

Nestlé v Cadbury Kit Kat 3D Trade Mark Case

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First published on www.dyoung.com and Lexology

The High Court has recently referred three questions to the Court of Justice of the European Union (CJ) in the case of *Société Des Produits Nestlé SA v Cadbury UK Ltd* [2014]. This case is an appeal by Nestlé from a decision of the UKIPO which refused registration of the shape of the four-finger Kit Kat bar for chocolate related goods in class 30, except “cakes” and “pastries”. The case also involved a cross-appeal from Cadbury to the extent that the application was allowed in relation to “cakes” and “pastries”.

Background

In July 2010 Nestlé applied to register the four-finger wafer bar (which omits the words “Kit Kat”) as a three-dimensional sign in respect of various chocolate related goods in class 30.

The application was accepted on the basis that the mark had acquired distinctiveness through use prior to the application date. Cadbury opposed the application on various grounds arguing, essentially, that:

1. the mark was devoid of distinctive character and had not acquired distinctive character through use;
2. the shape of the mark results from the nature of the goods; and
3. the shape of the goods is necessary to achieve a technical result.

The hearing officer held that the mark had not acquired a distinctive character for any of the goods, with the exception of “cakes” and “pastries”. He also considered that the essential features of the mark consisted, either of a shape resulting from the nature of the goods themselves, or of a shape which is necessary to achieve a technical result, for all goods except “cakes” and “pastries”.

Nestlé appealed to the High Court and Cadbury cross-appealed the decision to allow the mark to proceed to registration in relation to “cakes” and “pastries”.

Inherent distinctive character

The hearing officer held that there were a number of other two-finger versions of the shape applied for, and a number of other products which featured joined fingers with breaking grooves, on the market prior to the application date. He therefore considered that the mark only had inherent distinctiveness in relation to “cakes” and “pastries” as the shape of the mark was outside the norms and customs of the sector and was therefore capable of distinguishing origin.

Nestlé did not challenge this finding on appeal, but Arnold J agreed with Cadbury's argument that the mark had no inherent distinctiveness in relation to "cakes" and "pastries". This was on the basis that the hearing officer had, firstly, failed to recognise that the reasoning he had applied in relation to chocolate bars was equally applicable to chocolate-covered, finger-shaped cakes and pastries and, secondly, because the mere fact that a shape is outside the norms and customs of a sector does not necessarily mean that it has distinctive character.

Acquired distinctive character

The hearing officer accepted that Nestlé had shown recognition of the mark amongst a significant proportion of the relevant public for chocolate, but concluded that Nestlé had not shown that consumers have come to rely on the shape to identify the origin of the goods.

Nestlé challenged the hearing officer's conclusion that the mark had not acquired a distinctive character through use.

Arnold J considered that the approach of the English courts has always been that an applicant must establish that a significant proportion of the relevant public rely upon the mark as indicating the origin of the goods.

However, he accepted that it is not clear that this analysis is correct and decided to refer a question to the CJ on this point.

In his own opinion, Arnold J stated that the applicant must prove that a significant proportion of the relevant public rely on the mark as indicating the origin of the goods.

Shape objections

The hearing officer identified the essential features of the mark as being:

- I. the rectangular 'slab' shape of the mark;
- II. the presence, position and depth of the breaking grooves which divide the bar into detachable fingers; and
- III. the number of such grooves.

The hearing officer considered that feature (i) resulted from the nature of the goods themselves, save for "cakes" and "pastries" because the 'slab' shape was the basic shape for chocolate bars as it afforded an easy and cheap way to provide consumers with a given amount of chocolate.

Furthermore, the hearing officer considered that features (ii) and (iii) were necessary to obtain a technical result with respect to all goods, to the exclusion of "pastries" and "cakes", as the grooves permit the bar to be broken up for consumption and the number of fingers reflects the portion size.

Arnold J agreed with Cadbury that the hearing officer should have concluded that the above analysis applied equally to "cakes" and "pastries". He then went on to consider Nestlé's argument that it was not open to the hearing officer to make a "hybrid finding", as the objections raised were separate and distinct.

Arnold J clearly sympathised with Cadbury's argument that it would be strange if a shape, one of the essential features of which resulted from the nature of the goods themselves and the other two essential features of which were necessary to achieve a technical result, could be registered simply because neither objection applied to all three essential features.

However, Arnold J felt that the law on this point needed clarifying and referred a second question to the CJ.

Nestlé also argued that the hearing officer was wrong to conclude that the exclusion relating to shapes which are necessary to achieve a technical result applied to features which related to the manner in which the goods were manufactured. In contrast, Nestlé argued that the exclusion only related to the function of the goods.

Again, Arnold agreed with the submission made by Cadbury that the hearing officer was correct to hold that both kinds of technical result were included within the wording of the provision. However, in any event Arnold J referred a third question to the CJ.

Questions referred to the CJ

1. In order to establish that a trade mark has acquired a distinctive character following the use that had been made of it within the meaning of Article 3(3) of Directive 2008/95/ EC, is it sufficient for the applicant for registration to prove that at the relevant date a significant proportion of the relevant class of persons recognise the mark and associate it with the applicant's goods in the sense that, if they were asked who marketed goods bearing that mark, they would identify the applicant; or must the applicant prove that a significant proportion of the relevant class of persons rely upon the mark (as opposed to any other trade marks which may also be present) as indicating the origin of the goods?
2. Where a shape consists of three essential features, one of which results from the nature of the goods themselves and two of which are necessary to obtain a technical result, is registration of that shape as a trade mark precluded by Article 3(1)(e)(i) and/or (ii) of Directive 2008/95/EC?
3. Should Article 3(1)(e)(ii) of Directive 2008/95/EC be interpreted as precluding registration of shapes which are necessary to obtain a technical result with regard to the manner in which the goods are manufactured as opposed to the manner in which the goods function?

Comment

Interestingly there was no mention in the case of the related Community trade mark (CTM) proceedings, in which Cadbury has applied to invalidate Nestlé's CTM for the shape of the four-finger bar on similar grounds.

In the CTM proceedings OHIM rejected the argument regarding technical result and Nestlé was successful in arguing that the mark had acquired distinctive character throughout the EU.

An appeal has been filed by Cadbury and it is likely that these proceedings will be suspended pending the outcome of the CJ reference.

For more information, please contact:



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