

United Kingdom: Standard For Acquired Distinctiveness For Three-Dimensional Shapes Clarified

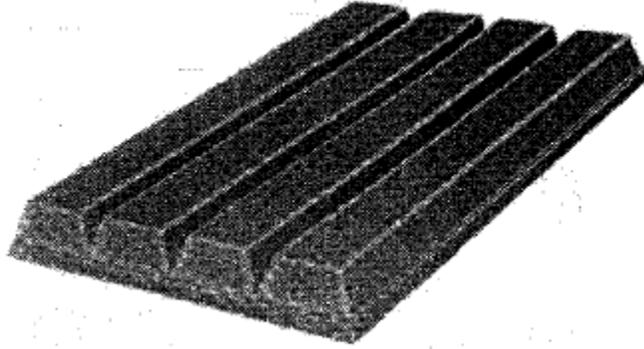
*Société des Produits Nestlé SA v Cadbury UK Ltd** ([2017] EWCA Civ 358; 17.05.17)

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Procedural History: In July 2010, Nestlé applied to register the following three-dimensional shape for its four-fingered chocolate-coated KIT KAT wafer bar as a trademark in the UK covering, inter alia, "chocolate products; bakery goods; pastries; biscuits; biscuits having chocolate coating; chocolate coated wafer biscuits; cakes; cookies; wafers" and related goods in Class 30:



Nestlé's competitor, Cadbury UK Ltd ("Cadbury") opposed Nestlé's UK application based, *inter alia*, on the argument that the shape lacks distinctiveness and that it consists exclusively of the shape that results from the nature of the goods themselves. The UK Intellectual Property Office examiner found that the mark lacked inherent distinctive character, and that it had not acquired such character through use. Nestlé appealed this decision to the High Court of Justice of England & Wales, Chancery Division, Intellectual Property (UK), arguing against the examiner's findings and also asserting that the mark had acquired distinctive character through its use. The High Court of Justice referred the case to the European Court of Justice to clarify a number of questions, including the standard for establishing acquired distinctiveness. As reported in our [September 2015 Newsletter](#), the Advocate General of the European Court of Justice noted that case law made clear that it is insufficient to show that a relevant consumer recognizes the trademark and associates it with the applicant's goods. Rather, the applicant must show that the relevant consumer believes the trademark indicates the "exclusive origin of goods concerned, without any possibility of confusion" (paragraph 38, citing Philips (C 299/99, EU:C:2002:377, ¶ 30). The Court of Justice of the European Union then took up the case and clarified that the standard required to show acquired distinctiveness is whether, as a consequence of use (and regardless of whether the sign is used alone or as part of another registered trade mark) "the relevant class of persons perceives the goods or services designated exclusively by the mark applied for, as opposed to any other mark which might also be present, as originating from a particular company." ¶ 67. Further details of that decision are reported in our [December 2015 Newsletter](#). The UK High Court then applied the ECJ's ruling to the facts of the case and dismissed Nestlé's appeal. Nestlé further appealed to the UK Court of Appeal.

Subject Decision: The UK Court of Appeal unanimously dismissed Nestlé’s appeal, finding, *inter alia*, that the hearing examiner and High Court judge had not applied an incorrect standard to determine acquired distinctiveness nor reached an incorrect conclusion. Lord Justice Kitchin clarified that the standard for establishing acquired distinctiveness is whether “the applicant has proved that a significant proportion of the relevant class of persons receive the goods or services designated exclusively by the mark applied for, as opposed to any other mark, which might also be present, as originating from a particular undertaking. In short, the mark itself must be seen as a badge of origin” ¶ 80. He further noted that three dimensional shapes like the chocolate wafer bar shape have no inherent distinctiveness, such that members of the public may not view the shape as a badge of origin in the same way that they would a coined word. The fact that the shape may have become well-known did not necessarily mean that the public had come to perceive the shape as a badge of origin; instead, they may simply see the shape as a characteristic of chocolate products or that it brings to mind a familiar product and brand name, and this type of recognition and association alone do not amount to distinctiveness for trademark purposes. Lord Justice Floyd agreed with the decision, noting that a helpful test to determine acquired distinctiveness was to imagine a basket of unwrapped and unmarked chocolate bars in the shape of the applied-for mark. To meet the standard of acquired distinctiveness, a shop or supermarket consumer must perceive the products as originating from the manufacturer of KIT KAT bars, and not from others, and an observation that they look like KIT KAT bars is not enough. Sir Geoffrey Voss, Chancellor of the High Court, agreed with the judgments. This is not Nestlé’s first setback in trying to protect its chocolate wafer bar shape as a trademark. Our [March 2015 Newsletter](#) reported a decision by the Singapore High Court revoking Nestlé’s registrations for its two-finger and four-finger chocolate wafer bar shapes because it found that the shapes consisted of elements that were functional. Additionally, as reported in the same issue of this Newsletter, the European Union General Court invalidated an EU trademark registration for the chocolate wafer bar because Nestlé had not demonstrated that the mark had a distinctive character throughout the EU.