Editorial

Look-alikes — fact or fiction?

The issue of so-called 'look-alikes' has achieved unprecedented public awareness within the United Kingdom during the last year. In part this was the result of the so-called 'Cola Wars' between Coca-Cola and Sainsbury's, and in part the result of the efforts of the Brand Owners' Group to have some form of unfair competition law included within the Trade Marks Act 1994. The latter efforts were not successful, due, no doubt, to the fact that the attempt came very late in the passage of what was generally regarded as a non-contentious piece of legislation. The group has indicated its intention to continue efforts to achieve the enactment of such a law.

As with all battles conducted through the medium of the press, the end result has been considerably more heat than light. What are the real issues?

Under UK law a brand owner has four potential legal methods by which it can defend its exclusivity and prevent others copying the appearance of its products. First, it can seek to register a trade mark. However, traditionally, brand owners have only registered the name of the product as a mark, and look-alikes by and large do not involve any taking of the name. Although packaging design could always be registered as a mark in its own right, even more so under the Trade Marks Act 1994, brand owners would find it prohibitively expensive if, as well as registering the name of the product, they were also obliged to register the packaging, especially when there are a number of varieties of a particular brand. Under the new Act a brand owner may try to register the shape of a product as a trade mark. However, to secure registration the shape must be distinctive. There are some products which are sold in containers which in themselves constitute distinctive marks; the Coca-Cola bottle and the Jif Lemon are examples of such items, but these are relatively rare.

Secondly, there is the law of copyright and the new 'design right' introduced by the Copyright, Designs and Patents Act 1988 which protects the designs of packaging from copying. However, it is trite law that copyright (and design right too) does not protect the idea but only the expression of that idea. The idea of selling a disinfectant coloured blue in a transparent bottle with a green and white label is probably not protectable. Thus adopting the overall 'impression' of a rival's product would probably not amount to copyright or design right infringement.

Thirdly, a brand owner might try to register the shape or design of the product or container itself as a registered design. The difficulty here is that for a registered design to be valid the design in question must be novel in the sense of not having been used before the date of registration. Again the brand owner faces the difficulty that it would probably not wish to incur the costs of registration until the product has proved itself in the marketplace but by that time the right to secure a registration has been lost.

Fourthly, there is the law of passing off. The problem is that in order to succeed in an action for passing off a plaintiff must show that the purchaser has been confused into purchasing the wrong product and also that the purchaser actually cares that he or she is not getting the product which he or she originally thought they were buying.

Ten to 15 years ago these legal weapons were probably adequate. Look-alike competition tended to come from small generic manufacturers who wished to align themselves with the brand leader and adopt a 'me too' stance by making their products as similar as possible in appearance. Such activities were relatively easy to stamp out using the then available causes of action. I was involved in several actions acting on behalf of manufacturers against such companies. Experience showed that the infringing companies tended to give way relatively quickly. First they were not able or willing to withstand long drawn out litigation. Secondly, very often they had tried to be too clever and get too close in appearance to the brand leader, thus making the issue of confusion and hence passing off, relatively easy to prove. Thirdly, because of the similarity in appearance, infringers usually strayed into the area of copyright infringement as well. Fourthly, the companies involved in this activity did not possess a clear, distinctive and well established brand name of their own which could serve to distinguish the product from the brand leader.

However, over the last ten years or so there has been a dramatic shift in the source of this type of competition. These days the products about which the brand owners are complaining tend to come from large supermarkets who promote their own label brands with get-ups which at the very least can be said to have been 'inspired' by that of the brand leader. This has a number of consequences. Because of their knowledge and experience, these companies tend to be much more careful in the way they go about this and do not make the same mistakes as their forerunners. Furthermore, these companies possess their own very well known, distinctive trade marks which do serve to distinguish the products in question from those of the brand leader. There is also an obvious reluctance on the part of brand owners to take action against these companies since, by and large, they constitute their major customers and, indeed, exercise considerable economic pressure on them. Finally such companies are not easily fazed by the prospects of expensive litigation.

So should there be a law of unfair competition to strengthen the position of the brand owner? Looked at from the view point of the brand owners, they would say that they have invested considerable sums in their brands in order to establish them in the market with their own distinctive get-ups, and that the look-alikes are now taking a 'free ride'. However, is this really true? When somebody purchases a can of Sainsbury's cola, are they really acting under the belief that they are buying 'The Real Thing', or that the product has been manufactured by Coca-Cola for Sainsbury's? Personally, I have my doubts about this. Consumers are not as stupid or gullible as some people will have us believe and we are constantly told by retailers that in the current economic climate consumers are very canny and price conscious. My own, admittedly totally uninformed, view is that consumers usually opt for the own label product because it is cheaper while at the same time having a guarantee of quality — that is the trade mark of a well established and reputable supermarket company which would not put its name to a product with which it was not fully satisfied.

On the other hand, there is a nagging suspicion as to why these supermarket companies feel that they have to copy the appearance of the brand leaders if they are not trying to cause confusion. If they are right when they claim that the reason why consumers buy their products has nothing to do with confusion and is solely due to a deliberate choice regarding quality and value, why then don't they have the courage of their alleged convictions and devise their own style of packaging which is unique to them and has nothing to do with the brand leader? Arguments about recognition of the

general type of products do not hold water because firstly, in supermarkets these days, consumers tend to locate products by means of their position in the store, and secondly, because if consumers look at the products sufficiently in order to identify the supermarket's trade mark, one would assume that this would happen even if the packaging did not give some impression of the brand owner. One is, therefore, left with the suspicion that experience shows that without the elements of 'me too ism' these companies have found their products do not achieve consumer acceptance.

Some countries do have a law of unfair competition where such activities would not be permitted. However, those are countries which have tended to view intellectual property and copyright in terms of 'moral' rights, with an author having an inalienable right to prevent others interfering with his or her work in any way. In the UK we have tended to view intellectual property rights in terms of economic rights, which provides protection against damage or unjust enrichment; in the absence of some form of pecuniary damage to the right holder then UK law has tended to provide no remedy.

It would be interesting to know what, at the end of the day, is the reality underlying all these arguments. Is it really true that the consumer purchases these look-alike products in the mistaken belief that it is the brand leader, or has been manufactured by the brand leader on behalf of the supermarket company; or is it just, as the supermarkets claim, the purchaser exercising an informed choice? The problem which brand owners face is that carrying out the necessary research to try and establish the true position is likely to prove extremely difficult. Ideally, one would need to survey the views of consumers as close as possible to the point of choice of the products in question, which effectively means at the supermarket premises right by the point of sale. I would be amazed if any supermarket would agree to co-operate in such an exercise. However, in the absence of such evidence, one suspects that there will continue to be a preponderance of heat over light on this subject.

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