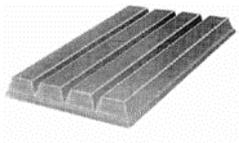


UK Court of Appeal denies Nestlé protection for the shape of a chocolate bar

Last week the Court of Appeal issued its decision in the long running dispute between Société des Produits Nestlé S.A. and Cadbury UK Ltd (now owned by the US group Mondelez), and has 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.



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The Court reiterated that the correct test for assessing whether an inherently non-distinctive mark has acquired distinctiveness through the use made of it is whether a significant proportion of the relevant public "perceive the goods or services, designated exclusively by the mark applied for, as originating from a given undertaking".

The case highlights the difficulties businesses might face when trying to protect the shape of a product and goes to show that the level of evidence required to prove a mark has acquired distinctiveness is extremely high. That the public recognises the mark (in this case the shape) and associates it with the particular product, is not sufficient to overcome these difficulties.

The fact that the word "KitKat" is always embossed on each chocolate finger did not assist Nestlé as it was arguable that consumers only recognise the chocolate bar as a KitKat due to the words embossed rather than the shape of the chocolate bar alone. The Court confirmed that whilst it is possible for a mark to acquire distinctiveness through use in combination with other marks, it will inevitably be more difficult to show that the mark alone is perceived as an indication of origin of the products concerned.

What is clear is that it is necessary to show that the 3-D shape itself has been promoted as a trade mark, for example in advertising, which would educate consumers to perceive the shape alone as an indication of the origin of the products concerned.

Background

In 2010 Nestlé filed a UK Trade Mark Application for the three dimensional sign shown above, covering chocolate and other goods in Class 30. Cadbury opposed the Application on various grounds, including that the trade mark was devoid of distinctive character and registration was therefore precluded by Section 3(1)(b) of the UK Trade Marks Act.

Nestlé relied on the proviso to Section 3(1) and submitted that the mark had acquired distinctive character as a result of the extensive use made of it prior to the date of the application.

The UKIPO hearing officer held that the mark was inherently devoid of distinctive character and, because the public did not rely on the shape as an indication of origin, it had not acquired distinctive character in relation to any of the goods applied for.

Nestlé appealed the decision to the High Court and the High Court referred various questions to the CJEU. Following the findings of the CJEU,

which Arnold J criticised for not being sufficiently clear, the High Court concluded:

"in order to demonstrate that a sign has acquired distinctive character, the applicant or trade mark proprietor must prove that, at the relevant date, a significant proportion of the relevant class of persons perceives the relevant goods or services as originating from a particular undertaking because of the sign in question (as opposed to any other trade mark which may also be present)."

On that basis, it held that the decision of the UKIPO was correct; the shape of Nestlé's four finger chocolate bar had not passed the CJEU's test for establishing acquired distinctiveness and the case was dismissed.

The Court of Appeal's decision

Following the High Court dismissal, Nestlé filed a further appeal to The Court of Appeal. Nestlé submitted that the UKIPO had not applied the correct test and had imposed an additional requirement which went beyond the CJEU's test, that the public 'relied' on the trade mark in the course of their transactional behaviour and that the evidence, in particular the survey evidence, demonstrated that the relevant public did perceive the shape alone as an indication of origin.

Kitchen LJ confirmed that whilst one of the surveys was valid and showed that at least half the people surveyed

thought the shape shown to them was a KitKat (the other survey had been rejected as the IPO found it to be fundamentally flawed), this was not by itself sufficient to establish acquired distinctiveness. He held that an overall assessment of the evidence had been correctly carried out by the hearing officer and all factors taken into account, including the following:

- + that there was no evidence that the shape of the chocolate bar alone had featured in promotional or advertising material;
- + the shape was not visible at the time of purchase (it was sold in an opaque wrapper and there was no picture of the four-finger shape on the packaging);
- + the fingers of the product were embossed with the KitKat logo; and
- + that there were other four finger shaped chocolate bars on the market and no evidence that these were thought to be a KitKat.

The Court of Appeal Judge also dismissed the findings of fact in the proceedings in the EU (see below). In that case, the General Court found that the mark had acquired distinctiveness in the UK, and Kitchen LJ rejected this on the basis that the General Court had taken account of the results of flawed survey questions and had also regarded recognition and association of the mark with KitKat as sufficient, which was contrary to the CJEU's decision.

Parallel proceedings in the EU

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. The Board of Appeal, whilst confirming that the mark was a simple shape and devoid of distinctive character, found that it **had** acquired distinctive character through the use made of it in the EU and reinstated the Registration. 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.

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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.

Accordingly, the case has been remitted back to the EUIPO for re-examination of the evidence from the remaining member states. In the meantime, Nestlé has appealed the decision up to the CJEU.