ML: It’s the 26 of August, 2011, 7:30 am, my name is Milli Lake, I am here with my colleague Anne Greenleaf, and this interview will form part of the Brand Responsibility Project at the University of Washington. If we could start by asking you to state your name and your position here at your university for the record.

KH: My name is Kathy Hoggan, and I am the Director of Trademarks and Licensing for the University of Washington.

ML: OK, thank you. We’re going to talk to you a little bit about the three cases that the University of Washington has been involved in. We’ll start with Russell and then move on to talk about Estofel - Gear for Sports. Then we’ll ask you a couple of questions about Nike at the end. But if we begin with the Russell case, could you briefly outline the issues that were of concern to the University of Washington and how and when these issues first came to your attention?

KH: Certainly. The first issue came to our attention in 2007 it involved the case of a factory of Russell’s where there had been punitive actions taken against workers who had wanted to form and participate in a union. At that time, once both labor rights organizations that we’re members of: the Fair Labor Association and the Workers’ Rights Consortium, had conducted a study and validated that [violations had occurred], we put Russell on notice. They had closed a factory that there seemed to be evidence that it was because of this, to try to eliminate the forming of a union there. There was a promise made that they had transferred all the workers to another factory and that they would be allowed to form a union and participate in union activities there. At that point that satisfied us and we felt that it was a fair victory. Then again, I believe in 2009 the very factory they had transferred the workers to closed, and once again there was evidence that that was because of Russell’s efforts to thwart union activities, that that factory was selected for closure. At this point, from a gut emotional standpoint, we felt a little used. That we had been placated earlier, and that it was likely Russell’s intent all along to close this factory as we pursued the action we had determined that for many reasons it was in the university’s best interest to discontinue our license with Russell, and we did so. We did not renew our license with them. For us there were many issues involved, and one of the greatest was Russell’s lack of communication. They did not engage with the universities, keep us informed of the things that were going on, and felt like they were taking our commitment to our code of conduct very lightly. That definitely played into it, also. After that time, there were many studies that ensued, involving the WRC, and ultimately Russell did open a factory that was to try to change their ways and, to make a statement, we reinstated our license with them. I spoke at a Fair Labor Association board meeting, with the Russell representative Stan Blankenship, June of this year, and he explained that although many of the universities severed their licensing, not all of them did. There was still about 30 percent who had not reinstated their licenses, and their [Russell’s] business is still suffering greatly. There is concern that they will never recapture the business to
the level that they were prior to this incident. It was communicated to Russell that we felt like they needed to prove themselves and to regain the trusts of the universities. I have spoken specifically with them about it for the University of Washington, and there has been some effort to do so, although not as frequently as we would like. But we do have licensees out there who have watched this case and have looked at it as a learning opportunity to understand how fragile the relationship it can be, and the potential for great loss of revenue if they attempt to not take seriously the codes of conduct of universities. Our retailers, Husky retailers, are buying Russell product, maybe not at the level, because they’ve lost ground, but they are buying Russell. Russell’s not in our top ten of apparel licensees, but they are showing some healthy growth.

ML: Alright, thank you. Just go back to the issues right at the beginning. If I understand correctly, you learned of the fact of a number of workers had been fired for attempting to unionize. How did, did that information first come to you? Through WRC?

KH: I can’t recall.

ML: Ok. What was your communication with WRC like in this process?

KH: WRC did a great job of keeping us informed. We didn’t have many direct phonecall types of communication with them during this.

ML: And who else were you getting information from during this process?

KH: The SLAP students, on campus, that were involved. And they were filtering information through that was coming to the President’s office, and some to our office also. But we also received information about it from FLA, who was definitely aware of this situation and involved with it.

ML: Do you know where they [SLAP] were getting most of their information from? Who they were in communication with?

KH: Definitely through USAS. It was a nationwide campaign through USAS. There was activity around the Russell case fought on many campuses.

ML: Ok, Thank you. What was the involvement of the Advisory Committee on Trademarks and Licensing at this point? Were they, did the issue come before that committee, or did you deal with most of it directly?

KH: We dealt with most of it directly and reported back to what was called then the Licensing Advisory Committee. And at one point Stan Blankenship did come out, to meet and speak with the committee about the issues, mostly this was at the time that they were proposing solutions, and trying to win back our license. But prior to the time that we had awarded them their license, we were a little hesitant at first to quickly forgive them, so to speak, because the trust had been eroded before by being duped with the previous incident that we wanted to make sure that the new factory, Nuevo Dia, was up and running, and that it was truly, the reports were coming back
that employees were being treated fairly in terms of their rights to form unions, and things were going well, before we reinstated our license.

ML: Did you have any direct communication with the unions?

KH: Not that I recall.

AG: I was just going to follow up on FLA. It seems that the FLA wasn’t terribly involved in the Nike case, because they decided to not to accept that third party complaint, but they were pretty involved in the Russell case?

KH: Definitely.

AG: And were you more satisfied with their level of support for the campaign in that one [Russell]?

KH: Absolutely. I felt very supported, or, the University felt very supported from both FLA and WRC in the case with Russell, and also in the case with the Gear for Sports, Hanes issue in Guatemala. Both times they were very good. We had meetings, FLA meetings, national meetings where the Russell people came and spoke to us, and they also came and spoke at WRC meetings to us, and both of those organizations worked very closely on this matter.

ML: So something we’ve learnt on the Nike case is that it was very difficult to establish whether a code of conduct violation had actually taken place. I gather with Russell that this process was much more straightforward. Could you talk us through, in general terms, how you came to the decision that a code of conduct violation had taken place? Was that primarily through FLA and WRC reports and research?

KH: Ultimately, the WRC has a code of conduct, and the Fair Labor Association has a code of conduct, and the University has a code of conduct that at that time was a sort of hybrid of both of those codes of conduct. So, the important thing for the University of Washington was to evaluate our code of conduct, and have the Licensing Advisory Committee make a recommendation to cancel the license, so that they made that recommendation to the President, and the President advised the Office of Trademarks and Licensing to do so. So it’s a very individual decision, university by university, when they feel the code of conduct’s been breached. The code of conduct, in this case, in refusing to allow employees to form and participate in a union, was very clearly violated. In addition, the fact that we hadn’t been dealt with with integrity, and Russell had not been trustworthy with us in the matter, also certainly played into it. You don’t want to be partners with somebody who thinks they can lackadaisically pull the wool over your eyes to keep employees’ rights limited.

ML: At that time, the Licensing Advisory Committee was getting all of the information about this case directly from you, from the Office of Trademarks and Licensing?

KH: And from what was trickling down from the President’s office.
ML: And were there any students in the Advisory Committee?

KH: Absolutely, absolutely.

ML: And so, from the time that you brought the matter to the Advisory Committee’s attention, all the members of the committee agreed without too much discussion or debate that a code of conduct violation had taken place.

KH: Oh no. There’s always much discussion involved in that. That’s the great thing about our Advisory Committee, that it involves people both from labor rights and activism, and people that look at it from the business standpoint, in terms of understanding the impact for the university of severing licensee relationships. And also, at that point we had not severed many relationships in the past, so looking at it, thinking of it as a precedent in terms of saying: ‘is this something we are going to do?’. There are universities out there who are, I want to say trigger-happy, but they are quick to cancel licenses if there’s any besmirching that’s going on and, in my opinion, other universities roll their eyes and say: ‘of course they’ve canceled’, and don’t take seriously that kind of guilty-until-proven-innocent mentality. And our committee has always been wonderful about getting the full 360 on the issue. So there was discussion back and forth on whether or not Russell’s license should be expired, or canceled, or, rather, it should be that we should try to stay in the game and work for change instead of cut and run.

ML: OK, thanks a lot, that’s really helpful.
you had the opportunity to shift around production to meet timelines or required expenses. That’s definitely a tangent. And so, through that we did uncover a couple of factories that she was allowed to take her students into. After that, the task force went to Guatemala and had wonderful trip evidently. They were able to meet with a factory that had been disclosed by one of our licensees, Gear for Sports. And through a discussion with the workers outside of the factory, they were to find out that the factory had been mistreating their employees, in terms of closing factories and not paying severance that was due. Angelina and her task force brought this back and said that they had evidence that university product had been produced in this factory. And we went to work to try to pursue that - whether there was an association. We found that there was not. But in the process, they had also spoken with President Mark Emmert, and President Mark Emmert felt that we could not ignore this injustice because our students had been involved and had seen it happen. Whether we were or were not directly involved with production there, or whether or not even collegiate product was produced in that factory, because we knew this information we now needed to take some responsibility to correct it. That was the message that I received. Gear for Sports has Champion product that was produced in that factory. Champion is a brand name that Gear for Sports was licensed to, but it’s from Hanes, who owns that brand. Gear for Sports is a small organization that produces only for college, there was, like I said, still some debate about whether or not our product had been produced there. Another problem, after the database integrity issue, was realizing that the records being kept by our licensees about where product is produced was also very sketchy. So this was another opportunity for us to work through. We realized that Gear for Sports probably did not have the resources to support this case the way it needed to be, and they then got Hanes, their parent company (at that time they were privately held, now they have been purchased by Hanes). But they got Hanes involved. Chris Fox was the labor rights - social responsibility officer at Hanes, who began working with us on this project. We engaged the help of both the FLA and the WRC in it. There was a Fair Labor Association meeting and a conference of the International Collegiate Licensing Association going on in San Antonio right about this time, and Angelina joined me in San Antonio and we met face-to-face with a representative of FLA, and Scott Nova of the WRC, about the issue. We tried to engage their support. We also met with a committee of other schools who were involved with these issues, and tried to also engage their support. That didn’t really catch. In the end it ended up pretty much being the University of Washington, the WRC, the FLA, Hanes, and Gear for Sports, and the parent company of the Estofel factory - Ghim Li. Ghim Li is an organization that owns factories all over the world. They retained counsel in Washington D.C., and their counsel there was the person that was involved with the negotiations for the restitution for the workers. This committee of six got involved in this issue working with COVERCO, who was the local agency for doing the audit of the records, every step of the way. We met weekly, by phone, to evaluate progress. First there was issue of assigning responsibility and negotiating what kind of restitution could be made, and then the effort of distribution: setting up a hotline down there, running advertisements in the newspapers, trying to uncover who had worked for the factory, when, trying to locate them, and trying to determine how much severance they were due. And this process went on for quite a while. From start to finish the case lasted, I believe, a little over a year.

AG: Great. So I just wanted to follow up on the issue that the University of Washington was really the only university to get involved in this particular issue. Can you speak a little more
about that? And you mentioned that you spoke with other schools but then they didn’t end up being involved. Why do you think that was?

KH: I think that there’s many reasons involved. First of all, there was not a clear association attached to the fact that any of their products that bore their license brand were produced in the factory. Also, that they didn’t have the emotional connection to this issue because it wasn’t their student task force that had uncovered the problem. I think that reiterating some of the problems that this case brought into light, the database, the factory database, the records of the licensees that determined where product has been produced, and of course, distinguishing whether it was a cut and sow, or whether it was being embellished there. And, at what point does the university own it in the supply chain? Another issue that was uncovered was, what about your code of conduct? Is your code of conduct only applied to products bearing your marks? Products bearing collegiate marks? Or does it hold for all products produced by somebody you’re in a licensee relationship with. So that is an issue that is judged differently on many campuses. And that may have been part of it too.

AG: Also, you’re commenting that FLA and WRC worked on this case together, can you just speak a little bit about how they worked together? They do work together sometimes, but my impression is sometimes they make different decisions on the cases.

KH: That’s very true. They worked very well together on this case. Hanes is a member of the FLA. The FLA allows memberships from brands that don’t produce collegiate, and brands that do produce collegiate, and membership from other organizations who are involved in these issues: NGOs, they allow membership from retailers, Nordstrom’s, H&M. They allow membership from universities - everybody that’s involved in the issue. The WRC specifically deals with licensees, university licensees, to address those issues. So there is very clearly a great point of overlap here, between the two organizations, that meant that they worked together very well on this. Every step of the way they had people in the field, and people that had participated that would leave phone calls, had communications going on, you know. It might be that there was a study initiated by WRC and the report came back in Spanish and FLA translated it and distributed it, and talked to the people. It was just a very collaborative effort.

AG: Great. So given this case is a little bit unique and that students uncovered the violation and brought that information back to the UW, it seems like the process was a little bit different: in that, they went to President Emmert, Emmert came to you. Can you speak a little bit about how the Licensing Advisory Committee specifically was involved in this particular issue?

KH: Certainly. Angelina at that time was a member Licensing Advisory Committee, and there was much decision discussion in the Licensing Advisory Committee about this. This case could have rightfully gone a completely different direction. It could have been managed as an academic case, and not involved Trademarks and Licensing at all, once it was determined that University of Washington branded product with our license mark was not produced in that factory, then it became a social responsibility labor issue that could have very well been handled through the Provost side of the University, through the academic side, to engage all the different brands that were being produced in there, whether they were collegiate or not. And it might have actually gone much faster if the protest against Hanes, who was clearly using a large capacity in
those factories, had every retailer that produces Hanes, if the protest and pressure had been exerted through that, then it may have gone much faster. So there were two different ways this could have gone. As it went, I was grateful, because it did create a first time opportunity to see WRC and FLA work closely together to resolve a matter, and that was great. But in the end it was Hanes’ issue, and Hanes were the ones who came up with the financial solution and that was promise of aborting large production contracts to Ghim Li, if Ghim Li put up the money to give to Estofel to pay the workers. So the person who was legally obligated through law to pay the workers was the factory owner, and they incented up the line to make that happen. There are some critics out there. I’ve had people come up to me at meetings, at FLA meetings, and WRC meetings, that say I’m naïve because I believe that the factory did the right thing. They say, “Hanes paid that money. Hanes paid the workers.” But they incented somebody to do the right thing. And certainly, ultimately, the financial incentive came from Hanes. But in the end, Estofel paid the workers from a local bank, through COVERCO.

AG: Yeah so that was actually my last question about the end of the process. I gather that the claim was approximately a million U.S. dollars, with about $600,000 paid. And some people saw that as a victory, and some people were disappointed that the other amount of money was not given to them. Do you want to just talk about your reflections on the case and how you felt that ended up?

KH: I feel that it was a huge victory. There’s so much that you have to understand about this case to see the big picture of it. And I don’t think very many people have read all the documentation on it and understand it. It was very difficult to find the workers, and some workers were not found. The factory was in bankruptcy and the assets had been held. The opportunity to get to the records, that all was very arduous. A handful of the workers had received some money, and a handful of the workers had retained an attorney and settled for some payment and signed off. The factory had released the assets that they had and, of course, it been stripped of many of the valuable assets. But the assets had been turned over to the employees who had sold some of them, and so some of that money was out there. And, as I mentioned earlier, some of the workers retained attorneys and so when this money came available, based on the agreement that they had signed on behalf of all of the employees, the attorneys wanted to take some of the money, this money that had been distributed. In fact, the attorneys contracted a bus that sat outside the pay-off facility, so they could take the workers to the bank, and watch them cash the check and pay off the attorneys the amount due. So you have to be very careful not to impose imperialistic values on other nations because you’re dealing with practices that are legal in other countries that might be seen not so in the United States. And with the many things that had to happen to make this work, I consider it a victory.

ML: I just wanted to ask you about the process of locating the workers. If you could just say something more about that - how you went about finding them, who you were working with to do that, and how involved you were directly in that process?

KH: Sure. We worked with COVERCO, ran ads in local newspapers, they set up a hotline, they worked through the union to try to find employees and workers. Once again, you’re dealing with employees who have very shallow financial resources. So, if they don’t get this paycheck, they don’t eat this week, they need find a solution now, type of people. So it’s a transient group, many
people had moved and so there was a whole lot of networking going on, calling other people. So you needed to verify that the people showing up who were who they said they were, and matching up disputes over dates of employment. So it was a process that went on for a while. We had, in fact extended it. We had said that we were going to run this campaign for two months, I believe, tried to locate employees, and as it got close to the end and we still had some not, we went ahead and extended it. We said that, even if they didn’t showed up by the cut-off date they communicated over the phone and in the newspaper, that we would still allow it, because we wanted very badly to get as many as possible.

ML: And did you get a sense most of the workers that you managed to contact or get in touch with were keen to participate, or reluctant, or apprehensive about the process? Did you get any sense of what their perception of entering in these types of legal negotiations or discussions were?

KH: I think all of that. I mean, I would be personally thrilled if someone called me and said, “Hey, this injustice that you suffered, they’re going to pay you out on it!” You know, I mean I think there was some excitement there. But also, as I mentioned, then there was this, “Oh, but I did sign that petition, do I have to pay some to this attorney?” Or, “Oh, I owe these people money and I don’t want them to know I got this money, because then I’ll have to pay off this money,” you know. There was all of that that went on, and its all very understandable.

ML: Do you know if there was any kind of intimidation on the part of the factory owners, or anybody on the ground, that would have made it difficult for the workers to feel comfortable in engaging in this kind of legal negotiation or settlement?

KH: I’m sure there was. I had heard a rumor, some of it wasn’t substantiated, but I’m sure there was. And mostly it was involved with their ability to get out of work, being considered troublemakers and being blacklisted. And so there was definitely some of that that went on, but I think getting it from them would be best.

[END TAPE]