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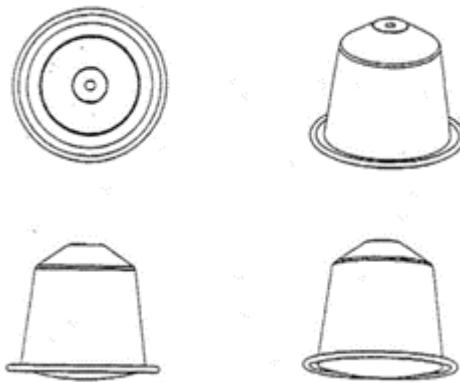
The capsule saga comes to an end – Swiss Federal Tribunal denies trademark protection to Nespresso capsules

Peter Schramm (MLL Meyerlustenberger Lachenal Froriep AG) · Friday, September 24th, 2021

The Swiss Federal Tribunal has ruled that the shape of the Nespresso capsules is technically necessary and that Nestlé's 3D trademark shall therefore be cancelled (decision 4A_61/2021 of 7 September 2021).

The decision of the Swiss Federal Tribunal is a milestone in the trademark infringement proceedings initiated by Nestlé against Ethical Coffee Company (“ECC”), which had launched biodegradable coffee capsules compatible with the Nespresso coffee machine system.

For the past ten years, Nestlé argued that ECC infringed its 3D trademark for Nespresso capsules and that ECC should thus be prohibited from commercializing its compatible capsules. ECC countered that it did not commit any trademark infringement since the shape of the Nespresso capsule was technically necessary when using the Nespresso system and that Nestlé's 3D trademark was therefore null and void.



In its decision on the merits, the Cantonal Court of Vaud notably examined whether Nestlé's competitors had any alternative solutions that were “reasonably” available to them i.e., from which they would not endure any disadvantages compared to the Nespresso capsule. According to the Court, only capsules compatible with the Nespresso system could be retained in the assessment. Also, capsules that presented disadvantages e.g., due to a less optimal shape, were deemed “reasonable” if they provided advantages to the consumer e.g., a more advantageous ecological impact. Therefore, the Cantonal Court held that the shape of the 3D trademark was not technically necessary. Nonetheless, the Court ruled in favour of ECC, holding that the 3D trademark had a common shape, and that said shape could only be registered as trademark if it had established itself

as a such through use – which Nestlé failed to prove, according to the Cantonal Court.

With its decision of 7 September 2021, the Swiss Federal Tribunal confirmed the decision of the Cantonal Court, while criticizing the underlying assessment on two aspects. First, even minor additional costs represent a disadvantage in the examination of reasonable alternative solutions. Competitors do not have to put up with less efficient alternatives. Second, the capsules must be sufficiently distinguishable from the Nespresso capsules, in the mind of the consumer, for them to be reasonable alternatives. Upon examination of the Federal Tribunal, no alternative capsule presented in the proceedings could be deemed reasonable. Therefore, the Federal Tribunal held that Nestlé's 3D trademark was technically necessary and should thus be cancelled because null and void.

Resonating with one of its earlier decisions (decision 4A_36/2012 of 26 June 2021), the Federal Tribunal also recalled that shapes that incorporate a technical solution – such as the Nespresso capsule – must remain freely available and should avoid being granted a “perpetual monopoly through trademark law”, since the legislator wanted to give inventors of a technical solution a time-limited advantage (recover their investment), before authorizing free competition at the end of this protection.

(Co-written with Estelle Seiler)

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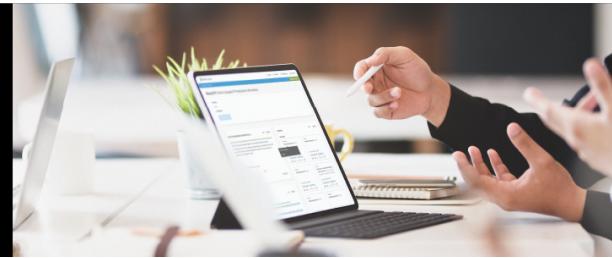


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