

Follow the leader?

Despite the economic downturn, sales of certain food products have shown a dramatic increase, particularly budget products. For example, the Co-op's Simply Value range increased sales by 80% from last year's figures.

The opportunity to make more from own-brands makes it tempting for retailers to adopt packaging that 'hints' at market leading products. There have been few challenges in the past, which is perhaps not surprising given that supermarkets will be the biggest customers of many leading brands. Where there have been cases they have proceeded on the basis that the consumer is misled as to the origin of the goods. For example, in 1997 United Biscuits successfully sued Asda stores over a chocolate biscuit called "Puffin", which had similar packaging to the well-know Penguin bar.

However, the recent decision of the European Court of Justice in L'Oreal SA v Bellure NV has caused speculation that it may be easier for leading brands to enforce trade mark rights against copy-cats who fall short of misleading or confusing consumers, but who simply use packaging and marks that 'hint' at the leading brand.

The case concerned look-a-like and smell-a-like perfumes that brought to mind two of L'Oreal's famous perfumes, Trésor and Miracle. Despite the fact that no consumer would be confused by the look-a-likes, the court found that infringement of L'Oreal's marks occurred where the look-a-like took unfair advantage of the well-known marks by seeking to ride on their coat-tails in order to benefit from the power of attraction, the reputation and prestige of the marks and to exploit, without paying compensation, the marketing effort expended by the trade mark owner. The court had specific regard to the fact that there was a clear intention to create an association with the famous marks and a commercial benefit in doing so.

The court also considered that comparison to famous brands for the purpose of advertising was not permitted where the product was presented as an imitation or replica as in the L'Oreal Case, which meant that it took unfair advantage.

In order to succeed, brand owners will want to ensure trade mark registration of their packaging as well as the main brand because an association is more readily created by reproducing the look and the feel of the packaging, as well as choosing a similar name. Indeed, some brand owners may want to go further and look to register the shape of products as trade marks. However, this is not always easy as Mars recently found out when it sought to protect the shape of its Bounty bar. In the Mars case, the court found that the shape of the Bounty bar and the three chevrons on top did not depart significantly from the norm in the chocolate industry and could not be registered.

Since the decision in the L'Oreal case, JS Sainsbury has been sued by Diageo over a look-a-like bottle of Pimms. The case has since been the subject of a confidential settlement and perhaps serves to illustrate a natural reluctance to litigate between leading brand owners and some of their biggest customers.

Also, in difficult times consumers are more likely to perceive look-a-likes that do not cause confusion as fair competition. Nevertheless, it remains to be seen how brand owners will respond to competition of this sort, and consumer perceptions may yet change if brand owners step-up and invest more in protecting their brands.

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Retailers, on the other hand, may wish to conduct some due diligence before launching look-a-like products and/or presenting them as imitations or replicas. For example, they will want to consider what aspects of the product (shape, design, marks used etc.) are registered as trade marks or designs or may give rise to infringement of copyright.



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