Feature
By **Trevor Little**

Inside Track: a senior management perspective on IP

At some organisations, securing senior management buy-in can be a struggle for trademark teams. At others – particularly at brand-led businesses – management places trademarks at the centre of its business strategy. Such is the case at LACOSTE SA, as board chairman Michel Lacoste reveals

WTR's "Inside Track" column regularly provides an in-house perspective on the trademark function and wider industry. A common theme is the degree of buy-in from senior management. However, senior management itself is rarely profiled in this way – which makes it refreshing that Michel Lacoste, chairman of the board at LACOSTE SA, is keen to talk trademarks.

WTR sat down with Lacoste in Washington DC, where he was promoting the "Save Your Logo" campaign, through which private companies and institutions can support conservation and biodiversity by committing to the defence of the animals incorporated in their logos.

Son of tennis champion and company founder René Lacoste, Paris-based Michel Lacoste has served as chairman of the LACOSTE board since 2008: "I have been with the company for 50 years and worked closely with my father. He died in 2006, since when I have been following the approach he built."

However, Lacoste observes that the company's pro-IP stance predates his arrival, stretching back to the organisation's establishment in 1933. "My father's idea was for a branded polo shirt, with protection for his nickname" – 'the Crocodile', after the French Davis Cup captain promised him an alligator suitcase if he won an important game for the team – "and the crocodile logo used on the outside of the product. LACOSTE was, I believe, one of the first companies to place a visible trademark on the outside of a garment. So we essentially created IP – and therefore see it as very important. It is the heart of our business. When my father formed the company, there were only five or six people, so he essentially acted as the head of IP and applied for our marks. When we started making good profits, we decided to spend 50% of these in filing for our marks in other countries. So step by step, we gained protection for the portfolio."

Today the company holds trademark registrations in over 100 countries, and this provides the first opportunity for enforcement: "In protecting the brand, our first step is always to object to applications that we see as too close to ours; in these instances, they are administrative actions. Our portfolio is clean and fighting this kind of third-party infringement – except in China, where strange things happen – is usually straightforward."

Today, Lacoste states that "there is nowhere we that want to protect our name and crocodile, and don't – but this has been the result of a lot of hard work. If you had asked me the question 20 years ago, the answer would have been different".

Yet this is no longer a one-person task – the Paris-based team can now draw on on-the-ground expertise through offices in Brussels and New York: "So there is a degree of localisation, but the overall approach is a central one."

The crocodile fights back

As for most apparel companies, counterfeiting is a constant headache for the French organisation. "The problems of counterfeiting and passing off are very real for us," Lacoste admits. "For example, last year the total number of infringing items we seized was over 8 million. It is substantial; and with the development of e-commerce, there are new avenues for infringement. So we have to constantly find new ways of going after counterfeiters and have a policy of taking no prisoners – our brand is our most important attribute and we protect it fiercely."

LACOSTE counters this threat with a team dedicated to the global protection of IP rights through an offensive strategy, in close collaboration with law enforcement and customs authorities. Its activities in recent years have led to some notable seizures worldwide, including 1,500 fake polo shirts in a Peruvian shopping centre, 586,456 counterfeits of several brands (including LACOSTE) in Greece, and 25,000 perfume bottles originating from Poland, but destined for Spain (among which were 2,400 imitations of LACOSTE fragrance Touch of Pink).

However, China is still the main wellspring of counterfeits, and the company has tailored its strategy accordingly. As well as targeting seizures of goods in transit (eg, in November 2010 a consignment of 54,768 pairs of fake LACOSTE socks, originating from China, was seized), the company proactively polices the online environment – last year two vendors of counterfeit Lacoste goods on Chinese auction site Taobao were sentenced to up to three years' imprisonment. At present, half of the company's trademark opposition actions are lodged in the country.

Lacoste notes that "the threat is significant – but is under control", and cooperation with consumers and commercial partners has proved invaluable in identifying infringing activities. "Our first point of action is always with our consumers and legitimate

LACOSTE at a glance

Founded: In 1933.

Revenue in 2010: €1.4 billion (90% of which is out of France).

Sales: Two Lacoste items are sold every second worldwide.

Distribution: The company distributes through more than 1,160 LACOSTE boutiques, 2,000 'corners' in department stores and additional specialised outlets and sports stores.

Geographic scope: 114 countries.

Economic model: The Lacoste company, owner of the brand, animates and coordinates the different licences given to each partner: Devanlay for apparel and leather goods, Pentland for footwear, Procter & Gamble for fragrances, Marchon for eyewear, Movado for watches, Zucchi Group for home textiles and GL Bijoux Group for fashion jewellery.

Online counterfeiting: The company blocks 650 listings for LACOSTE counterfeits per working day on online marketplaces such as iOffer in the United States and Taobao in China.

retailers. All our teams are constantly transiting around the world, so in terms of points of sale, we will quickly identify infringement."

Indeed, while some companies fight counterfeiting in a low-profile way, taking action but not publicising their efforts, LACOSTE adopts a high-visibility approach, teaming up with other brand owners to educate the public about the dangers of fakes: "When you go through Customs in European airports you will often see billboards with an advertising campaign developed by French brands – including Chanel, Cartier and Lacoste – which are aimed at informing international travellers of the counterfeit problem and telling them that if they buy counterfeits, they will have problems. It is an issue we are keen to communicate about."

Online concerns

While the company has not yet used its social media presence to tackle the issue, the online world is nonetheless a key focus. Lacoste acknowledges that guarding against every single use of the LACOSTE brand is an impossible task: "If we tried to make a complete list of variations, like 'lacosteshoes' or 'lacosteclothes', the list would be endless."

Domain name strategy thus focuses on country-code top-level domains and the major generic top-level domains (gTLDs), "starting with the Lacoste.com brand and other variations". Partners will also use the LACOSTE name in their domains and any recovered domains are then resolved to the main LACOSTE site.

While Lacoste did not support the gTLD expansion initiative, he feels that top-level infringement will be low, due to the expense of registering a gTLD and the fact that they can be subject to objection actions. However, second-level infringement remains a concern – the one positive being that "neither the Lacoste name nor the crocodile logo uses words that require an accent, so we won't have to worry about registering multiple variations of each of our brands".

A coordinated brand approach

When speaking to Lacoste, the term 'partner' is a recurring one – a direct result of the distribution model first envisioned by René Lacoste. "When my father had the idea for the product, his plan was to have business partners in each field – whether manufacturers or distributors," he explains. "This licensing model is how we approach all partnerships."

Current partners include Devanlay (apparel and leather goods), Pentland (footwear), Procter & Gamble (fragrances), Marchon (eyewear), Movado (watches), the Zucchi Group (home textiles) and the GL Bijoux Group (fashion jewellery).

Lacoste says: "Licensing partnerships are at the heart of our business model and know-how. We try to build relationships that last a long time, rather than have licensees that just work with us for a few years. In clothing, for example, we have had the same partners for 80 years. In 1968 we started fragrances and have worked with Procter & Gamble for a long time."

The model clearly works for LACOSTE – the brand achieved a wholesale turnover of €1.4 billion in 2010, and in the 114 countries where the brand is present, two Lacoste products are sold every

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second through Lacoste boutiques, department store fixtures and the company's selective distribution network.

At its heart is the intellectual property embedded in the brand, which requires a coordinated approach between partners. Lacoste concludes: "Central to all of these partnerships is our IP and trademarks, and we all agree on this, in terms of taking a common approach. We therefore work closely with our partners to make sure that the same brand strategy is applied – and we do this in collaboration, with all our partners involved in brand strategy. After all, if it is good for the brand, it is good for our partners." WTR

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