

**IN THE HIGH COURT OF NEW ZEALAND
WELLINGTON REGISTRY**

**CIV-2014-485-003459
[2014] NZHC 2349**

UNDER the Trade Marks Act 2002

IN THE MATTER OF An appeal from the decision of the
Assistant Commissioner of Trade Marks
dated 19 February 2014

AND NEW ZEALAND TRADE MARK NO.
70068

BETWEEN LACOSTE
Appellant

AND CROCODILE INTERNATIONAL PTE
LIMITED
Respondent

Hearing: 1 September 2014

Counsel: J G Miles QC and R M Wallis for Appellant
D A Laurenson QC for Respondent

Judgment: 25 September 2014

JUDGMENT OF COLLINS J

Introduction

[1] I am allowing Lacoste's appeal from a decision of the Assistant Commissioner of Trade Marks (Assistant Commissioner) in which she revoked registration of Lacoste's trade mark because she believed Lacoste had failed to demonstrate genuine use of that trade mark during the relevant period.

[2] In my assessment the Assistant Commissioner made two errors:

- (1) She erred when she concluded the trade marks which Lacoste had used during the relevant periods altered the distinctive character of the challenged trade mark.
- (2) She erred when she suggested that Lacoste had to demonstrate use of the challenged trade marks during all of the periods of alleged non-use.

Context

[3] Lacoste has appealed a decision of the Assistant Commissioner delivered on 19 February 2014 in which she revoked the following registered trade mark which had been assigned to Lacoste in 2004:



For ease of reference I shall refer to this trade mark as trade mark 70068.

[4] The trade mark had been registered under Class 25 of the Ninth Edition of the Nice Classification¹ in respect of “articles of clothing”.

[5] The Assistant Commissioner’s decision was made under s 66(1)(a) of the Trade Marks Act 2002 (the Act) the details of which I explain in paragraph [22]. Trade mark 70068 was removed by the Assistant Commissioner because she concluded the trade mark had not been “put to genuine use in the course of trade in

¹ The classification of goods and services for the registration of marks published under the auspices of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks adopted at Nice on 15 June 1957, as amended from time to time (see Trade Marks Act 2002, s 5).

New Zealand ... in relation to the goods ... in respect of which it [had] been registered ...” for three, three-year periods of non-use.²

Background

[6] Lacoste was founded by the French tennis star René “the Crocodile” Lacoste in 1927.³ In 1933 René Lacoste and André Gillier established La Chemise Lacoste to distribute polo shirts embroidered with a crocodile device. In the same year La Chemise Lacoste registered the crocodile device and the word “CROCODILE” as trade marks in France.

[7] La Chemise Lacoste expanded its business in France and abroad. It applied its crocodile device and word marks to a wide range of clothing, sporting and other goods. Currently, the Lacoste crocodile trade marks are registered in 137 countries.⁴ La Chemise Lacoste changed its corporate name to Lacoste in 2005.⁵

[8] Various manifestations of the crocodile device and word marks have been registered in New Zealand by Lacoste. Two examples of the Lacoste trade mark used in New Zealand are:



(Lacoste device and word mark)

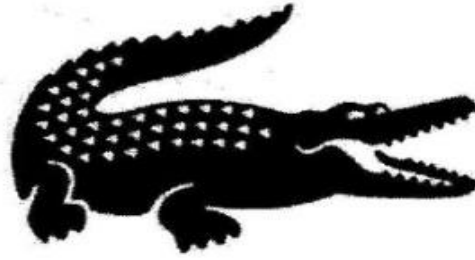
first filed on 11 August 1969, first registered on 5 April 1971; and

² Trade Marks Act 2002, s 66(1)(a).

³ René Lacoste won the French Tennis Open in 1925, 1927 and 1929, the US Tennis Open in 1926 and 1927 and Wimbledon in 1925 and 1928.

⁴ Declaration C London, 5 June 2006 at [29].

⁵ At [2].



(Lacoste device mark)

first filed on 16 December 1982, first registered 28 November 1985.

[9] In 1982 La Chemise Lacoste entered into a clothing manufacturing and distribution licence with Sportcraft Group which resulted in the sale of Lacoste products in New Zealand expanding. Since 1983 Lacoste products have been sold using the Lacoste crocodile trade marks throughout New Zealand through clothing and sports stores and, for a period, in specialist Lacoste boutiques.

[10] Crocodile International Ltd is a clothing company which has been based in Singapore since 1951. It trades primarily throughout Asia. Mr Keng-Boon, the Assistant General Manager of Crocodile International, has explained Crocodile International, through its antecedents has used the word mark CROCODILE and/or device crocodile marks since the device was created by the company's founder in 1947.

[11] Crocodile Garments Ltd was established in Hong Kong in 1951. Its original directors and shareholders included the directors and shareholders of Crocodile International. In 1961 Crocodile Garments registered trade mark 70068 in New Zealand.

[12] In 1999 Lacoste challenged Crocodile Garments' registration of trade mark 70068. Lacoste's case was based on non-use of trade mark 70068 by Crocodile Garments in New Zealand. Lacoste's application was dismissed in 2002.⁶ Lacoste appealed this decision to the High Court and sought leave to file further evidence.

⁶ *Crocodile Garments Ltd v La Chemise Lacoste* IPO T01/2002, 4 January 2002.

The High Court allowed Lacoste's application to file further evidence and referred the matter back to the Commissioner of Trade Marks.⁷

[13] Before Lacoste's application was reheard, Lacoste and Crocodile Garments reached an agreement (the 2003 agreement). One of the terms of the 2003 agreement involved Crocodile Garments' assigning trade mark 70068 to Lacoste. The assignment of trade mark 70068 was recorded on the Register of New Zealand Trade Marks with effect from 29 June 2004.

[14] On 24 June 2008 Crocodile International filed an application under s 66(1) of the Act to have Lacoste's registration of trade mark 70068 revoked for non-use.

[15] On 12 November 2010 the Assistant Commissioner found that Crocodile International had not established that it was an aggrieved person within the meaning of s 65(1) of the Act.⁸ That decision was successfully appealed to the High Court which referred the matter back to the Assistant Commissioner for her to decide if Lacoste's registration of trade mark 70068 should be revoked.⁹

[16] In her decision of 19 February 2014 the Assistant Commissioner found that:¹⁰

- (1) Lacoste had not established it had put trade mark 70068 to genuine use during the relevant non-use periods.
- (2) There were no exceptional circumstances which would justify her exercising her discretion not to revoke the registration.
- (3) The deregistration of trade mark 70068 should take effect from 12 December 1999, the earliest of the non-use periods identified by Crocodile International.

[17] It is this decision which Lacoste has appealed.

⁷ *La Chemise Lacoste v Crocodile Garments Ltd* HC Wellington AP32/02, 18 November 2002.

⁸ *Lacoste v Crocodile International Pte Ltd* IPO T23/2010, 12 November 2010.

⁹ *Crocodile International PTE Ltd v Lacoste* [2013] NZHC 2265, [2013] NZAR 1391.

¹⁰ *Lacoste v Crocodile International Pte Ltd* [2014] NZIPOTM 11.

Related proceedings

[18] It is helpful to briefly refer to two related proceedings.

First related proceeding

[19] On 13 December 1999 Lacoste applied to register the word mark **CROCODILE** in relation to clothing, footwear and headgear. That application was opposed by Crocodile International. The Assistant Commissioner found in favour of Crocodile International. Lacoste appealed to the High Court. In a judgment delivered on 1 March 2011, Simon France J upheld Lacoste's appeal and held that Lacoste was entitled to register the word mark **CROCODILE**.¹¹

Second related proceeding

[20] On 26 August 2004 Crocodile International applied for the trade mark:



[21] Lacoste opposed Crocodile International's application. The Assistant Commissioner agreed with Lacoste. Crocodile International unsuccessfully appealed to the High Court. Simon France J also heard this appeal. In his judgment Simon France J decided:¹²

- (1) the crocodile mark is a key component of Lacoste's large international business;
- (2) the crocodile image used by Crocodile International in the CARTELO mark is very similar to Lacoste's crocodile marks.

¹¹ *Lacoste v Crocodile International Pte Ltd* HC Wellington CIV-2009-485-2536, 1 March 2011.

¹² *Crocodile International Pte Ltd v Lacoste* HC Wellington CIV-2009-485-2534, 1 March 2011 at [9].

Relevant legislation

[22] Section 65(1) of the Act enables “an aggrieved person” to apply to the Commissioner or the Court for the revocation of a trade mark. Under s 66(1)(a) of the Act the registration of a trade mark may be revoked on the ground:

that at no time during a continuous period of 3 years or more was the trade mark put to genuine use in the course of trade in New Zealand, by the owner for the time being, in relation to goods ... in respect of which it is registered.

[23] Section 66(2) of the Act contains a statutory discretion that the registration of a trade mark may not be revoked for non-use if the non-use was “due to special circumstances that are outside the control of the owner of the trade mark”.

[24] Under s 7(1)(a) of the Act, the meaning of “use [of] a trade mark” includes:

use in a form differing in elements that do not alter the distinctive character of the trade mark in the form in which it was registered ...

[25] When ss 66(1) and 7(1)(a) are considered together, it is apparent a trade mark may not be amenable to revocation on the grounds of non-use if in fact it has been used, albeit not in a form which is not precisely as depicted in the challenged trade mark, provided the used trade mark does not alter the distinctive character of the challenged trade mark.¹³

[26] The onus is on the registered owner to “provide proof” of the use of the trade mark.¹⁴

[27] The policy underpinning s 66(1) of the Act is that trade marks which are not used should not be permitted to clog up the register of the trade marks and stifle competition. This point was made in the following way by Jacob J:¹⁵

There is an obvious strong public interest in unused trade marks not being retained on the Registers of National Trade Mark Offices. They simply clog up the registration and constitute a pointless hazard or obstruction for later

¹³ *Morny Ltd's Trade Mark* (1951) 68 RPC 55.

¹⁴ Trade Marks Act 2002, s 67(a).

¹⁵ *Laboratoire De La Mer Trade Marks* [2002] FSR 51 (Ch) 790 at [19]; *Friskies Ltd v Heinz-Wattie Ltd* [2003] 2 NZLR 663 at [14]; *Manhaas (2000) Ltd v Fresha Export Ltd* [2012] NZHC 1815, (2012) 96 IPR 560 at [22].

traders who are trying actually to trade with the same or similar marks. They are abandoned vessels in the shipping lanes of trade.

Non-use periods

[28] Crocodile International has relied upon three non-use periods, namely:

- (1) 12 December 1996 to 12 December 1999;
- (2) 25 August 2001 to 25 August 2004; and
- (3) 24 May 2005 to 24 May 2008.

[29] Lacoste did not own trade mark 70068 until 29 June 2004 which was two months before the end of the second non-use period identified by Crocodile International. Accordingly, the use or lack of use of trade mark 70068 by Crocodile Garments would be relevant if Lacoste could not establish use of trade mark 70068 between 24 May 2005 and 24 May 2008.

Assistant Commissioner's decision

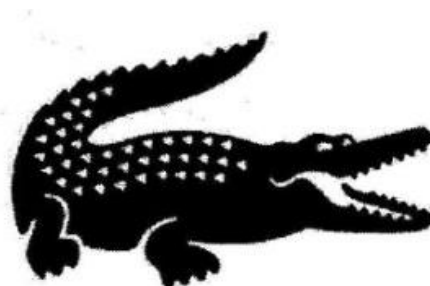
[30] In reaching her decision the Assistant Commissioner concluded Lacoste had shown that it had used three trade marks since July 2005. I have already set out two of those trade marks in paragraph [8], but for ease of reference I will reproduce them. The three trade marks which the Assistant Commissioner accepted had been used by Lacoste since July 2005 were:

(1)



(Device-and-word mark)

(2)



(Device mark)

(3) **CROCODILE**



(Word mark)



[31] Notwithstanding these findings, the Assistant Commissioner concluded Lacoste had not established the use of trade mark 70068 during any of the periods of non-use identified by Crocodile International.

[32] In reaching her decision the Assistant Commissioner set out what she considered were a number of differences between the device mark and trade mark 70068.

[33] The Assistant Commissioner’s analysis of the differences between the device mark and trade mark 70068 is set out in her decision in the following way:

Points of difference between mark 2 (as used) and the relevant mark (as registered)

	
Mark 2 consists only of one component, which is a crocodile device.	Relevant mark consists of two components, which appear to equally occupy the space of the mark: (1) the stylised word Crocodile; and (2) a crocodile device.
Mark 2 contains no words (whether or not stylised).	The stylised word Crocodile appears in handwritten script with ribbon effect underlining flowing from the “e”.
The crocodile device is highly stylised, as if it were a symbolic representation of a crocodile.	The crocodile device looks like a drawing of a more realistic representation of a crocodile.

 <p>(as used)</p>	 <p>(as registered)</p>
<p>The crocodile device is green with a hint of red inside the open jaws.</p>	<p>The crocodile device could appear in any colours, including green. However, the overall contrasting tone of the device indicates that there may be more variety in colour tone.</p>
<p>The crocodile device is facing towards the right.</p>	<p>The crocodile device is facing towards the left as if looking at the stylised Crocodile word.</p>
<p>The crocodile device has wide open jaws as if in an aggressive posture.</p>	<p>The crocodile device appears to be in a relaxed state.</p>

[34] The Assistant Commissioner said the differences between the two marks which she identified were “striking and memorable”¹⁶ and that the device mark “altered the distinctive character” of trade mark 70068. From this position the Assistant Commissioner concluded Lacoste had not established use (within the meaning of s 7(1)(a) of the Act) of trade mark 70068 during the alleged non-use periods.

[35] The Assistant Commissioner chose to focus on only the device mark which I have reproduced in paragraph [30] of this judgment. She explained that if use of the device trade mark did not constitute use of trade mark 70068 “in terms of s 7(1)(a) of the Act, then it must follow that [use of the word and device mark and the word mark] will not constitute ... use [of trade mark 70068]”.¹⁷

[36] The Assistant Commissioner also suggested that “Lacoste must establish that, during each non-use period, [trade mark 70068] was put to genuine use”.¹⁸

[37] Although a number of intriguing issues have been addressed in this appeal, in my assessment, this case can be decided by focusing on two questions:

¹⁶ *Lacoste v Crocodile International Pte Ltd*, above n 10, at [37].

¹⁷ At [27].

¹⁸ At [14].

- (1) Was the Assistant Commissioner correct when she concluded Lacoste had not established genuine use of trade mark 70068 during the period 24 May 2005 to 24 May 2008?
- (2) Was the Assistant Commissioner correct when she suggested Lacoste had to establish use of trade mark 70068 during each of the three non-use periods identified by Crocodile International?

It will be apparent that I have not found it necessary to examine the statutory discretion not to revoke registration of a trade mark contained in s 66(2) of the Act.

[38] In approaching my task I have applied the principles which govern a general appeal articulated by the Supreme Court in *Austin, Nichols & Co Inc v Stichting Lodestar*.¹⁹ That is to say, I have come to my own view of the merits of the parties' respective positions and I have based my decision on my conclusions as to the facts and relevant law.

[39] The remaining paragraphs of this judgment explain why in my view the Associate Commissioner erred and why I must allow Lacoste's appeal.

Use of trade mark 70068

[40] In assessing whether a trade mark has been used within the meaning of s 7(1)(a) of the Act it is necessary to undertake a two-step analysis. The first step involves an assessment of the "points of difference between the mark as used and the mark as registered".²⁰ Once the differences have been identified, the second part of the inquiry is to ascertain if the distinctions "alter the distinctive character of the mark as registered".²¹

[41] The crucial issue is the likely impact of the mark in question on the average consumer. This analysis is undertaken by reference to the central message of the

¹⁹ *Austin, Nichols & Co Inc v Stichting Lodestar* [2007] NZSC 103, [2008] 2 NZLR 141 at [3].

²⁰ *Podnik v Anheuser-Busch Inc* [2002] EWCA Civ 1534, [2003] RPC 25, 477 at [43].

²¹ At [43].

mark which can be deduced from the visual, aural and/or conceptual qualities of the mark.²²

[42] I do not understand why the Assistant Commissioner thought it appropriate to only compare the Lacoste device mark with trade mark 70068. Even if the Assistant Commissioner were right in her conclusions about the significance of the differences between the Lacoste device mark and trade mark 70068, it does not “follow” that the other marks which Lacoste has been using were not relevant to the assessment the Assistant Commissioner was required to undertake. In my assessment the Assistant Commissioner needed to compare the Lacoste device, the device-and-word mark and the word mark with trade mark 70068 before revoking that trade mark.

Points of difference

[43] When I undertake the first step in the exercise required by s 7(1)(a) of the Act I reach the following conclusions about the visual and conceptual differences between trade mark 70068 and the device mark and the device-and-word mark (for present purposes I do not need to compare the word mark).

[44] The main point of visual difference is the opposing directions the crocodile devices face. However, I do not think the direction in which the crocodile is facing is particularly relevant. In this respect I agree with the reasons of Simon France J when he said that the primary point of difference between the Lacoste crocodiles and the crocodile depicted in Crocodile International’s Cartelo device was that they faced opposite directions. Simon France J said the direction the crocodiles were facing was not significant. He notes:²³

The way the mouth is open, the shape and point of the tail and the overall pose gives the impression they are the same.

[45] In the device-and-word mark, the device mark and trade mark 70068, the prominent feature is a crocodile that is depicted in a similar way. In all three marks the crocodile is drawn side on, with its jaws open slightly. The tail of each crocodile

²² *Podnik v Anheuser-Busch Inc*, above n 20.

²³ *Crocodile International Pte Ltd v Lacoste*, above n 12; see also *Levi Strauss & Co v Kimbyr Investments Ltd* [1994] 1 NZLR 332 (HC).

curves back in a similar arch. The scales, eyes, claws and teeth details are visible on each crocodile.

[46] A key feature of all three Lacoste marks is the use of a crocodile which is depicted with its mouth ajar and body arched as if it is about to launch an attack.

[47] The addition of the stylised word “Crocodile” in trade mark 70068 reinforces the central idea and message of the crocodile image. The word mark does not differ significantly from the stylised word “Crocodile” in trade mark 70068.

Distinctive character

[48] In my assessment, the points of difference between the device mark and device and word mark when placed alongside trade mark 70068 are insignificant. The minor differences between Lacoste’s used trade marks do not “alter the distinctive character” of trade mark 70068, which is dominated by the image of a crocodile that is very similar to the crocodile depicted in Lacoste’s used trade marks.

[49] I am certain the average consumer of products bearing any one of the three Lacoste marks I have compared would conclude that the visual and conceptual message associated with each of those marks was distinctively similar. That message would lead an average consumer of goods that bear any one of the three marks I have examined to the conclusion that the goods in question are associated with the same manufacturer.

Survey evidence

[50] I have reached my conclusion on the basis of what I believe the average consumer would think about the three Lacoste trade marks I have examined. I have not found it necessary to resort to the evidence produced to the Assistant Commissioner by Mr Fougere, a respected expert on market research in New Zealand. The Assistant Commissioner did not think that Mr Fougere’s evidence was particularly helpful.

[51] Mr Fougere conducted two surveys. The first of those surveys involved face-to-face interviews of just over 600 people. Those surveyed were shown the crocodile in trade mark 70068 and the crocodile in the Lacoste device mark. Sixty-four per cent of those surveyed identified the crocodile in trade mark 70068 with a particular brand and 60 per cent said the same about the crocodile in the Lacoste device mark. This evidence supports Lacoste's case that the average consumer is likely to identify the crocodile image in trade mark 70068 as being associated with the same products that have the Lacoste trade marks.

[52] Mr Fougere conducted a second survey in 2009 to investigate the extent to which consumers recognised trade mark 70068 as being used in New Zealand and by what company. The second survey involved interviews with 300 respondents in a shopping mall.

[53] From the second survey results Mr Fougere concluded that in the minds of New Zealand consumers, trade mark 70068 and the Lacoste device trade mark "are either the same logo or are in forms which, whilst not identical, do not differ in material respects".

[54] I recognise Crocodile International Pte Ltd strongly challenges Mr Fougere's conclusions.

[55] I do not need to resolve the dispute about the weight that should have been placed on the evidence provided by Mr Fougere. Suffice to say that it would have been advisable if the Assistant Commissioner had carefully considered Mr Fougere's evidence before reaching her conclusions.

Duration of period of non-use

[56] In her decision the Assistant Commissioner correctly noted that trade mark 70068 could not be revoked if Lacoste had shown use of that mark at any time in the period of three years before the application for revocation, that is to say, between 24 May 2005 and 24 May 2008. However, the Assistant Commissioner also said:²⁴

²⁴ *Lacoste v Crocodile International Pte Ltd*, above n 10, at [14].

Lacoste must establish that, during *each* non-use period [relied upon by Crocodile International], the relevant mark was put to genuine use...

(Emphasis added)

[57] The last portion of the Assistant Commissioner's decision which I have emphasised in paragraph [56] was not correct. All that Lacoste needed to do was show genuine use of the trade mark 70068 at any time from 24 May 2005 to 24 May 2008.²⁵

[58] In any event, there was strong evidence before the Assistant Commissioner of Lacoste's use of its device and device-and-word marks in New Zealand from the early 1980s. The evidence from Mr London, the Legal Director of Lacoste, established that Lacoste garments, bearing the Lacoste device trade marks was being manufactured by Sportscraft Group and sold in New Zealand from 1981. In 1983, Sportscraft Group was replaced by Active Leisure (Sports) Ltd as Lacoste's agent to sell and distribute Lacoste clothing and sporting products in New Zealand.

[59] Mr London has explained the first Lacoste boutique was opened in Auckland in 1991. By 1996 there were Lacoste boutiques in Auckland, Wellington and Christchurch. The range of products sold through these stores included jackets, sweatshirts, tennis tops, skirts, towels, shirts, shorts, hats, tracksuits, cardigans, pullovers and shoes.

[60] Footwear bearing the Lacoste device and the device mark has been sold in New Zealand since 1991. Since 2003 True Alliance has been the exclusive importer and distributor of Lacoste footwear in New Zealand. Those shoes bear the Lacoste device mark.

[61] In his affidavit Mr London set out details of the units of Lacoste clothing sold in New Zealand from 1 July 1984 to 30 June 1993. He also explained Lacoste's extensive advertising programme which included the placing of advertisements in a range of international magazines that are readily available in New Zealand such as, Vanity Fair, GQ, Esquire, New Yorker, Elle and Vogue. Mr London also explained

²⁵ *Kerly's Law of Trade Marks and Trade Names* (15th ed, Sweet & Maxwell, London, 2011) at 10-076.

how Lacoste product catalogues which bear the Lacoste device trade mark and device/word trade mark have been distributed in New Zealand to a range of retailers since at least 2003.

[62] From this brief summary it will be apparent that had it been necessary to do so, I would have concluded that trade mark 70068 had been used in New Zealand throughout all the periods of non-use alleged upon by Crocodile International.

[63] The distinctive similarities between trade mark 70068 and the trade marks actually used by Lacoste during those periods would have led to the conclusion that there was no basis to revoke trade mark 70068 for non-use during any of the periods relied upon by Crocodile International.

Conclusion

[64] The appeal is allowed.

[65] The order revoking trade mark 70068 is set aside.

[66] Lacoste is entitled to costs on a scale 2B basis.

D B Collins J

Solicitors:
Baldwins Law Limited, Wellington for Appellant
Henry Hughes Law Ltd, Wellington for Respondent