

Columbia GC: Tariff Uncertainty Requires Skilled Trade Arrangements

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The apparel and footwear industry has long faced steep import tariffs. As general counsel for Columbia Sportswear Company, Peter Bragdon is accustomed to navigating similarly complex and often cost-prohibitive import regulations in the U.S. and around the globe. Here, Bragdon debriefs how the company has prospered for nearly as long as one still-extant tariff bill, dating back to the 1930s.

In an industry where intellectual property fights are common, what measures help Columbia safeguard patented technologies?

We have focused on developing an extensive intellectual property portfolio, such as patents and trademarks, across the globe that we believe distinguishes our products in the marketplace and is critical to our success. Our legal strategies, including a reputation for aggressively enforcing intellectual property rights, are aligned with and critical to our corporate growth.

We are very active in monitoring the marketplace for activities that infringe upon our IP rights, and pay particular attention to the online sale of counterfeit goods. We choose our legal fights carefully, but are not shy about going to court, or where warranted, involving law enforcement in our efforts.

Historically, most of our efforts were around trademarks and trade dress, but over the last decade or so we have built up a substantial patent portfolio, which gives us significant additional tools for keeping others from copying our products. We have taken legal action hundreds of times in recent years to block infringing activity.

That focus on intellectual property starts at the top of the company and permeates the entire culture of the organization. Our company culture celebrates creativity and innovation, so it is commonly understood that intellectual property is critical to our success as an organization.

We also have training and other processes internally to make sure employees involved in the creative process understand how to guard confidential information effectively and to work with our legal teams to establish our legal rights in intellectual property.

With 40 percent of Columbia's business generated abroad, how do you anticipate trade issues in a timely fashion?

The apparel and footwear industries have long faced excessive double-digit import tariffs, many dating back to President Herbert Hoover and the notorious Smoot Hawley Tariff [Act].

We are used to navigating these complex and expensive import regulations in the U.S. and around the globe, and have built a tremendous organization internally focused on ensuring compliance and navigating the opportunities available through international trade arrangements.

Given the amount of money involved, and the serious ramifications involved with noncompliance, which could involve civil or criminal penalties and prevent the timely delivery of products, we track our compliance closely and conduct internal audits of our activities.

Our customs and trade teams also provide training to our product and supply-chain teams to make sure they are aware of current requirements, as well as new trade rules or arrangements that affect our company.

Increasingly, as other countries and regions have moved forward with trade agreements in the absence of U.S. leadership, we find ourselves focusing on trade arrangements outside the U.S., most notably with Vietnam and Russia, Europe, and the Trans-Pacific Partnership countries like Canada.

Those trade arrangements are reducing, or are expected to reduce, trade barriers on some products sourced in Vietnam, where many of our products are manufactured. That makes our business more efficient and benefits consumers in the importing country.

As the sportswear industry faces increasing global competition, what measures will you be taking to ensure Columbia maintains a market lead?

Our "true north" to navigate an ever-changing marketplace is a relentless focus on consumers, making sure that our brands are creating products that connect active consumers with their passions.

In addition to that focus on creating differentiated products, we consistently try to improve our internal performance and efficiencies so that we can invest in strategic priorities like demand creation and digital capabilities.

Those digital capabilities include improvements in the e-commerce consumer experience, management of digital assets, and improvements in our own internal analytical capabilities related to a variety of aspects of our business. We are also very focused on protecting consumer and employee data.

We celebrated Columbia's 80th anniversary last year, and we owe our longevity to that focus on consumers, along with a strong balance sheet that gives us more flexibility than many other businesses in both good and challenging times. Our team [also] tries to contribute to the strength of the business in a variety of ways.

For example, we help to protect rights in a product from the moment it is merely an innovative idea to the moment it is in a consumer's hands. We're in factories ensuring the welfare of workers and product compliance. We oversee customs importation and help to enable the efficient delivery to customers.

We're involved in oversight of the real estate where many of those products are sold. We're closely engaged with human resources and global talent management. And of course, we're actively involved with a variety of regulatory regimes that apply to a multinational company.