



FOR INFORMATION

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TO: University Affairs Board

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DATE: May 15, 2018 for May 24, 2018

AGENDA ITEM: 4

ITEM IDENTIFICATION:

Annual Report on the *Code of Conduct for Trademark Licensees*

JURISDICTIONAL INFORMATION:

The University Affairs Board's areas of responsibility include use of the University of Toronto name. The Board is responsible for policy of a non-academic nature for matters within its areas of responsibility. The *University of Toronto Trademark Licensing Policy* charges the Board with receiving annual reports on the operation of and issues connected with the trademark licensing program.

GOVERNANCE PATH:

1. University Affairs Board [for information] (May 24, 2018)

PREVIOUS ACTION TAKEN:

The Annual Report on Trademark Licensing 2016-17 was received by the Board at its June 1, 2017 meeting.

HIGHLIGHTS:

The Trademark Licensing office has finalised its 5-year strategic plan, summarized by three key goals: to increase visibility and desirability of U of T merchandise; to increase resources; and to improve administrative efficiency. Other major activities this year included working closely with new Bookstore management, launching a new heritage merchandise program in collaboration

with the University Archives, and launching a consulting project to review the program to ensure that we are developing merchandise that resonates with the U of T community.

FINANCIAL IMPLICATIONS:

None

RECOMMENDATION:

The documentation is presented for information.

DOCUMENTATION PROVIDED:

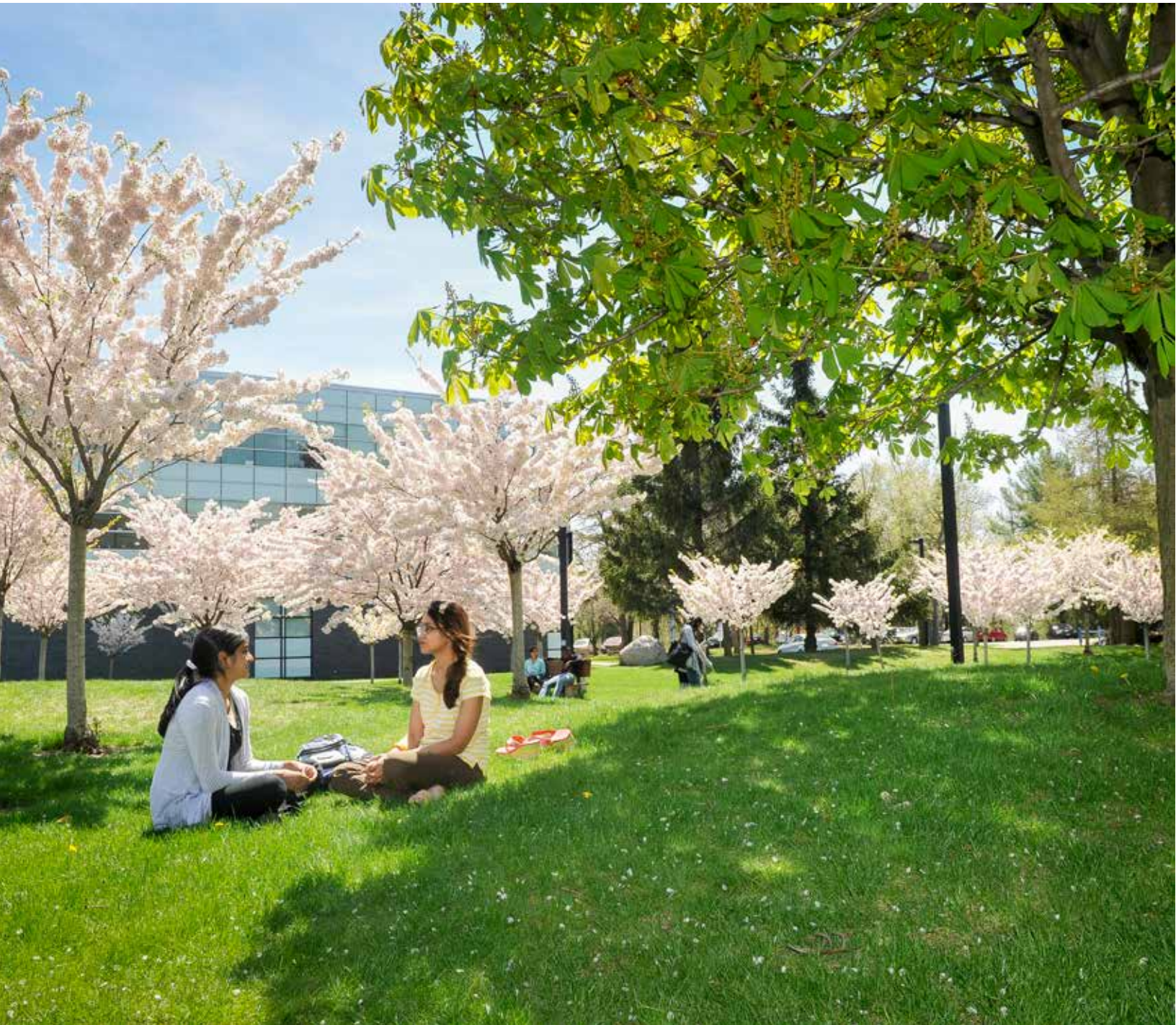
2017-18 Annual Report on the Code of Conduct for Trademark Licensees

TRADEMARK LICENSING ANNUAL REPORT

Submitted by:

*Scott Mabury
Vice President, University Operations*

*Anne Macdonald
Assistant Vice President, Ancillary Services*



Presented to: University Affairs Board - Governing Council - University of Toronto

Thursday May 24, 2018

the **TRADEMARK LICENSING** office

Each year many products are produced that bear the name or official marks of the University of Toronto, or its divisions. These products include clothing sold at the University of Toronto Bookstore, promotional items ordered internally and sport team uniforms. The University has committed to ensuring these

products are produced in conditions consistent with its mission and values by passing the Trademark Licensing policy in May 2000, and developing the Code of Conduct that supports it. This annual report reviews the operation of and issues associated with the University of Toronto's Trademark Licensing Program.



- Ensuring that suppliers of University of Toronto merchandise are licensed and have signed the University's Code of Conduct
- Reviewing and approving artwork for merchandise
- Working with University departments and student groups to fulfill special requests for merchandise for events or programs
- Working to expand and enhance the selection of University of Toronto merchandise available for sale, both in our Bookstore and in off campus retailers
- Promoting school spirit through special events
- Registering and maintaining official marks for the University and following up on improper use of the marks
- Maintaining good relationships with labour monitoring organizations, who evaluate workplace compliance with University codes of conduct
- Engaging with licensees when workplace issues are identified

The Trademark Licensing Office is a self-funded unit within the department of Ancillary Services, reporting to the Assistant Vice-President of Ancillary Services. Day-to-day management of the program is through the department's Trademark Licensing Coordinator, with administrative support provided by an external licensing agent, Learfield Licensing Partners.

Over the years, the work of the Trademark Licensing office has established the University of Toronto as a leader in collegiate licensing in Canada. Collegiate licensing influence and work with recognized labour rights NGOs has helped encourage positive changes to workplaces in developing countries. The University is affiliated with both the **Worker Rights Consortium (WRC)** and the **Fair Labor Association (FLA)**; organizations which conduct numerous factory assessments around the world on behalf of North American universities and colleges. These organizations are also engaged in work to encourage systemic change in the global supply chain.

The University contracts with a third party licensing agent, Learfield Licensing, to undertake all of the administrative work associated with our licensees, including contracts, collecting manufacturing information and royalty payments. Our licensing agent also provides advice on best practices in collegiate licensing. Our goals for Learfield Licensing for the next few years will focus strongly on the reach of our merchandise and growing our off-campus program. We will continue to revisit elements of our program to ensure we are meeting industry standards and establishing the University as a strong brand throughout the city and the world.

It is the main goal of this program to create and maintain school spirit and pride amongst students, staff, faculty and the city. We hope our merchandise is a symbol of the University's great impact on our community.

creating a sense of
PRIDE AND PLACE
for our community

The Trademark Licensing department at the University of Toronto protects and promotes the use of the University's brand on insignia products, to uphold the reputation of the University and to foster pride and a sense of community in its

students, faculty, staff and alumni. Further, it ensures that merchandise is manufactured according to the University's values, and supports divisional and student initiatives that enrich campus life.

Trademark Licensing Office Strategic Goals

- 1** Increase desirability + visibility of U of T merchandise
- 2** Increase Resources
- 3** Increase Administrative Efficiency





**INCREASE
DESIRABILITY + VISIBILITY
OF U OF T MERCHANDISE**

1

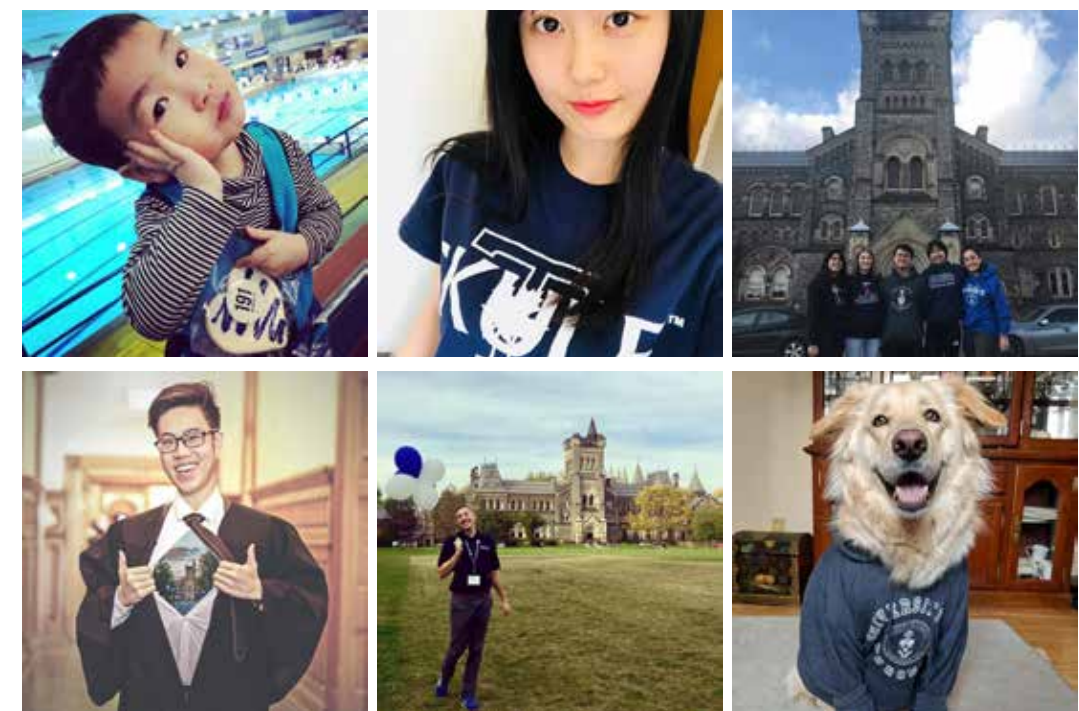
Collegiate merchandise is an important aspect of the student experience. It is with them during their tenure at the University, it unifies each student as part of our community, it lasts long after they leave school and is even shared with future generations. It is with these milestones in mind that we aim to communicate the values of the University and bind together our community as a pillar of our city.

CONSULTING PROJECT

Trademark Licensing has just completed an RFP process for a small research and merchandise brand review consulting project. The successful agency was Sovereign State, a local Toronto firm that has worked with the University in the past. Over the course of the next 5 months, they will work to interview staff and students about what it means to be a U of T community member and how that translates to pride and merchandise. This information will then inform the creation of a new set of graphics for retail merchandise. The goal is to create merchandise that better resonates with the U of T and Toronto community.

U OF T BIRTHDAY

Once again, we celebrated the University's 191st birthday by coordinating a cookie handout on the St. George campus and a social media contest in collaboration with University of Toronto Communications and the main U of T social media channels. This event brings the campus together to recognize the history of the University while spreading some cheer and fostering affinity amongst the students, staff and faculty.



NEW BOOKSTORE MANAGEMENT

This past summer, the Bookstore went through a complete management change, with a new VP of Retail and Manager starting in Fall 2017, which has resulted in a few operational changes. The branded merchandise offering has been pared down and streamlined to provide a better customer experience in the store and to allow for more flexibility to try new designs and items. The Heritage Line was expanded to offer Varsity marks as well as University marks. This is the start of a new collaboration with the U of T Libraries to offer not only vintage marks but merchandise that showcases the collections in the Thomas Fisher Rare Book Library. Lastly, the Bookstore continues to grow their in-house garment printing and embroidery, being one of the top choices of internal departments and student groups on campus.



RETAIL ACTIVITIES

A main goal of the Trademark Licensing Program is to increase our retail presence in city. We have begun actively exploring off-campus opportunities as we seek more growth. The U of T Bookstore continues to be our largest retail partner. The two offices work closely to ensure a good mix of merchandise is available that respects and enhances the brand of the University.

Our current off-campus partners include PINK by Victoria's Secret, Bed Bath and Beyond and Pearson International Airport. Our largest off-campus retail partner is PINK. Co-branded merchandise is now available at all their stores in the GTA during the fall. Our collection with Pearson Airport has just begun as a pilot to make our merchandise available in the International and American gate areas.

We are also engaged with the U of T Libraries team to create a new line of one-of-a-kind merchandise that showcases the diverse holdings in both the Archives and Thomas Fisher Rare Book Library collections. The goal is to provide an original and distinct collection of merchandise that highlights the University's history as well as features their unique resources. A portion of the royalties collected on the sale of this merchandise will go back to support to Archives.

BANGLADESH ACCORD RENEWAL

April 2018 marked the 5th anniversary of the Rana Plaza catastrophe: the largest industrial accident in modern history which claimed over 1100 lives in a garment factory in Dhaka District, Bangladesh. May 2018 marked the 5th anniversary of the Bangladesh Accord on Fire and Building safety, created in response to Rana Plaza and other previous factory disasters in that country. The following is an update on the progress of the Accord by the numbers:

- more than 2000 factories have been inspected
- 51 emergency evacuations were carried out
- 130,000 high risk hazards have been identified
- 97 suppliers were terminated
- 84% of remediation completed

The Accord has helped with identification and remediation of life safety issues in factories, but has also had a positive impact on worker empowerment with respect to reporting safety concerns, and the creation of health and safety committees and processes in the workplace. 1.4 million workers have been engaged through the Safety Training Program as part of the Accord, through 1,062 safety committees.

The Worker Rights Consortium (WRC) was a key contributor behind the creation of the Accord in 2013 and recently announced the establishment of an extension to the Accord (previously set for only a 5 year term), effective June 1, 2018, which will be known as the "Transition Accord", which will allow the remaining work to be concluded.

"Despite all the work left to do, the Accord has produced an incredible physical transformation in a country which is the second largest player in the apparel industry in the world – and as a result, has saved hundreds if not thousands of lives."

– **Scott Nova, Executive Director, Worker Rights Consortium**

U of T demonstrated its support for the Bangladesh Accord in 2015 by adding a requirement for licensees sourcing apparel from Bangladesh at any point in their supply chain to become signatories to the Accord. Being a signatory to the Accord comes with responsibilities associated with funding remediation work. We were pleased that this requirement was accepted by our licensees and that those few who do source from Bangladesh have engaged fully with these additional responsibilities. We will continue this support with the Transition Accord.

NIKE

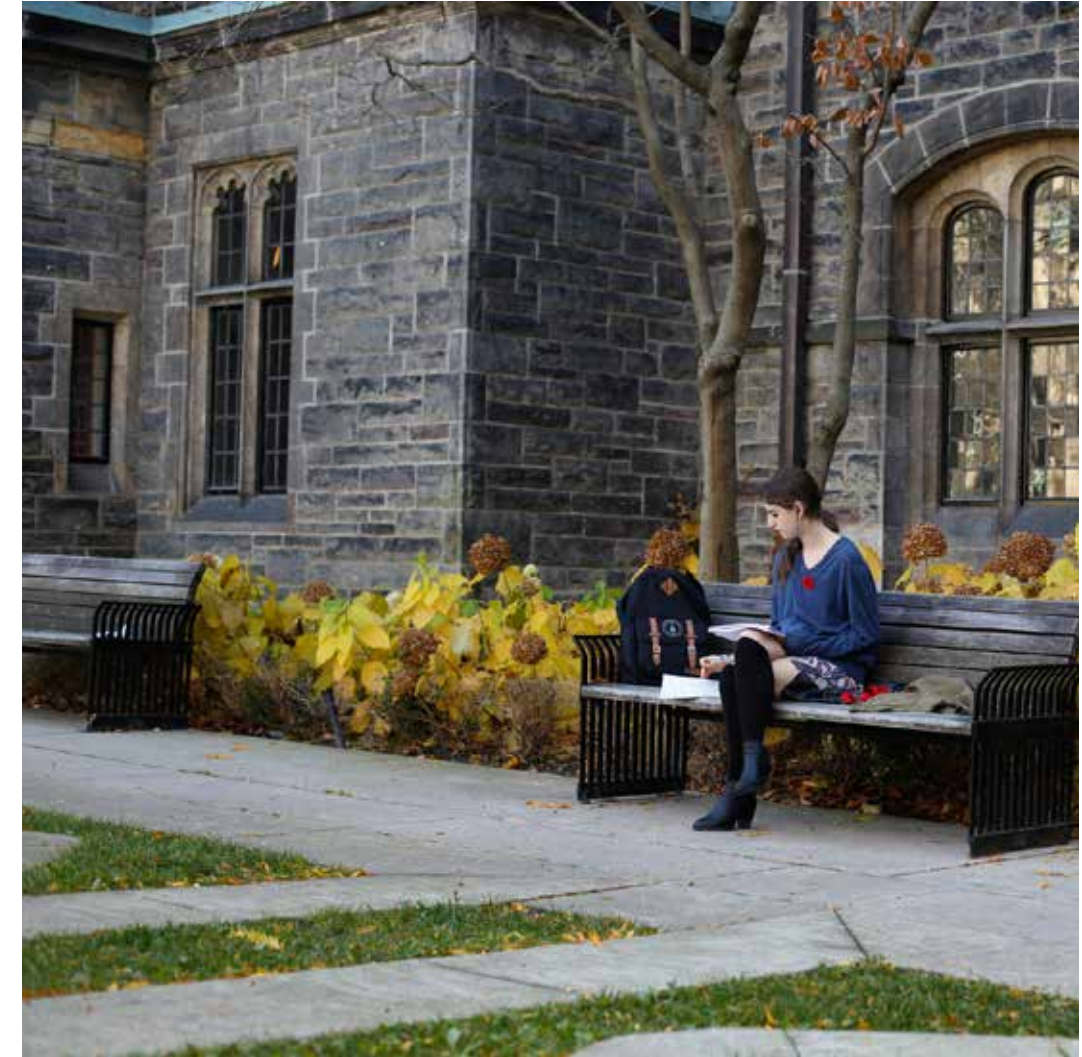
About a year and a half ago, Nike made the decision to no longer sign individual university codes of conduct. This change meant that the University would no longer be able to order any Nike merchandise, because our Trademark Licensing Policy requires licensees to sign the University Code of Conduct. As a result, we have not had a Nike supplier since July 2017. We are pleased to report that Learfield has worked with both Nike and the WRC to create a solution - a standard code of conduct to apply to all schools sourcing from Nike. This new code was created as a mirror to our own University Code of Conduct and also outlines additional measures for WRC access to Nike factories. Trademark Licensing and internal legal counsel, Learfield Licensing and WRC have all reviewed and approved moving forward with this approach. This decision is in line with our American university counterparts, many of whom are taking the same course of action. We are pleased with this outcome and look forward to continuing to do business with one of the most popular brands in our Bookstore.

This new code will not replace the standard University Code of Conduct, which will remain in full effect for all other University licensees.



INTERNAL PRESENTATIONS

In an effort to make the staff and faculty aware of the program, this year we began presenting to internal departments at the University. The presentation includes branding rules and University policy as well as how the Trademark Licensing Program can be of value to internal departments. So far, we have presented to the Faculty of Applied Science & Engineering, Ancillary Services and an internal Graphic Designer group. We plan to reach out to additional departments next year to continue creating on-campus relationships to increase awareness and understanding of the program.



INCREASE RESOURCES

2

The Trademark Licensing Program is a self-funded department with revenues collected paying for operational costs of the program. Any net revenues are used to fund programs and initiatives that support the campus. The program hopes to continue to grow to be able to give back to the University community.

REVIEWING THE ROYALTY RATE

Trademark Licensing generates its revenues by charging an 8% royalty on merchandise ordered by our retail partners. Items considered 'essential stationary' are exempt from royalties, which includes items such as agendas, coil notebooks and pencils. The exemption policy also includes merchandise used for promotional purposes ordered by staff/faculty and student groups on campus. No royalties are collected on these orders.

Our royalty rate has not changed in over 10 years and the current industry standard sits at 10-12%. We have decided to move to a 10% royalty rate and we hope to have this in full effect by the end of the calendar year. We are working with the Bookstore, our largest retailer, to ensure this increase can be reasonably factored into their costs.

We have also reviewed the essential stationary exemption policy. This exemption created confusion with some of our licensees and caused administrative complexity in ensuring that the correct items were being exempted. As these items are relatively low cost and low volume compared to other insignia products, we have decided to phase this exemption out this year. Orders made by internal departments and student groups will remain exempt from royalties.

FUNDING FOR THE FUTURE

The Trademark Licensing Program successfully advocated for the base budget of \$55,000 during the 2017 shared services budget review process. This will go towards hiring a new team member and for offsetting the costs associated with non-revenue generating work, as well as undertaking new projects to grow.

The non-revenue generating work consists of cataloguing and protecting existing marks, as well as filing for new marks and providing general advice to departments about trademarks. Some of this work results in legal costs that cannot be recovered from departments. In addition, the program also works on internal, non-retail merchandise orders which do not generate any royalties.

Revenue-generating activities that we will strengthen with the addition of a new team member include broadening our special merchandise programs (e.g., heritage merchandise, merchandise with department-specific focus), developing more consistent merchandise style guides, and growing our off-campus program.



SUPPORTING THE CAMPUS

The Trademark Licensing program supported the Kinesiology and Physical Education Equity Fund for the 2018-2019 academic year with \$5,000. This money will help fund student run initiatives from all three campuses in the form of events and/or projects which meet and advance the Faculty's equity goals and aspirations. Equity initiatives may include events related to accessibility, mental health, and positive space.



INCREASE ADMINISTRATIVE EFFICIENCY

3

The Trademark Licensing Program reviews its internal processes on a regular basis to ensure that we are efficient, using the correct tools, matching industry best practices and addressing any gaps or inconsistent processes. We aim to continue bettering the program to provide a valuable service to the campus.

REVIEW INTERNAL TRADEMARK PROCESS

One of the services offered by the department is official trademark registration for internal departments. Through experience with a few irregular projects recently, it became apparent that a standardized system of providing this service was necessary. This would include appropriate advice on trademarks, accurate quoting for costs and the ability to recover all or most of the costs associated with departmental marks. We are reviewing how we undertake these projects to ensure we are offering a consistent and fair service to the campus.

REFRESHING THE WEBSITE

To offer a more efficient service to the campus, we have identified a gap in the information available on our website. We are going to review and redesign the Trademark Licensing website to be a better resource for everyone. We will highlight relevant policies and processes, including: the University Code of Conduct, artwork approval process, new licensee requests and logo use guidelines. We will also feature a comprehensive section on trademarks to provide departments with all the information necessary to make educated decisions when looking to register a new mark. We hope this new page will be easier to identify and navigate, while acting as a promotional tool to ensure all policies are understood and followed.