

# FASHION & IP - TOM BROUGHTON ON THE ROLE OF IP WHEN BUILDING A BRAND

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In this podcast Tom Broughton, founder of Cubitts, looks at the role IP takes when building a brand.

As an expanding fashion business, what should you focus on when growing your brand and how, as an established brand should you approach portfolio management and exploitation of your existing assets?

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## Transcript

**Alice Stagg:** Hello, I'm Alice Stagg and I'm a senior associate in the IP team. Following our recent seminar on fashion and IP, co-hosted with HSBC on brand building in the sector, I'm joined by Tom Broughton, founder of Cubitts. Cubitts is a Kings Cross-based spectacle and sunglasses company currently selling online and through its workshops in Soho and Borough. So Tom, what inspired you to set up the company and what was your original vision for it?

**Tom Broughton:** Oh, so, I think going right back, the original reason I got in to it in the first place was just loving glasses really. Really loving spectacles, worn them all my life and I guess for me they were always sort of my thing, wearing glasses. I remember when I got my first job, proper job, proper paid job, the first thing I did when I got my first pay

cheque was go and buy a nice pair of Cutler & Gross glasses and yeah, it was kind of me, it's how I sort of presented myself.

So I was always sort of primed to love glasses, spectacles, in a very kind of sort of, British style spectacles as well. And then as I spent a few years in kind of white collar jobs, sort of procrastinating for my career trying to work out what to do. And there was a moment a whole bunch of stuff aligned, I had flexibility with work, I met a couple of spectacle makers and then sort of did it for, researched it for a couple of years and then thought, right, I'm going for it. So that's where it all came about really.

**Alice:** And they're pretty amazing glasses now. I'm wearing some as we speak. And how's business going at the moment?

**Tom:** Yeah, it's going really well. So we launched two years ago, we opened our first store a year ago, just about to, just opening our second store now and it been yeah, pretty amazing really. It's been, I think we've kind of grown pretty much every month over two years which is pretty amazing and it's incredible really because we, you know, we don't advertise, we never advertise, I mean, our entire advertising expense since we launched I think has been £12 when I accidentally bought some Facebook ads, didn't really know what I was doing. But yeah, we just don't advertise, it's all word of mouth really and it's amazing. So, yeah, it's encouraging really.

**Alice:** And we've been talking about brand building and obviously you've been building your own brand, have you faced any legal and intellectual property issues along the way?

**Tom:** Yeah, we have. I mean, even though we're still so young, I mean our first was, there haven't been, they've been quite varied. The first problems we had were really with dealing with factories. And factories not really respecting our, either our sort of brand or copyright, both in terms of you know, the Cubitts name, the Cubitts brand, the Cubitts logo, but also the products as well. So, the way a lot of eyewear works is a factory will have a whole bunch of library designs, a brand will go to them, look, flick through the catalogue, choose a style and the colour they, like and then it's kind of, there isn't a kind of design input. We've, but at the very beginning, invested a lot of money in the design so we brought in professional eyewear designers to create our collection, which obviously we incurred a significant cost to doing that. We then went round to factories, all around the world, Europe, the Far East, Japan, the UK, and got them to sample these products. Two or three of the factories, we found out a few months later, were then using our design. Basically our designs had somehow slipped into their library of factory designs, some of them we have these on our acetate frames, these rivets, these pins which are, I mean it's a kind of bowtie shape. We've found, we've subsequently found factories using that.

We very recently found someone who's starting up his own eyewear brand in London, was using a very similar design to our rivet on his frame. So it's happened a lot. The way we've dealt with it so far has been really through, we haven't kind of taken any kind of legal recourse. So at the very start we took, we obviously registered the trade mark in the EU and in the countries that we thought were important, so the US, China because of the kind of first to file structure there. We also have a design, I think it's called a design patent. So we have some legal basis, all of that in place, we just haven't chosen to really kind of enforce it yet. So far it's been a few reasonably strongly worded emails.

And, so yeah, it's a funny thing really 'cause you can, especially as a small company, a very small company with a small team, it's all kind of about, everything's about triage, right. All about what you going to spend your own time, your own money chasing? And every time, yeah, these things have come along, even though we've got a little bit annoyed, we just have to ask, is it really gonna, how's it gonna affect the company and is it gonna, is it, would we be better to spend our time focusing on this issue or one of the other millions of issues we face every day?

**Alice:** And looking back, is there anything you would've done differently so far?

**Tom:** Oh loads. I mean loads. I guess what I've realised is, I think that you go from, especially 'cause my previous life, I was doing, you know corporate-y jobs for a "Big Four" company, and then a consultancy company. And you're providing professional advice, and so you feel the structure of your work, the structure of your job is that when you give people advice, it has to be right. So you kind of naturally lend yourself to getting, you know, what you think is almost the perfect answer. You then go from that to try and start a company where you're making decisions constantly, like every like few minutes you're making decisions. And at the start I really struggled, because you take that same kind of desire to have perfection into a different type of structure and different type of industry. And at the beginning I'd spend, I think the biggest mistake I made was I spent far too long trying to get perfect, make perfect decisions, whereas actually, it's just much better to just make loads and loads of decisions. And over the, you'll get more wrong but it's better to make more decisions in aggregate, than to make a smaller number of perfect ones.

And so, you know, loads of stuff, problems with our early frames, problems with some of our branding. I think if there was one big kind of macro thing I would have done differently it would've been raise money early on, earlier on. Because there's something, it was self-funded, then we took a bit of seed money last year. But there's a funny thing about, well, first of all you end up spending more money than you anticipated, you know. However

many times people say that, however aware of it you are, you always do, things take longer than you expect, things cost more money, and so you end up running through your money much quicker than you're expecting and the problem, which isn't a problem in itself, the problem is when you start running, I think, low on money, you'll become aware of your cash constraints, you start making short, different short term decisions which might not be better for the longer term of the company. So just stuff like, I remember we made our first like look book, I was, we were low on money at the time and I was like, I basically delayed it and delayed it and delayed it and was costing us like £400 or £500 or something. But because I was so primed, and so sensitive about our cash requirements, I was procrastinating and putting it off. And in the end, we did make one up, it put us back a few months and it meant we missed a whole sale season. So I think, yeah, if I'd done it again, I would've done, I would have had more confidence in our own business plan, been a bit more bullish and raised other people's money, or institutional money, early on.

**Alice:** And that might feed in to the next question, which is what would your advice be to an entrepreneur who themselves is thinking of building a brand in the fashion sector?

**Tom:** I mean, yeah, I think it is, I don't wanna sort of be boring just talking about money, I'd like to talk about something more creative but, the truth is that it's, it is cash that drives business. So I'd say, definitely say, make sure you've got enough money, first of all.

But I think the second one is linked to that is really understanding the economics of the fashion industry. 'Cause I went into it not from fashion, not from retail, not from wholesale, I like sort of worked it out by being in it. But just understanding, I had this moment of realisation, where I was speaking to some retailers. 'Cause the thing is, you can make the most amazing product in the world, have the most amazing brand in the world, but if people can't get the product or aren't aware of the product what's, you know, you're not gonna have, you're not gonna be successful. So you need to get the product out there. So you need to distribute it some way. So either you open your own shops like we've done, or try and do it online. But for most fashion brands, you're gonna need to wholesale, you'll need to get it into a retailer. And I had this realisation, when I was speaking to these retailers, that everything, if you go to a multi-brand store, if you're, anything you see, they have probably, that retail price is probably between 2.2 and 3 times the wholesale price. So you know, you go and see something for £100 and you know, you immediately take off the 20% VAT. And then of that you divide by, yeah, 2.5, and get to the wholesale price. So actually, it's the retailers margin is the single like biggest item, if you break down the cost involved in the final purchase price. And that, like, you'd, I've seen many fashion brand come in and think "Oh I can make this product for X amount and I could retail it for 5 times that. Oh my God isn't that great?". But then, suddenly, even if you've got a cost to

retail multiple of 5 times, you know, you've got, take the VAT out, and then you've got 2.5 of that 5 goes down to the retailer already. So, spending time understanding that economic structure of the fashion market. Because you know, it's difficult to, you know, you can change your prices later on, but it's kinda hard, you kind of need to do some of that thinking quite early on and build that into your, into your business plan and I guess your wholesale/retail strategy.

**Alice:** And what are your plans for the future?

**Tom:** So, the main thing is really carefully nurturing this little brand that we have. I mean, I think that is, for such a, sunglasses and spectacles are pretty commoditised in that, you know, lots of people wear them, but there's a huge number of brands out there and the thing about frames is they don't vary that much.

I mean, you know, most people have two eyes. And some frames are square, some are round, you know. You get better ones and you get less "better" ones. But they're all ostensibly very, very similar. So you realise that the brand is such an important element of the product. And I think this is what sort of changed the industry in the 90s, where you got the emergence of people like Luxottica and Safilo, who are hugely dominant in that they basically, what they do is license brands, and produce frames for those brands. So, if you go into a shop and you know, see the Prada, Gucci, Persol, Oliver Peoples, Rayban, nearly all the brands you can think of, eyewear brands, they're all made by the same company, Luxottica or Safilo. And what they realised, I think, is the power/importance of the brand for a product like eyewear, something that people only buy relatively infrequently. The repurchase cycle of spectacles is 2.1 years, sunglasses are slightly less. But you know, people don't buy it that often and it's quite fuzzy to people what kind of "quality" is and what "quality" isn't. And so, as a consequence, brand plays such an important role. And this is, what I've really realised, 'cause when we came in, our whole thing was kind of you know, direct to consumer/online, and we weren't pushing the brand as much, but what I've realised, the reason people like us, is because of our brand and because of our product. And those two are very intertwined.

So for us now it's just being really, really, really carefully managing that and nurturing it. 'Cause you know, one mistake, one collaboration with kind of the wrong brand. Or just, you know, it can really start sort of chipping away at the brand equity we've built. And again, this is why kind of IP and copyright is really important for us, it's something we've been acutely aware of from the start. Because as we get bigger, the reason we will succeed or not succeed, will be pretty much down to the brand and the product.

**Alice:** Its sounds great, thanks ever so much Tom.

**Tom:** My pleasure.

**Alice:** And thank you for listening and I hope you found that useful. If you'd like any more information, please do contact either me or Alex Brodie in the IP team.

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