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Battle of the Bunnies: Lindt Melts Down Lidl Before the Swiss Federal Supreme Court

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The Swiss Federal Supreme Court has recently ruled that Lidl's foil-wrapped chocolate bunny infringed Lindt's trademark rights in its renowned gold chocolate bunny. Lidl was prohibited from selling its chocolate bunny and ordered to destroy the remaining stock. While the Supreme Court's decision is noteworthy, it also contains some controversial conclusions.

Background

Lindt & Sprüngli sued Lidl for an injunction prohibiting Lidl from selling its foil-wrapped chocolate bunny and ordering Lidl to destroy its remaining stock. Lindt based its lawsuit on two 3D trademarks protecting its renowned bunny, one trademark without colour claims and one showing the bunny in a gold foil and bearing a red ribbon. Additionally, Lindt argued that the sale of Lidl's chocolate bunny was an act of unfair competition because it exploited the reputation of Lindt's chocolate bunny and created a likelihood of confusion. The lower court dismissed Lindt's action in 2021.

Lindt's trademark without colour claims

Lidl's chocolate bunny

Decision

On appeal, the Swiss Federal Supreme Court ruled in favour of Lindt (decision 4A_587/2021 of 30 August 2022). Without assessing the inherent distinctiveness, the Supreme Court found that Lindt's 3D trademarks had acquired distinctiveness through use and were therefore valid. It also found that there was a likelihood of confusion.

A survey, submitted by Lindt to prove acquired distinctiveness, showed that an overwhelming part of Swiss residents recognised and associated the bunny with Lindt. The Supreme Court held that in trademark matters a scientifically sound and correctly conducted demoscopic survey was suitable to prove acquired distinctiveness, even if it was commissioned by a party and not prepared by a court-appointed expert. Doubts about the methodology or impartiality of the expert must be considered when assessing the evidence. In the case at hand, regardless of possible methodological flaws or the close relationship between the expert and Lindt's attorneys, the survey clearly proved acquired distinctiveness of Lindt's trademarks. The Supreme Court even considered it a notorious fact, not requiring proof, that Swiss consumers perceived the chocolate bunny as originating from Lindt. Therefore, the Supreme Court found Lindt's trademarks to be valid, having acquired distinctiveness through use.

The Supreme Court acknowledged that the bunnies differed in several details such as the collar, pendant, paws, or ears. However, it held that the overall impression in the consumers' recollection was decisive for the assessment of a likelihood of confusion. Consumers only remember the major features of the bunnies, namely an essentially stylized, compact bunny sitting in a squatting posture on all fours, with a ribbon, pendant, a rather stern look, few facial features, broad and slightly slanted ears and smooth surfaces. By copying these features, Lidl's bunny creates a likelihood of confusion and thus infringes Lindt's 3D trademarks.

Due to the trademark infringement, the Supreme Court did not have to deal with Lindt's unfair competition claims and granted Lindt injunctive relief. It also ordered Lidl to destroy its remaining stock. The court found that the destruction is not disproportionate because Lidl had not shown that destroying the bunnies also meant disposing of the chocolate.

The case will now hop on to the next stage. The Supreme Court remanded the matter back to the lower court to specify the enforcement measures and decide on Lindt's claims for account of profits and financial compensation.

Comment

The Supreme Court's decision will help Lindt enforce its trademarks in Switzerland. It also highlights the role of 3D trademarks and the problems that come along with protecting them.

Trademark offices worldwide, including the Swiss Institute of Intellectual Property, tend to apply a high threshold for inherent distinctiveness of 3D trademarks. As the Supreme Court's decision shows, it may be more promising to rely on acquired distinctiveness, if the circumstances permit. To prove acquired distinctiveness, demoscopic surveys that provide clear results are the most convincing evidence.

Interestingly, the Supreme Court found that not only Lindt's 3D trademark showing the bunny in a gold foil and bearing a red ribbon had acquired distinctiveness, but also its 3D trademark without colour claim. A 3D trademark without colour claim protects a shape in any colour. To show acquired distinctiveness, it is required to establish that consumers perceive the shape as such as an indicator of origin. For Lindt's bunny, this seems doubtful. Consumers are likely to recognise Lindt's bunny because of the combination of the gold foil and a red ribbon with a bell. By contrast, for a same-shaped bunny in black with a green ribbon, this is arguably not the case. The demoscopic survey submitted by Lindt presented its bunny in gray-scale. This may, however, be perceived as a black and white photograph of a gold bunny. Instead, the demoscopic survey should have used bunnies in a variety of different colours. Only if such bunnies are also recognized as an indicator of origin, Lindt's 3D trademark without colour claim has acquired distinctiveness. Together with the other flaws of the survey, this could have led to the conclusion that at least for the 3D trademark without colour claim, acquired distinctiveness was not established.

It is also interesting that the Supreme Court considered Lindt's chocolate bunny's acquired distinctiveness to be part of general knowledge and, thus, not requiring proof. This seems doubtful for the 3D trademark without colour claim. For the 3D trademark showing the bunny in a gold foil and bearing a red ribbon, the finding is more convincing due to the special status that the Lindt gold bunny enjoys in Switzerland. In practice, it will remain an exception that acquired distinctiveness will not have to be supported by evidence.

The Supreme Court's assessment of likelihood of confusion is noteworthy in at least two regards. On one hand, the court found that Lindt's trademarks enjoy a highly distinctive character and granted them a very broad scope of protection. However, it is doubtful whether Lindt's 3D trademark without a colour claim is highly distinctive, as the recognition of the Lindt bunny is mainly due to its colour elements and not the shape itself. Further, the court should have focused more on the distinctiveness of the individual elements of Lindt's trademarks. In doing so, it also should have taken into account that a bunny sitting on all fours needs to remain available to other competitors. The difference in the shape of the bunnies, the ribbon and pendant may then have led to the conclusion that there is no likelihood of confusion.

On the other hand, the Supreme Court found that the "Favorina" label on Lidl's bunny did not eliminate the likelihood of confusion. The Supreme Court held that in case of foodstuffs, consumers choose familiar products above all because of their shape and trade dress, without further examination. The "Favorina" label was thus not suitable to eliminate a likelihood of confusion. This contrasts the Supreme Court's decision in an unfair competition matter concerning Maltesers and Kit Kat, where different labels sufficed to prevent a likelihood of confusion (decision 135 III 446 of 26 May 2009). It remains to be seen how the new Supreme Court decision will influence future practice.

Finally, the injunctive relief in the case at hand must be viewed critically. In its main prayer for relief, Lindt sought an injunction against the Lidl bunny in all possible colours. The Supreme Court considered that Lindt's trademark enjoys protection in all colours. Thus, it did not limit the injunction to Lidl's chocolate bunny in specific colours. However, an injunction should not extent to all possible forms of infringement, but rather only to those for which there is an actual risk of future infringements. Accordingly, the injunction should only have covered the infringing bunnies sold by Lidl. An injunction that also covers bunnies with red fur and green eyes is overly broad, as such infringement is not to be expected in the future.