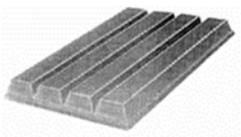


Acquired distinctiveness throughout the EU - Nestlé's continuing efforts to retain protection for the shape of a chocolate bar

In June last year, we reported that the Court of Appeal (in the UK dispute between Société des Produits Nestlé S.A. and Cadbury UK Ltd, now Mondelez UK Holdings) confirmed that the shape of the four finger KitKat chocolate bar (shown below) is not sufficiently distinctive to act as a trade mark, despite evidence showing that a large proportion of the public recognised the shape of the bar and associated it with Nestlé's KitKat.



At the same time, Cadbury was seeking cancellation of Nestlé's EU Trade Mark. The main issue in the parallel EU proceedings was the geographical scope of acquired distinctiveness required to satisfy Article 7(3) of the EUTMR, i.e. the Article which permits registration of an inherently non-distinctive mark where the mark has become distinctive as a consequence of the use which has been made of it.

Background

The 3-D mark shown above was registered as an EU Trade Mark in 2006, but only in relation to "Sweets; bakery products, pastries, biscuits, cakes, waffles".

Cadbury (now Mondelez) sought cancellation of that EU Registration in 2007.

The Cancellation Division found that the mark was devoid of distinctive character, and declared the Registration invalid. In 2012, the Board of Appeal, whilst confirming that the mark was a simple shape and inherently devoid of distinctive character, found that it **had** acquired distinctive character through the use made of it in the EU and reinstated the Registration. This was in contrast to the findings of the UK Courts. The Board of Appeal took the view that, to prove acquired distinctiveness, it is sufficient to show that a substantial proportion of consumers across the EU as a whole perceives the sign as a trade mark.

On further appeal, The General Court overturned that decision on the basis that the Board of Appeal failed to consider whether the trade mark had acquired distinctive character in **all** EU member states.

Nestlé's evidence, including survey evidence, relating to 10 member states (representing 90% of the EU population at the time of the Application) revealed that almost 50% of the general public in those European Union member states spontaneously recognises the unmarked four-finger shape as an

indication of the commercial origin of the product. Taking this into account together with the evidence of use and market share submitted by Nestlé, the Board of Appeal found that the mark had acquired distinctive character in respect of Denmark, Germany, Spain, France, Italy, the Netherlands, Austria, Finland, Sweden and the United Kingdom. The General Court did not disagree with this finding of fact.

However, under EU Trade Mark law, it is necessary to establish that a mark has acquired distinctive character in all EU member states in which the mark is considered to be inherently devoid of distinctive character. In this case, the General Court confirmed that meant the threshold was a significant proportion of the relevant public throughout the entire territory of the EU and the Board of Appeal had not assessed the evidence relating to Belgium, Ireland, Greece and Portugal.

Accordingly, the case was remitted back to the EUIPO for re-examination of the evidence from the remaining member states. In the meantime, Nestlé appealed the General Court's decision up to the CJEU, arguing that it should not be necessary to prove acquired distinctiveness in every member state, that the General Court's decision was incompatible with the unitary character of the EU Trade Mark and that

territorial borders should be disregarded.

The CJEU's Decision

In the latest decision in this case, the CJEU dismissed Nestlé's appeal and confirmed that it is necessary to show that a mark has acquired distinctiveness across the whole of the EU, not just for a substantial part or a majority of the EU. If the evidence fails to cover a part of the EU (even if just a single member state), then the claim of acquired distinctiveness will fail.

This does not necessarily mean that separate evidence is required for each individual member state. Evidence can be submitted globally for all member states or for individual member states or for groups of member states. The CJEU said *"it is possible that, for certain goods or services, the economic operators have grouped several member states together in the same distribution network and have treated those member states, especially for marketing strategy purposes, as if they were one and the same national market"*. In such circumstances, the evidence of use within such a cross-border market is likely to be relevant for all the member states concerned. Likewise, where, due to a geographic, cultural or linguistic proximity between two member states, the relevant public in the first member state has a sufficient knowledge of the products and services present on the national market of the second member state, evidence of use from the first member state could suffice.

The CJEU confirmed that the evidence submitted, however, must be capable of establishing the acquisition of distinctive character throughout all of the member states of the EU and that, accordingly, the General Court was correct to remit the case back to the EUIPO Board of Appeal, as the Board of Appeal had not adjudicated on whether Nestlé's mark had acquired distinctive character in Belgium, Ireland, Greece and Portugal.

What happens now?

The case has therefore been remitted back to the EUIPO Board of Appeal for a re-examination of the evidence and it will now be up to Nestlé to argue that the evidence already submitted shows acquired distinctiveness across the EU and particularly in Belgium, Ireland, Greece and Portugal. It will be interesting to see whether the evidence filed by Nestlé is sufficient to satisfy the CJEU's test for acquired distinctiveness, as otherwise it seems likely that Nestlé will lose its EU Trade Mark registration for the shape of the KitKat bar. This decision again highlights the practical difficulties of proving acquired distinctiveness in the EU, and protecting inherently non-distinctive shape marks.

If you have any questions about matters in the Newsletter, please get in touch with your usual Abel & Imray contact, or e-mail to: ai@abelimray.com



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