

Singapore: High Court Revokes Registered Trademarks in the Shapes of KIT KAT Bars

Societe Des Produit Nestlé SA v Petra Foods Ltd ([2014] SGHC 252)

The Singapore High Court recently issued a decision revoking Societe Des Produits Nestlé SA's registrations for two shape trademarks comprising the shape of KIT KAT candy bars. This decision is noteworthy because it is the first Singapore High Court decision addressing the registrability of shapes as trademarks and setting out guiding principles for assessing such marks. [More](#)

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Plaintiffs Societe Des Produits Nestlé SA and its related entity (collectively, "Nestlé") manufacture and sell KIT KAT brand chocolate-covered wafers. Defendants Petra Foods Limited, its subsidiary, manufacturer, and licensee (collectively, "Delfi") also produce and sell a chocolate-covered wafer candy bar under the trademarks TAKE-IT or DELFI TAKE-IT. Nestlé sued Delfi, alleging trademark and copyright infringement based on the shape and packaging of Delfi's candy bars. In the suit, Nestlé asserts rights in two trademark registrations ("the Two Fingers Shape" and "the Four Fingers Shape," collectively, the "Registered Shapes"), as well as in an unregistered trademark ("the Two Fingers Composite Mark") and artistic work ("the Artistic Work").

A chart depicting Nestlé's asserted rights and the shape and packaging of Delfi's candy bars is set out below.

Nestlé's Asserted Rights



Delfi's Goods



Delfi responded, in part, by bringing counterclaims to invalidate Nestlé's registered trademarks on the grounds that Nestlé's marks: (a) are incapable of distinguishing the goods for which they were

registered; (b) are devoid of any distinctive character; (c) were not put to genuine use in the course of trade within the relevant five year period (and also that use of Nestlé’s marks was suspended for an interrupted period of five years); (d) consist exclusively of a shape that results from the nature of the goods themselves; (e) consist exclusively of shapes that are necessary to obtain a technical result; and (f) consist of a shape that gives substantial value to goods.

Revocation of Registered Shapes

In ruling on the counterclaims, the Court determined that Nestlé’s Registered Shapes registrations should be revoked.

Technical Results Exception

The Court began by focusing on whether Nestlé’s marks consisted exclusively of shapes necessary to obtain a technical result, which, under Section 7(3)(b) of the Singapore Trade Marks Act (“TMA”), would render the registrations invalid, even if the marks are considered to be distinctive (the “Technical Results Exception”).

To make this determination, the Court first identified the “essential characteristics” of the Registered Shapes, then analyzed whether they performed the technical function of the goods at issue. The Court agreed with Delfi that the following made up the “essential characteristics” of the Registered Shapes: (a) the “rectangular slab shape” of the Registered Shapes; (b) the presence, position, and depth of the breaking grooves, which divide the bar into detachable “fingers;” and (c) the number of breaking grooves that determine the number of “fingers” in the bar. The Court decided that all of these “essential characteristics” were necessary to achieve a technical result.

(1) **Rectangular Slab Shape:** The Court found that the rectangular slab shape was functional because it was necessary to create a chocolate product that could be produced and packaged at the speed required for commercial production. In particular, the shape and size of the slab was influenced by the mold used to form the slab, which was selected to be deep and wide enough to hold sufficient quantities of chocolate and/or wafer filling while maintaining structural integrity, and to cool and set within certain time frames dictated by machines, the rate of production, and length of production line. The mold also needed to facilitate easy filling and removal of chocolate and to produce a chocolate

block that could be broken into sections by consumers. Finally, the base of the chocolate slab had to be flat to allow for multiple units to be stacked atop each other.

(2) **Presence and Nature of Grooves:** The Court determined that the grooves found on the Registered Shapes allowed the chocolate product to be broken up for consumption and that they had to be at such an angle as to allow the product to be removed from its chocolate mold during the manufacture process as well as facilitate a consumer's need to grasp the bar and separate the chocolate fingers by hand.

The Court recognized that while it was possible to break up a candy bar that did not have grooves, without such grooves, one would be left with “untidy and uneven broken pieces of chocolate” and that the grooves were “necessary to obtain the desirable technical results of facilitating the breaking up of a larger rectangular slab of chocolate bar into smaller neat finger like pieces of chocolate bars with the appropriate proportions of a suitable size each time for eating.” *Societe Des Produit Nestlé SA v Petra Foods Ltd* ([2014] SGHC 252), at 51.

(3) **Number of Grooves:** The Court also found that the number of breaking grooves was not arbitrary but was informed by considerations such as the size of conventional shop displays, consumer hand size, and desired portion size.

In its decision, the Court set out the following relevant guiding principles:

- The public interest informing the Technical Result Exception is to “prevent trade mark law granting an undertaking a monopoly [which is potentially of unlimited duration] on technical solutions or functional characteristics of a product” *Id.*, at 15 (quoting *Lego Juris A/S v Office for Harmonisation in the Internal Market* (Case C-48/09 P) [2010] ETMR 63 (“Lego Juris”) at [43] to [46]).
- Acquired distinctiveness through use will not overcome the Technical Result Exception.
- If all of the essential characteristics of a shape are dictated by the technical solution to which the mark gives effect, the sign consists exclusively of the shape of goods necessary for a technical result. However, the shape will not be refused registration if it incorporates a major non-functional element, such as a “decorative or imaginative element which plays an important role in the shape” *Id.*, at 16 (quoting *Lego Juris* at [52]).

- A shape will still be considered necessary to obtain a technical result even if there are other ways—and alternate shapes—to achieve that technical result.
- The manufacturing process in such cases can also be taken into account, along with the product’s function for the end user.
- In identifying the “essential characteristics” of a shape mark, the Court set out the following additional guidelines:
- The “essential characteristics” of a shape refer to the most important elements of a mark.
- The determination is made on a case-by-case basis, and courts may either consider the overall impression of a mark or examine each of the mark’s components.
- After identifying the “essential characteristics,” courts must determine whether they all perform the technical function of the goods at issue.
- The presumed perception of the average consumer is a relevant, but not decisive, factor in making the determination.
- A court should not consider marks consisting of other shapes of goods but should focus on the mark for which registration is sought.
- The test is objective and not dependent on the intent of the designer.

Based on this analysis, Nestlé’s Registered Shapes were deemed invalid, and all claims based on these marks were thus dismissed.

Nature Exception

Delfi also argued that the Registered Shapes were prohibited under section 7(3)(a) of the TMA, which precludes registration of shapes resulting from the nature of the goods themselves (the “Nature Exception”). The Court determined that “the goods” should refer to the goods for which the trademark is registered, noting that a trademark could be invalidated with respect to some, but not all, of the goods.

The Court noted that to achieve its function of looking and tasting good, a chocolate bar could conceivably take any form, subject to manufacturing constraints, and the Registered Shapes, while basic and simple, did not result from the nature of the chocolate products. In particular, the

configuration of grooves of the Registered Shapes were not inherent in the generic function of chocolate products. Thus, the marks were not declared invalid due to the Nature Exception.

Substantial Value Exception

The Court also considered whether the Registered Shapes should be invalidated under Section 7(3)(c) of the TMA, which prohibits registration of trademarks consisting exclusively of a shape that gives substantial value to the goods (the “Substantial Value Exception”).

To fall within this exception, the Court explained, a shape must be one that gives the goods a higher value relative to competing products. Here, it was not enough that the Registered Shapes added to the “eye appeal” of Nestlé’s KIT KAT bars, since it was unlikely that other traders in the confectionary market would choose a shape for competing goods without any aesthetic merit. Thus, the Registered Shapes were not invalidated on this ground.

Distinctiveness

Delfi also argued that the Registered Shapes were incapable of distinguishing the goods for which they are registered and void of any distinctive character, in contravention of Sections 7(1)(a) and (b) of the TMA.

The Court noted that a shape mark comprising the shape of the goods themselves would not automatically in all cases render a mark incapable of distinguishing goods under Section 7(1)(a) and determined that, here, the Registered Shapes were not so descriptive that they were incapable of operating as badges origin.

The Court found, however, that the Registered Shapes were not inherently distinctive because they did not possess any characteristics so unique that they functioned as obvious badges of origin to the average consumer. The Court noted that the average consumer (the relevant consumer in this instance) would not pay attention to the specific details of the Registered Shapes because they were mere variants on the common shapes for chocolate bars, and would not assume that the details of the shapes indicated trade origin without first being educated about their trademark significance. While the Court recognized that the Registered Shapes look different than other chocolate bars in the Singapore market, it explained that a shape must depart significantly from the norm or customs of the goods in its sector to be considered distinctive.

In reaching its conclusion, the Court clarified that the criteria to assess three-dimensional shape marks was no stricter than for non-shape marks but that, in application, it may be more difficult for shape marks to pass muster because average consumers are not typically in the habit of making assumptions about the source of products based on their shape alone.

The Court considered whether, notwithstanding their lack of inherent distinctiveness, the Registered Shapes would be deemed to have acquired distinctiveness through use (either at the time of their application or by the date of the invalidity challenge). The Court set out the relevant test: The owner of the asserted mark must show that consumers rely upon the mark in question to indicate the origin of goods, not merely that consumers associate the shape of the good with a particular manufacturer. Similarly, a trader need not have explicitly promoted a sign as a trademark but must show that he/she used it in such a way that consumers have come to rely on it as an indication of the origin of the goods. Finally, a mark could still acquire distinctiveness through use even if it is always used with other marks, so long as it can be shown that the mark has become a badge of origin in its own right.

The Court rejected Nestlé's market-survey evidence due to the way the surveys were constructed and found that, at best, the surveys merely showed that the public associated the Registered Shapes with Nestlé's products, which was not enough to establish acquired distinctiveness. The Court concluded that the Registered Shapes could be invalidated as devoid of any inherent or acquired distinctiveness.

Non-use

Delfi also sought to invalidate the Registered Shapes on the ground that they were not put to genuine use in the course of trade in Singapore under sections 22(1)(a) and/or 22(1)(b) of the TMA. Nestlé argued that the selling of the products alone was sufficient to show use since the Registered Shapes were the same as the shape of the goods themselves.

The Court disagreed, noting that the relevant use must be in a trademark sense and that the mere selling of KIT KAT products without more could not be considered trademark use. Here, the KIT KAT bars were sold in opaque wrappers, so the Registered Shapes had no trademark significance at the point of sale. Although the packaging on the chocolate products portrayed the Registered Shapes, the Court found that such use was merely descriptive because the wrapper simply described and illustrated the goods that Nestlé sold. The Court noted that even in advertising, the Registered Shapes were

never used on their own. In fact, when actual products were unwrapped, the KIT KAT words featured prominently. Accordingly, the Court determined that the Registered Shapes were not used in the trademark sense and that they should be invalidated on this ground.

Consideration of Nestlé’s Unregistered Rights

Nestlé also asserted rights in its unregistered Two Fingers Composite Mark, arguing that it was well known in Singapore. The Court rejected this argument, finding that the average consumer would not rely on the Two Fingers Composite Mark as indicating the origin of goods. Although Nestlé presented survey evidence in support of its position, the Court rejected the surveys as flawed and insufficient to show that the consumers relied on the Two Fingers Composite Mark as a badge of origin. In responding to one of Delfi’s contentions, the Court clarified that for a mark to be deemed well known in Singapore, there need not be evidence of use of the mark in Singapore.

The Court dismissed Nestlé’s copyright claim based on the Artistic Work since Nestlé was unable to prove that it owned the Artistic Work (though it commented that Delfi had reproduced a substantial part of the Artistic Work in its packaging such that it could have been liable, subject to any defenses that it had).

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This case is significant as it is the first High Court decision to address the registrability of shapes as trademarks in Singapore. It offers valuable guidance to clients and lower courts as it lays out detailed guiding principles in analyzing each of Delfi’s counterclaims.