

# Opening the umbrella

Fabricio Vayra, senior counsel, intellectual property at Time Warner, discusses the challenges he faced in creating a central IP department to support the conglomerate's various subsidiaries

Feature by **Trevor Little**

For in-house trademark counsel, a common professional challenge is selling the importance of brand protection to the board. However, when Fabricio Vayra made the move from AOL to become senior counsel, intellectual property at Time Warner Inc, this wasn't the main issue he had to contend with. Rather, it was selling the benefits of corporate support to in-house counsel across the company's various divisions.

Time Warner is the world's fourth largest entertainment and fourth largest media conglomerate. Headquartered in New York, it has around 38,000 employees (as of March 2009) and oversees a number of subsidiaries, including HBO, Turner Broadcasting System, Warner Bros Entertainment and, previously, AOL (see box on page 5). Each subsidiary boasts a dedicated trademark and IP function, geared to its respective activities. When *IAM* spoke to Vayra, he was in the middle of untangling the IP issues related to the spin-off of AOL from Time Warner.

Before moving to Time Warner's corporate headquarters, Vayra had actually been based at AOL and was primarily engaged in online enforcement. In the course of his daily work, he had noticed that "different parts of the Time Warner business were often taking enforcement action against the same people without knowing it. All the different divisions, like

AOL, had systems in place, but we weren't talking to each other. So I started focusing on cleaning that process up – getting people to talk to each other so that rather than fighting battles themselves, they saw the benefit of having the company parent take action. Sometimes you get better terms, sometimes worse; but it is better to leverage the portfolio as a whole – to go to these people and say, 'Hey, we know what you are up to – now we need to get proper terms to settle this thing out.'"

Previously, work had been pushed up the chain on an *ad hoc* basis. But rather than have to sell a new strategy to corporate, the call came in the other direction and Vayra was asked to set up a central enforcement team in New York.

## Selling internal change

In 2005 Vayra established the online enforcement group, which at the time was a sub-division of Time Warner's trademark group. He then had to implement changes in practice and sell them across the various business divisions.

"At corporate I found it pretty easy – the people I reported to felt we shouldn't try to put a band-aid on a broken process, but start anew. They said to set up timelines and incentives, come up with a good presentation and, as long as it made sense and I thought it would work, they would stand firmly behind me," Vayra recalls. "What I found more difficult, and a total switch of position, was to then go and sell this back to the different business divisions. I do feel like I am now effectively a boutique law firm. That's how we run our shop. Time Warner itself doesn't actually produce anything. The business divisions are creating the product and are close to the content and customers. So we offer them our services."

He thus had to sell new processes to

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teams that already had their own ways of doing things. “It turned into being like a partner in a firm – you had to turn up with your briefcase and presentation and explain, ‘This is how I can help you.’ And they use me as their counsel – they can call and say, ‘I have a problem with this, what would you advise? Have others had a similar issue?’ At corporate we have a different vantage point, and can draw on experience across the group and run it through a more efficient process. The most difficult thing was to prove it was a good process in the first instance, and one people would want to buy into. It’s always been my understanding that a division could turn to me and say, ‘We don’t want to use you, we want to turn to outside counsel.’ They don’t have to use us.”

The key proposition justifying the service thus became the added value that a central department could offer, so the pitch focused on reducing workloads and improving results – something that would

be to everyone’s benefit. This involved setting up matrices outlining what types of issue required what type of action, with common policies on the time given to parties to respond, for example. “We put a process in place and circled in the divisions that we needed to work together, so if ever a case steps out of their space – say you are at Warner Brothers and the issue touches on AOL – that then gets pushed up to corporate for further investigation and action on behalf of the entire company,” he explains. “We also created an in-house software database that keeps track of all the action we take. So without seeing the actual files, other teams can see if the infringer has come onto our radar elsewhere across the company and what action is being taken. There are rights restrictions on the files, but they can at least see whether there is an existing file or ongoing action against a party.”

Given that global economic difficulties have impacted on all industries, at the

#### AOL spinoff

In November, the timing for AOL’s spin-off from Time Warner was announced. A statement issued by Time Warner explained that the December 9 2009 separation is the right step “based on the changes in AOL’s business over time and its potential for growth as a separate public company”. For Vayra, the split threw up some interesting professional challenges.

As for any of the company’s acquisitions or divestures, he has been involved in writing the underlying agreements and untangling the IP assets. “In divesting situations, like with AOL, we look at what IP assets remain or go. Everyone feels they have a rightful claim, so you have to look at how you deal with those. There may be licences involved – for instance, when we went through the same process with Time Warner Cable, there was a huge licence in place as it is essentially our brand, and we license it to them in an interplay with Warner Brothers and the Roadrunner brand,” he explains.

“Specifically with AOL, you have to look at things like domains

– we used to be called Time Warner AOL, so what do you do with all the domains that were historically shared between the brands? What about hosting? Being the internet arm of the company, they had their own registrar and did a lot of the hosting. So one part of the business would say, ‘We are the movie arm, you are the online side, so why don’t you take care of that?’ You have to know what they will no longer do so you can work out who will take up that function.”

Given his background at AOL, it also meant that Vayra was sitting across the table from former colleagues and current friends – which had pros and cons in terms of negotiations: “I do find myself negotiating against people that used to be on my team. The good thing is you have trust already built – if you say, ‘Trust me,’ there is more leverage in that statement. But on the other side of the coin, you have to understand they are also being good counsel for their client and have those interests at heart. When you are dealing with a friend, it makes for some really interesting interplay.”

**60-second interview****What aspects of your job do you find the most challenging?**

The Time Warner companies have an extensive portfolio of famous brands – at last count, at least two years ago, we had between 50,000 and 80,000 trademark applications/registrations. Unfortunately, this means that fraudsters often target our brands to pull off their scams. Being on the front line of online infringement matters, I find it challenging to hear first hand from those who have fallen victim to scams using our brands, especially as I am limited in what I can do to help those who have been harmed.

**What aspects do you find the most rewarding?**

Being able to resolve infringement matters that impact on all the Time Warner companies in one swoop feels great. Although a challenge to coordinate across so many companies, knowing you have handled something with such broad reach is rewarding.

**Who has been the greatest influence on your career?**

I have had many great mentors in my career, but two immediately stand out – Time Warner's general counsel Paul Cappuccio and AOL's recent executive vice president of integrated operations, Jon Werther. I met both while a summer intern at AOL – Jon was my boss and Paul was then general counsel at AOL. Both have provided me with very sound and objective advice throughout my career.

**If you could make one change to the international trademark world, what would it be?**

To truly integrate the concept of global use to match the reality of use in the Internet age. It would be a real task, but a rewarding endeavour to take part in a summit to try to harmonise (to the extent possible) trademark laws, processes and procedures.

**What career do you think you would have followed if not law?**

Either a drummer for a rock and roll band or a racing car driver. I still play the drums. But I have to admit I have a lead foot.

heart of the system was the rationale that it “reduces redundancies while increasing efficiencies and results,” says Vayra. “We are doing a lot more work in-house, getting better results as we can leverage the position of multiple parties, and we bring in a lot of money from these enforcement actions. So it really is ‘win-win’.”

**Keeping pace with industry developments**

While the move to corporate required a shift in the way that IP and trademark protection were approached, the key issues facing the businesses remained the same. And as would be expected from someone who came up through AOL, the Internet features strongly in Vayra's strategy.

Vayra joined AOL from Arent Fox “at a time when the domain space was really gearing up and we were seeing a lot of people cybersquatting or skimming software – things that are pretty common today, but at that time people didn't really know how to respond to it”.

Working on the launch of AOL 9.0, he was actively involved in the scrubbing of the software, to ensure it didn't misuse anyone else's brand, as well as AOL's own. He

summarises: “The things we worked on heavily were uses of things like buddy lists and instant messaging. We had to make sure we were using those marks properly ourselves. Otherwise, when you are enforcing marks, you will have people point the finger back at you, saying, ‘But you aren't even using them properly.’ So one of my jobs was to sit down with the software programmers and teach them trademark law, explaining how they were using brands in the wrong way and how to re-service the marks. I would also sit in with product groups as they developed new ideas and call out the IP issues in advance.”

The move online was a natural progression for Vayra, who had engaged in e-commerce work when he first began practising – despite warnings that there was no future in the sector.

“When I started out in 2000, I did some e-commerce work and enjoyed the online side. Then the dot-com bubble burst and I remember an attorney telling me it was great that I had found something I liked, but I really should look for something else as, within two years, issues over the Internet would all be ironed out. Here I am 10 years later and it still takes up the vast majority of my time.”

Today, rather than clearance, online enforcement and policy issues dominate, partly due to the fast-paced nature of the online world. “You have to stay on top of it. It's such a fast-moving area, if you take your eyes off it for a minute you quickly lose touch,” he argues. “My wife's father is a general practice attorney in a small town, and she remembers going to his offices when she was little. The thing she recalls most is the smell from his walls of books, and she always asks why I don't have many. Well, there just aren't many books on what we are doing – by the time one is written, it's already out of date. I'm preparing a presentation for the upcoming INTA conference and the deadline for paper submissions is not far away. And that's a problem for me – anything I write now could be out of date in a matter of months.”

**Seeing the big picture**

Today, Vayra runs Time Warner's entire trademark function, as well as the company's online enforcement and internet governance groups, and he draws on a team of five across these functions. While his involvement in internet governance policy issues led him to base himself in Washington, he feels that time spent on policy by trademark professionals, while time consuming, is well spent in the long run.

“As an example,” he says, “if you aren’t keeping an eye on developments at the Internet Corporation for Assigned Names and Numbers (ICANN), you will miss consultation deadlines and the first thing ICANN will ask if you complain later is, ‘Where have you been?’ You need to be involved. Other aspects of work you can outsource and flat-fee the work. The policy side, you really can’t.”

Rather than seeing time spent on policy as something that doesn’t produce immediate tangible results, Vayra argues that the discussions he has engaged in have served to sharpen the skills he draws on as an attorney. To illustrate this, he points to his work on the ICANN Implementation Recommendation Team (IRT): “When I first accepted the position, I thought the different parties would butt heads and get nowhere. In reality, everyone was respectful of each other’s views and took the time to learn why they were thinking in certain ways. Similarly, everyone was aware of how active and aggressive their own constituency could be, and asked what outcome would be palatable to them. We created a true melting pot of interests that, I feel, came out with a reasonable, middle-ground approach. That said, everyone left the room saying, ‘I’m going to get hung out to dry by my folks for this.’ And we did — the brand owners knew they would have stones thrown at them for giving away too much; the registrars knew they would be told they shouldn’t have listened to the brand guys; and so on. But this made it more fulfilling — we knew we had all sacrificed a bit of ourselves for the common good.

“People are too often paid to take the same position and just end up getting nowhere. Day to day, myself included, I don’t think people are put into a position where they have to think outside the box and think about the other side. But when you are forced go through the thinking process and look at the more negative alternatives, it helps. An 80% win is better than a 0% win. If everyone stays within their staunch position, everyone gets 0%. We are all better off getting 80%; and this benefits the internet consumer, which in turn benefits us all — corporates, registrars,

ICANN. So I am definitely better as an attorney for going through the IRT process.”

As to the impact that gTLDs will have, Vayra acknowledges that the industry is in a “wait and see” mode, but says that brand owners shouldn’t regards the changes as a threat. Rather, they should decide which fights are worth pursuing and benefit from the advantages that the new system will bring.

“Someone said to me recently, ‘Pigs get slaughtered,’ and that is something I think of in relation to cybersquatters. A lot of ‘domainers’ realise they can get a little more money if they dip their toes into squatting activities. And I literally sit opposite them and say, ‘If you hadn’t got greedy and gone for that extra 5% income, you would have sailed on and no one would have bothered with you.’

“The concept also applies to the gTLD process. It can bring real benefits — registrars could benefit; brand owners could benefit; ICANN could benefit. The system can go forward, but some people want to have it all their own way. Why try to stall it just so you won’t have to defensively register? It doesn’t make sense to me. Can you say it won’t have an impact and won’t lead to infringements? Of course not. But you have to ask if you want to give up all the benefits just to not have to deal with a small percentage of infringers.”

Surveying the industry, then, for Vayra it all comes down to fighting the right battles. He concludes: “The things that haunt me aren’t the squatting houses. You can easily take action against them. The things that keep me up at night are the letters I get from parents who bought a Friday the 13th Jason mask as a collectible, realised it wasn’t genuine and gave it to their kid — then found out the paint used wasn’t tested and it caused chemical burns. Or the old gentleman who turned up at my office one day after being the victim of a phishing scam, begging me to get him his money back. When I get that letter or visit, it has a real impact — I go home and think, ‘Why didn’t I get to this one sooner?’ Ultimately, the consumer pays for me to get hired, so I’m there to look out for their interests”. *iam*

