

Lacoste loses a crocodile: the dangers of unused trademarks - key takeaways for brands

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By:

The Supreme Court of New Zealand has revoked registration of one of the Lacoste crocodile trademarks, on the basis that Lacoste had not made genuine use of the particular trademark for over three years.

This decision, handed down in February 2017, is extremely significant for brand-dependent traders in New Zealand and is a reminder about good practice for traders elsewhere. It sets a high threshold for what counts as “genuine use” of trademarks. It also brings New Zealand in line with UK and EU case law.

The rise of the crocodile

René Lacoste was a famous French tennis player of the 1930s. His nickname, Crocodile, was said to convey the tenacity he displayed on the tennis court. He developed a business distributing shirts embroidered with a crocodile design. Lacoste is the successor business. Its “crocodile” trademarks are registered in many jurisdictions, among them New Zealand, Australia, Germany, Spain and the United Kingdom. One of the trademarks it owns is New Zealand trademark 70068:



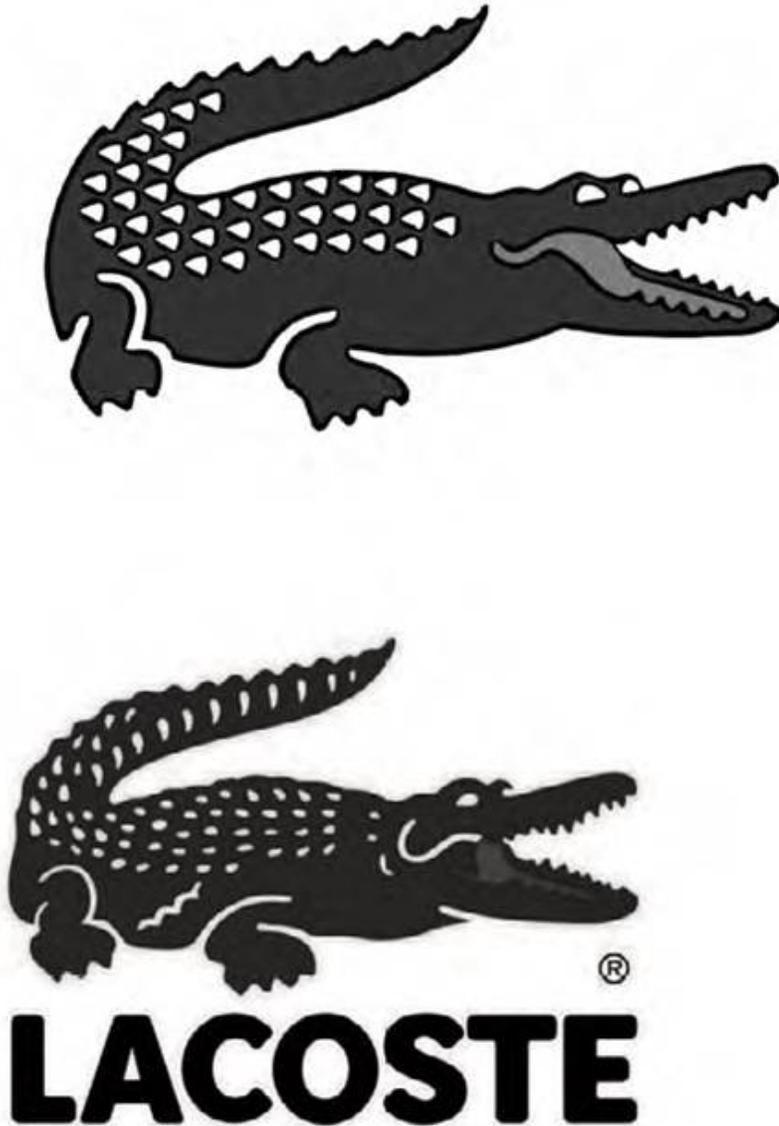
Crocodile International PTE Ltd, the applicant in the revocation application, is incorporated in Singapore. It produces and sells garments. There are other, originally associated Crocodile companies. Crocodile International and the other Crocodile companies used various crocodile-related trademarks in Asia starting in 1947, including marks identical to New Zealand trademark 70068. These marks are well known in some Asian jurisdictions.

Lacoste acquires and parks the mark

There have been a number of legal skirmishes between Crocodile companies and Lacoste over branding. Lacoste in

2003 acquired trademark 70068 from Crocodile Garments Ltd, which was not under common control with Crocodile International.

Lacoste never used trademark 70068. Lacoste did use a variety of other registered marks with crocodiles in them, but those marks were visually different from 70068. It had two device marks:



It also had the word mark "CROCODILE". Crocodile International applied to have mark 70068 revoked for non-use.

It's not just the central idea and message

Lacoste accepted that it had never used the particular mark in the exact form that was registered. But it argued that its use of the other crocodile marks was use of 70068 on the basis that its other marks, while differing in elements, did not alter the distinctive character of mark 70068. The central idea and message was "crocodile" and it was using that.

The Supreme Court of New Zealand disagreed. Explaining the test for determining the “distinctive character” of trademarks in relation to their use, it rejected Lacoste’s argument that the “central message” of this mark was “crocodile” and that use of other marks which had the central concept or message of “crocodile” was enough to establish use of mark 70068. The Court said that the marks being used by Lacoste were obviously visually different from mark 70068 in various ways and that in determining whether a mark is being used, one must look more widely than simply the “central idea and message” of the mark. Doing that, the Court said, risked ignoring or downplaying potentially significant visual differences between trademarks.

The “central message” approach would also risk extending too far the protection enjoyed by traders that own trademarks. It would allow a trader to register trademarks for multiple representations of an item or symbol (or in this case an animal), use only one representation, yet retain protection over all of the marks despite not using them.

Why revoke unused marks?

The Court discussed the public policy behind not allowing unused marks to remain on the trademarks register. It noted that allowing a single registration to remain, unused, would produce large “nogo” zones, creating a barrier to new market entrants. Furthermore, the economic logic behind trademarks is “reap and sow”: a trader’s labour in developing recognition of a brand should be rewarded through trademark protection. If there is no use (“sowing”) of a trademark leading to building a brand, there are no benefits to “reap” from the trademark. Indeed, New Zealand policy opposes maintaining unused trademarks on the trademarks registry.

The court also ruled that if a mark has not been used, New Zealand courts do not have a general residual discretion to decline to revoke. An unused mark must be revoked if an application for revocation is made.

When refreshing your marks: takeaways

The central lesson is that regular review, scrutiny and refreshment of your trademark portfolio is vital. For the reasons explained in the Lacoste case, if you don’t use a trademark for an extended period, you run the risk of revocation.

Businesses that refresh their brands need to ensure they update their trademarks to avoid the risk of old marks being revoked for non-use. It’s easy to overlook this.

It is not good enough to use a freshened mark that is similar to the old mark but uses only some of its elements. Ensure that the marks you use include elements which fully retain the distinctive character of the trademark as registered.

As well, it is generally good practice to obtain new trademarks for the refreshed brand.

Finally, New Zealand trademark law, in using the prior “central message” approach, was out of step with other jurisdictions including the UK and Australia. This decision gets it back in line with UK and EU law.