

LIDC INTERNATIONAL REPORT: QUESTION B

How should we approach ‘copycat’ packaging?

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BACKGROUND

‘Copycat’ products pose particular difficulties for IP systems and at the same force us to confront issues that are pervasive across IPRs.

The enormous value of the FMCG market belies huge investment by brand owners in developing strong and meaningful brands that are both distinctive and attractive to consumers. Brand owners understandably seek to ensure that this investment is protected through the IP system. Protecting such investment can incentivise brand owners to continuing building strong brands, and innovating in relation to the underlying products on which such brands are used. There is also an argument based on fairness in preventing third parties from reaping the benefits of an investment which they have not sowed.

However, the IP system is not always equipped to protect those interests. Certain jurisdictions’ causes of action against unfair competition protect brand owners against unfair advantage or misappropriation. However, others, particularly common law jurisdictions, limit their protection to situations where there is consumer confusion, albeit broadly defined. Some copycats do cause confusion as to origin, and classic unfair competition principles can be applied. The difficulty for brand owners is that copycats often do not rely on misrepresenting the origin on the goods. Instead, they use references to the brand owner’s getup in order to communicate to consumers that they are offering a (usually cheaper) competitor product to the brand owner’s. Any origin confusion is generally momentary, and usually resolved well before any purchase takes place. This is particularly true in relation to certain discount retailers, which, as consumers are aware, primarily stock their own brand goods and therefore rely on cues from the appearance of branded products in order to communicate to consumers that their offerings are comparable to the branded goods.

To the advantage of brand owners, notions of confusion under unfair competition may be more flexible, stretching beyond origin confusion. For example, at one stage there was a common belief amongst consumers that the market leader was responsible for the manufacture of supermarket own brands for certain goods. Encouraging such a belief through getup could potentially be actionable, even in jurisdictions which have eschewed a misappropriation-based approach to unfair competition.

Registered trade mark law also provides options for protection against copycats, but it is not without its limitations. With the liberalisation of trade mark law, and in particular the CJEU’s expansive approach towards what can be registered as a trade mark (essentially anything capable of distinguishing), registering features of getup, and indeed product getup as a whole is very possible, although registrability depends on the jurisdiction. For example, the EUIPO will

treat any distinctive feature of getup as sufficient to secure the registration of the entirety of the getup, both distinctive and non-distinctive features alike. Consequently there are numerous examples of brand owners' getup and product packaging on the respective trade mark registers. This begs a question: if the brand owner's registered getup comprises of both distinctive and non-distinctive (indeed frequently descriptive) elements, to what extent should and will the non-distinctive elements be protected? This may prove particularly challenging for brand owners as the only element regarded as primarily distinctive may well be the brand name, which will not be reproduced in the 'copycat' product. Additionally, the value of the getup may well come from the holistic appearance of the combination of elements. The extent to which trade mark law can truly capture and protect this is open to question. There are few examples of such analysis of the relative components of marks pertaining to getup in the jurisprudence.

The most common form of trade mark infringement is based on likelihood of confusion. As noted above, this may be difficult to prove in relation to copycats, although it is worth drawing attention to the ongoing debate concerning whether initial interest confusion should be actionable under trade mark law. Post-sale confusion, where consumers (or others) encounter a copycat product after the transaction to purchase the product has taken place, is also a possibility. This may be an issue particularly in so-called 'slavish imitation' cases where the product format, and not just the packaging, have been copied. Post-sale confusion may also arise when the contextual cues of the type of retailer that the goods were sold in (such as a budget retailer) are removed.

Trade mark law also offers other possibilities for protection against copycats. In the EU and the UK, use which takes unfair advantage can be infringement. Dilution by blurring may also be worth considering, particularly where the brand has a prestige image that would arguably be weakened by overuse, and use in the context of 'copycat' brands. Tarnishment may be arguable if the quality of the copycat is poor and consumers would subconsciously attribute this to the branded goods. Given the competitive dangers of these forms of extended protection, they often come with bespoke defences (e.g. lack of due cause in the EU and UK) and the application of these defences should be considered.

Some would point to competing societal interests in favour of allowing at least some forms of 'copycat' brands. Leading brands can become benchmarks for types of product offerings. It can be argued that it is necessary for competitors, particularly new market entrants, to be able to pin their products to the existing market leaders in order to communicate the nature of their offering to consumers – an argument that finds an analogy in comparative advertising. Viewed from another perspective, many consumers seek cost-effective alternatives to market leading brands, especially during the current cost of living crisis. Visual cues from copycat products can be seen as an effective way for consumers to quickly and easily recognise lower cost alternatives to leading brands. At the same time though, the presence of cues to the market leader may go further and be seen as messaging about shared characteristics and equivalent quality with the leading brand, or even as suggesting that the goods originate from the same manufacturer. There are also practical reasons why brand owners may not want to bring legal action against the retailers who are not only the creators of many copycat brands, but also the leading stockists (and therefore customers) of many leading brands.

Finally, while trade mark law and unfair competition have frequently been used by brand owners to protect themselves against copycat products, it should be noted that other IPRs may provide avenues for such protection. Design rights may be of assistance, particularly in relation to aspects of packaging and distinctive product shapes. There may also be avenues for protection

in copyright: copyright in imagery used in labelling would be an obvious possibility, but there may be a greater role for copyright in the EU and the UK at least given the CJEU's adoption of a 'unite de l'arte' approach, whereby more industrial and utilitarian works should be treated in the same way as more 'pure' artistic works.

Below I detail the responses received from the national reporters to a series of questions designed to elucidate how the issues described above are tackled in their respective jurisdictions. I am grateful to the national reporters detailed below for their fulsome, thoughtful and detailed responses to the questions asked. Their answers reveal not just how the lookalike issue is tackled but important information on differences between the unfair competition systems generally across the countries surveyed. This is particularly interesting from an EU perspective as it highlights how, despite the harmonisation of *registered* trade mark law, there remain very many real differences in approach to the legal regulation of signs and other indicia.

The national reporters were:

Austria	Andrea Zinober
Belgium	Sien Vandezande
China	Effie Wang
Czech Rep	Karin Pomaizlová
Germany	Anna-Kristine Wipper
Hungary	Dr. Ádám Liber (Provaris) Dr. Bálint Halász (Bird & Bird)
Italy	Marina Cristofori Francesca La Rocca
Sweden	Sandra Hanson Leif Ghanam
Switzerland	Virginie Rodieux
UK	Luminita Olteanu

PASSING OFF/UNFAIR COMPETITION

1. Have there been any difficulties in establishing that the originator has a protectable right in the getup of the product as a whole as opposed to individual features such as brand name or logo?

This question was designed to address the possibility that protection against copycats could be derailed if trade mark registries or courts separated getup into its separate integers, thereby overriding similarity of overall 'look and feel'. None of the jurisdictions surveyed expressed particular difficulty in establishing that the originator has a right in the getup of the product as a whole, as opposed to specific features. However, the UK reporter noted that it was sometimes difficult to find misrepresentation (the UK passing off element equivalent to confusion) where the protected indicia was getup because of seeming reluctance on the part of the courts to protection functional elements of products.

National reports stressed the importance of demonstrating distinctiveness but did not indicate that it was a problem to do so. They also sometimes used this question as a place to discuss scope of protection under unfair competition, demonstrating an important point that, unlike in registered trade mark law where what is protected and how much protection it gets are discrete questions, often in relation to unfair competition law, the two questions are more interconnected. Finally, some jurisdictions (notably Germany) highlighted the overlap between

which getup would be protected by passing off and what would be protected by registered trade mark law.

2. Does your jurisdiction recognise unfair competition or a similar cause of action distinct from trade mark infringement in the absence of consumer confusion? How has this been applied to ‘copycat’ situations?

Unfair competition can be an important tool in protecting getup in the ‘copycat’ context, particularly because, unlike registered trade mark law, the main concern of unfair competition is the respective marks as used, potentially allowing more flexibility in how marks are compared. Moreover, unfair competition in many jurisdictions focuses on a range of unfair competitive behaviour, often including parasitism, potentially making it very well suited to addressing attempts to ‘copycat’.

Parasitic competition in the absence of confusion has been recognised in the Czech Republic (§ 2982 of the Czech Civil Code) and Section 4 no. 3 of the German Act against Unfair Competition prohibits imitations or replicas which exploit the replicated goods or services. In practice though, there have been no examples of successful unfair competition actions against lookalikes in the action of confusion. Likewise, the prohibition against appropriation of merits found in the Italian Civil Code Art. 2598.2 has been used against lookalikes. Thus, the replication by another company of the ‘communicative minimalism’ of inherent in the simple packaging of SAN CARLO crisps was prohibited on the basis that it *‘aimed at calling to the consumer’s mind the competitor’s product, exploiting other people’s work and other people’s investment for the accreditation of the new product’*.¹ However, a recent decision has counselled against finding parasitism where the copied features are simple and the market in question is crowded.²

Sec 1 Austrian Unfair Competition Act prohibits free riding. An example³ in the lookalike context can be seen below where unfair competition through free riding was found where the copycat clearly used its own trade mark but appropriated aspects of the originator’s getup:



¹ Court of Milan, 17.09. 2014, Foro it., 2015, I, 4065.

² Court of Brescia, 18.03.2024, unpublished.

³ OGH 31.5.2023, 4 Ob 55/23a, Jägermeister.

Switzerland too has recognised parasitism as unfair competition in the absence of confusion under Article 3 § 1(e) UCA when the use arouses in the public an association of ideas with the brand or product of another. An example in this context would be getup that unequivocally conveys a message whose meaning will be ‘replacement product for...’ or ‘as good as...’.

Belgium has recognised unfair competition in the absence of confusion. However, the default is that copying is permissible, and unfair competition will only be found where the advantage is extrinsic to the act of imitation. This has sometimes proved problematic in lookalike cases. Additionally, the transfer of the ‘look and feel’ of a product has been ruled to be an unlawful form of image transfer.⁴

While ordinarily confusion is required under Swedish competition law, Rennomé parasitism has been deployed in the absence of confusion, although only where there is an established brand and the defendant’s use *appreciably affects or probably affects* the recipient’s ability to make a well-founded transaction decision.⁵

China has provided protection against unfair competition in the absence of confusion, but on the basis of harm rather than parasitism.

Of the countries surveyed, only the UK did not recognise unfair competition in the absence of confusion.

Both the Czech Republic and German reporters also highlighted the role of protection against misleading advertising under this question.

3. Has confusion other than classic diversion of trade been argued or found in unfair competition or a similar cause of action cases involving ‘copycats’ in your jurisdiction? Examples might include a mistaken belief that the ‘copycat’ is a new sub-brand made by the originator, or that the originator in fact manufactured the ‘copycat’ product but did not apply its name/branding to the goods. Another possibility is an implied message as to equal quality between the originator and the ‘copycat’.

‘Copycat’ products may bear prominent brand names that differ from those of the originator, making it more difficult to argue that consumers do not realise that they are not purchasing the originator’s goods. However, other cues from similarities in getup might cause consumers to believe that the ‘copycat’ goods are a new line of the originator’s goods, are made by the originator or are of equivalent quality to the originator’s goods.

A mistaken belief that the defendant’s goods are a new sub-brand of the originator’s has been found to be actionable in China, Hungary.⁶ In Belgium, while this form of confusion had not been explicitly acknowledged it was thought that it would be encompassed by the general standard that there is confusion where consumers believe the defendant’s goods are actually offered for sale by the other company or an economically linked company, or that there is a connection between those businesses. In Sweden though this seems to be more difficult to argue because

⁴ Antwerp, 3 March 2015, *Tabacofina*, IEFbe 1240; Brussels 27 January 2015, *Kraft Foods / Natrajacal, Darts-IP*; Brussels, 21 October 2013, *InBev / Maes*, IRDI 2014/1, 441.

⁵ *MoroccanOil and Klippoteket*, PMÖD 2018:23

⁶ Court case published under Pfv. 21.252/2014/10.

confusion under competition law is limited to where products are of the same type and so could be substituted for each other.⁷

A mistaken belief that the originator in fact manufactured the 'copycat' product but did not apply its name/branding to the goods has been found actionable in China and the UK. Analogously the German report identified as a form of confusion where the public assumes an organisational or contractual relationship between the manufacturers.

Switzerland provided an example of confusion by virtue of a representation or belief of equal quality between the originator and the 'copycat'. In this case⁸ involving competing milk serum products the similarity of getup gave the actionable impression that the goods were interchangeable:



REGISTERED TRADE MARKS

1. To what extent can product getup be registered as a trade mark in your jurisdiction? Are there any particular restrictions or practices concerning such registrations? Can you give examples of such registrations and/or of the refusal of such registrations for lack of distinctiveness?

Protection for getup as a registered trade mark is, of course, only possible if getup can be registered. While there is considerable CJEU case law on the difficulties of registering marks consisting of the shapes of products, the national reports did not suggest dissatisfaction regarding the difficulty or otherwise of registering getup. National reporters stressed that, in principle, under the CJEU's case law, getup is treated the same as any other form of sign and many examples were given of registered getup. Key challenges to registration are distinctiveness and functionality. The German report identified a greater reticence on the part of courts in that jurisdiction to recognise product shapes, as opposed to product packaging, as distinctive. Analogously, the Austrian definition⁹ of what can be trade mark was amended, removing the reference to getup and replacing it with a reference to packaging. While this might appear more restrictive it seems that in practice it has made little difference to what can be registered. A further interesting feature of the German law in this area is that the descriptiveness ground for

⁷ MD 2002:28 case (Santa Maria) – ground meat and taco shells not substitutable.

⁸ ATF 126 III 315 (Rivella/Apiella III).

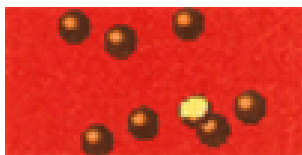
⁹ Markenschutzgesetz 1970, idgF BGBl I Nr.51/2023.

refusal can pose a challenge as typical product packaging will often be viewed as descriptive of the type of packaging itself.

The national reporters provided a number of helpful examples of getup marks that have been refused registration of marks that have been registered. These are reproduced in Appendix 1. The refused marks were often outline images of product packaging, and/or included descriptive wording while the registered marks often included distinctive non-getup features such as wording or other pictorial aspects.

It is worth noting a couple of interesting comparator cases. In Italy, the TIC TAC packaging (without the name, logo or labelling) was found to be distinctive.¹⁰ A challenge based on functionality failed as there were other ways in which to produce such packaging and in particular the functional element (the closing mechanism) was in any case not visible. The same mark was also found to be registrable in the Czech Republic.¹¹

Meanwhile, in Belgium the mark below¹² was refused registration for lack of distinctiveness and because it was a customary way in the trade of indicating such chocolate snacks. The same packaging was not protected under Swiss unfair competition law because it was descriptive and therefore needed to remain open for other traders to use.¹³



2. How is what amounts to the legally relevant sign identified in opposition and infringement actions? Is it the getup of the product as a whole? Could it be just the appearance of a specific sign on the packaging? What if the product is sold in multiple units and a single unit is not visible at the point of sale? Are these issues approached in the same way in registered trade mark law and in unfair competition or the nearest equivalent cause of action in your jurisdiction?

This question was asked because of the possibility that a laser focus on one element of packaging, most likely the word element, could allow ‘copycats’ to argue that other common visual cues such as shape, colour and label positioning should be discounted or given less weight in the infringement analysis.

Generally¹⁴ reports noted that, in line with general infringement and registrability practice, the overall impression of the mark as a whole forms the basis of any comparison. This will include aspects of shape and colour, as well as any wording or devices. Again though, as with the law on comparison of trade marks in general particular attention will be paid to the distinctive elements of the getup and conversely, less will be paid to weakly distinctive elements. Therefore

¹⁰ Supreme Court n. 11531/2021.

¹¹ IR 1368175

¹² # 801054.

¹³ ATF 135 III 446 (Maltesers/Kit Kat).

¹⁴ This approach is particularly familiar from the CJEU’s case law, but was also reported in the Chinese response.

no confusion was found in an Italian decision involving lip-gloss where the key elements of the originator product were the name FRUITY JELLY and a common tube packaging shape.¹⁵

What counts as distinctive depends not just on inherent distinctiveness but also on how perceptions of the various elements of the getup may be affected by use and presentation. The Swedish report provides an excellent example¹⁶ of this: the term CRISP ROLLS for breadstuffs was considered to be a distinctive element because of its large size and prominent position on the originator's packaging. Ultimately though there was no infringement because the defendant had only used the term CRISP ROLLS in small lettering and descriptively.

That said, what the overall impression is will depend on the cause of action: for registered trade marks the starting point is the mark as registered whereas for unfair competition it is the mark as used, potentially giving more opportunity to take into account distinctive product or packaging features that have been added over time. However, the Belgian report identified the possibility of supplementing a registered infringement case where only some getup features are registered with an unfair competition action which would focus on the overall impression of the entirety of the getup as used.

The question regarding multiple units was asked because in the UK case of *Thatchers v Aldi*,¹⁷ it was argued that confusion negated by the fact that the relevant comparison should be between the originator's mark as registered (a single can) and the copycat's product as sold, viz: a pack of four cans. This argument was rejected by the judge, who found that the correct comparison was between a single can of the copycat cider and the originator's registered single can getup. It should be noted though that, even if the point of comparison had been with the four-pack, it is far from clear that this would have reduced the likelihood of confusion given that elements of the single can were clearly visible.

The Czech reporter noted that only the product as sold would be considered, and not the units of which it was made up. The Belgian report also focussed on how the goods would be identified at the point of sale, although it seems that a difference in packaging format may be of limited importance, which the reporter pointing a case where infringement was found on the basis of similar packaging of the overall units, despite the fact that the defendant sold its goods packed into different coloured cardboard trays.¹⁸ This followed from the fact that the Czech Republic does not recognise post-sale confusion. However, the German report was of the view that since the CJEU had not distinguished between different packaging formats and the timings at which they might be encountered by consumers, single versus multiple packaging formats were unlikely to be treated differently under registered trade mark law.

¹⁵ Court of Milan, 21.10.2004, *Rivista Diritto Industriale*, 2006.

¹⁶ case PMT 7235-17

¹⁷ *Thatchers Cider Company Ltd v Aldi Stores Ltd* [2024] EWHC 88 (IPEC).

¹⁸ Brussels, 21 October 2013, *InBev / Maes, IRDI* 2014/1, 441.

3. What scope of protection is given to product getup in trade mark and unfair advantage cases? Are there any special features of such cases? Do courts pay equal attention to the overall brand name and to other features of getup? Is any attention given to the overall layout of the features of a sign as a whole (as opposed to just comparing the individual elements, some of which may be discounted if they are not very distinctive)? Does the comparison of marks and signs for the purposes of establishing likelihood of confusion form the basis of any dilution or unfair advantage action, or is a new comparison undertaken?

This question was asked to glean information about how getup is analysed in practice in unfair competition and registered trade mark cases. It also allows for the possibility of a different approach as between confusion and dilution/unfair advantage when comparing marks.

The Czech reporter noted that the brand name is particularly important in that country: if the original and copycat's differ then neither confusion nor parasitism will not be found unless the originator's brand name is not distinctive. A telling example how different forms of word marks may be treated differently can be seen in the Austrian report: while the descriptive word DOUBLE was shared there was not confusion between the other, more distinctive, element of the two marks were to shared.¹⁹ The German report suggested that the word element would likewise play a similarity important role in Germany and noted that attention should be paid to the existing labelling practices in the product market in question.²⁰ The Belgian report cited the focus on word marks in such cases as an example of the CJEU's ruling that where a mark consists of word and figurative elements, consumers will normally pay more attention to the word element.

On the other hand, the Hungarian report did not identify any particular element of getup that had tended to feature particularly prominently in a confusion-based analysis and the Swedish reporter suggested that equal weight would be given to verbal and non-verbal elements of getup, pointing to the *Jaigermeister* case.²¹

Thus, there seems to be a difference in practice between the relative weight of word marks in particular in relation to comparing getup.

Just how complex and multifaceted the analysis can be is evident from the UK reporter's example of the THATCHER'S LEMON CIDER case. There, word elements were said to be dominant, not because they were words per se but because of their relative position. While there were certain words in common, they were descriptive in nature and the distinctive elements of the two marks (THATCHER's and ALDI, respectively) were not shared. Other elements of getup were less prominent though remained important. They too were descriptive in nature though meaning that overall there was no confusion.

Only the Belgian and UK reporters answered the question asked regarding unfair advantage, both noting that normally the same similarity of marks test is used for both confusion and unfair advantage. Instead, most of the national reporters read this as a question about unfair competition rather than about unfair advantage under registered trade mark law. This highlights

¹⁹ 4Ob 80/19x (Magnum Double/GELATELLI DOUBLE)

²⁰ BGH, Decision of 05.04.2001 – I ZR 168/98 – Marlboro-Dach.

²¹ Swedish Supreme Court, NJA 2003 s. 163

a distinction between the approach of the UK-based International Rapporteur who, in line with the UK approach, tends to treat unfair competition and registered trade marks as distinct, whereas the approach in other countries is to view the two actions as more interlinked.

In Hungary unfair advantage under unfair competition law is treated differently from confusion: only the elements which are shared form the basis of the assessment, unlike in relation to confusion where all the elements of the two parties respective getups are considered. The Czech report detailed a dilution case based on similar layout.²²

The Chinese report detailed various factors that transformed bringing to mind into actionable unfair advantage, namely intention to deceive consumers, the extent of any confusion and the impact on the originator's business. Thus, it appears that the Chinese understanding of unfair advantage in this context overlaps with confusion. The Italian report detailed unfair advantage cases under unfair competition, rather than registered trade mark law, as did the German report. Interestingly in one of the Italian cases,²³ the finding was based on the inferior quality of the copycat's goods, as well as advantage accruing to the copycat. Likewise, the Austrian report detailed the various factors considered by the Supreme Court in considering unfair competition in relation to the MAGNUM DOUBLE ice cream case detailed above. Of particular interest is 'taking over of accomplishments, by avoiding own development costs and efforts, thereby taking advantage of the other's efforts and finally competing distressfully with the original product'. Thus, in that case, because the ice-cream bar in question did not have 'competitive individuality' and was not particularly distinctive, it did not amount to unfair competition to copy it.

4. Mere bringing to mind is said not to amount to unfair advantage. What additional features over and above bringing to mind have been relied upon to show that the activities of 'copycat' are unfair (or indeed are not unfair)?

The whole point of 'copycat' packaging is to bring to mind originator packaging, which may well be registered as a trade mark. Yet the CJEU has said mere bringing to mind is insufficient, but the Court has not been very clear about what else is required. This question is designed to gather information about how courts have approached this 'something else' in the lookalike context.

What amounts to unfair advantage has been discussed in the UK case of *Thatchers v Aldi*.²⁴ There the court adopted a robust approach: the court noted that the originator had based its argument on Aldi's sales figures showing a change in the economic behaviour of consumers. However, the judge noted that it was not possible to attribute the increase in sales to the copycat's copying without further evidence. As with the previous question, many of the reporters focussed on unfair competition rather than registered trade mark law and this account therefore focuses on unfair competition. The common theme was the need to balance a level of imitation necessary for providing a competing product to consumers and copying that went beyond this aim. As described above in Belgium copying is only unfair when it goes beyond the intrinsic act of imitation. This is the case *inter alia* where there is an attempt to copy the 'look

²² Case regarding potato chips 'Bohemia Chips' v 'Staročeské brambůrky' (in English: 'old Czech chips', decision of the Municipal Court in Prague dated 25 June 2013, folio no. 2 Cm 53/2012-72, source: Darts-IP database.

²³ Court of Milan, 17.0.2015, <https://sistemaproprietaintellettuale.it/>.

²⁴ *Thatchers Cider Company Ltd v Aldi Stores Ltd* [2024] EWHC 88 (IPEC).

and feel' of the originator product – a standard that would seem to catch a significant number of lookalike cases. Similarly the Swiss report distinguishes between copying necessary to import consumers about the nature of the product and that which is 'unnecessary and unjustified'. Analogously, the UK judge in *Thatchers v Aldi* found that the fact that the defendant had engaged in a redesign to make its product more attractive to consumers could not be classes as unfair because this is the aim of all manufacturers.

In terms of specific factors used to strike that balance, the Czech reporter identified that for unfair advantage courts will look for evidence of free-riding on the repute of the original product, saving costs on developing the defendant's own product and its marketing. The German report noted the doctrine of interaction whereby a lower level of competitive originality and unfairness is required where the copycat is identical to the originator. In Austria the reporter pointed to 'the use of identical signs, the aim to batten on the competitor's reputation, to utilize the specific distinctive features for its own products, are an indication of unfair exploitation of reputation' with use by supermarket own brands cited as an example of a situation where such factors may be present. Thus in *Jaegermeister*,²⁵ the Supreme Court pointed to the fact that the products were identical, the getup of the product used the same colours, the same size and form of the coloured glass bottles, the same resale form and only the word and device marks were different.

GENERAL

1. What (if anything) is the role of intention? Can you provide examples of cases where the 'copycat' has used the originator brand as a benchmark and the court's response? Does this differ between registered trade mark law, unfair competition or equivalent cause of action and other IPRs?

'Copycats' do not usually arise by accident but rather by a deliberate choice by the 'copycat' to base its getup on that of a market leader. Registered trade mark law is anyway a strict liability action, so this question was designed to ask whether there can be a role for intention. Unfair competition generally has a greater focus on the 'fairness' of the competitor's activities so how does this translate into the lookalike situation?

Intention was said to be irrelevant in the Czech Republic. However, in other jurisdictions (Italy, China, Sweden), intention, while not necessary for proving infringement, will be very helpful in doing so if it is present. In Switzerland intention is useful (though not necessary) in this context as evidence of confusion.²⁶ However, it was noted that such evidence was unlikely to be forthcoming in Belgium because there is no discovery process by which such evidence might come to light.

Intention may also be relevant to demonstrating the unfairness element of unfair advantage or competition.

The fact that the defendant has used the originator's product as a 'benchmark' was said to be evidence of intention in China, as well as in Sweden, with a notable case²⁷ involving the copycat using the shape of the Gottenberg Taxi as a 'benchmark' to provide its services to consumers.

²⁵ OGH 31.5.2023, 4 Ob 55/23a, Jägermeister.

²⁶ ...

²⁷ case MD 2011:16, Taxi Göteborg.

However, in the UK, in *Thatchers v Aldi*, the alleged copycat had on the evidence, clearly used the originator's packaging design as a benchmark, and yet there was no finding of unfair advantage, with benchmarking found not to be determinative.

The role of intention in relation to misleading advertising was raised in relation to Italy and Hungary.

The intentionality of acts may also be relevant to damages, as is the case in Germany, Italy and Sweden. Finally an interesting feature of the Swedish copyright case law is the consideration in PMÖD 2020:4 of whether, if the defendant's copying was not intention, could it amount to gross negligence. This is highly unusual given that IP infringement actions generally involve strict liability.

2. To what extent have IPRs other than unfair competition and its equivalents in other jurisdictions and registered trade mark law been used against 'copycat' products? Are there, for example, cases of design law or copyright being used in this way in your jurisdiction?

This question was designed to explore whether weaknesses in the protection against 'copycats' in trade mark and unfair competition law could perhaps be addressed through other IPRs. Answers though raised a countervailing concern as to the desirability of overlapping IPRs.

In Italy it is possible for the external appearance of a product or its packaging to be protected by design law. Copyright is also an option where packaging is artistic in nature. This would grant protection lasting for the life of the author plus 70 years. The same is true in Austria and Switzerland as well as Hungary, where the reporter cited an opinion²⁸ from the Council of Experts confirming that overall impression of the features of the packaging of an alcoholic beverage e.g., the placement of label, the fixing of decorative elements and use of colours as a whole, give the subject matter getup a unique and individual appearance which constitutes as a copyright work. Similarly, the Belgian reporter cited a decision where Lidl was found to have infringed an originator's copyright in the packaging of a playset.²⁹

The UK reporter provides examples of copyright used to protect the product format of face powder with an embossed starburst design which was copied by Lidl,³⁰ unregistered design to protect the shape of bandage and bodycon garments³¹ and registered design to protect the appearance of a gin bottle containing an LED.³²

The Swedish report highlights the potential impact of Case C-580/23, *Mio and Others*, a pending reference from the Swedish Patent and Market Court of Appeal to the CJEU, inviting the court to rule on the applicability of copyright to applied art.

The German reporter notes the possibility of using patent law in appropriate cases, as well as design and copyright protection. The report notes that originators have had a high level of success under these alternative IPRs, particularly where counterfeiting is involved.

²⁸ SZJSZT-30/17.

²⁹ Antwerp 6 July 2021, *Smart v Aldi Inkoop and 2 Original*.

³⁰ *Islestarr Holdings Ltd v Aldi Stores Ltd* [2019] EWHC 1473 (Ch).

³¹ *Original Beauty Technology & Ors v G4K Fashion Ltd & Ors* [2021] EWHC 294 (Ch).

³² *Marks and Spencer PLC v Aldi Stores Ltd* [2024] EWCA Civ 178.

Design patents are possible in China upon registration when packaging is new, non-obvious and capable of industrial application. Copyright may be available for packaging designs and labelling imagery. Registration is possible but not required, though registration confers evidentiary benefits and more advantageous damages.

The Czech reporter noted that there had been limited success in combining copyright or design and unfair competition claims because of the principle that the action should not be used to extend the length of pre-existing IPRs.

The Belgian reporter notes that copyright protection will not be available when features of getup are functional. This is in line with general principles of EU copyright law, and indeed the Swedish reporter notes the application of this rule in *Fjällräven Kånken*. The shape of the originator backpack had been chosen to accommodate A4 folders. However, the rectangular shape, the use of reflective fabric for the logo, the prominent placement of the arctic fox emblem, the slender shoulder straps, and the embossed snap buttons showed that there was room for creative choices on the part of the designer. The Swiss reporter provided the example of the *Feuerring*³³ barbecue. The shape differed from that normally adopted by grills and so was protectable.



3. What is the relevance, if any, of the fact that the ‘copycat’ is of inferior quality to the originator product?

Even if consumers are aware that the ‘copycat’ goods bear a different mark from the originator product, there is arguably an implicit message from the shared features of getup that the products are substitutable and therefore of equivalent quality. However, this may not always be the case in fact. Confusion under registered trade mark law focuses on confusion as to origin. Unfair competition law frequently provides an action against a wider range of types of confusion.

Before embarking on this question it is worth highlighting the UK decision in *Thatcher v Aldi*. The originator argued that the ‘copycat’ beverage was deceptive because it was of inferior quality. Ultimately this was rejected by the judge, but not before she had conducted a ‘blind taste test’ that attracted some media interest.³⁴ She found that while there were differences in taste, some might prefer one drink while others would prefer the other. This demonstrates that inferiority will sometimes be a subjective question and therefore one hard to base a legal test on.

The Czech reporter noted that the fact that the copycat’s quality was inferior would be primarily relevant to confusion cases. Conversely the German reporter said this factor was of no relevant in confusion cases and would only be relevant to unfair exploitation of reputation. An example of the relationship between inferiority and unfair advantage can be seen in the Swiss case, *IWC/WMC*,³⁵ where the image was said to transfer from the originator’s luxury watches to the ‘copycat’s’ inferior quality mass-produced watches.

³³ Swiss Federal Supreme Court.

³⁴ <https://www.bbc.co.uk/news/uk-england-somerset-67517698>

³⁵ 4A_467/2007 and A_469/2007.

The Italian reporter cited caselaw whereby it was found that inferior quality could cause harm to the originator because consumers might wrongly believe that the originator was responsible for the branded copy perhaps as a smaller version or sub-brand of its existing offering.³⁶

Inferior quality was also said to be relevant in China.

The Hungarian report distinguished between different types of goods and the impact inferior quality goods might have. In relation to FMCGs, consumers might well be aware that they are getting a cheaper and possibly inferior version of a branded product and so will not be deceived. However, the originator may sometimes suffer a loss of sales. However, where the goods are specialist goods e.g. exercise equipment consumers might attribute the same qualities to the copycat as the originator, leading to potentially dangerous consequences if the equipment is not as robust as those of the originator.

The Czech reporter noted, but did not support the fact that it had been argued that where the quality is low there may be no damage to the originator as the consumers of the copycat would never have bought the originator's more expensive product. The Hungarian reporter addressed this argument in relation to luxury brands, noting that even in the absence of a diversion of trade, there could still be dilution of the brand.

The Belgian report noted that the fact that if the copycat goods are of inferior quality, this could amount to detriment to repute under registered trade mark law.

4. How do courts manage the interaction between the 'copycat's' own branding and visual cues to the originator brand. For example, will the use of a very different brand name negate the similarities between the visual aspects of the packaging?

As mentioned above, 'copycats' often feature very different brand names and it is argued that these dominate the marks, meaning that there can be no confusion.

In the Czech Republic, more attention is paid to the interaction between the brand names compared to visual cues, such that if the originator's mark is distinctive and the 'copycat's' is similar, confusion will likely follow. Likewise, if the 'copycat's' word mark is clearly different from the originator's there is unlikely to be confusion. For example, there was no infringement where the earlier mark was TWIX and the later was TWINGO.³⁷

However, the Italian reporter detailed cases in which the word and device marks were clearly different but because of similarity in other aspects of the visual appearance of the products, there was infringement because consumers would believe that the copycat's goods were a 'second line' of the originator's goods.³⁸

The German report suggested that while brand names would be relevant, they did not play an enhanced role in the confusion analysis. Similarly, the Belgian report noted that the respective getups would be viewed as a whole. Conflicting cases³⁹ were identified regarding whether the

³⁶ Court of Milan, 17.07.2015, <https://sistemaproprietaintellettuale.it/>.

³⁷ TWIX chocolate bar against TWINGO, decision of the Supreme Court decision dated 27 January 2011, folio no. 23 Cdo 1748/2010, source: Darts IP

³⁸ Court of Milan, 18.07.2016, <https://sistemaproprietaintellettuale.it/>; Court of Turin, 16.12.2009, <https://sistemaproprietaintellettuale.it/>.

³⁹ Liège 17 June 2014, *France Cartes / Hoet*, ICIP 2014, 586 and Liège 7 June 2022, *RDC-TBH 2024/3*, 244.

presence of different brand names would negative any possibility of confusion. Conflicting cases were also identified in Switzerland, where the inclusion of different brand names did not dispel confusion in relation to two golden foil-wrapped chocolate bunnies⁴⁰ but did in relation to the packaging of chocolate balls.⁴¹

The Hungarian approach was described as ‘consequential’ in that, where there is a similarity of one aspect, e.g. the brand names, the overall appearance or the ‘essential identity’, this suffices for there to be infringement, even if other aspects of the getup or branding differ. Consequently, a shared name could lead to infringement even when overall appearance differs and a similarity in getup would not be negated by the use of a different trade mark.

The UK approach was different, with the reporter focussing not on the type of element (word, colour etc) but rather on the distinctiveness and dominance of the respective element, with more weight given in the comparison to elements that are particularly distinctive or dominant.

Perhaps this question, more than any another, elicited conflicting responses. This is in part, I suspect, because the question is intensely fact specific: what stands out to consumers most in any given trade mark depends not just on the distinctiveness or dominance of the element being considered, but also on the level of distinctiveness of other elements. It is also noticeable that many of the reporters were not clear whether they were answering this from the perspective of registered trade mark law or unfair competition or both, potentially leading to different approaches despite the EU harmonisation of how registered trade marks should be compared.

The Italian reporters pointed to a considerable number of decisions where confusion-based unfair competition was found despite the presence of different brand names. This was dependent though on the prominence of the different mark, and so the prominent position of two well-known marks meant there was no confusion, despite the presence in a central position of a picture of toast with a generous cheese filling on both parties’ packaging.⁴²

5. What is the relevance of context? In particular, has the fact that certain discount retailers tend to predominantly sell their own brands and carry fewer third-party brands been used to demonstrate a lack of consumer confusion?

Discount retailers often only sell their own brands. This is a fact of which consumers are frequently aware, making it potentially more difficult to argue that consumers purchasing a ‘copycat’ from those retailers mistakenly believed that they were buying the originator’s product. However, the role of context has not always been clear, particularly in registered trade mark cases.

While context was often, but not always, identified as relevant, few countries’ courts had specifically commented on the position of discount retailers. Moreover, there were a number of cases involving discount retailers where the fact that they were discount retailers as opposed to other forms of supermarket was not commented on by the court, perhaps pointing to this factor being of lesser importance (though it is also possible that it just was not raised by the parties).

Context was identified as relevant in Italy, where it is recognised that, where goods are sold in supermarkets consumers pay limited attention and so may be more easily confused and may

⁴⁰ 4A_587/2021.

⁴¹ ATF 135 III 446 (Maltesers/Kit Kat), JdT 2010 I 665.

⁴² Court of Milan 7.8. 2023, Darts-ip.

have limited opportunities to perceive difference as they take goods from the shelves and place them in their trollies.⁴³ However, the specific case of discount retailers has not been explicitly considered, even though cases concerning such retailers have reached the court. The Swiss reporter provided a similar response, noting though that while the practical matters of how consumers encounter goods in a supermarket may be relevant, market position per se normally would not be.

The Belgian reporter points to a case concerning ALDI, where the fact that the originator's goods were not sold in ALDI made confusion with ALDI's own brand less likely.⁴⁴ However, the reporter notes that other factors negating confusion were also present. Likewise, knowledge that consumers are aware that discount retailers often sell their own brands was taken into account in the UK.⁴⁵

The Chinese reporter suggests that the fact that discount retailers may use visual cues that are only present at the point of sale to suggest comparability may make confusion less likely. This factor was said to be irrelevant by the Czech reporter and the Germany and Hungarian reporters were unaware of any decision where the discount retailers context had been taken into account.

6. A feature of 'copycat' products is that they will often draw consumers' attention by their similarity in appearance to the originator products, but there are sufficient differences for any such initial confusion to be dispelled. How have courts dealt with such 'initial interest confusion' in relation to registered trade mark law? Has 'post-sale' confusion been recognised as actionable in this context? What about under unfair competition or the nearest equivalent cause of action in your jurisdiction?

Consumers might well reach for a 'copycat' on the basis that it looks, at an impressionistic level, like the originator but then realise their mistake prior to purchase. If the consumer nonetheless decides to continue with the purchase can initial interest confusion be deployed? A consumer may be aware that they are purchasing a lookalike but peers who see them using the product may not be aware that it is a copy. Moreover the consumer may remove the labelling and may forget the true origin of the goods when the time comes to make a repeat purchase. Is there a role for post-sale confusion? Traditionally confusion has been judged at the point of sale, but there are cases and academic voices suggesting that the law may no longer be so restrictive.

The International Rapporteur was somewhat surprised how little attention pre- and post-sale confusion appears to have received both in the lookalike context and in general. In particular the International Rapporteur notes that there have been suggestions from the CJEU (albeit not particularly clear ones) that both forms of action may be actionable in EU law so the level of finality with which it has been discussed in certain jurisdiction is perhaps surprising.

Initial-interest confusion was said to be the subject of growing recognition in the lookalike context in China. In Germany it was said to be irrelevant to registered trade mark law but relevant to unfair competition. Likewise in Belgium initial interest confusion could be relevant because the transactional decision must be affected, but 'transaction' is defined widely to

⁴³ Vanzetti – Di Cataldo, *Manuale di Diritto Industriale*, quoted.

⁴⁴ Brussels, 12 December 2017, *Aldi Inkoop and Aldi Holding v Inbev Belgium*, Martens Brouwerij, Bockhold and Miller Graphics, IEFbe 17401.

⁴⁵ *Moroccanil Israel Ltd v Aldi Stores Ltd* [2014] EWHC 1686 (IPEC).

include the decision to go to or enter a store.⁴⁶ The UK reporter did not point to specific lookalike examples, but noted that pre- and post-sale confusion should be relevant to registered trade mark law in the UK following the CJEU's case law in *Arsenal v Reed*. In Switzerland the reporter said that it could be relevant to trade mark infringement cases, but only when it makes a difference to the ultimate purchasing decision.

Post-sale confusion was said to be irrelevant in the Czech Republic and has not been applied in China. While it was recognised in Italy it had not been applied in the lookalike context. However, in Belgium, it has been acknowledged to be relevant to registered trade marks involving lookalikes (but not unfair competition), with the court considering whether confusion would occur *after* consumers had purchased Lidl beer and taken it to their homes.⁴⁷ It is also relevant to Swiss unfair competition.

7. Are there any examples of use of defences or a 'due cause' proviso or equivalent in relation to 'copycats' in your jurisdiction?

It may be argued that there are good reasons why 'copycats' should be allowed, for example if they describe either explicitly or inherently the nature of the goods or that they can be justified because they grant market access to newcomers by allowing themselves to communicate to consumer that their products are equivalent to the market leader. To what extent should and have the existing trade mark or unfair competition defences, or the due cause provision in relation to dilution and unfair advantage of registered trade marks been deployed to address these arguments?

The areas of defences seems somewhat underdeveloped in the lookalike context. Part of the reason for this may be that the defences only become relevant where there is infringement or unfair competition etc, which is not always easy to prove in the lookalike context.

The Hungarian report identified a range of defences applying to the respective relevant IPRs. These included the defences found in the Trade Marks Directive for registered trade marks, and a range of factors that apply to unfair competition, including where the parties are not in competition, where the defendant is not an economic actor and perhaps most interestingly in this context, where the indicia is one that many people have copied. The Czech report pointed to the defendant's own investment being used as a defence. In China it was suggested that a defence may be possible in certain circumstances where it is necessary or reasonable in the circumstances. In the UK only the descriptive use defence had been used in relation to packaging.⁴⁸

In Switzerland the functional nature of the copied product features form a defence to registered trade mark infringement. Thus, the shape of Nespresso coffee capsules were found to be functional, providing a defence when they were copied.⁴⁹ Similarly, the functional nature of product features forms a reason to challenge actions for unfair competition, as does the need to use the product feature to inform consumers that the defendant is providing a competing product offering.

⁴⁶ Brussels 11 December 2012, *LEGO / IceWatch*, *ICIP-Ing.Cons.* 2012/3, 612.

⁴⁷ CHECK REFERENCE WITH NATIONAL REPORTER

⁴⁸ *Supreme Petfoods Ltd v Henry Bell* [2015] EWHC 256 (Ch).

⁴⁹ ATF 147 III 517.

There were no uses of defences or the due cause proviso in lookalike cases in Italy or Belgium. Similarly the German reporter stated that the due cause defence did not exist in Germany (though this may be a difference in how the term is referred to in German or otherwise a statement about unfair competition rather than registered trade mark law).

8. Where there have been disputes regarding ‘copycat’ packaging, which types of undertakings have been the litigants, e.g. retailers, brand owners of multinational brands, brand owners of local brands etc

The originator litigants are frequently owners of multinational brands, and sometimes local brands on the claimant side.

9. To what extent have consumer interests been a feature of discussion, particularly in the parties’ legal arguments or in Judgments of ‘copycats’ in your jurisdiction? (This might include price competition, consumer choice and cost of living crisis)

This question was asked to address the sort of issues noted in question 7 whereby ‘copycats’ might be argued to provide important information to consumers, opening up choice on the market and potentially allowing cheaper products to be made available. It was thought that this might have been particularly topical in the light of the ‘cost of living crisis’ of recent years. However, the answers to this question were somewhat unexpected in that the consumer interests identified were often about protecting consumers, rather than consumer choice.

The only relevant consumer issue identified in the Czech report was the avoidance of consumer confusion. The same interest was also identified in the Italian report. Beyond this unfair competition in Italy is described as being protectionist in nature rather than having a focus on consumers’ interests in accessing competing products. In contrast, the German unfair competition legislation is described as having consumer protection as its aim, and in particular when and how they complete a contract with a trader. The repair clause introduced into design law is also highlighted. Similarly, the Swiss report details the Nespresso coffee capsule case, where consumers’ interests in purchasing competing coffee capsules were taken into account. It is interesting that the two instances of consumer interest in competition being taken into account both relate to consumables for the product, rather than the product itself.

While providing competition for consumers may prove one of the policies underlying consumers, the Hungarian reporter notes that this competition may be illusory if the consumer is led into believing that the ‘copycat’ is of the same or comparable quality, but the reality is that the good is of different or inferior quality.

10. To what extent have competition issues been a feature of cases and commentary on ‘copycats’? (Examples might include market access and barriers to entry and market power of retailer)

This question was asked to examine whether arguments that competitors need access to get up for benchmarking purposes had been addressed from the antitrust perspective. Equally, it sought to explore the competition law issues involved in the fact that frequently it is retailers who produce lookalikes that are also the main stockists of branded originator products.

The application of antitrust-type reasoning to lookalike cases has been quite limited. Interestingly its application has not always been in the direction one might expect, for example that preventing benchmarking practices could be seen as raising barriers to entry. Instead the focus has often been on how the marketing of lookalikes themselves can result in negative competitive outcomes for brand owners and smaller new market entrants.

Competition issues have not been discussed in the lookalike cases in the Czech Republic or Belgium or Switzerland. In Italy competition-based arguments have been met with scepticism under unfair competition with courts instead focussing on the *originator's* investment in developing the product.

Although competition issues had not yet arisen in Austria, the reporter speculated that it may be possible to use provisions of the Act for Fair Competition Conditions designed to address conduct by non-dominant market actors in order to address conduct by which supermarkets seek to reduce the sale of branded products to the benefit of their own-brand products. A similar possibility was raised in the Swedish report. Indeed, in the Swedish report it was argued that lookalikes might themselves raise barriers to entry by confusing consumers and making it more difficult for smaller competitors to offer a legitimate competing product.

11. To what extent have other policy issues featured in governmental and judicial discussions of ‘copycats’? (Examples might include incentivisation of brand owners or fairness)

The Czech report identifies the important role of the policy that expired IPRs should not be extended by unfair competition law, even if this means tolerating copying in certain contexts.⁵⁰

The German report identifies regulation of online platforms as a matter of concern in the lookalike context.

The Belgian reporter noted that in relation to pharmaceuticals, the ‘copycat’ has been allowed to make reference to the originator in advertising.

The Swedish report highlighted the general interest of incentivising investment on the part of originators, while at the same time enhancing consumer choice.

The UK report detailed attempts by the UK Intellectual Property Office⁵¹ to quantify the real impact of lookalikes in terms of whether they divert trade and whether they incentivise originators to make unnecessary changes to their packaging to maintain a price differential. The results of this study were either inconclusive or suggested that such negative effects did not occur at a significant level.

CONCLUSIONS

It is difficult to draw a single set of conclusions from such a wide-ranging study and I would strongly urge those interested in specific issues to read the national reports when they become available. I will however identify a few themes:

Generally there did not seem to be significant dissatisfaction with how ‘copycats’ are treated. I note though that there is a level of inconsistency particularly in how the two

⁵⁰ Decision of the Czech Supreme Court dated 26 June 2014, folio no. 23 Cdo 2382/2012.

⁵¹ 2013 Report on the Impact of Lookalikes.

uses are compared, particular in relation to the balance of word marks and other features of getup. It is the International Reporter's belief that part of the reason for this is because the analysis is both fact specific and complex, with the need to balance a consideration of which features of a sign are distinctive and which (while possibly weak) are dominant.

The role of registered trade mark law in this space, while important, was limited with reporters paying significantly more attention to unfair competition. Perhaps this is not surprising given the fact that no prior registration is needed and there is greater flexibility in what to compare and how to compare it. Moreover, with the exception of the UK, the fact that unfair competition regimes include an action against parasitism is particularly valuable to originators.

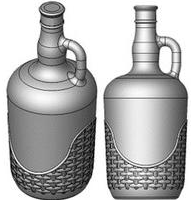






While it is argued that there are significant benefits to both competitors and consumers from 'copycats', these seemed to have gained little traction in unfair competition law in particular. Indeed, legal regulation and policy concerns that one might have thought would have protected 'copycats' such as antitrust and examining the interests of consumers have frequently had the possibility effect. The one exception is functionality, which seems to have gained acceptance as a reason to be cautious about protecting originator getup, particular product shape, in circumstance that may be too broad.

6 November 2024

APPENDIX I

1. EXAMPLES OF REFUSED MARKS

Czech Republic

Refused		Refused cont.	
IR 1502245		IR 425281	
IR 1557838		IR 1340479	
IR 1535579		IR 1408424	
IR 1528258			

Austria

Examples of refusals
<p>AM 10031/2019</p>  <p><i>Goods in class 29</i></p>



AM 13025/2021
Goods in classes 29, 30, 32




AM 13035/2021
Goods in classes 32 and 33



AM 12421/2021
Goods in class 30



Belgium

BOIP reference	Trade Mark	Nice class(es)
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REG/IR/PV/R1- 1020045		29, 30, 32
954210		33
1060892		32, 33
1214776		29, 30
136959		3, 5, 10, 30


2. EXAMPLES OF REGISTERED MARKS

Czech Republic

Registered		Registered cont.	
IR 1368175		CZ reg. no. 395663	

CZ reg.no. 372105		CZ reg. no. 398881	
CZ reg. no. 381639		CZ reg. no. 386139	

Austria

Examples of registrations
 <p>AT 307 348 Goods in class 33</p>



AT 316 351
Goods in classes 05 and 32



AT 323 878
Goods in classes 29, 30, 32



AT 327 137
Goods in class 30

Belgium

Registration number	Trade Mark	Nice class(es)
WO677879		32
1022132		31 – Fresh tomatoes
1031807		11, 29, 30, 32
819448		30
840671		30
806044		30