

Protection Strategies for Consumer Goods



The success of consumer goods in the market depends largely on attractive presentation and an emotional message. However, you also have to keep up with the trends of the moment. Bringing these factors together correctly often requires a large effort. How can you prevent imitators from diverting the flow of success to their mills?

The case of Lego® is an interesting example. Godtfred Kirk Christiansen had invented these special clamping building blocks together with his father Ole Kirk Christiansen and applied for a patent in 1958. As long as the patents were in force, nobody was allowed to sell compatible building blocks.

As the basic patents expired, the company had to come up with new strategies to defend its market leading position. As we all know, Lego® developed new brick shapes and began to create Lego® worlds. Lego® figurines started populating the world and electronic components debuted. The miniature worlds are scaled up and brought to life at Legoland®, a leisure and holiday park.

Behind the scenes, the Danish company has continuously registered new brands. In the Swiss trademark register, for example, over 60 Lego® trademarks can be found. The new block shapes have been protected by designs, as exemplified by the German Design Register, which today contains 63 entries for Lego® toys.

In the 1990s, when the category of shape trademarks was created, Lego® registered the brick as a shaped trademark. These marks were used against competitors which led to influential supreme court decisions.

Read on and find out what legal means are available to defend against imitators.

“Only the best is good enough”.
Ole Kirk Kristiansen (1891 - 1958)

How to protect yourself using Trademarks.

In Switzerland alone, a trademark search with Nestlé in the owner field yields over 3000 hits and a similar number of trademarks are registered in their name internationally. Just Nespresso®, for example, is protected by 12 trademark registrations. In 2019, Nestlé submitted a total of 43 new IR trademark applications (see diagram). There are good justifications for Nestlé's protection strategy. It is a great advantage for marketing if the brand alone conveys a message by being on the product. In this way, advertising does not have to exhaustively explain why the consumer should buy this particular product. However, terms that describe the quality („Prima“, „Master“ and „Top“) or the nature of the product (e.g. „Choco“ for chocolate bars) cannot be protected. There are, however, many word combinations where the individual words are descriptive but the concatenation still passes the bar for trademark protection. An example of this is the Nestlé trademark No. 663 815 „GOLDEN STAR“ for coffee products and catering services.

The scope of protection of a trademark has two dimensions: On the one hand, similarity in sound, appearance and meaning of the trademark, on the other hand, similarity of the goods and services. The trade-off for choosing a trademark that is almost descriptive is a small scope of protection. Nestlé, for example, is unlikely to be able to successfully challenge „GOLDEN STAR“ from the „GOLDEN STAR“ mark, even if the two trademarks are similar in sound and appearance. To get good protection, you should therefore choose a strong trademark.

Once the mark is registered, it must be maintained. If you allow competitors to subsequently register similar trademarks, your own mark will be diluted.

If you own a registered trademark, monitor the register and oppose more recent trademarks that come too close.

How can protected designs be used?

Samsung was the number one applicant for international designs worldwide in 2019, seeking to register 929 of them, the majority of which fall into Class 14, the strongest registration class in 2019, into which GUIs (Graphical User Interface) are classified (diagram p. 4). Product shapes and graphic designs can be protected with a design registration. The design is required be novel and unique. Thus, no other product with the same appearance must have existed before the application was filed, with the exception of proprietary products of the applicant which have been released to the public less than 1 year ago.

This exception is referred to as the novelty grace period. Whether a design has individual character depends on how much it differs from the known set of shapes. It is insufficient if the overall impression of the design differs only in insignificant features from previous designs. The scope of protection extends to shapes which have the same essential features and thus produce the same overall impression. The extent of the scope of protection in an individual case usually also depends on the distance of the design from the known set of shapes.

Register new products and packaging as designs to have something tangible with which to ward off potential imitators.

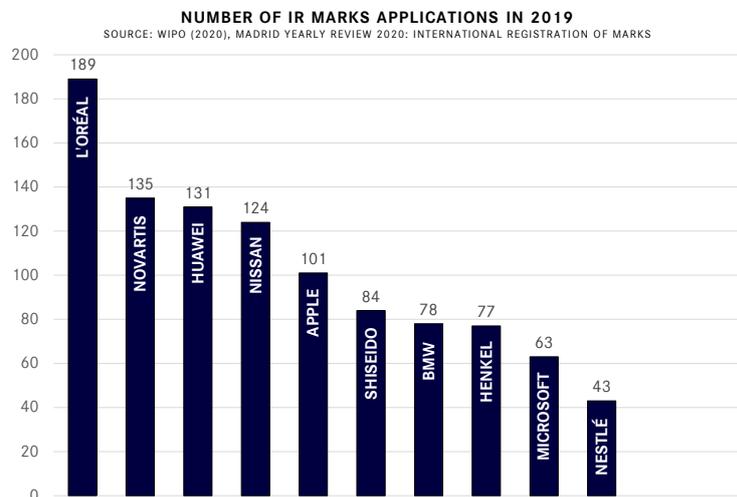
What legally counts as unfair competition?

Industrial property rights, i.e. trademarks, designs, patents and utility models, can only cover a part of a business' operations.

With or without industrial property rights the following applies: Only the totality of colours, images and graphics make up the advertising message. And increasingly, advertising is being done with video clips (large screens at railway stations, advertising on mobile phones). The imitators are approaching the „look and feel“ of marketing. As a result, they benefit from others' advertising efforts and give the impression, for example, that they are offering products with similar characteristics at lower prices.

The Swiss „Unfair Competition Act“ (UWG) assumes that imitation is in principle permissible, but that it must be fair. Thus, when claiming a violation of competition law, it is not only necessary to show that one's own advertising presence has the competitive distinctiveness (and/or notoriety) described in more detail by the Federal Court in BGE108 II 69 - Rubik-Cube, but also that the imitator has acted unfairly.

Make sure your trademark rises above mediocrity and therefore fulfils the criterion of competitive distinctiveness.



How to protect yourself in the internet.

Domains are not only used for business names, but also for brands (e.g. www.nivea.com) and marketing campaigns. Today there are over 1500 generic gTLDs (generic Top Level Domains) available. The number of domain registrations has increased exponentially in recent times (see diagram).

In contrast to trademarks, domains do not have to meet any protection criteria. They are registered quickly and inexpensively.

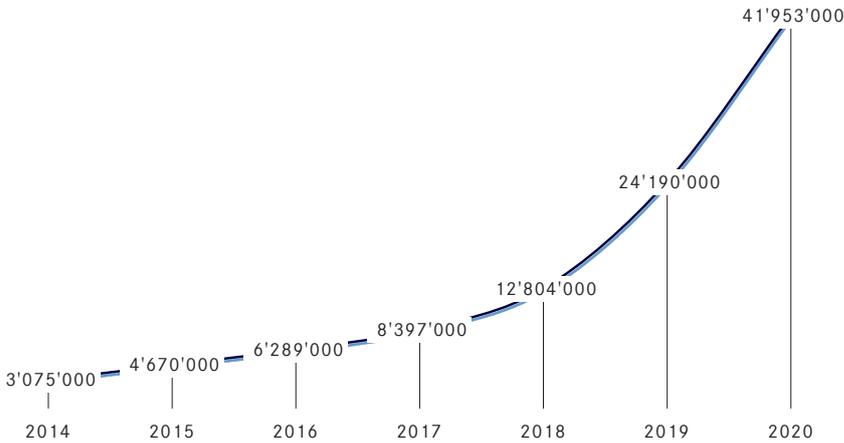
With this variety of gTLDs, it is unrealistic to keep imitators at bay by occupying all potentially confusingly similar domains. There are too many possibilities. The strongest weapon in such cases is your own brand. Online platforms block trademark lookalikes if the rightful owner enforces his trademark. Beyond that, the trademark can be used as a reason in a request to block a domain. For example, an application for an ADR procedure (Alternative Dispute Resolution) can be filed with WIPO. The domain will be cancelled or transferred upon request if it infringes a trademark right and the domain owner has no legitimate reason to own the do-

main. A registration with the aim of selling the domain to the legitimate trademark owner is legally considered to be bad faith. The aggrieved party can defend itself against the accusation of bad faith: They must show that they have used the domain for their own business (or made significant preparations to do so) that they have a local reputation un-

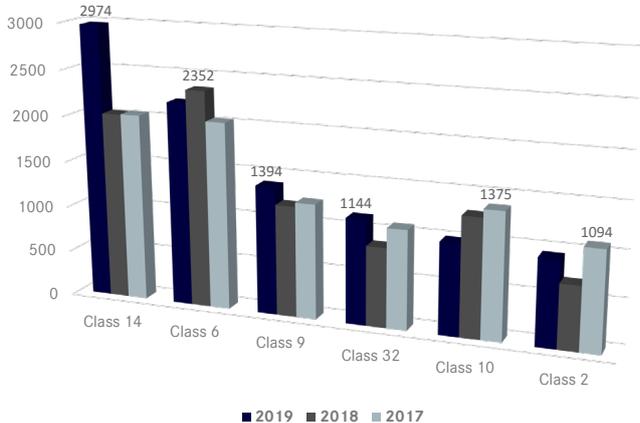
der the name of the domain or that they are a non-profit organisation and have no intention of luring customers away from the trademark owner.

Whether you are developing brands or slogans, always think of the combination of the domain registration with the trademark.

NUMBER OF ANNUAL REGISTRATIONS OF TOP-LEVEL-DOMAINS
SOURCE: [HTTPS://DOMAINNAMESTAT.COM](https://domainnamestat.com)



NUMBER OF INTERNATIONAL DESIGN REGISTRATIONS IN THE 5 LARGEST CONSUMER GOODS CLASSES
SOURCE: [HTTPS://WWW.WIPO.INT](https://www.wipo.int)



Legend

- Cass14: Apparatus and GUIs for information processing
- Class 6: Furniture
- Class 9: Packaging
- Class 32: Graphical symbols
- Class 10: Watches
- Class 2: Clothing



Ask us

Trademark protection is important, but how exactly do you obtain a strong mark?

If you are aware of what makes a trademark stand strong in the legal realm, you can create your trademark the right way:

- What types of trademarks are there? What can and cannot be protected as a trademark?
💡 GRIPS 4/2018
- What choices do you need to make such that the trademark can be protected? How much advertisement is it allowed to contain? How can geographic markers be an issue for registering the mark? Can you register slogans?
💡 GRIPS 4/2008
- What makes a trademark easily enforceable? How do you get from a weak trademark to a strong one? What will you struggle with if you keep a weak trademark registered?
💡 GRIPS 1/2016

- How do prevent your brand from being diluted? How far-reaching is the protective scope of your trademark? How dependent is protection on the use of the mark?

💡 GRIPS 2/2011

Answers to these and many other questions can be found in our GRIPS®-Archive. Simply scan the QR code below and look for the corresponding GRIPS® issue.



SCAN ME



Dr. Martin Schneider

Since the beginning of my professional activity in the realm industrial property rights over 20 years ago I have been involved in the protection of trademarks, e-brands and designs. I consider the building and protection of trademark portfolios for consumer goods to be the most challenging discipline in trademark law. I am fascinated by word creations such as Kodak, Apple, Lego, Nespresso or Ragusa. To come up with such names requires creative minds, and to bring them onto the market requires a significant amount of entrepreneurial courage. After all, it will take years until you know whether or not the consumers will accept and love this figment of linguistic imagination. I like to stress the enormous importance of combining the process of brand creation with trademark searches. It is extremely challenging to find an artificial name that both has the required depth but that also can clear legal hurdles with the given budget constraints. But after all, this is where I am in my element!

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