	12.82%	1.54%	1.54%	1.54%	3.08%	3.08%	8.21%	3.59%	0.51%	14.36%	1.54%	1.54%	1.54%	3.08%	2.05%	5.64%	5.64%	5.64%	0.38%	1.01%	0.25%	2.52%	100%	100%
43	0.94%	0.94%	11.32%	1.89%	1.89%	1.89%	8.49%	15.09%	1.89%	4.72%	29.25%	1.89%	1.89%	1.89%	1.89%	1.89%	4.72%	5.66%	5.66%	5.66%	5.66%	5.66%	5.66%	5.66%	5.66%	5.66%	5.66%
44	1.25%	2.50%	15.00%	2.50%	2.50%	2.50%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
45	7.36%	2.43%	15.59%	2.43%	3.03%	0.78%	4.32%	14.85%	5.34%	11.16%	7.61%	0.52%	0.76%	0.76%	0.76%	0.52%	4.60%	7.41%	1.62%	1.54%	0.21%	0.70%	0.31%	1.37%	0.66%	2.46%	100%
Grand Total	0.75%	2.43%	15.59%	2.43%	3.03%	0.78%	4.32%	14.85%	5.34%	11.16%	7.61%	0.52%	0.76%	0.76%	0.76%	0.52%	4.60%	7.41%	1.62%	1.54%	0.21%	0.70					

TABLE 41 – SECTOR OF I.B.G. BRAND: TOP CLASS PER SECTOR/OVERALL

CLASSES	SECTOR CLASSIFICATION OF BRANDS																										Grand Total
	Aerospace and Defense	Alcohol	Apparel	Automotive	Beverages	Business Services	Computer Software	Diversified	Electronics	Energy	Financial Services	FMCG	Home Furnishings	Hospitality	Internet Services	Leisure Goods	Luxury	Media	Pharmaceuticals	Restaurants	Retail	Sporting Goods	Telecommunications	Tobacco	Toy Manufacturing	Transportation	
01			0.55%	1.08%				2.64%	0.77%	4.39%	0.06%	0.44%			0.64%	1.02%	1.02%	8.71%			3.13%					0.88%	
02			0.83%	1.08%				1.71%	1.58%	1.38%	0.06%	0.18%	3.90%		0.64%	1.02%	1.02%	4.98%								0.76%	
03		0.73%	8.82%	1.59%	0.55%	0.66%		1.71%	0.50%	2.01%	0.24%	36.83%	1.30%	0.88%	0.64%	7.00%	1.99%	6.64%			6.25%	1.92%		0.98%	4.08%	4.30%	
04		0.46%	4.41%	1.51%				1.24%	0.36%	10.29%		0.18%			0.64%	1.46%	0.27%	0.41%						1.02%	1.16%		
05			1.10%	0.65%	1.93%			2.17%	0.63%	1.25%	0.06%	5.55%	1.30%		0.64%	1.02%	0.27%	14.52%	0.44%				0.49%	1.02%	1.19%		
06	3.57%	1.73%	0.83%	1.98%	0.83%	0.88%		2.17%	0.90%	2.01%	0.36%	0.35%	1.30%		0.96%	1.75%	0.18%	0.41%					0.49%	1.02%	1.07%		
07	3.57%	0.55%	2.32%	0.44%				4.81%	1.53%	1.88%		0.18%			0.96%	1.02%	2.07%	2.62%					1.11%				
08	3.57%	1.09%	1.12%	1.38%	0.66%			1.40%	0.63%	0.38%	0.24%	0.70%	3.90%		0.96%	2.19%	0.45%		0.49%	1.02%			0.81%				
09	3.57%	3.64%	3.03%	5.76%	5.80%	21.90%	30.77%	8.37%	23.52%	4.77%	5.11%	1.06%	3.90%	1.75%	9.62%	6.12%	14.39%	7.47%	3.49%	9.38%	10.58%	15.22%	0.98%	11.22%	12.26%	9.36%	
10	3.57%	0.55%	0.56%		0.22%			2.79%	1.13%	0.25%	0.06%	1.32%			0.64%	1.02%	0.18%	6.22%			0.96%		0.73%				
11	3.57%	0.82%	0.83%	2.15%	2.76%	0.88%		3.57%	2.75%	2.13%	0.18%	0.26%	3.90%		0.64%	1.60%	0.45%	2.07%	3.06%				0.49%	1.02%	1.49%		
12	4.46%	0.09%	1.10%	14.45%		0.44%		2.48%	0.72%	1.63%	0.42%	0.35%			0.96%	11.76%	1.46%	0.81%					0.49%	2.04%	7.63%	3.08%	
13		0.09%	0.55%	0.56%				0.31%	0.23%	0.25%		0.18%			0.64%								0.49%		0.25%		
14	4.46%	2.91%	4.96%	2.49%	1.93%	1.11%		2.02%	1.40%	1.38%	0.96%	0.62%	1.30%	0.88%	2.24%	58.82%	8.45%	2.62%		1.75%	6.25%	6.73%	1.96%	3.06%	2.21%	0.43%	
15		0.73%	0.83%	0.69%				0.31%	0.59%	0.25%	0.06%	0.26%			0.64%		1.31%	0.36%					0.49%			0.43%	
16	3.57%	4.92%	2.75%	4.56%	2.76%	10.84%	11.97%	2.95%	6.59%	4.02%	12.61%	6.96%	6.49%	6.14%	4.81%	4.08%	9.05%	7.88%	3.49%	6.25%	0.96%	10.87%	4.90%	11.22%	9.26%	6.56%	
17	3.57%	0.55%	0.65%					2.02%	0.63%	1.63%		0.18%			0.64%	0.73%	0.38%	0.41%				0.96%				0.48%	
18	3.57%	2.73%	10.19%	2.80%	2.49%	2.21%		1.40%	1.49%	1.38%	1.38%	0.53%	3.90%	0.88%	2.24%	8.31%	3.08%	0.83%	2.18%	15.63%	12.50%		4.41%	9.18%	2.56%		
19		0.46%	0.55%	0.56%				1.40%	0.41%	1.88%		1.30%			0.64%	0.73%	0.38%	0.41%				0.96%			0.44%		
20	3.57%	0.82%	2.20%	1.25%	1.66%	0.88%		1.24%	1.35%	1.25%	1.02%	0.62%	6.49%	1.75%	1.92%	2.33%	2.26%						0.49%	4.08%	1.29%		
21	3.57%	4.10%	3.03%	1.81%	3.59%	1.33%		1.86%	1.17%	1.63%	1.32%	3.70%	5.19%	0.88%	2.24%	2.77%	2.71%						0.49%	9.18%	2.11%		
22		0.09%	0.83%	0.99%	0.66%			0.78%	0.32%	1.25%		0.26%	1.30%		0.64%	1.60%					3.13%	0.96%	0.49%	1.02%	0.49%		
23		0.55%	0.60%					0.31%	0.32%	1.25%		0.18%	1.30%		0.96%	1.17%									0.33%		
24	3.57%	2.00%	2.75%	1.72%	1.66%	1.11%		0.78%	0.54%	1.38%	0.90%	0.97%	3.90%	1.75%	0.96%	3.21%	2.17%				2.88%	2.45%	3.06%	1.38%			
25	4.46%	10.47%	13.22%	4.52%	7.73%	2.21%	2.56%	1.86%	2.17%	2.26%	1.56%	3.44%	3.90%	0.88%	3.53%	8.02%	8.51%			4.37%	15.63%	25.96%	4.41%	10.20%	2.72%	4.64%	
26	3.57%	1.00%	1.93%	1.59%	1.38%	0.22%		0.31%	0.36%	1.25%	0.12%	0.18%			0.64%	2.04%	0.36%				3.13%		1.96%	1.02%	0.77%		
27		0.83%	1.16%	1.38%				0.78%	0.36%	1.38%	0.18%	0.97%	3.90%		0.64%	1.90%	0.36%					1.92%	0.49%	1.02%	0.66%		
28	4.46%	2.55%	2.20%	4.22%	1.66%	2.21%	1.71%	2.17%	4.74%	1.63%	1.80%	1.32%	3.90%	0.88%	2.24%	2.33%	5.43%			3.49%	9.38%	16.35%	1.96%	10.20%	3.10%		
29		0.64%	0.55%	0.86%	4.70%			0.31%	0.23%	1.88%		6.17%	2.60%	0.88%	0.96%	0.73%	1.45%	4.56%	12.66%				0.49%		1.38%		
30	2.09%	0.83%	0.90%			0.22%		0.31%	0.41%	1.88%	0.12%	7.84%	2.60%	0.88%	1.60%	1.02%	1.54%	4.56%	19.21%				0.49%	2.04%	1.94%		
31		0.27%	0.55%	0.60%				0.62%	0.27%	1.76%		0.44%	3.90%		0.64%	0.73%	0.36%	0.83%	1.31%				0.49%		0.45%		
32	13.84%	0.55%	0.95%	26.52%				0.31%	0.23%	1.76%	0.12%	3.79%		0.88%	0.32%	0.73%	1.36%	0.83%	6.99%				0.49%	1.02%	2.55%		
33		20.40%	0.55%	0.77%	3.59%			0.31%	0.27%	1.76%	0.12%	0.26%		0.88%	0.32%	0.73%					3.13%		0.49%		1.98%		
34		1.91%	0.83%	1.51%	0.55%			1.09%	0.32%	1.76%	0.18%	0.18%			0.64%	2.04%							58.82%		1.58%		
35	4.46%	2.46%	13.50%	4.43%	3.87%	7.52%	8.55%	6.20%	6.32%	4.77%	14.11%	3.08%	12.99%	14.91%	11.86%	17.65%	4.81%	5.34%	4.15%	5.68%	3.13%	4.81%	6.52%	2.04%	12.53%	6.53%	
36	0.89%	0.55%	1.93%	4.30%	0.55%	4.42%	2.56%	6.20%	2.66%	4.14%	32.61%	62.92%	2.60%	9.65%	3.53%	1.46%	3.08%	1.24%		1.31%			6.52%	0.49%	6.13%		
37	6.25%	0.83%	6.24%			2.65%	0.85%	5.43%	3.48%	5.52%	0.72%	0.18%			2.63%	0.96%	11.76%	1.31%	0.90%	0.41%			4.35%	3.81%	2.56%		
38	1.79%	1.55%	1.38%	2.02%	1.38%	9.73%	10.26%	3.26%	7.72%	1.88%	7.27%	0.70%	2.60%	2.63%	9.62%	1.90%	8.24%	0.41%		1.75%		1.92%	34.78%	0.49%	7.90%	4.42%	
39	3.57%	0.18%	0.55%	3.70%	0.55%	0.44%	0.85%	3.72%	1.67%	4.77%	2.04%	0.26%	2.60%	1.75%	2.56%	0.87%	0.81%	0.83%	0.44%				1.47%	30.79%	2.55%		
40		0.55%	0.77%			0.22%	0.85%	2.48%	2.17%	2.89%	0.12%	0.18%			1.28%	0.87%				2.49%	0.44%				1.09%	0.90%	
41	6.25%	5.01%	0.83%	4.17%	4.97%	9.07%	9.40%	3.41%	6.82%	3.14%	5.11%	3.35%	3.90%	13.16%	6.41%	2.33%	14.84%	2.07%	4.37%	6.25%	6.73%	4.35%	3.92%	9.18%	1.91%	5.50%	
42		3.10%	2.75%	2.28%	2.49%	16.59%	18.80%	7.91%	7.81%	4.27%	6.61%	1.32%	3.90%	8.77%	12.82%	2.04%	4.80%	8.71%	11.35%			2.88%	17.39%	0.98%	5.45%	5.33%	
43	0.89%	6.38%	1.38%	1.08%	0.83%			0.47%	0.27%	0.75%	0.96%	0.62%	1.30%	24.56%	0.96%	0.87%	0.36%		4.80%						1.31%		
44		0.09%	0.28%	0.52%	0.55%			1.40%	0.72%	0.25%	0.30%	2.73%			1.75%	0.32%			5.39%						0.71%		
45		0.09%	0.55%	0.52%	0.55%	0.22%	0.85%	1.09%	0.95%	0.38%	0.90%	0.35%			1.60%	0.15%	0.45%								0.54%		
Grand Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

TABLE 42 – GROUP OF I.B.G. BRAND: STATISTICS SUMMARY

GROUP	TOTALS						RATIOS				AS PERCENTAGE OF OVERALL							
	BRANDS	TM	CLASSES	WORD TM	GOODS CLASSES	SERV. CLASSES	TM/ BRAND	CLASS/ BRAND	CLASS/ TM	WORD/ TM	GOODS/ SERV.	BRANDS	TM	CLASSES	WORD TM	GOODS CLASSES	SERV. CLASSES	
Clothing and Accessories Consumer Goods Drinks	20	283	1,202	173	969	233	14.15	60.10	4.25	0.61	4.16	13.61%	6.55%	8.06%	6.64%	10.23%	4.28%	
	14	655	1,153	354	1,004	149	46.79	82.36	1.76	0.54	6.74	9.52%	15.16%	7.73%	13.58%	10.60%	2.74%	
	16	502	1,460	220	1,190	270	31.38	91.25	2.91	0.44	4.41	10.88%	11.62%	9.79%	8.44%	12.56%	4.96%	
	6	101	361	28	304	57	16.83	60.17	3.57	0.28	5.33	4.08%	2.34%	2.42%	1.07%	3.21%	1.05%	
Manufacturing Media Services	8	172	1,211	86	833	378	21.50	151.38	7.04	0.50	2.20	5.44%	3.98%	8.12%	3.30%	8.79%	6.95%	
	6	243	1,105	190	670	435	40.50	184.17	4.55	0.78	1.54	4.08%	5.62%	7.41%	7.29%	7.07%	7.99%	
	27	837	2,375	563	789	1,586	31.00	87.96	2.84	0.67	0.50	18.37%	19.37%	15.92%	21.60%	8.33%	29.14%	
Technology Transportation	36	955	3,614	613	2,014	1,600	26.53	100.39	3.78	0.64	1.26	24.49%	22.10%	24.23%	23.51%	21.25%	29.40%	
	14	573	2,437	380	1,703	734	40.93	174.07	4.25	0.66	2.32	9.52%	13.26%	16.34%	14.58%	17.97%	13.49%	
Grand Total	147	4,321	14,918	2,607	9,476	5,442	29.39	101.48	3.45	0.60	1.74	100%	100%	100%	100%	100%	100%	

TABLE 43 – GROUP OF I.B.G. BRAND: COUNT OF CLASSES

Classes	GROUP CLASSIFICATION OF BRANDS									
	Clothing and Accessories	Consumer Goods	Drinks	Food	Manufacturing	Media	Services	Technology	Transportation	Grand Total
1	9	3		2	60		1	32	25	132
2	11	3		2	28		1	43	25	113
3	84	423	10	2	32	22	5	27	37	642
4	26	1	5	2	88	3		13	35	173
5	11	42	7	23	45	3	2	30	15	178
6	15	3	22	4	21	2	6	37	50	160
7	9			2	26		7	64	58	166
8	20	11	17	2	8	5	4	24	30	121
9	67	26	61	2	66	159	140	737	138	1396
10	10	11		4	17	2	2	46	17	109
11	14	6	19	2	27	5	10	85	54	222
12	16	5	1	2	19	9	35	31	341	459
13	9	1	1	2	2			9	13	37
14	95	11	39	4	19	29	21	48	63	329
15	12	1	8	3	2	4	1	17	16	64
16	41	90	64	15	57	100	259	242	110	978
17	8			2	18			25	19	72
18	112	25	39	2	20	34	29	52	69	382
19	8	1	5	2	19			17	13	65
20	24	14	15	3	13	25	20	45	33	192
21	30	51	58	5	18	30	31	46	46	315
22	16	4	1	2	13			14	23	73
23	10	1		2	10			12	14	49
24	35	19	28	3	14	24	17	22	44	206
25	135	56	143	5	26	94	47	76	110	692
26	22	5	16	2	10	4	2	13	41	115
27	18	14	5	2	14	4	3	12	27	99
28	44	27	34	5	21	60	39	130	103	463
29	7	5	24	68	26	16	30	10	20	206
30	10	19	57	75	26	17	47	17	21	289
31	7	3	3	5	18	4	3	10	14	67
32	7	2	248	43	16	15	19	8	22	380
33	8	1	237	3	15		5	9	18	296
34	19	120	23	2	19		3	11	39	236
35	91	40	41	12	57	59	311	255	108	974
36	17	7	8	3	46	34	572	126	101	914
37	14			2	51	10	29	124	152	382
38	20	8	22	3	20	91	157	290	49	660
39	8	5	4	3	46	9	150	66	90	381
40	8			2	32		7	67	18	134
41	28	47	73	11	35	164	117	242	104	821
42	27	11	43	9	66	53	166	358	62	795
43	11	5	73	3	6	4	55	12	26	195
44	6	24	3	7	15	6	7	26	12	106
45	3	2	3	2	4	5	15	34	12	80
Grand Total	1,202	1,153	1,460	361	1,211	1,105	2,375	3,614	2,437	14,918

TABLE 44 – GROUP OF I.B.G. BRAND: TOP GROUP PER CLASS/OVERALL

Classes	GROUP CLASSIFICATION OF BRANDS									
	Clothing and Accessories	Consumer Goods	Drinks	Food	Manufacturing	Media	Services	Technology	Transportation	Grand Total
1	6.82%	2.27%		1.52%	45.45%		0.76%	24.24%	18.94%	100%
2	9.73%	2.65%		1.77%	24.78%		0.88%	38.05%	22.12%	100%
3	13.08%	65.89%	1.56%	0.31%	4.98%	3.43%	0.78%	4.21%	5.76%	100%
4	15.03%	0.58%	2.89%	1.16%	50.87%	1.73%		7.51%	20.23%	100%
5	6.18%	23.60%	3.93%	12.92%	25.28%	1.69%	1.12%	16.85%	8.43%	100%
6	9.38%	1.88%	13.75%	2.50%	13.13%	1.25%	3.75%	23.13%	31.25%	100%
7	5.42%			1.20%	15.66%		4.22%	38.55%	34.94%	100%
8	16.53%	9.09%	14.05%	1.65%	6.61%	4.13%	3.31%	19.83%	24.79%	100%
9	4.80%	1.86%	4.37%	0.14%	4.73%	11.39%	10.03%	52.79%	9.89%	100%
10	9.17%	10.09%		3.67%	15.60%	1.83%	1.83%	42.20%	15.60%	100%
11	6.31%	2.70%	8.56%	0.90%	12.16%	2.25%	4.50%	38.29%	24.32%	100%
12	3.49%	1.09%	0.22%	0.44%	4.14%	1.96%	7.63%	6.75%	74.29%	100%
13	24.32%	2.70%	2.70%	5.41%	5.41%			24.32%	35.14%	100%
14	28.88%	3.34%	11.85%	1.22%	5.78%	8.81%	6.38%	14.59%	19.15%	100%
15	18.75%	1.56%	12.50%	4.69%	3.13%	6.25%	1.56%	26.56%	25.00%	100%
16	4.19%	9.20%	6.54%	1.53%	5.83%	10.22%	26.48%	24.74%	11.25%	100%
17	11.11%			2.78%	25.00%			34.72%	26.39%	100%
18	29.32%	6.54%	10.21%	0.52%	5.24%	8.90%	7.59%	13.61%	18.06%	100%
19	12.31%	1.54%	7.69%	3.08%	29.23%			26.15%	20.00%	100%
20	12.50%	7.29%	7.81%	1.56%	6.77%	13.02%	10.42%	23.44%	17.19%	100%
21	9.52%	16.19%	18.41%	1.59%	5.71%	9.52%	9.84%	14.60%	14.60%	100%
22	21.92%	5.48%	1.37%	2.74%	17.81%			19.18%	31.51%	100%
23	20.41%	2.04%		4.08%	20.41%			24.49%	28.57%	100%
24	16.99%	9.22%	13.59%	1.46%	6.80%	11.65%	8.25%	10.68%	21.36%	100%
25	19.51%	8.09%	20.66%	0.72%	3.76%	13.58%	6.79%	10.98%	15.90%	100%
26	19.13%	4.35%	13.91%	1.74%	8.70%	3.48%	1.74%	11.30%	35.65%	100%
27	18.18%	14.14%	5.05%	2.02%	14.14%	4.04%	3.03%	12.12%	27.27%	100%
28	9.50%	5.83%	7.34%	1.08%	4.54%	12.96%	8.42%	28.08%	22.25%	100%
29	3.40%	2.43%	11.65%	33.01%	12.62%	7.77%	14.56%	4.85%	9.71%	100%
30	3.46%	6.57%	19.72%	25.95%	9.00%	5.88%	16.26%	5.88%	7.27%	100%
31	10.45%	4.48%	4.48%	7.46%	26.87%	5.97%	4.48%	14.93%	20.90%	100%
32	1.84%	0.53%	65.26%	11.32%	4.21%	3.95%	5.00%	2.11%	5.79%	100%
33	2.70%	0.34%	80.07%	1.01%	5.07%		1.69%	3.04%	6.08%	100%
34	8.05%	50.85%	9.75%	0.85%	8.05%		1.27%	4.66%	16.53%	100%
35	9.34%	4.11%	4.21%	1.23%	5.85%	6.06%	31.93%	26.18%	11.09%	100%
36	1.86%	0.77%	0.88%	0.33%	5.03%	3.72%	62.58%	13.79%	11.05%	100%
37	3.66%			0.52%	13.35%	2.62%	7.59%	32.46%	39.79%	100%
38	3.03%	1.21%	3.33%	0.45%	3.03%	13.79%	23.79%	43.94%	7.42%	100%
39	2.10%	1.31%	1.05%	0.79%	12.07%	2.36%	39.37%	17.32%	23.62%	100%
40	5.97%			1.49%	23.88%		5.22%	50.00%	13.43%	100%
41	3.41%	5.72%	8.89%	1.34%	4.26%	19.98%	14.25%	29.48%	12.67%	100%
42	3.40%	1.38%	5.41%	1.13%	8.30%	6.67%	20.88%	45.03%	7.80%	100%
43	5.64%	2.56%	37.44%	1.54%	3.08%	2.05%	28.21%	6.15%	13.33%	100%
44	5.66%	22.64%	2.83%	6.60%	14.15%	5.66%	6.60%	24.53%	11.32%	100%
45	3.75%	2.50%	3.75%	2.50%	5.00%	6.25%	18.75%	42.50%	15.00%	100%
Grand Total	8.06%	7.73%	9.79%	2.42%	8.12%	7.41%	15.92%	24.23%	16.34%	100%

TABLE 45 – GROUP OF I.B.G. BRAND: TOP CLASS PER GROUP/OVERALL

Classes	GROUP CLASSIFICATION OF BRANDS									
	Clothing and Accessories	Consumer Goods	Drinks	Food	Manufacturing	Media	Services	Technology	Transportation	Grand Total
1	0.75%	0.26%		0.55%	4.95%		0.04%	0.89%	1.03%	0.88%
2	0.92%	0.26%		0.55%	2.31%		0.04%	1.19%	1.03%	0.76%
3	6.99%	36.69%	0.68%	0.55%	2.64%	1.99%	0.21%	0.75%	1.52%	4.30%
4	2.16%	0.09%	0.34%	0.55%	7.27%	0.27%	0.08%	0.36%	1.44%	1.16%
5	0.92%	3.64%	0.48%	6.37%	3.72%	0.27%	0.25%	0.83%	0.62%	1.19%
6	1.25%	0.26%	1.51%	1.11%	1.73%	0.18%	0.25%	1.02%	2.05%	1.07%
7	0.75%			0.55%	2.15%		0.29%	1.77%	2.38%	1.11%
8	1.66%	0.95%	1.16%	0.55%	0.66%	0.45%	0.17%	0.66%	1.23%	0.81%
9	5.57%	2.25%	4.18%	0.55%	5.45%	14.39%	5.89%	20.39%	5.66%	9.36%
10	0.83%	0.95%		1.11%	1.40%	0.18%	0.08%	1.27%	0.70%	0.73%
11	1.16%	0.52%	1.30%	0.55%	2.23%	0.45%	0.42%	2.35%	2.22%	1.49%
12	1.33%	0.43%	0.07%	0.55%	1.57%	0.81%	1.47%	0.86%	13.99%	3.08%
13	0.75%	0.09%	0.07%	0.55%	0.17%			0.25%	0.53%	0.25%
14	7.90%	0.95%	2.67%	1.11%	1.57%	2.62%	0.88%	1.33%	2.59%	2.21%
15	1.00%	0.09%	0.55%	0.83%	0.17%	0.36%	0.04%	0.47%	0.66%	0.43%
16	3.41%	7.81%	4.38%	4.16%	4.71%	9.05%	10.91%	6.70%	4.51%	6.56%
17	0.67%			0.55%	1.49%			0.69%	0.78%	0.48%
18	9.32%	2.17%	2.67%	0.55%	1.65%	3.08%	1.22%	1.44%	2.83%	2.56%
19	0.67%	0.09%	0.34%	0.55%	1.57%			0.47%	0.53%	0.44%
20	2.00%	1.21%	1.03%	0.83%	1.07%	2.26%	0.84%	1.25%	1.35%	1.29%
21	2.50%	4.42%	3.97%	1.39%	1.49%	2.71%	1.31%	1.27%	1.89%	2.11%
22	1.33%	0.35%	0.07%	0.55%	1.07%			0.39%	0.94%	0.49%
23	0.83%	0.09%		0.55%	0.83%			0.33%	0.57%	0.33%
24	2.91%	1.65%	1.92%	0.83%	1.16%	2.17%	0.72%	0.61%	1.81%	1.38%
25	11.23%	4.86%	9.79%	1.39%	2.15%	8.51%	1.98%	2.10%	4.51%	4.64%
26	1.83%	0.43%	1.10%	0.55%	0.83%	0.36%	0.08%	0.36%	1.68%	0.77%
27	1.50%	1.21%	0.34%	0.55%	1.16%	0.36%	0.13%	0.33%	1.11%	0.66%
28	3.66%	2.34%	2.33%	1.39%	1.73%	5.43%	1.64%	3.60%	4.23%	3.10%
29	0.58%	0.43%	1.64%	18.84%	2.15%	1.45%	1.26%	0.28%	0.82%	1.38%
30	0.83%	1.65%	3.90%	20.78%	2.15%	1.54%	1.98%	0.47%	0.86%	1.94%
31	0.58%	0.26%	0.21%	1.39%	1.49%	0.36%	0.13%	0.28%	0.57%	0.45%
32	0.58%	0.17%	16.99%	11.91%	1.32%	1.36%	0.80%	0.22%	0.90%	2.55%
33	0.67%	0.09%	16.23%	0.83%	1.24%		0.21%	0.25%	0.74%	1.98%
34	1.58%	10.41%	1.58%	0.55%	1.57%		0.13%	0.30%	1.60%	1.58%
35	7.57%	3.47%	2.81%	3.32%	4.71%	5.34%	13.09%	7.06%	4.43%	6.53%
36	1.41%	0.61%	0.55%	0.83%	3.80%	3.08%	24.08%	3.49%	4.14%	6.13%
37	1.16%			0.55%	4.21%	0.90%	1.22%	3.43%	6.24%	2.56%
38	1.66%	0.69%	1.51%	0.83%	1.65%	8.24%	6.61%	8.02%	2.01%	4.42%
39	0.67%	0.43%	0.27%	0.83%	3.80%	0.81%	6.32%	1.83%	3.69%	2.55%
40	0.67%			0.55%	2.64%		0.29%	1.85%	0.74%	0.90%
41	2.33%	4.08%	5.00%	3.05%	2.89%	14.84%	4.93%	6.70%	4.27%	5.50%
42	2.25%	0.95%	2.95%	2.49%	5.45%	4.80%	6.99%	9.91%	2.54%	5.33%
43	0.92%	0.43%	5.00%	0.83%	0.50%	0.36%	2.32%	0.33%	1.07%	1.31%
44	0.50%	2.08%	0.21%	1.94%	1.24%	0.54%	0.29%	0.72%	0.49%	0.71%
45	0.25%	0.17%	0.21%	0.55%	0.33%	0.45%	0.63%	0.94%	0.49%	0.54%
Grand Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

TABLE 46 – RECLASSIFICATION OF INTERBRAND'S SECTORS

RECLASSIFICATION OF INTERBRAND'S SECTORS		
GROUP	SECTOR	BRAND
Clothing and Accessories	Apparel	GAP
		H&M
		LEVI'S
		ZARA
	Leisure Goods	SWATCH
	Luxury	ARMANI
		BULGARI
		BURBERRY
		CARTIER
		GUCCI
		HERMÉS
		LOUIS VUITTON
		POLO RALPH LAUREN
		PRADA
		ROLEX
		TIFFANY & CO.
	Retail	BENETTON
	Sporting Goods	ADIDAS
		NIKE
		PUMA
Consumer Goods	FMCG	AVON
		COLGATE
		ESTEE LAUDER
		GILLETTE
		JOHNSON & JOHNSON
		KLEENEX
		LANCOME
		L'ORÉAL
		NIVEA
		PAMPERS
		WRIGLEY
	Home Furnishings	IKEA
	Tobacco	MARLBORO
	Toy Manufacturing	BARBIE
Drinks	Alcohol	ABSOLUT
		BACARDI
		BUDWEISER
		CARLSBERG
		CORONA
		GUINNESS
		HEINEKEN
		HENNESSY
		JACK DANIEL'S
		JOHNNIE WALKER
		MOET & CHANDON
		SMIRNOFF
	Beverages	COCA-COLA
		NESCAFÉ
		PEPSI
		SPRITE

TABLE 46 (Cont'd) – RECLASSIFICATION OF INTERBRAND'S SECTORS

RECLASSIFICATION OF INTERBRAND'S SECTORS		
GROUP	SECTOR	BRAND
Food	FMCG	CAMPBELL'S
		DANONE
		HEINZ
		KELLOGG'S
		KRAFT
Manufacturing	Diversified	NESTLÉ
		CATERPILLAR
	Energy	JOHN DEERE
		BP
		MOBIL
	Pharmaceuticals	SHELL
		MERCK
		NOVARTIS
		PFIZER
Media	Media	DISNEY
		FINANCIAL TIMES
		MTV
		THE WALL STREET JOURNAL
		THOMSON REUTERS
Services	Financial Services	TIME
		AIG
		ALLIANZ
		AMERICAN EXPRESS
		AXA
		BARCLAYS
		CITI
		CREDIT SUISSE
		GOLDMAN SACHS
		HSBC
		ING
		J.P. MORGAN
		MERRILL LYNCH
		MORGAN STANLEY
	Hospitality	SANTANDER
		UBS
		VISA
		ZURICH
	Restaurants	HILTON
		MARRIOTT
		BURGER KING
		KFC
		McDONALD'S
	Transportation	PIZZA HUT
		STARBUCKS
		FEDEX
		HERTZ
		UPS

TABLE 46 (Cont'd) – RECLASSIFICATION OF INTERBRAND'S SECTORS

RECLASSIFICATION OF INTERBRAND'S SECTORS		
GROUP	SECTOR	BRAND
Technology	Business Services	ACCENTURE
		CISCO
		IBM
		ORACLE
		SAP
	Computer Software	ADOBE
		MICROSOFT
	Diversified	3M
		GE
		SIEMENS
	Electronics	APPLE
		BLACKBERRY
		CANON
		COMPAQ
		DELL
		DURACELL
		HP
		HTC
		INTEL
		KODAK
		LG
		MOTOROLA
		NINTENDO
		NOKIA
		PANASONIC
		PHILIPS
		SAMSUNG
		SONY
		TEXAS INSTRUMENTS
	Internet Services	XEROX
		AMAZON.COM
		AOL
		eBAY
		GOOGLE
	Telecommunications	YAHOO!
		AT&T
	Aerospace and Defense	BOEING
Transportation	Automotive	AUDI
		BMW
		FERRARI
		FORD
		HARLEY DAVIDSON
		HONDA
		HYUNDAI
		LEXUS
		MERCEDES-BENZ
		NISSAN
		PORSCHE
		TOYOTA
		VOLKSWAGEN

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APPENDIX

TRADEMARKS AND MONOPOLISTIC COMPETITIVE POWER IN THE FRESH PRODUCE RETAIL INDUSTRY (Two Period Model)

$$\text{Max}_{P_1, P_2} \pi$$

$$= \frac{h_1}{\delta_1} (P_1 - c - \tau)(\varepsilon - P_1) + R(P_2 - c - \tau) \left[\frac{h_1}{\delta_1} (\varepsilon - P_1) + \frac{h_2}{\delta_2} (\varepsilon - P_2) \right] - \sum_1^2 f_t$$

$$P_1 \leq \mu$$

$$P_2 \leq \mu$$

$$\begin{aligned} \mathcal{L} = & \frac{h_1}{\delta_1} (P_1 - c - \tau)(\varepsilon - P_1) + R(P_2 - c - \tau) \left[\frac{h_1}{\delta_1} (\varepsilon - P_1) + \frac{h_2}{\delta_2} (\varepsilon - P_2) \right] - \sum_1^2 f_t \\ & + \sum_1^2 \lambda_t (\mu - P_t) \end{aligned}$$

$$\frac{\delta \mathcal{L}}{\delta P_1} = \frac{h_1}{\delta_1} (\varepsilon - P_1) - \frac{h_1}{\delta_1} (P_1 - c - \tau) - R \frac{h_1}{\delta_1} (P_2 - c - \tau) - \lambda_1 P_1$$

$$= 0 \quad \text{if } \lambda_1 = 0$$

$$\frac{\delta \mathcal{L}}{\delta P_1} = \frac{h_1}{\delta_1} (\varepsilon - P_1) - \frac{h_1}{\delta_1} (P_1 - c - \tau) - R \frac{h_1}{\delta_1} (P_2 - c - \tau) = 0$$

$$(\varepsilon - P_1) - (P_1 - c - \tau) - R(P_2 - c - \tau) = 0$$

$$P_1 = \frac{(\varepsilon - RP_2) + (1 + R)(c + \tau)}{2}$$

$$\frac{\delta \mathcal{L}}{\delta P_2} = R \left[\frac{h_1}{\delta_1} (\varepsilon - P_1) + \frac{h_2}{\delta_2} (\varepsilon - P_2) \right] - R \frac{h_2}{\delta_2} (P_2 - c - \tau) - \lambda_2 P_2$$

$$= 0 \quad \text{if } \lambda_2 = 0$$

$$\frac{\delta \mathcal{L}}{\delta P_2} = [h_1 \delta_2 (\varepsilon - P_1) + h_2 \delta_1 (\varepsilon - P_2)] - h_2 \delta_1 (P_2 - c - \tau) = 0$$

$$\frac{\delta \mathcal{L}}{\delta P_2} = h_1 \delta_2 (\varepsilon - P_1) + h_2 \delta_1 \varepsilon - P_2 h_2 \delta_1 - P_2 h_2 \delta_1 + h_2 \delta_1 (c + \tau) = 0$$

$$\frac{\delta \mathcal{L}}{\delta P_2} = \delta_2 (\varepsilon - P_1) + h_2 \delta_1 \varepsilon + h_2 \delta_1 (c + \tau)$$

$$= 2P_2 h_2 \delta_1 \quad \text{plugging } P_1$$

$$\frac{\delta \mathcal{L}}{\delta P_2} = h_1 \delta_2 [\varepsilon - (c + \tau)(1 + R) + RP_2] + 2h_2 \delta_1 \varepsilon + 2h_2 \delta_1 (c + \tau)$$

$$= 4P_2 h_2 \delta_1$$

$$\frac{\delta \mathcal{L}}{\delta P_2} = \varepsilon (h_1 \delta_2 + 2h_2 \delta_1) + (c + \tau) [2h_2 \delta_1 - (1 + R)h_1 \delta_2]$$

$$= P_2 (4h_2 \delta_1 - Rh_1 \delta_2)$$

$$P_2 = \frac{\varepsilon (h_1 \delta_2 + 2h_2 \delta_1) + (c + \tau) [2h_2 \delta_1 - (1 + R)h_1 \delta_2]}{(4h_2 \delta_1 - Rh_1 \delta_2)} \quad \text{so if } P_2 < \varepsilon$$

$$\varepsilon (h_1 \delta_2 + 2h_2 \delta_1) + (c + \tau) [2h_2 \delta_1 - (1 + R)h_1 \delta_2] < \varepsilon (4h_2 \delta_1 - Rh_1 \delta_2)$$

$$\varepsilon [(1 + R)h_1 \delta_2 - 2h_2 \delta_1] + (c + \tau) [2h_2 \delta_1 - (1 + R)h_1 \delta_2] < 0$$

$$(\varepsilon - c - \tau) (2h_2 \delta_1 - (1 + R)h_1 \delta_2) > 0$$

Which yields a contradiction.

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