

July 20, 2004

To: All GALA Members

Fr: Executive Committee

Re: Report on Executive Committee Meeting

The Executive Committee convened telephonically at 8:00AM U.S. EST on July 15, 2004. Attending were Brinsley Dresden, Silvia Rico, Peter Le Guay, Patrick Mirandah, Doug Wood, Valdir Rocha, and Stacy Bess. Michael Plogel was excused due to a conflict in his schedule.

The following was discussed and decided.

I. 2005 Global Meeting

After consideration of the Atlanta experience and the San Diego market, the Executive Committee decided that the 2005 Global Meeting will be held in New York City immediately before the INTA meeting in San Diego, allowing enough time for members to make connections to INTA after the Global Meeting. In connection with the meeting, the Committee decided to follow the model used a few years ago in London when EALA partnered with a local advertising trade association and held a seminar for industry members and interested parties. Partnering with an established association in a major market resulted in the highest attendance at a seminar EALA ever had. In addition, the next Global Meeting will be the first that will include Associate Members and New York was considered a more appropriate venue.

II. Associate Membership

Rather than try to anticipate what would attract associate members and given the numerous concerns expressed in the series of emails exchanged on this issue, the Committee decided to convene a "focus group" of a series of companies that have expressed an interest in joining as Associate Members and ask them what they would expect from GALA as an Associate Member. The Committee was cognizant of the need to avoid practicing law through GALA and the desire of members to maximize the potential fee income that might be derived from Associate Members. Issues of potential conflicts were also discussed, with the conclusion being that conflicts would have to be resolved on a case by case basis among members effected. The Committee decided that there should be no exclusivity granted to any Associate Member with respect to its competitive segment and that non-lawyers from Associate Members could be the principal contact and attend meetings. The consensus of the Committee was that Associate Members not have a vote in the operations of the Alliance but that they perhaps have the right, as a group, to appoint one voting member to the Executive Committee. It was felt that GALA needed to create some sense of ownership among the Associate Members. Finally, while no specific amount was agreed upon pending the results of the focus group, the Committee did fee that Associate Member dues should be a flat fee for all companies, probably in the \$1,000 to \$2,000 range annually. Stacy will organize the focus group and follow up with the Executive Committee with a report within a month.

III. Name Change

While quite a few members were favorable to changing the name of the Alliance to the "Global Advertising Law Alliance", the Committee felt the opinions were sufficiently diverse to postpone any decision on the name change until a more in depth discussion can be held at the 2005 Global Meeting. Since the primary motivation to make a change was to address concerns that might be expressed by Associate Members, it was also felt that the decision should

be postponed until new Associate Members can also express their views. A grid, together with verbatims from the emails received accompanies this memo.

IV. Dues Structure

The Committee reviewed the dues structure of the Alliance and determined that the dues levels for Germany and Japan were lower than warranted given their markets and the sophistication of the advertising communities in those countries. In accordance with the Articles of the Alliance, dues are reviewed and may be revised at the Global Meeting. The Committee resolved that the issue would be addressed at the 2005 Global Meeting.

V. Requirements of Membership

Members are reminded of three critical obligations of members that are essential to the Alliance reaching its full potential:

- A. **Timely Payment of Dues.** A number of members are in arrears on their dues, some for both 2003 and 2004. Those members have all received the requisite notices of their dues requirements pursuant to Section 10(2)(b) of the Articles of the Alliance. The Executive Committee voted that unless those members bring their dues accounts current by August 15, 2004, their membership will lapse without further notice in accordance with Section 10(2)(b) of the Articles of the Alliance. The members effected will receive the appropriate notice of that decision.
- B. **Attendance at Meetings.** A number of members have failed to attend the required number of meetings in accordance with Section 10(2)(a) of the Articles of the Alliance. Those members have all received the requisite reminders of the attendance requirements. The Executive Committee voted that unless such members attend the next Global Meeting, their membership will lapse without further notice in accordance with Section 10(2)(a) of the Articles of the Alliance. The members effected will receive the appropriate notice of that decision.
- C. **Submission of Country Reports and Related Materials.** A number of members have failed to submit the requisite Country Reports or have failed to respond to important marketing initiatives of the Alliance. We will continue to remind those members of their obligations as provided in Section 9 of the Articles of the Alliance. We urge everyone to consider such submissions as a vital part in insuring GALA's success. At some point, the Executive Committee agreed that members who repeatedly fail to respond or submit reports will put their membership into jeopardy as provided in Section 10(1)(a) of the Articles of the Alliance. Those members who have been less than diligent in their submissions will be reminded of the importance of their contributions.

VI. Proposed Revisions to Articles of the Alliance

The Executive Committee is proposing two amendments to the Articles of the Alliance. They deal with procedures that apply when a principal contact at a member leaves his or her law firm and meeting attendance. Stacy Bess will put forth the formal resolution and ballot on September 1, 2004. We welcome members to share their comments and suggestions in the meantime so that there is adequate debate prior to the vote.

A. Change in Principal Contact Law Firm Affiliation

Current Provision of Articles of the Alliance

If an individual who, in the opinion of the Executive Committee, is the principle contact between the Alliance and the law firm with which such individual is affiliated should leave his or her law firm, the Alliance reserves the right to decide whether membership shall follow such person or remain with the incumbent law firm. During its deliberations regarding such membership status, the Executive Committee may appoint either the law firm or the individual on a temporary basis until such time as the Alliance makes a final determination of permanent membership.

Proposed Amendment to Articles of the Alliance

If an individual who, in the opinion of the Executive Committee, is the principle contact between the Alliance and the law firm with which such individual is affiliated should leave his or her law firm, the Executive Committee reserves the right to decide whether membership shall (a) follow such person, (b) remain with the incumbent law firm, or (c) lapse. If the Executive Committee decides that the membership shall lapse, it shall be entitled but not obliged to consider fresh applications from the previous individual member, from that person's new law firm, from the previous incumbent law firm, or from a third party. Alternatively, the Executive Committee shall be entitled not to replace the previous member at all. During its deliberations regarding such membership status, the Executive Committee shall be entitled but not obliged to appoint either the previous incumbent law firm or the individual on a temporary basis until such time as the Executive Committee makes a final determination of permanent membership. If a member of the Executive Committee is the member of the Alliance subject to this provision, he or she shall be recused from the deliberations on such membership status.

REASONING: The Executive Committee believes this provision is necessary in light of the recent example of Hall Dicker's demise and Doug Wood's move to Reed Smith. Under the current Articles, since the "incumbant firm" no longer exists, there was no discretion permitted with respect to membership following Doug to Reed Smith. While no one posed any objections to the move, Doug pointed out that had he joined a firm with advertising law expertise in a country in which a current member exists, a serious conflict may arise. It was his belief, with which the Executive Committee agreed, that the Executive Committee should have more discretion in such situations. Hence the proposed amendment.

B. Meeting Attendance – Article 10(2)

Current Provision of Articles of the Alliance

(2) A Member's membership may be terminated at the Global level if:

(a) a member fails to attend at least one regional meeting or at least one Global meeting every two years;

Proposed Amendment to Articles of the Alliance

(2) A Member's membership may be terminated at the Global level if:

(a) a member fails to attend at least one Global meeting and at least one regional meeting (apart from the regional meeting held at the Global meeting) every two years;

REASONING: The Committee felt that attendance at Global meetings was critical to fully developing the Alliance and that while regional meetings were also important, GALA should stress the need to attend at least one Global meeting every two years where everyone in the Alliance has the opportunity to network and discuss issues. Allowing the attendance requirement to be satisfied by attending either a regional meeting or a Global meeting once every two years could mean that a member need never attend a Global meeting. In addition, attracting and keeping Associate Members requires consistent attendance at the Global meetings. The Committee also felt that members should also attend at least one regional meeting every two years in addition to the one held in conjunction with the Global meeting. Hence the change suggested above.

VII. Other Business

- A. Stacy Bess reported to the Committee on the activities of a new association called the Global Lawyers Alliance. Their website can be viewed at www.global-lawyersalliance.com. The Committee reviewed the website and concluded that it represented a threat to the GALA brand and, upon examination, appeared to “borrow” a great deal of GALA’s appearance and descriptive content. While not purporting to be an alliance of advertising lawyers, they are approaching INTA members for affiliation. Thus far, they appear to have less than a dozen members and are “based” in Mexico. The Committee resolved that Stacy would work with Darren Cohen at Reed Smith and Roberto Arochi to aggressively address the conflict. In addition, the Committee instructed Stacy to contact GALA members and take steps necessary to register the GALA name, logo, and appropriate intellectual property rights in our member countries and via the Madrid Protocol.
- B. The Committee received a email from a member expressing concern with regard to another members activities in the concerned member’s country. The Committee agreed that the concerns presented a serious issue and that Doug Wood should call the members involved to determine if a discussion can resolve the concerns. If they cannot be resolved to the satisfaction of the effected members, the issue will be presented again to the Executive

Committee for resolution as a formal grievance. The Committee did not feel it appropriate to report the details of the issue to the membership as a whole until Doug Wood has had the opportunity to discuss the matter with the members involved.

VIII. Future Meeting Schedule

The Committee agreed that meetings of the Committee, in addition to July of each year, would be held telephonically in October, January and April of each year and that the Committee would also meet in person in conjunction with the Global Meeting.

The meeting concluded at 10:15AM U.S. EST.