



Nestlé ResearchTM

Dr. Kees Schüller

**Head of Patents Beverages
and Systems**

Cours UNITEC IP 27 Mai 2010

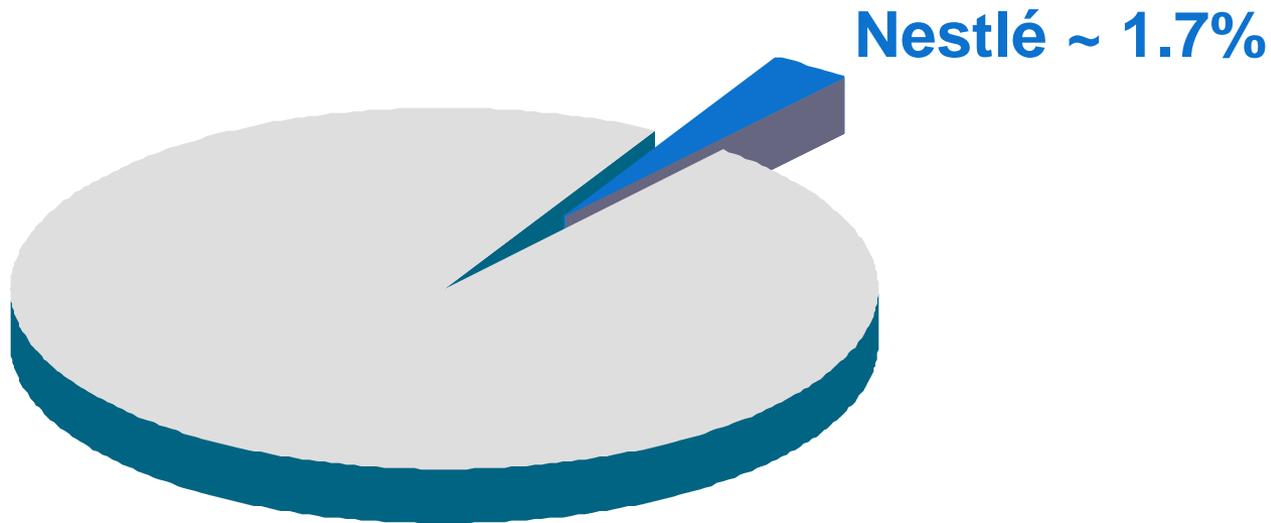
Genève



- CHF 108bn sales in 2009
- EBIT CHF15.7bn
- Over 280,000 employees
- 449 factories
- Operations in 83 countries



Nestlé is the world's largest food and beverages company but is still only 1.7% of the market



The 20 largest food companies account for less than 9% of the world market



The Nestlé Model

– creating value through profitable growth

- Long-term organic growth of 5% to 6%
- EBIT margin improvement every year
- Increase return on invested capital



The Nestlé of story



Henri Nestlé
1866



1867



1938



1960s



1980s



1990s



2000s



1866

1929



1947



1970s

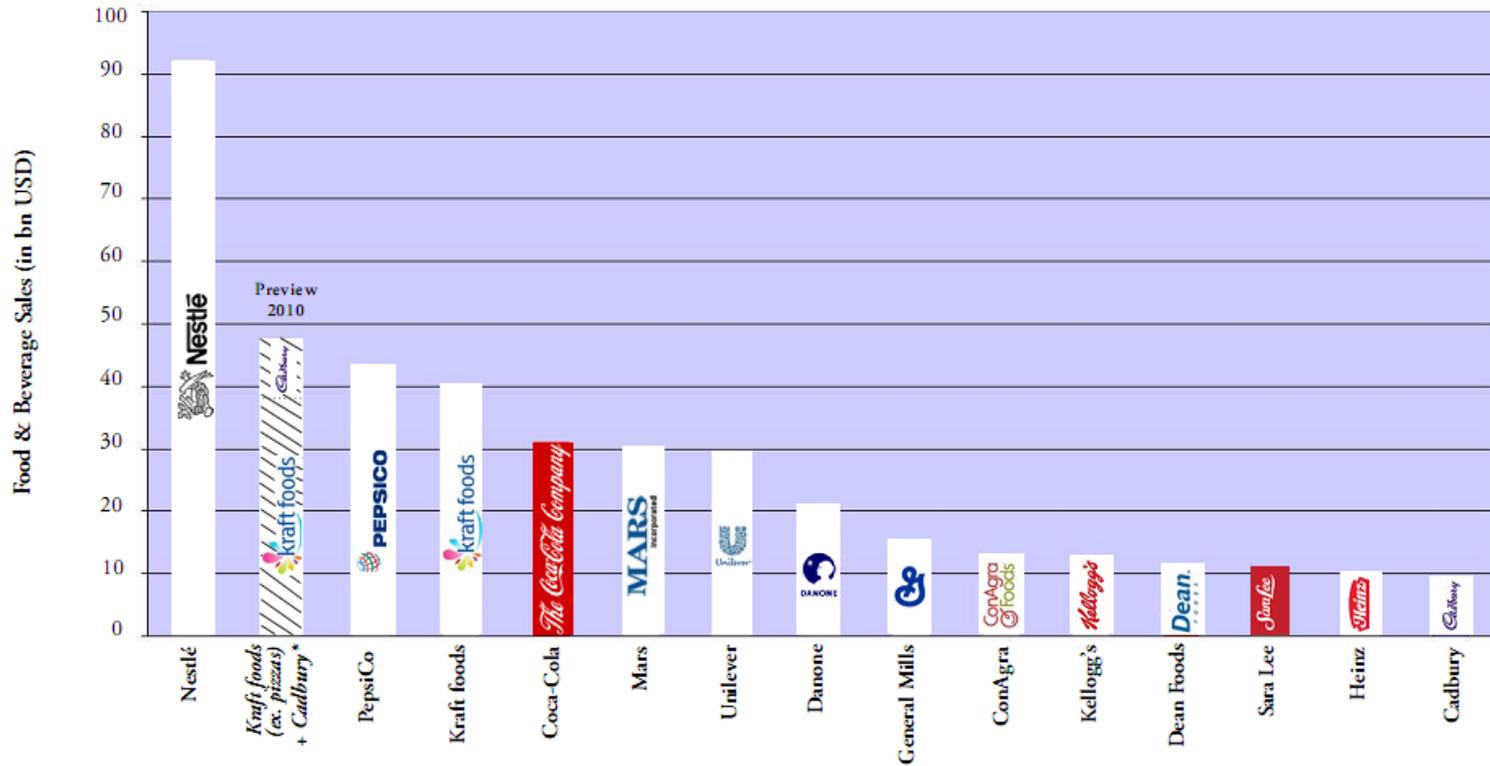


Nestlé vs our competitors in 2009

Food and beverages sales

The USD >10 billion Food & Beverage Companies in 2009

A graphical sales comparison between Nestlé and its biggest global competitors



*Preview 2010, post Cadbury's takeover by Kraft

Strategic growth areas – where are we going?



- Nutrition
- Out-of-home
- Emerging markets – PPPs
- Premium and luxury



- Patents
- Trade Secrets
- **Trademarks**
- **Designs**
- **Copyright**
- Counterfeiting



Trademarks (1)

MAGGI

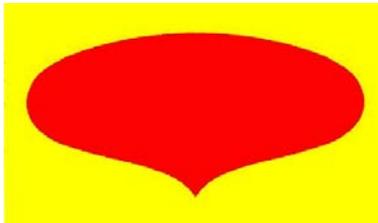
word



Special letter type



Combination of colors
(CARNATION)

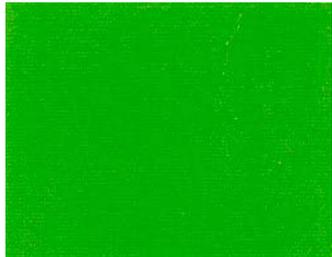


image



word & image

**IT'S NOT JUST LEAN.
IT'S CUISINE**
slogan



Color(single, MILO)



shape of packaging



Form of product



character



FIVE TONE AUDIO PROGRESSION



- **Goods/Services**

Class 9: Computer hardware and software, including, microprocessors, integrated circuits, integrated circuit chips, semiconductor devices, chipsets, computers, computer peripherals, computer components, computer programmes, printed circuit boards, voice, data, image and video accelerators, flash memory devices, computer memory devices, computer telecommunications and networking equipment including operating system software, modems

25 brands with sales over CHF 1 billion

Beverages



Chocolate, confectionery and biscuits



Prepared dishes and cooking aids



Water



25 brands with sales over CHF 1 billion

Milk products



PetCare



Nutrition



Ice cream

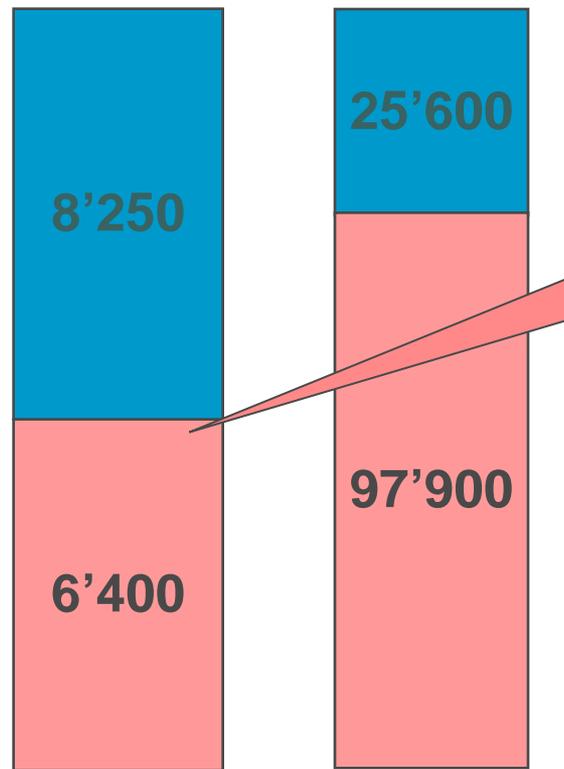


Pharma



Local

Strategic



418 Strategic Brands

Example : NESCAFÉ brand:
208 Trademarks
5'031 Trademark protections
50 Designs
1'153 Design protections
164 Domain names

Trademark & Designs
Protections



Nestlé tailors its products to suit local tastes and needs

Over 200 different blends of Nescafé to meet consumers' expectations



Poland



Europe



Malaysia



Africa, Greece
Russia, Israel



Switzerland



Japan



Russia





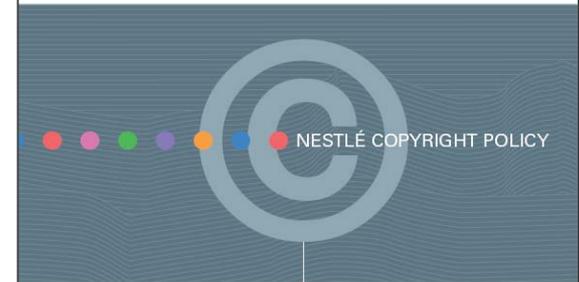
Nestlé Domain Name Policy

January 2003

For internal use only



Nestlé Trademark Standard



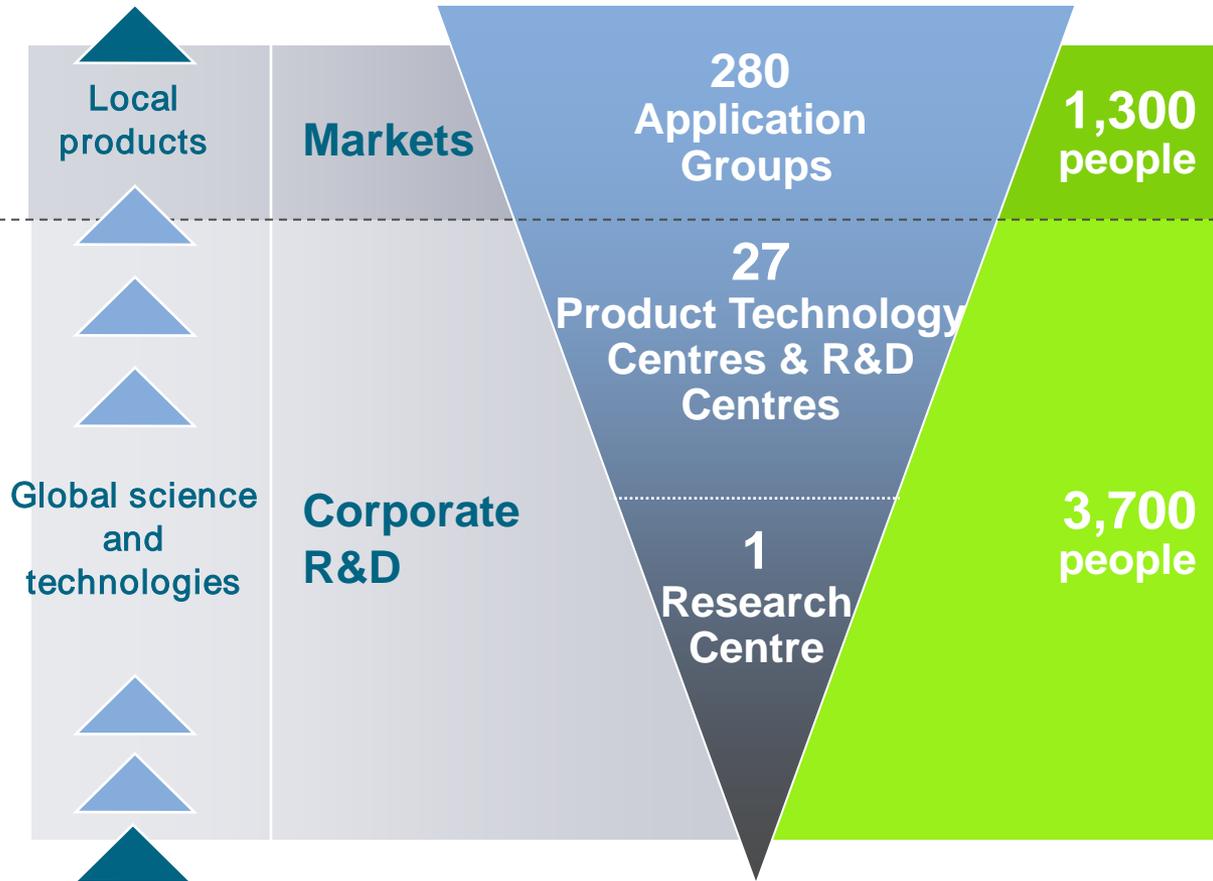
“Only one thing is impossible for God; to find any sense in any copyright law on the planet”
Mark Twain, US writer

Compliance with Nestlé Brand IP Policies and the Brand Communication Standards is necessary to ensure the integrity of our brands.

- **Patents**
- **Trade Secrets**
- Trademarks
- Designs
- Copyright
- Counterfeiting



Global scale & local relevance



R&D Investment CHF Billion



The Nestlé Research network – 2010



1 Science & Research Centre
27 PTC and R&D Centres
280 Application Groups

R&D Global Network

Nestlé Science & Research Locations

St. Louis (US)

- Cognitive function
- Immune defences
- Weight Management / Metabolic Disorders



Lausanne (CH)

- Cognitive function
- Immune defences
- Weight Management / Metabolic Disorders



Beijing (CN)

- Growth & Development bone & brain
- Metabolic Disorders Hypertension/stroke
- Nutrigenomics



Tokyo (JP)

- Functional Ingredients
- Diagnostics / Sensors robotics



❖ Staff of 700 including over 300 scientists from 50 nationalities

❖ Connecting to the scientific community: from inventors to translators

	2005	2006	2008	2008	2009
Scientific Publications	213	237	260	221	210
Patent Applications	27	31	37	66	68
External Contracts	276	245	249	219	223

Collaboration with universities and research outfits



Collaborations



Venture Capital



Key Suppliers



The Nestlé patent portfolio contains

- **1600 patent families**
- **18.000 patent cases i.e. granted or pending**

**They key patenting territories for Nestlé are:
USA, Europe, Canada, Japan, Australia, and
more recently China and India.**

- Value of IP
- Counterfeiting
- Patent Infringement



Value of trademarks



<u>2009 Rank</u>	<u>2008 Rank</u>	<u>Brand</u>	<u>Country of Origin</u>	<u>Sector</u>	<u>2009 Brand Value (\$m)</u>	<u>Change in Brand Value</u>
1	1		United States	Beverages	68,734	3%
2	3		United States	Computer Services	60,211	2%
3	2		United States	Computer Software	56,647	-4%
23	26		United States	Beverages	13,706	3%
25	28		Switzerland	Beverages	13,317	2%
58	63		Switzerland	Food	6,319	13%

Source : Interbrand 2009



US Patent Values decline in 2006

(IAM magazine Feb/March 2007)



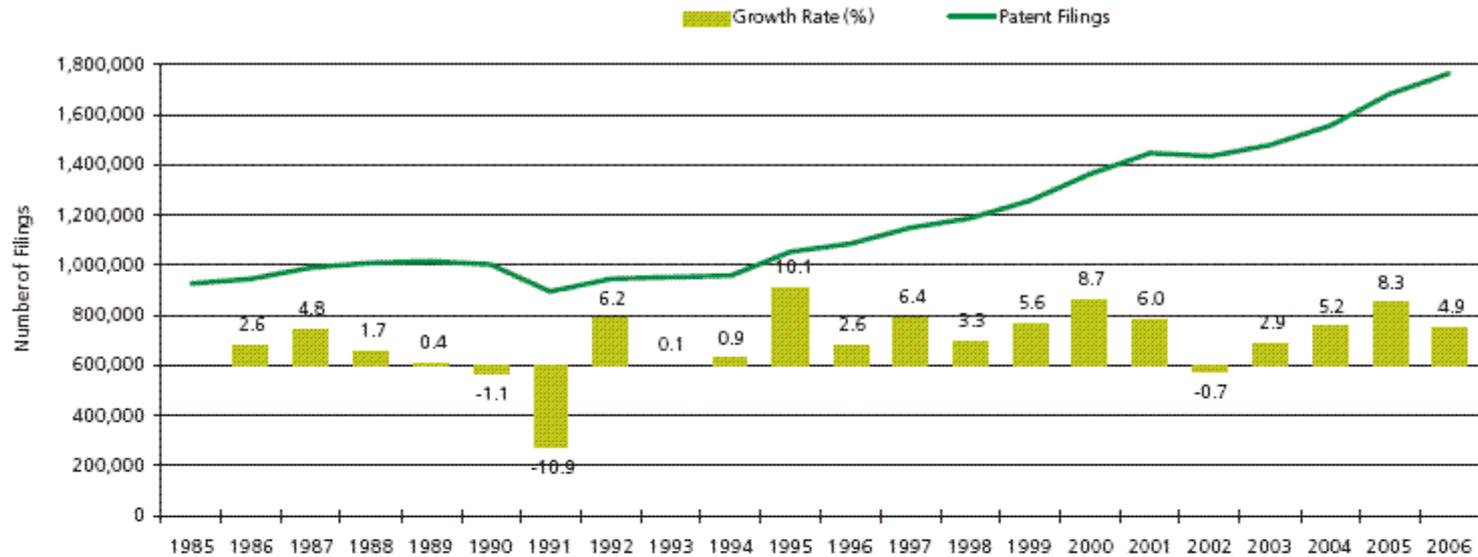
Industry summary 2006

Industry	Number of cases	Amount (US\$m)	Average	Percent share of amount
Biotechnology	2	280	140.0	9%
Broadcast media	4	389.9	97.5	12%
Electronics	2	116.5	58.3	4%
Medical devices	4	507	126.8	16%
Miscellaneous	1	38.4	38.4	1%
Pharmaceuticals	3	256.2	85.4	8%
Semiconductor	3	288	96.0	9%
Software	2	208	104.0	7%
Telecommunication	4	1,055.3	263.8	34%
Grand total	25	3,139.3	125.6	100%

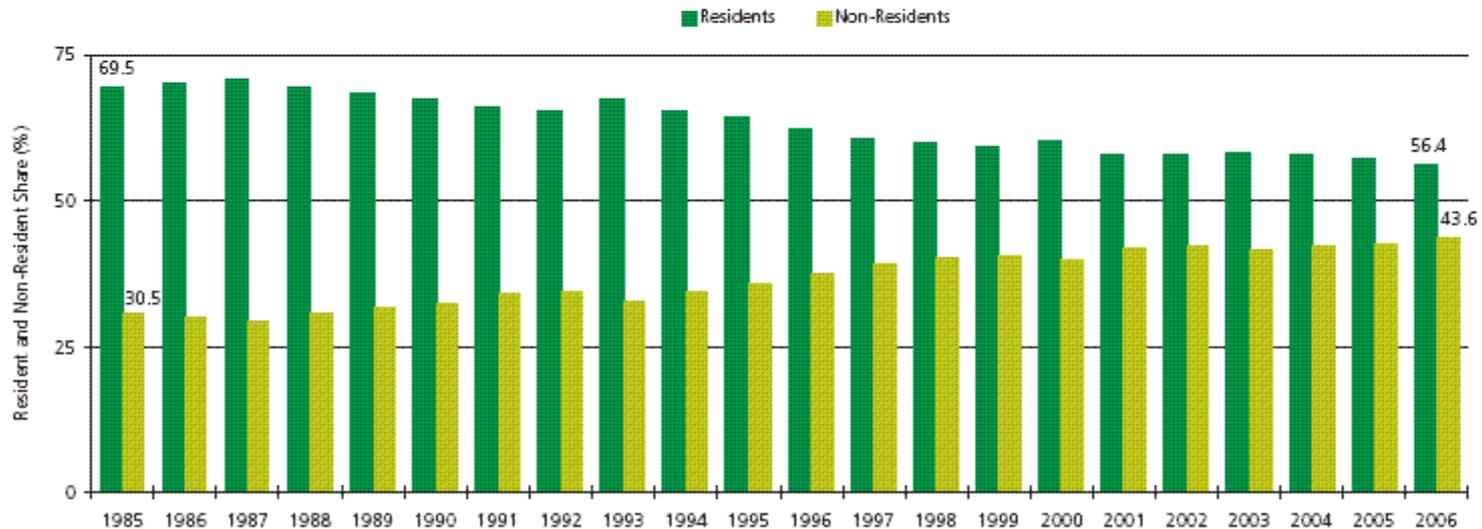
Industry summary 2005

Industry	Number of cases	Amount (\$m)	Average	Percent share of amount
Biotechnology	2	63.9	32.0	1%
Electronics	2	92.2	46.1	2%
Medical devices	5	2,439.9	488.0	48%
Miscellaneous	4	114.2	28.6	2%
Pharmaceuticals	2	447.0	223.5	9%
Semiconductor	6	1,371.2	228.5	27%
Software	3	485.0	161.7	10%
Telecommunication	1	43.1	43.1	1%
Grand total	25	5,056.5	202.3	100%

Trends in total patent filings, 1985-2006

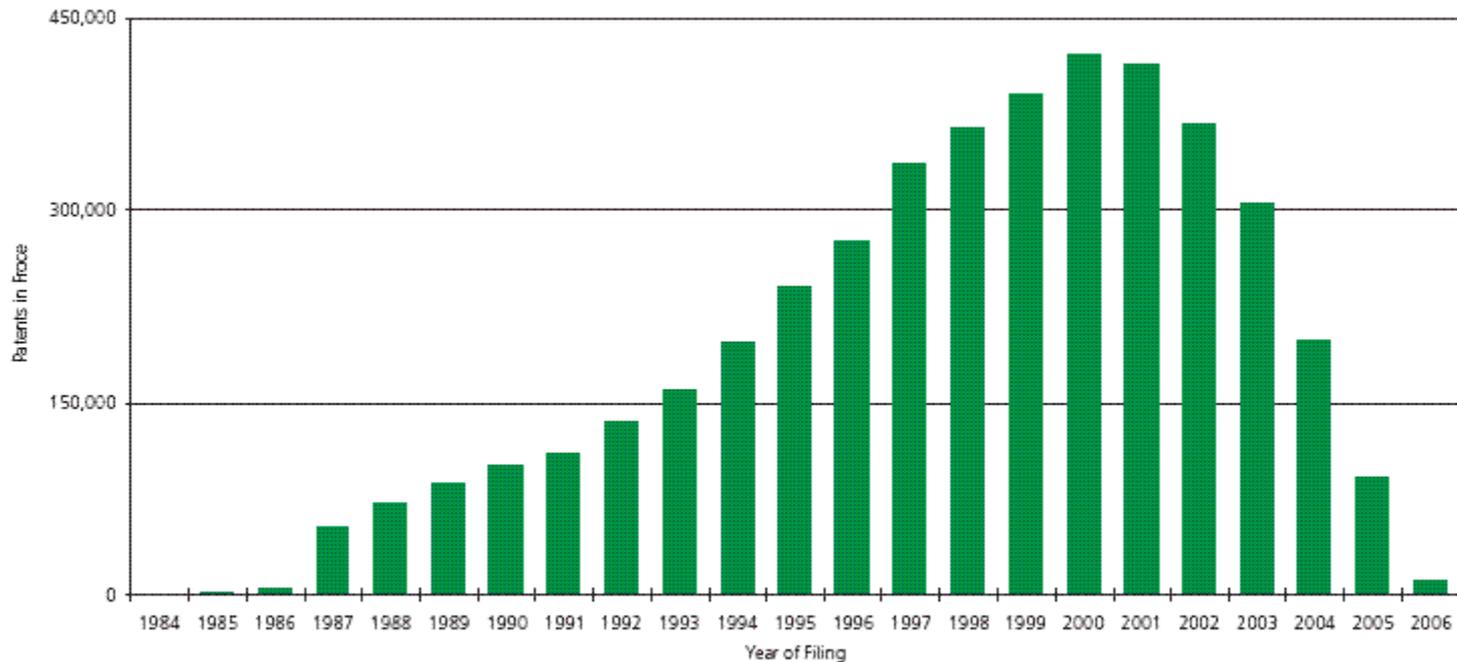


Distribution of total patent filings by residents and non-residents, 1985-2006



Patents in force in 2006, 6.1 mill.

Number of patents in force by year of filing, 2006



Note: The above graph does not include data for the Japan Patent Office and the State Intellectual Property Office of China.

Source: WIPO Statistics Database

Patents

- **1.85 million patents have been filed**
- **6.3 million patents are in force**
 - Residents of Japan and the USA own 47%

Trademarks

- **3.3 million trademarks have been filed**
 - Among the 20 largest tm offices are 9 from emerging countries
- **16.4 million trademarks are in force**

Numbers (WIPO report, 2008 and 2009 filed pat. appl.)

	2006	2007
- USA	425,966	456,154
- Japan	408,674	396,291
- China	210,501	245,161
- Republic of Korea	166,189	172,469
- EPO	135,231	140,763

- **Shift to China and Korea**



Counterfeits are a serious problem and a crime in most countries!



Trademark infringement

+ Unfair competition

+ Fraudulent act with penal sanction

+ Patent Infringement

NESCAFÉ PLATINUM in Russia



NESPRESSO Compatible capsules



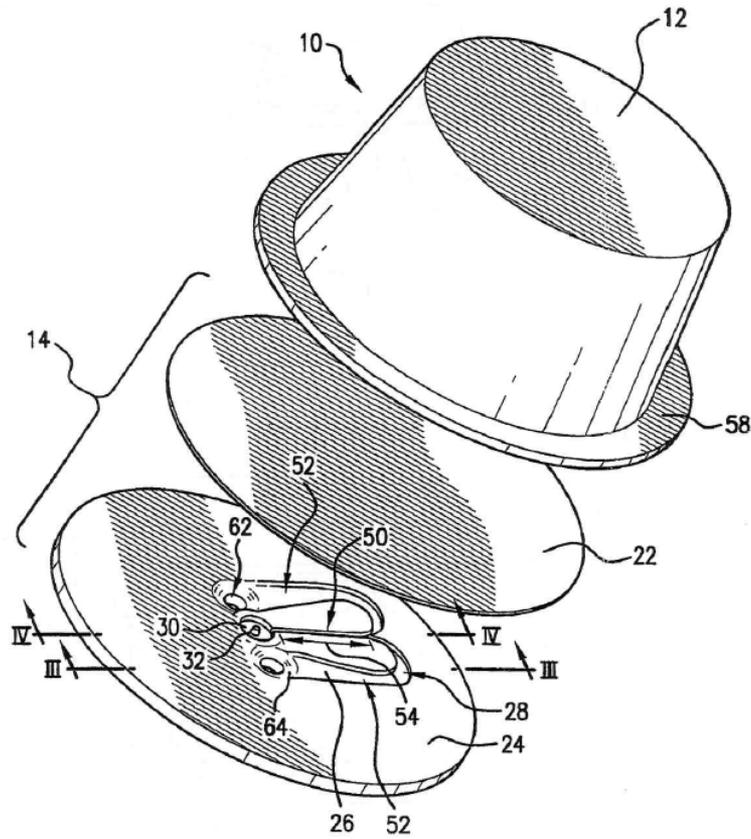


FIG. 2

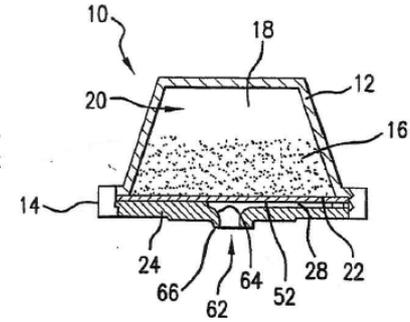


FIG. 3

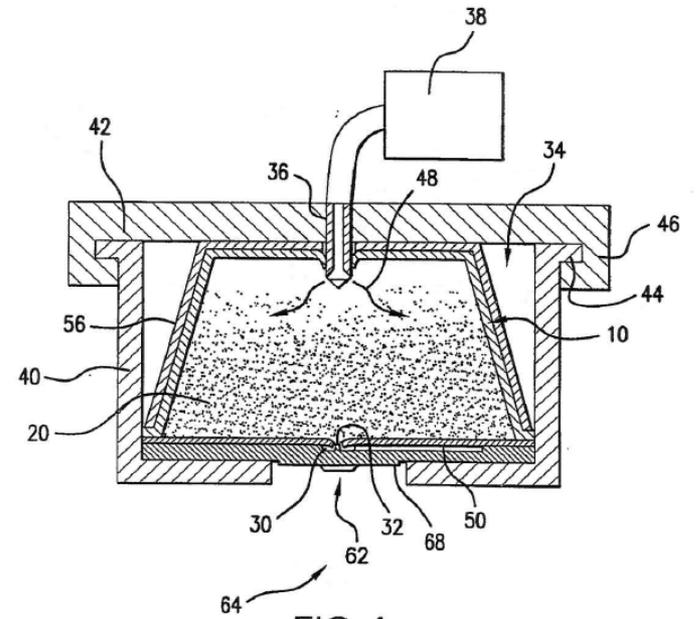


FIG. 4

LE RETOUR DE JEAN-PAUL GAILLARD

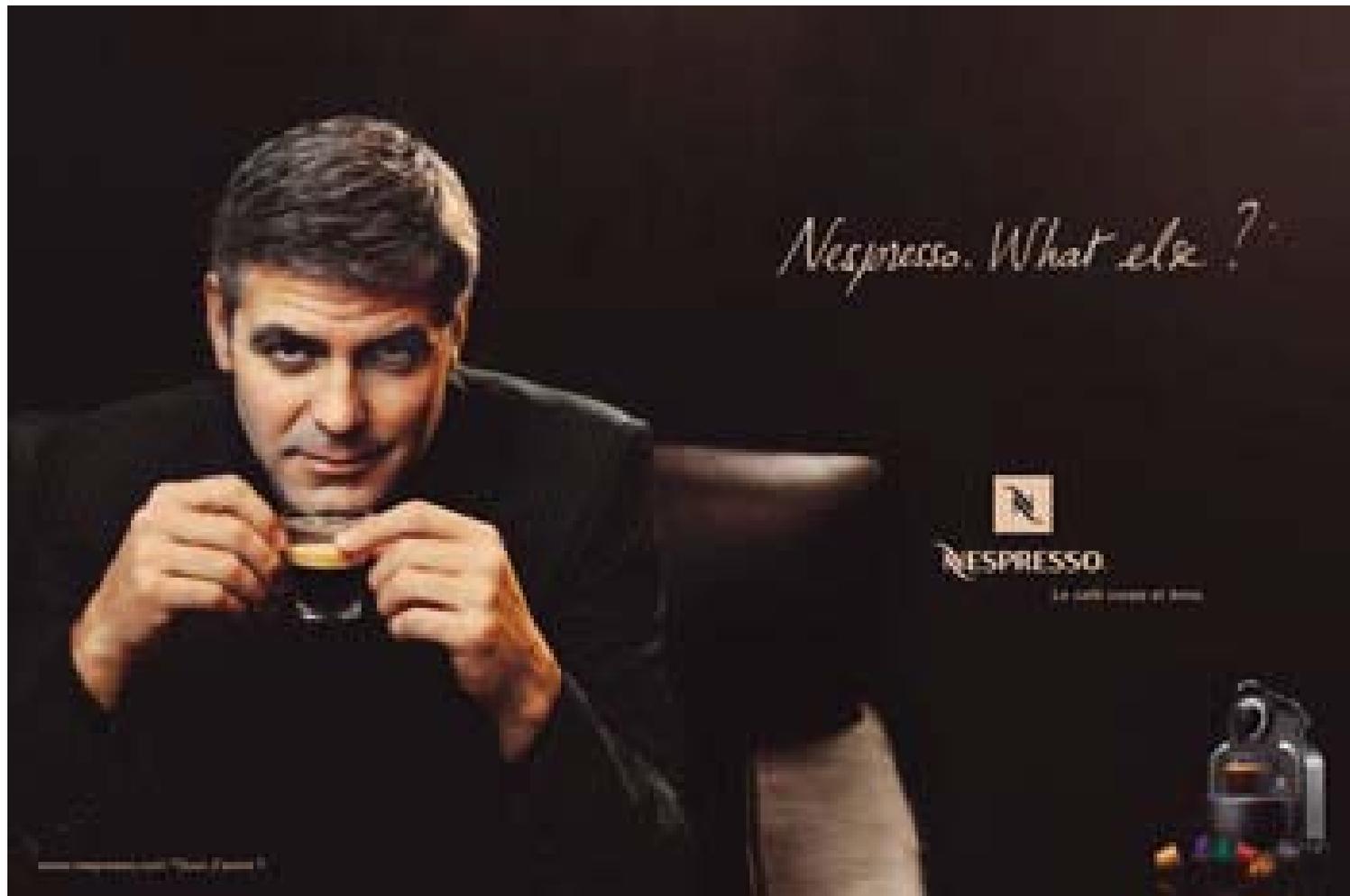
Grand projet contre le leader Nespresso

L'ancien CEO de la filiale de Nestlé lance un type de capsules compatibles avec les machines existantes. Et biodégradables.



Nouvelle concurrence pour le très
envié système de cafés portionnés
Nespresso. Jean-Paul Gaillard, an-
cien directeur général de la filiale
de Nestlé, va lancer sous peu des
capsules entièrement compatibles
avec les machines de la marque,
de surcroît biodégradables. L'ar-
gument vert devrait convaincre
une partie des clients. Ainsi que
le prix (20% moins cher). D'im-
portants opérateurs de la grande
distribution dans plusieurs pays
se sont déjà engagés. En Suisse,

JEAN-PAUL GAILLARD. Sa société
a levé plus de 20 millions d'euros.
il s'agit de Coop et Manor. Jean-
Paul Gaillard, créateur du busi-
ness model qui prévaut encore
chez Nespresso, ne s'en cache pas:
il veut obtenir des parts de mar-
ché significatives. Quant à la fi-
liale de Nestlé, elle en a vu d'au-
tres et relativise l'impact de cette
offensive. **PAGE 7**



Cheaper. Nothing else!



For the clever alternative.

FIX

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Wer sonst?

Felix Müri
wieder nach Bern

<http://www.mueri.info/index.php?id=8> Internet

- owns a large trademark portfolio
- is increasing it's patenting efforts in selected areas
- continuously focuses on joint developments
- faces patent- and trademark infringement as well as increasing counterfeiting





Questions ?