

## **The Plight of the Nurdle I:** Colgate-Palmolive Co. v. GlaxoSmithKline LLC

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Who would have thought that the little swirl of toothpaste that you place on your toothbrush has a name: It's called a *nurdle*! Specifically, a *nurdle* is “the wave-shaped toothpaste glob that sits on a toothbrush head” (Colgate sues, p. 5, 2010) or, as stated in the lawsuit filed by the makers of Colgate® toothpaste against the makers of Aquafresh® toothpaste, the “small amount of toothpaste akin to what consumers would use when brushing their teeth” (see Colgate complaint, Item 2, p. 2). Other meanings of the word relate to the games of cricket and tiddlywinks, to an English pub game, to a pre-production pellet of plastic (World Wide Words, 2010), to a small amount of material from a larger quantity, to an amount of a gel or something that is of a semi-solid nature, and to something that is unknown (e.g., thingamajig) (Double-Tongued Dictionary, 2010), among other meanings. Interestingly, the major dictionaries (e.g., Oxford and Merriam-Webster) do not have an entry for this word.

For the case study under consideration, the meaning of relevance for a *nurdle*, of course, is the amount and design (i.e., colour and shape) of the toothpaste a consumer places on the head of a toothbrush, since this is the focus of the separate lawsuits filed by Colgate-Palmolive Co. and GlaxoSmithKline LLC against one another: (1) Colgate-Palmolive Co v. GlaxoSmithKline LLC, U.S. District Court, Southern District of New York, No. 10-05728 and (2) GlaxoSmithKline LLC v. Colgate-Palmolive Co, U.S. District Court, Southern District of New York, No. 10-05739 (Stempel, 2010). Colgate-Palmolive Co. (<http://www.colgate-palmolive.com>) is a U.S.-based company with headquarters located in New York City, New York. GlaxoSmithKline PLC (<http://www.gsk.com>) is based in the UK, with U.S. headquarters located in Philadelphia, Pennsylvania (<http://us.gsk.com>), where it operates as GlaxoSmithKline LLC.

While the two identified companies are active in a variety of healthcare markets, both firms are direct competitors in the toothpaste market. One of the latter products produced by Colgate-Palmolive (Colgate) is Colgate® toothpaste (<http://www.colgate.com>). One of the latter products produced by GlaxoSmithKline (GSK) is Aquafresh® toothpaste (<http://www.aquafresh.com>). Both brands make

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**Note.** Within hours after the filing of the lawsuit by Colgate-Palmolive (Colgate) against GlaxoSmithKline (GSK) (No. 10-05728), GSK filed a separate lawsuit against Colgate (No. 10-05739). Since the exact content and focus of the case filed by Colgate were unknown to Colgate at the time Colgate filed the first lawsuit, Colgate would not have been able to specifically cite material contained within the latter submission. For this reason, only the lawsuit in which Colgate serves as the Plaintiff will be discussed at the present time. The lawsuit in which GSK serves as the Plaintiff will be discussed under a separate case writeup (see The Plight of the Nurdle II, *Marketing Case Tutor*, Volume 4, Calabash Educational Software, 2011, forthcoming).

use of a graphic image of a *nurdle* on the respective packaging. Aquafresh uses a sequentially coloured red, white, and blue “nurdle,” which has been a distinctive feature of the marketing efforts (i.e., shown in commercials and on packaging) used by the brand since entering the market in the late 1980s (cf. Stempel, 2010). When placed on a toothbrush or shown in graphic form, the stripes primarily flow in a wave-like horizontal direction. Furthermore, in all marketing efforts for the brand, the identified, 3-colour, striped *nurdle* is linked to the term, “Triple Protection,” a feature which the brand purports to provide. The latter term is included and sequentially explained on the main panel of the packaging by including the words “Removes plaque” to the right of a red band of a *nurdle*, “Fights cavities” to the right of a white band of a *nurdle*, and “Freshens breath” to the right of a blue band of a *nurdle*.

In 2010, Colgate decided to create and promote a 3-colour, striped *nurdle* of its own; in this case, however, the *nurdle*, located on the main panel of the package, is sequentially-coloured blue, white, and green and associated with the term, “Triple Action,” which the brand purports to provide. The term, “Triple Action,” is superimposed over the *nurdle* and explained on the same panel, numerically and sequentially, using the following terms and format: Cavity protection **1**, Whiter teeth **2**, and Fresh breath **3**. In each case, the numerical identifier is placed to the right of the description provided using a larger font than that used for the associated descriptor. As is the case for the *nurdle* used with the Aquafresh brand, when the Colgate *nurdle* is placed on a toothbrush or shown in graphic form, the stripes primarily flow in a wave-like horizontal direction.

The use and combined use of a 3-colour, striped *nurdle* and the “Triple Action” term by Colgate are what set off the battle between Colgate and GSK. In April 2010, legal counsel for GSK sent a letter to the parallel office at Colgate indicating concern over the use of a 3-stripe *nurdle*, similar to the one used by GSK, in the marketing activity by the latter firm and indicating the need to find an agreed-upon resolution to the matter, while reserving all rights on the matter (Colgate complaint, Item 33, p. 14). The letter and later discussions between GSK and Colgate made Colgate apprehensive of the possibility of a lawsuit (Colgate complaint, Item 33, p. 14). Around mid-May, 2010, Colgate received a second letter from the legal counsel of GSK (Colgate complaint, Item 34, p. 14). This letter, which was perceived to be more adversarial and demanding in nature than the first letter, directed Colgate to remove the “Triple Action” phrase and the *nurdle* from the product in question (i.e., from the packaging of the new Colgate toothpaste), in order to avoid any infringement of the trademark of Aquafresh (cf. Colgate complaint, Item 34, p. 14). After further discussion had taken place between the two firms, a third letter was received by the legal counsel for Colgate around mid-June (Colgate complaint, Item 35, p. 15). This time, Colgate was informed to replace the “Triple Action” phrase with an alternative mark and the need to delete the *nurdle* design was re-iterated (Colgate complaint, Item 35, p. 15).

Around mid-May, a date within the period of time during which correspondence and discussion were taking place between the legal counsel of both firms identified, Colgate, independently, became aware that GSK had filed a new trademark application for the “Triple Protection” phrase and the

*nurdle* design (Colgate complaint, Item 36, p. 15). This information was never divulged by GSK in any correspondence sent to or in any discussion with Colgate. In the new trademark registration by GSK, no colour restrictions were attached to the *nurdle* design (Colgate complaint, Item 36, p. 15); the focus was on the design of the *nurdle* itself, regardless of colour. The trademark registration already held by GSK is specific as to the colours that were to be given trademark protection (Colgate complaint, Item 16, p. 15). Two of the colours in the 3-stripe *nurdle* for which GSK already holds a trademark are the same (i.e., blue and white) as those used by Colgate, but only the white stripe (band) of the *nurdle* occupies the same (i.e., second) sequential position as that used by Aquafresh. The fact that information pertaining to the existence of the new trademark application and the nature of the application were never disclosed by GSK gave concern to Colgate of a potential GSK-filed lawsuit against Colgate (Colgate complaint, Item 16, p. 15).

As a result of the nature of the interaction between Colgate and GSK between April and June 2010, and the discovery by Colgate that GSK had taken action to file a new trademark registration for a colour-independent *nurdle*, Colgate decided to move the battle up a notch to a formal arena by filing a lawsuit against GSK. Specifically, on July 29, 2010, the formal battle between the two companies began, with Colgate filing of a 76-page complaint (i.e., lawsuit) against GSK with the U.S. District Court, Southern District of New York in Manhattan.

In the “Nature of the Action” section of the 76-page complaint filed by Colgate, it states that Colgate is asking the court declare that the new Colgate toothpaste packaging does not infringe any trademark or any other rights held by GSK, including those pertaining to Aquafresh (see Colgate complaint, Item 1, p. 1)(also see Colgate sues, 2010; Stempel, 2010). In the complaint, Colgate also indicates that GSK does not include reference to any trademark protection for the term “Triple Protection” or for the *nurdle* design on the packaging (i.e., the circled-R [®] and the superscript-TM [™] are absent) (see Colgate complaint, Item 4, pp. 2-3). In fact, the complaint indicates that, for most Aquafresh products, no such designation is provided, leading Colgate to conclude that GSK realizes that the term “Triple Protection” and the *nurdle* design are not “*source-identifying*” trademarks (see Colgate complaint Item 4, pp. 2-3).

In the “Nature of the Action” section of the complaint, it also states that Colgate is concerned with possible legal action by GSK after the latter firm filed a new trademark application for the *nurdle* design without restricting the application to any colour of the design (see Colgate complaint, Item 7, p. 4), including the three colours associated with the “existing application” and current *nurdle* (i.e., red, white, and blue). Colgate views such an application to be too broad and to be anti-competitive in nature (see Colgate complaint Item 7, p. 4).

Colgate also argues (see Colgate complaint Item 8, pp. 4-5) that, even if the *nurdle* design for which GSK seeks trademark registration is accepted, the design of the *nurdle* used by Colgate is different enough not to infringe on any trademark rights of GSK, since the Colgate *nurdle* design is not being used as a *source-identifier*, will not lead to consumer confusion, and falls within “statutory fair use”

as defined by Section 33(b)(4) of the Lanham Act. Furthermore, as far as Colgate is concerned, since the GSK *nurdle* trademark registration reflects nothing more than a focus on a “generic, descriptive, and functional designation,” something that cannot be protected by trademark, Colgate is asking the court to cancel the registration (see Colgate complaint Item 8, pp. 4-5).

The final issue raised in the complaint filed by Colgate deals with the use of the “Triple Action” phrase on the packaging of the brand (see Colgate complaint Item 9, p. 5). Colgate is requesting the court to declare (1) that the use of the “Triple Action” phrase in no way violates any legal rights of GSK, including those that pertain to trademarks; (2) that the use of the “Triple Action” phrase and the 3-stripe *nurdle* design, alone or in combination, are not “confusingly similar” to the “Triple Protection” term and the 3-coloured, striped *nurdle* design used by GSK; (3) that there is an absence of the possibility of consumer confusion between the use of the “Triple Action” phrase and the 3-colour, striped *nurdle* design (blue, white, green) used on products produced by Colgate and the “Triple Protection” phrase and the 3-colour, striped *nurdle* design (red, white, blue) used on products produced by GSK; (4) that GSK has no trademark rights in the *nurdle* trademark self-assumed to be under the control of GSK; and (5) that GSK has no trademark rights in the “Triple Protection” trademark self-assumed to be under the control of GSK. Accordingly, Colgate seeks the cancellation of the *nurdle* and “Triple Protection” trademark registrations filed by GSK under Section 14 of the Lanham Act.

In summary, Colgate is arguing the following points:

1. GSK has the right to use, alone and/or in combination, the “Triple Protection” phrase and the 3-striped *nurdle* design created by GSK.
2. Colgate has the right to use, alone and/or combination, the “Triple Action” phrase and the 3-striped *nurdle* design created by Colgate.
3. The trademark registrations by GSK for the “Triple Protection” phrase and for a 3-striped *nurdle* of any colour must be cancelled, since the identified phrase does not warrant trademark protection and a 3-striped *nurdle*, regardless of colour, cannot be trademark protected.
4. The “Triple Protection” phrase and the 3-striped *nurdle* design created and used by GSK with the products associated with the company is not confusingly similar to the “Triple Action” and 3-striped *nurdle* design created by and used by Colgate with products associated with the company.
5. The “Triple Protection” phrase and the 3-striped *nurdle* design created by and used by GSK with products associated with the company versus the “Triple Action” and

3-striped *nurdle* design created by and used by Colgate with products associated with the company will not lead to consumer confusion.

**Note:**

A **Selected Bibliography** with Internet links is provided to further research the details of this case. In addition, **Figure 1** at the end of the case shows pictures of the packaging for various brands of toothpaste, including Aquafresh. The packages shown are from brands that are available in Canada. Each package shows a graphic image of a *nurdle*. Since the new Colgate toothpaste brand under consideration in the lawsuits is not currently available in Canada, it is not shown. See references (1) and (6) in the **Selected Bibliography** for images of the packages showing the *nurdle* design used for the latter brand and for Aquafresh.

**Focus:** Trademark; brand mark; brand name; logo (logotype); power; types of power: reward, coercive, expert, referent, legitimate; types of packaging: first generation packaging, second generation packaging, patent, classical conditioning.

**Questions:**

1. Define each of the concepts listed in the focus section.
2. How is the concept of power being used in this situation? What type of power is being used? Explain.
3. Does the U.S. District Court, Southern District of New York have the jurisdiction to deal with the cases filed by Colgate and GSK? Explain.
4. Explain how the Lanham Act applies to trademark-related cases?
5. What does the Lanham Act state about what can and what cannot receive trademark protection?
6. How are registered trademarks identified on packages?
7. Explain the following statement: All trademarks are brands but not all brands are necessarily trademarks.
8. Based on the facts of the case, and the arguments put forth by Colgate, what will be the nature of the outcome? Explain.

9. Aquafresh® toothpaste packages sold in Canada show the ®-symbol to the right of the phrase “TRIPLE PROTECTION.” What does this mean? Is the identified symbol found on packages of the same brand in the U.S.? Why not?
10. Compare the nature of the trademark laws in Canada to those in the U.S. What is the name of the legislation in each country that deals with trademarks? What are the trademark implications for a marketer from either of these countries that wants to sell the company products in the other country?
11. Are the trademarks granted in one country recognized and enforceable in other countries? Explain. What law applies to such enforcement?
12. If you are from a country other than Canada or the U.S., what are the trademark laws in your country? What is the name of the law where such legislation found?
13. Form three groups in your class, one to represent the interests of Colgate, one to represent the interests of GSK, and one to represent a panel of judges to rule on the case. The groups representing the plaintiff and the defendant are to prepare a formal report supporting their position on the matter. One week after the submission of the reports to each member of the class and the panel, each side will orally present its arguments to the class and the panel. One week after the oral presentations, the panel of judges will submit its written ruling to the class and, in summary form, give an oral presentation of the ruling. Class discussion will then follow. The organization of the groups, the size and format for the reports, the allowed time for presentations, and all other pertinent matters will be at the discretion of the course instructor.
14. Visit local stores in your area (e.g., drugstores, supermarkets) and examine the websites of various toothpaste marketers. Investigate the inclusion of a *nurdle* on the various packaging. What did you find? How prevalent is the use of a *nurdle*? What is the nature of the *nurdles* used? What purpose does a *nurdle* serve? Does the actual toothpaste match the nature of the *nurdle* (e.g., If a striped *nurdle* is illustrated on the package, does the actual toothpaste have the same stripes? Does the colour of the *nurdle* match the colour of the actual toothpaste?). One of the arguments used by Colgate is that the graphic of the *nurdle* on the package is there to allow the customer to learn the nature of the actual toothpaste during the purchase decision process without have to examine the actual toothpaste. Does the graphic image of the *nurdle* on the package facilitate this learning process? Explain.
15. When all toothpaste was just a white paste, how important would the concept of a *nurdle* have been? Explain. When toothpaste came in the form of different coloured gel, how

- important would the concept of a *nurdle* have been? Explain. Why, then, has the concept of a *nurdle* become important in the toothpaste market of the day? Explain.
16. Examine each of the toothpaste packages shown in Figure 1. Provide a complete description of each *nurdle* shown. Pay particular attention to the end points of each *nurdle*. How does each examined *nurdle* compare to the nature of the *nurdle* used for Aquafresh? How can this information be used by Colgate in the identified lawsuit against GSK? [A summary, comparative table of your findings might be useful when preparing the analysis required of this question.]
  17. Quite often, retailers create store/dealer brands, including package design, that “look like” the leading brands in the market (e.g., toothpaste, mouthwash, shampoo, hair conditioner). Why would they do this? What are some examples in your market area? How have these retailers avoided trademark infringement issues?
  18. *Monopoly*®, the family board game originally marketed by Parker Brothers from 1935 to 1984 (now marketed by Hasbro, Inc.) has had to deal with companies that have created similar games (e.g., games that use a similar board layout), since the market entry of the game. Identify these games and how the designers of the latter games have avoided patent and/or trademark conflicts?
  19. In 1935, a board game, in the vein of the *Monopoly*® family board game, entitled “EasyMoney®,” was marketed by Milton Bradley. See if you can find anything about this game and how it avoided any patent and/or trademark issues with other similar games.
  20. One of the underlying concerns in this lawsuit is how consumers will respond to seeing a particular *nurdle*. When consumers see the *nurdle* used by Aquafresh, GSK would expect consumers to think of Aquafresh through association. Therefore, when consumers see the *nurdle* used by Colgate, over time, it would be expected that consumers will think of Colgate and the meanings associated with the brand. Explain how the concept of classical conditioning, one of the learning theories, applies to this situation. Include a fully labeled diagram with your explanation.

***Relevant lawsuits:***

- (1) Colgate-Palmolive Co. v. GlaxoSmithKline LLC, U.S. District Court, Southern District of New York, No. 10-05728.
- (2) GlaxoSmithKline LLC v. Colgate-Palmolive Co., U.S. District Court, Southern District of New York, No. 10-05739.

The Colgate lawsuit is referred to as “Colgate complaint” in the case writeup.

Copies of the identified lawsuits and related information can be obtained online (for a fee) by registered users through the PACER system (Public Access to Court Electronic Records):

<http://www.nysd.uscourts.gov>

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[Click within article to access copy of Colgate v. Glaxo lawsuit - No. 10-05728] or go directly to the following url]:

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[Shows a graphic image of a 3-stripe nurdle and packages of the new Colgate toothpaste and the Aquafresh brand of toothpaste, both with a 3-stripped nurdle.]

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**Figure 1**  
**Examples of Brands of Toothpaste Sold in Canada that Use Nurdles on Packaging**



Image 1



Image 2



Image 3



Image 4



Image 5

Figure 1 (Cont'd)



Image 6



Image 7



Image 8



Image 9



Image 10



Image 11