

## P&G Case Underscores Trade Dress Challenges

*Wednesday, April 26, 2006* --- While the mouthwash trade dress battle between Procter & Gamble and Vi-Jon Laboratories Inc. may be over, the recent case highlights the legal tightrope generic companies often face when trying to introduce similarly packaged products into the marketplace.

P& G sued Vi-Jon Laboratories Inc. in February, alleging that the health and beauty product manufacturer had infringed and diluted the unique trade dress of P&G's Crest Pro-Health Rinse, a mouthwash product.

Trade dress refers to the visual characteristics of a product or its packaging that could be registered and protected from being used by competitors in the manner of a trademark.

Last week, the duo announced a settlement, with Vi-Jon agreeing to withdraw its oral health rinse from the market and to refrain from using bottle designs deemed to be confusingly similar to the P& G product.

"Our objective was to end what we see as a breach of our designs and intellectual property rights by a private label manufacturer," said Jim Johnson, P&G's chief legal officer.

But the case raises some interesting questions about the thorny issues surrounding the trade dress area of the law.

"It is important to understand that the trademark and unfair competition laws protect consumers from being confused into believing there is an association between the known brand and the store-label product," says Lynda Zadra-Symes, a partner at Knobbe Martens Olson & Bear LLP.

If an appreciable number of consumers mistakenly associate the store label/private label product with the branded product, then the generic makers run a significant risk of being liable for trademark or trade dress infringement.

"While 'evoking' or 'calling to mind' a known brand would not necessarily rise to the level of confusion, if consumers believe there is a connection between the companies and/or their products, a likelihood of confusion could be proven," she says.

But in the consumer product area of health and beauty products, the court does generally assume that customers have the ability to distinguish between a generic and the brand product.

"In the product generic area, there is a certain expectation that you know that

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a generic product is going to look like generic product, permitting this kind of copying” says Tracy-Gene Durkin, a partner at Sterne Kessler Goldstein & Fox.

“The assumption is that customers expect this and that they can distinguish on other features like price, which is usually different,” she says.

While this supposition can give the generic makers a wide berth, the law will protect the brand name companies if they have created a trademark in packaging.

The key in trade dress protection for the branded companies is to convince a court that the features represent a source indicator, a mark which identifies a particular product and its maker to consumers, says Durkin.

“If there is a source identifier, the law will recognize and respect that,” she says, naming Viagra’s little blue pill as a prime example.

“But the burden is on the rights holder to prove that they have a protectable trademark in the shape of a product,” says Durkin. “That’s a pretty high burden.”

A customer must be able to see a bottle and recognize it as coming from a single source, a difficult standard to achieve, she says.

“There are just as many cases where they find it unprotectable,” says Durkin.

One such example is the case between Shire US Inc. and Barr Laboratories Inc. over the packaging of the generic version of Adderall, a drug used to treat attention-deficit disorder.

In 2002, a New Jersey district judge ruled that Barr did not violate U.S. trademark law by marketing its generic version of Adderall with a color and shape similar in appearance to the original.

The judge found that the two products were similar but not identical and that they did not contain similar source-identifying features since the Barr product contains a different shape as well as a house mark.

The decision was later upheld by the United States Court of Appeals for the Third Circuit.

But while a generic maker might be able to score a favorable verdict, performing due diligence on the front end is a crucial step in avoiding a courtroom altogether, according to Allen Baden, a partner at Kenyon & Kenyon LLP.

“The first thing to look for is to confirm that there are no obvious registered rights of import,” he says, emphasizing that companies must be certain that there are no pre-existing trademark registrations and design patents.

Another factor for a generic company to consider before entering the marketplace is how aggressive the brand name business will be in protecting its trade dress.

“If you are going to copy someone, I would say to stay away from the more aggressive companies,” says Baden, noting P& G’s litigious history.

In March, P&G and its wholly owned subsidiary, Tambrands Inc, sued First Quality Hygienics, a private label manufacturer, accusing the firm of copying the packaging of its Tampax Pearl tampons brand.

A month before, P&G settled another trade dress infringement lawsuit initiated against packaged goods distributor McLane Co. for allegedly copying the packaging of a slew of P&G brands including Bounty, Charmin, and Vicks’ NyQuil and DayQuil.

“Companies want to develop a reputation as being aggressive so that it is less likely that people will mimick them,” says Baden. “If a company is aggressive, it is probably a good idea to stay away as you could be walking into a lawsuit.”

Douglas Wolf, the co-chair of the trademark and copyright group at Wolf, Greenfield & Sacks, believes that modification is often the key to success for the generics.

“Among the most common pitfalls for the packaging creator is to copy wholesale the critical or most dominant feature of the existing brand,” says Wolf.

“Modifying those features is important in creating a legally different packaging,” he says.

Packaging decisions often boil down to how comfortable the generic companies are with the idea of risk, according to Wolf.

“For some companies, whether legally okay, they do not want to even hear from the brand owner,” he says.

But for others, litigation becomes an accepted part of the business model, according to Wolf.

“The more risk adverse you are, the more distinguishing features should be adopted in the packaging.”

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