



association des praticiens du droit des marques et des modèles

## Flash APRAM n° 263 – *To rely or not to rely*

**England and Wales High Court of Justice (Chancery Division), 20 janvier 2016, CH/2014/392 et CH/2013/394, Société des Produits Nestlé / Cadbury UK (gaufrette Kit Kat)**

Chers Amis,

Voici un nouvel épisode dans le conflit qui oppose la société Nestlé à son concurrent Cadbury à propos de la forme de la célèbre gaufrette chocolatée à quatre barres Kit Kat.

Au Royaume-Uni, la *High Court of Justice* semblait très réticente à accepter que la forme de la gaufrette constitue une marque valable et avait posé trois questions préjudicielles à la Cour de justice de l'UE qui y répondit en septembre 2015 (C-215/14, EU:C:2015:604 ; Flash APRAM n° 254).

A présent que les réponses sont connues, le débat ne pouvait plus porter sur l'éventuelle application des motifs d'exclusion d'ordre technique (visés à l'article 3, § 1<sup>er</sup>, e, de la directive). Ceci avait été écarté par la CJUE.

Toute la discussion concernait la question de savoir quels critères faut-il prendre en compte pour déterminer si une marque a acquis un caractère distinctif par l'usage.

En l'espèce, il était établi au moyen de sondages qu'une très large proportion du public anglais pertinent reconnaissait la forme « nue » de la gaufrette et l'attribuait à Kit Kat.

Malgré cela, le juge anglais avait néanmoins demandé à la CJUE s'il était nécessaire pour pouvoir démontrer qu'une marque a acquis un caractère distinctif par l'usage qu'une proportion significative du public « *s'appuie* » sur cette marque, « par opposition à toute autre marque pouvant également être présente, comme indiquant l'origine des produits ». Le texte original de la question demandait si les milieux intéressés « *rely upon the mark (as opposed to any other trade mark which may also be present) as indicating the origin of the goods* ». La *High Court* souhaitait, par l'emploi précis du verbe « *rely upon* » savoir si elle pouvait ajouter un critère dans son appréciation de l'acquisition du pouvoir distinctif : est-ce effectivement sur la marque litigieuse (par opposition à toute autre) que doit s'appuyer le public lorsqu'il lui appartient de déterminer l'origine commerciale d'un produit ?

L'ajout de ce critère semblait contraire à toute la jurisprudence constante. En effet, on sait qu'il suffit qu'une marque soit capable, à elle seule, d'indiquer l'origine commerciale des produits pour être distinctive et protégeable. C'est pour cette raison que la CJUE répondit au juge anglais que même si la marque était utilisée en combinaison avec une autre marque, « il n'en demeure pas moins que, en vue de l'enregistrement de la marque elle-même, le demandeur à l'enregistrement doit apporter la preuve que cette marque indique seule, par opposition à toute autre marque pouvant également être présente, l'origine des produits comme provenant d'une entreprise déterminée » (CJUE, point 66). La CJUE renvoya en

particulier à ses arrêts *Have a break* (Nestlé, C-353/03, EU:C:2005:30, point 30) et *Colloseum* (C-12/12, EU:C:2013:253, point 27 et 28 ; Flash APRAM n° 206).

Dans son arrêt du 21 janvier 2016, le juge anglais estime que l'arrêt de la CJUE ne l'aide pas. Il critique et déplore, dans le style qui est le sien, que la traduction française de la question préjudicielle a évacué la nuance qu'il avait sciemment apportée par l'emploi du verbe « *rely upon* ». La traduction française de la question était libellée comme visant à savoir si le demandeur devait démontrer qu'une proportion significative des milieux intéressés « estimait » que la marque indiquait l'origine commerciale. « Estimer » n'est pas la traduction correcte de « *rely upon* ». Le juge anglais accuse les juges de Luxembourg d'avoir travaillé en français et en déduit qu'ils n'ont pas compris sa question et que leur réponse ne lui est pas utile. Il se refuse toutefois à poser une nouvelle question préjudicielle : « *In those circumstances, it is tempting to refer the question again. But I see no realistic prospect of a further reference yielding a materially different result* » (point 48).

Il en conclut qu'un signe ne peut être considéré comme ayant acquis un caractère distinctif par l'usage qu'à la condition qu'il soit prouvé que le public pertinent perçoive les produits concernés comme provenant d'une entreprise déterminée *en raison* (« *because of* ») du signe concerné et ce, par opposition à tout autre signe. Il résulte certes des sondages soumis par Nestlé que le public pertinent mentionne « Kit Kat » lorsqu'il perçoit la forme en question, mais cela ne prouve pas, selon ce juge anglais, que le public s'appuie uniquement sur ladite forme lorsqu'il achète le produit.

### **Commentaire**

Alors que le droit de l'Union est interprété de manière constante pour considérer qu'il suffit qu'un signe soit perçu, à lui seul, comme l'indication d'une origine commerciale pour constituer une marque valable, il est regrettable que le juge anglais s'entête à vouloir ajouter un critère juridique qui va, manifestement, à l'encontre d'une telle interprétation. Il est également malheureux qu'il refuse la réponse – laquelle semblait pourtant claire – donnée par la CJUE. Ce n'est pas en brouillant les mécanismes de coopération loyale dans l'interprétation et l'application du droit de l'Union que progresse l'harmonisation européenne.

Equipe FLASH

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# England and Wales High Court (Chancery Division) Decisions

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**Neutral Citation Number: [2016] EWHC 50 (Ch)**

Case No: CH/2014/0392, CH/2013/0394

**IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION**

Rolls Building  
Fetter Lane, London, EC4A 1NL  
20 January 2016

Before:

**THE HON MR JUSTICE ARNOLD**

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Between:

**SOCIÉTÉ DES PRODUITS NESTLÉ SA**      **Appellant**

**- and -**

**CADBURY UK LTD**      **Respondent**

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**Michael Bloch QC and Simon Malynicz (instructed by CMS Cameron McKenna) for the  
Appellant**

**Thomas Mitcheson QC (instructed by Bristows) for the Respondent**

**Hearing date: 13 January 2016**

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**HTML VERSION OF JUDGMENT**

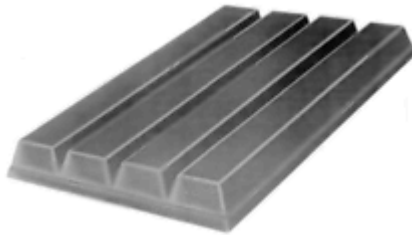
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## MR JUSTICE ARNOLD :

### Introduction

1. On 8 July 2010 Société des Produits Nestlé SA ("Nestlé") applied to register the three-dimensional sign graphically represented below ("the Trade Mark") as a United Kingdom trade mark in respect of various goods in Class 30:



2. The Trade Mark corresponds to the shape of Nestlé's four-finger KIT KAT product except that it lacks the KIT KAT logo embossed onto each of the fingers of the actual product:



3. The application was subsequently opposed by Cadbury UK Ltd ("Cadbury") on various grounds, in particular that registration should be refused under sections 3(1)(b), 3(2)(a) and 3(2)(b) of the Trade Marks Act 1994. In response to Cadbury's reliance upon section 3(1)(b), Nestlé relied upon the proviso to section 3(1). These provisions give effect to Articles 3(1)(b), 3(1)(e)(i) and (ii) and 3(3) of European Parliament and Council Directive 2008/95/EC of 22 October 2008 to approximate the laws of the Member States relating to trade marks (codified version) ("the Directive") and correspond to Articles 7(1)(b), 7(1)(e)(i) and (ii) and 7(3) of Council Regulation 207/2009/EC of 26 February 2009 on the Community trade mark.

4. In a decision dated 20 June 2013 (O/257/13) Allan James on behalf of the Registrar of Trade Marks held that the Trade Mark was devoid of inherent distinctive character, and had not acquired a distinctive character, in relation to all goods covered by the application except "cakes" and "pastries". He also held that registration of the Trade Mark in relation to those goods was precluded on the ground that the Trade Mark consisted exclusively of the shape which was necessary to obtain a technical result. In relation to "cakes" and "pastries", however, he held that the Trade Mark was inherently distinctive and that registration was not precluded.
5. Nestlé appealed against the hearing officer's decision to refuse registration of the Trade Mark except in relation to "cakes" and "pastries" and Cadbury cross-appealed against his decision to permit registration of the Trade Mark in relation to "cakes" and "pastries". In a judgment dated 17 January 2014 ([\[2014\] EWHC 16 \(Ch\)](#), [\[2014\] ETMR 17](#), "my first judgment") I concluded that the hearing officer was incorrect to find that the Trade Mark was inherently distinctive in relation to "cakes" and "pastries", but in relation to the issues of acquired distinctiveness and necessity to obtain a technical result I concluded that it was necessary to seek clarification of the law from the Court of Justice of the European Union in order to determine the appeals. Accordingly, I referred three questions to the CJEU for a preliminary ruling. Question 1 concerned acquired distinctiveness and questions 2 and 3 concerned necessity to obtain a technical result. In order to shorten this judgment, I shall assume that the reader is familiar with my first judgment and with my decision sitting as the Appointed Person in *Vibe Technologies Ltd's Application* [2009] ETMR 12 which is referred to in my first judgment.
6. The Court of Justice delivered its judgment on 16 September 2015. Cadbury accepts that, in the light of the Court's answers to questions 2 and 3, registration of the Trade Mark is not precluded by section 3(2)(b) of the 1994 Act corresponding to Article 3(1)(e)(ii) of the Directive. Accordingly, I shall say no more about that aspect of the appeals. The parties are disagreed, however, as to the effect of the Court's answer to question 1, although the extent of that disagreement narrowed during the course of argument.

#### The previous case law of the Court of Justice

7. I considered the previous case law of the Court of Justice with respect to acquired distinctiveness in *Vibe* at [61]-[68] and [91], and in particular its judgment in Case C-353/03 *Société des produits Nestlé SA v Mars UK Ltd* [\[2005\] ECR I-6135](#). For convenience, I shall set out the key passage from that judgment:

"25. Whether inherent or acquired through use, distinctive character must be assessed in relation, on the one hand, to the

goods or services in respect of which registration is applied for and, on the other, to the presumed expectations of an average consumer of the category of goods or services in question, who is reasonably well-informed and reasonably observant and circumspect (judgment in Case C-299/99 *Philips* [2002] ECR I-5475, paragraphs 59 and 63).

26. In regard to acquisition of distinctive character through use, the identification, by the relevant class of persons, of the product or service as originating from a given undertaking must be as a result of the use of the mark as a trade mark (judgment in *Philips*, paragraph 64).

27. In order for the latter condition, which is at issue in the dispute in the main proceedings, to be satisfied, the mark in respect of which registration is sought need not necessarily have been used independently.

28. In fact Article 3(3) of the directive contains no restriction in that regard, referring solely to the 'use which has been made' of the mark.

29. The expression 'use of the mark as a trade mark' must therefore be understood as referring solely to use of the mark for the purposes of the identification, by the relevant class of persons, of the product or service as originating from a given undertaking.

30. Yet, such identification, and thus acquisition of distinctive character, may be as a result both of the use, as part of a registered trade mark, of a component thereof and of the use of a separate mark in conjunction with a registered trade mark. In both cases it is sufficient that, in consequence of such use, the relevant class of persons actually perceive the product or service, designated exclusively by the mark applied for, as originating from a given undertaking."

### The question referred

8. Question 1 was in the following terms:

"In order to establish that a trade mark has acquired distinctive character following the use that had been made of it within the meaning of Article 3(3) of Directive 2008/95 ..., 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 to consider 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?"

9. It is fair to say that the distinction which was drawn in this question is a subtle one which may appear rather elusive to those who are not experienced in trade mark law. As was explained in my first judgment, and in more detail in *Vibe* before that, however, the distinction is one which has exercised the English courts for well over a decade. (Indeed, as counsel for Nestlé rightly pointed out, it is a distinction which in the related context of the law of passing off has exercised our courts since at least *Hodgkinson & Corby Ltd v Wards Mobility Ltd* [1994] 1 WLR 1564.)
10. Furthermore, as was also explained in my first judgment, and in more detail in *Vibe* before that, the question was based on two previous requests for preliminary rulings from this Court to the Court of Justice, neither of which had yielded an answer.
11. For those reasons, I attempted to formulate the question with precision.

#### My provisional view

12. In my first judgment, I said at [55]:

"In case it assists the Court of Justice, it is my opinion that, for the reasons I explained in *Vibe*, the correct answer to the question is that the applicant must prove that a significant proportion of the relevant class of persons rely upon the trade mark (as opposed to any other trade marks which may also be present) as indicating the origin of the goods."

#### The procedure on the reference

##### *The language regime in preliminary ruling proceedings*

13. In preliminary ruling proceedings before the CJEU, the language of the case is the language of the referring court or tribunal: Article 37(3) of the Rules of Procedure of the Court of Justice of 25 September 2012 ("RPCJ"). In the present case, therefore, the language of the case was English.
14. The language of the case must be used in the written and oral pleadings of the parties: Article 38(1) RPCJ. Any document that is expressed in another language must be accompanied by a translation into the language of the case: Article 38(2). Nevertheless Member States who intervene may use their own official language, in which case the Registrar shall arrange for translation into the language of the case: Article 38(4). The President, Chambers

Presidents, Judges and Advocate Generals of the Court may also use another language, in which case the Registrar shall arrange for translation into the language of the case: Article 38(8).

15. Article 41 RPCJ provides:

"The texts of documents drawn up in the language of the case or, where applicable, in another language authorised pursuant to Articles 37 or 38 of these Rules shall be authentic."

Counsel for Nestlé submitted, and I agree, that the reason for this rule is to avoid disputes arising as to what a document means as a result of language issues. It follows from Article 41 that, in the present case, it is only the texts of documents in English which are authentic. It does not necessarily follow that language issues can be ignored when trying to understand the Court of Justice's reasoning.

16. Requests for a preliminary ruling must be served on the Member States in the original version accompanied by a translation into the official language of the State to which they are being sent, or where the request is lengthy, a translation of a summary of the request: Article 98(1) RPCJ. This assists the Member States to make observations in their own languages. Since France is a Member State, it also ensures translation of requests into the working language of the Court, which is French.

*The translations of question 1 in the present case*

17. The request for a preliminary ruling was designated as Case C-215/14 by the Court of Justice. The French translation of question 1 was as follows:

"Afin d'établir qu'une marque a acquis un caractère distinctif après l'usage qui en a été fait, au sens de l'article 3, paragraphe 3, de la directive 2008/95, suffit-il que le demandeur à l'enregistrement démontre que, à la date pertinente, une proportion significative des milieux intéressés reconnaissait la marque et l'associait à ses produits, en ce sens que si ces personnes s'interrogeaient sur la personne commercialisant les produits revêtus de cette marque, elles identifiaient le demandeur? Ou le demandeur doit-il démontrer qu'une proportion significative des milieux intéressés estimait que la marque (par opposition à toute autre marque pouvant également être présente) indiquait l'origine des produits?"

18. In response to a query which I raised in advance of the resumed hearing before me, the parties jointly obtained an English translation of the French



text. The key words in the second question in the French text are "estimait que". This is not a correct translation of "rely upon". Rather, it means "considered that" or "regarded". I am informed that a more correct translation would be "en remettre".

19. Similarly, the German translation of question 1 was as follows:

"Reicht es aus, wenn der Anmelder einer Marke, um darzutun, dass sie infolge ihrer Benutzung Unterscheidungskraft im Sinne von Art. 3 Abs. 3 der Richtlinie 2008/95 erworben hat, nachweist, dass zum maßgeblichen Zeitpunkt ein erheblicher Teil der beteiligten Verkehrskreise die Marke erkennt und in dem Sinne mit den Waren des Anmelders verbindet, dass sie, wenn sie angeben sollten, wer die mit der Marke gekennzeichneten Waren vermarktet, den Anmelder nennen würden, oder muss er nachweisen, dass ein erheblicher Teil der beteiligten Verkehrskreise die Marke (und keine anderen etwa vorhandenen Marken) als Hinweis auf die Herkunft der Waren wahrnimmt?"

20. The key word in the second alternative in the German text is "wahrnimmt". Again, this is not a correct translation of "rely upon". Rather, it means "perceives". I am informed that a more correct translation would be "sich auf etwas verlassen".

21. On the other hand, in the translations of question 1 into other languages, including Dutch, Italian, Latvian and Polish, the words "rely upon" were correctly translated.

22. Notwithstanding these translation issues, both parties submitted that it was evident that the Advocate General and the Court of Justice had correctly understood the issue posed by the question which I referred. For reasons that will appear, however, I have to say that I have some doubts about this.

*The written observations*

23. Written observations were submitted by the United Kingdom, Poland, Germany and the Commission as well as the parties. In its observations the Commission cited what the Court of Justice had said in Case C-353/03 *Société des produits Nestlé SA v Mars UK Ltd* [\[2005\] ECR I-6135](#) at [26]-[30], and submitted that the decisive factor when determining whether a sign had or had not acquired a distinctive character was not the manner in which it was used by its proprietor, but the manner in which it was perceived by consumers.

### *The oral hearing*

24. The oral hearing took place on 30 April 2015. At the hearing representatives of the Commission, the Member States which had submitted written observations and the parties made submissions. I was informed by counsel for Cadbury, without contradiction by counsel for Nestlé, that the Commission's representative stated explicitly at the hearing that the Commission did not consider that mere association was enough to satisfy the test for acquired distinctiveness.

### *Nestlé's application to re-open the oral procedure*

25. After the Advocate General had delivered his Opinion, Nestlé applied to re-open the oral procedure, arguing that the Advocate General had not adequately answered question 1 and had misinterpreted its argument. This application was rejected by the Court of Justice in its judgment.

### The Opinion of the Advocate General

26. Advocate General Melchior Wathelet is a Belgian national who delivered his Opinion in French on 11 June 2015. As explained above, however, the authentic text is the English translation ([EU:C:2015:395], [\[2015\] ETMR 50](#)).

27. In section III of his Opinion, the Advocate General summarised the facts of the case, stating at [22]:

"Secondly, as regards the question of whether the trade mark had acquired distinctive character through the use made of it prior to the relevant date, the referring court, after reviewing the relevant case-law, seeks to ascertain whether, in order to establish that a trade mark has acquired distinctive character, it is sufficient that, at the relevant date, a significant proportion of the relevant class of persons recognises the trade mark and associates it with the applicant's goods. The referring court takes the view that the applicant must prove that a significant proportion of the relevant class of persons regards the trade mark (as opposed to any other trade mark which may also be present) as indicating the origin of the goods."

28. The statement in the last sentence quoted was evidently intended to reflect what I had said in my first judgment at [55], but it uses the language of "regards" ("estime que" in the French text).

29. The Advocate General considered question 1 in section V(B) of his Opinion. He began by making the following preliminary observations (emphasis in the original, footnotes omitted):

"33. By its first question, the referring court asks the Court whether, in order to prove that a trade mark has acquired that 'distinctive character following the use that had been made of it', within the meaning of Article 3(3) of the Trade Marks Directive, it is sufficient for the applicant for registration to prove that at the relevant date a significant proportion of the relevant class of persons recognises the mark and associates it with the applicant's goods in the sense that if they were to consider who marketed goods bearing that mark, they would identify the applicant, or whether the applicant must prove that a significant proportion of the relevant class of persons relies upon the mark (as opposed to any other trade marks which may also be present) as indicating the origin of the goods.

34. According to the High Court of Justice, the question reflects continuing uncertainty on the part of the English courts, even though they have already made two requests to the Court for a preliminary ruling on this subject.

35. This case therefore presents the Court with an opportunity to determine whether merely proving that the shape of goods which have been placed on the market is recognised by a substantial proportion of the relevant public as *designating* the goods of a particular trader is sufficient in order to establish that a trade mark has acquired distinctive character following the use made of it, or whether it must be shown that the shape is used and relied upon by the relevant public as *aguarantee of trade origin*."

30. In the English version, both [33] and [35] use the language of "rely upon". In the French text, they are expressed differently: [33] again uses the expression "estimait que", but [35] uses the expression "s'y fie en tant que". The latter expression is closer to the English.

31. The Advocate General proceeded to divide his analysis of the question into two parts. In the first, he considered the essential function of a trade mark, namely to guarantee the origin of the goods or services denoted by the mark, and the implications of this for the assessment of distinctive character. Having summarised the principles established by a number of judgments of the Court of Justice, he said at [39] (emphasis in the original):

"The trade mark not only enables its proprietor to distinguish himself from his competitors, but also provides a guarantee to

the consumer or end-user that *all the goods or services covered by the sign constituting the trade mark have the same trade origin.* (11)"

32. Footnote 11 cites Y. Basire, "La fonction patrimoniale de la marque", *Légicom* No 44, 2010, pp. 17-26, especially pp. 24-25. This is an article in French by Yann Basire, then a doctoral student at the Université de Strasbourg, based, as I understand it, on the PhD thesis he was then writing. (The thesis was completed in 2011 under the title "Les fonctions de la marque: essai sur la cohérence du régime juridique d'un signe distinctif" and won the prize for the best thesis in private law at the university that year. Dr Basire is now an Associate Professor at the Université de l'Haute Alsace with teaching posts at a number of other institutions.) In response to another query which I raised in advance of the resumed hearing, the parties helpfully provided me with an English translation of this article. In the passage cited by the Advocate General, Dr Basire explained that the guarantee offered by the trade mark is that all products or services marked with the same sign have the same commercial origin, that of the legitimate proprietor of the trade mark, but without precisely identifying the company behind the products or services (and hence embracing products or services produced by licensees). This is the essential function of the trade mark, which is to identify products or services in order to distinguish them from those competitors. Dr Basire argued that this identification function should be understood as a "fonction patrimoniale", which is not easy to translate idiomatically, but may perhaps be rendered as "paternal function".

33. After further discussion of the case law of the Court of Justice, the Advocate General concluded this part of his analysis at [42] as follows:

"It is clear from that case-law that it is not sufficient for the applicant for registration to prove that the average consumer of the category of goods or services at issue, who is reasonably well informed and reasonably observant and circumspect, recognises the trade mark and associates it with his goods. He must prove that, for that average consumer, who is reasonably well informed and reasonably observant and circumspect, the trade mark in respect of which registration is sought (as opposed to any other trade marks which may also be present) indicates the exclusive origin of the goods concerned, without any possibility of confusion."

34. In the second part of his analysis, the Advocate General considered the effect of use of the sign in question as a component of, or in conjunction with, a registered trade mark. Having noted that the Court of Justice had previously held that distinctive character could only be acquired through use of the sign

"as a trade mark" and that distinctive character could be acquired through use of the sign as a component of, or in conjunction, with a registered trade mark, he went on in a passage which, for reasons which will appear, it is necessary to quote in full (emphases in the original, footnotes omitted except for the last two):

"47. However, in the judgment in *Nestlé* (C-353/03, [EU:C:2005:432](#)), the Court was careful to specify that, in any event, 'it is sufficient that, *in consequence of such use*, the relevant class of persons actually perceive the product or service, *designated exclusively by the mark applied for*, as originating from a given undertaking'.

48. In other words, although the trade mark for which registration is sought may have acquired distinctive character when used in conjunction with another trade mark, it must, at a given time, in order to be eligible for protection as a trade mark in its own right, be capable of fulfilling the function of identifying the origin of the goods by itself.

49. That evidentiary issue was very well explained, in a situation concerning a composite mark, by Advocate General Kokott in her Opinion in *Nestlé* (C-353/03, [EU:C:2005:61](#)), where it is stated that 'it is not sufficient for the purposes of demonstrating acquisition of distinctive character, as a result of use as a part of a composite mark, to provide documentary evidence of use of the overall mark. Rather it must also be demonstrated that the relevant class of persons understand the element in question, if used separately, to designate a product as originating from a specific undertaking, thus distinguishing it from products of other undertakings'.

50. As the Court expressly stated in its interpretation of Article 7(3) of Regulation No 40/94, 'regardless of whether the sign is used as part of a registered trade mark or in conjunction with the registered trade mark, *the fundamental condition* is that, as a consequence of that use, *the sign for which registration as a trade mark is sought* [and that sign alone, I would add, for the sake of completeness] may serve to identify, in the minds of the relevant class of persons, the goods to which it relates as originating from a particular undertaking'.

51. That interpretation is confirmed by the clarification provided by the Court in the same case, according to which a registered trade mark that is used only as part of a composite mark or in conjunction with another mark must *continue* to be perceived as indicative of the origin of the product at issue for that use to be covered by the term 'genuine use'.

52. In the context of the main proceedings, the question at issue is, therefore, whether the shape for which Nestlé seeks registration as a trade mark, when used independently of its packaging or of any reference to the term 'Kit Kat', serves to identify the product, to the exclusion of any other trade mark which may also be present, as being, without any possibility of confusion, the Kit Kat wafer bar sold by Nestlé (21).

53. It is for the competent authority to determine whether the relevant class of persons, or at least a significant proportion thereof, identifies, *because of the trade mark in question*, the product or service as originating from a particular undertaking, in the sense of having the same commercial origin.(22)"

35. Footnote 21 stated:

"Although the term 'Kit Kat' is embossed on each of the fingers which make up the 'Kit Kat' biscuit, the shape in respect of which registration is sought is, in itself, devoid of any lettering and could, potentially, be identified by the relevant public as relating to products of other undertakings. In that case, it would not have the required distinctive character. That is a matter for the referring court to determine."

36. Footnote 22 cited the same passage in Dr Basire's article as footnote 11 (but this time especially p. 25).

37. The Advocate General therefore concluded at [55] that the answer to the first question:

"... should be that it is not sufficient for the applicant for registration to prove that the relevant class of persons recognises the trade mark in respect of which registration is sought and associates it with the applicant's goods or services. He must prove that only the trade mark in respect of which registration is sought, as opposed to any other trade marks which may also be present, indicates, without any possibility of confusion, the exclusive origin of the goods or services concerned."

38. It is clear from this that the Advocate General rejected the first of the two alternatives posed in question 1. He did not in terms either accept or reject the second of the two alternatives, however.

The judgment of the CJEU

39. The case was assigned to the First Chamber of the Court of Justice. The rapporteur was Judge François Biltgen, a Luxembourg national who I presume to be a Francophone. If so, this would tend to reinforce the likelihood of the judgment having been drafted in French. Again, however, the authentic text of the Court's judgment is the English version ([\[EU:C:2015:604\]](#), [\[2015\] ETMR 50](#)).

40. In its summary of the dispute in the main proceedings and the questions referred for a preliminary ruling, the Court of Justice stated at [24]:

"Secondly, as regards the question of whether the trade mark at issue had acquired distinctive character through the use made of it prior to the relevant date, the referring court, after reviewing the relevant case-law, seeks to ascertain whether, in order to establish that a trade mark has acquired distinctive character, it is sufficient that, at the relevant date, a significant proportion of the relevant class of persons recognise the trade mark and associate it with the trade mark applicant's goods. The referring court takes the view that the trade mark applicant must prove that a significant proportion of the relevant class of persons regard the trade mark (as opposed to any other trade mark which may also be present) as indicating the origin of the goods"

41. This is almost identical to the Advocate General's Opinion at [22] and my comment in paragraph 28 above is equally applicable.

42. The Court of Justice began its consideration of question 1 by reformulating it at [58] as follows:

"By its first question the referring court asks, in essence, whether an applicant to register a trade mark which has acquired a distinctive character following the use which has been made of it within the meaning of Article 3(3) of Directive 2008/95 must prove that the relevant class of persons perceive the goods or services designated exclusively by that mark, as opposed to any other mark which might also be present, as originating from a particular company, or whether it is sufficient for that applicant to prove that a significant proportion of the relevant class of persons recognise that mark and associate it with the applicant's goods."

43. The Court's analysis is rather briefer than that of the Advocate General, and it did not divide its consideration of the question into two parts. Nevertheless, its analysis tracks that of the Advocate General. Thus the

Court began at [59]-[61] by considering the essential function of a trade mark and the assessment of distinctive character, referring to several of the same cases as the Advocate General. The Court continued:

"63. So far as, specifically, the acquisition of distinctive character in accordance with Article 3(3) of Directive 2008/95 is concerned, the expression 'use of the mark as a trade mark' must be understood as referring solely to use of the mark for the purposes of the identification, by the relevant class of persons, of the goods or services as originating from a given undertaking (judgment in *Nestlé*, C-353/03, [EU:C:2005:432](#), paragraph 29).

64. Admittedly, the Court has acknowledged that such identification, and thus acquisition of distinctive character, may be as a result both of the use, as part of a registered trade mark, of a component thereof and of the use of a separate mark in conjunction with a registered trade mark. However, it has added that in both cases it is important that, in consequence of such use, the relevant class of persons actually perceive the goods or services, designated exclusively by the mark applied for, as originating from a given undertaking (judgment in *Nestlé*, C-353/03, [EU:C:2005:432](#), paragraph 30, and, in connection with Regulation No 40/94, Article 7(3) of which corresponds, in essence, to Article 3(3) of Directive 2008/95, the judgment in *Colloseum Holding*, C-12/12, EU:C:2013:253, paragraph 27).

65. Therefore, regardless of whether the sign is used as part of a registered trade mark or in conjunction with the registered trade mark, the fundamental condition is that, as a consequence of that use, the sign for which registration as a trade mark is sought may serve to identify, in the minds of the relevant class of persons, the goods to which it relates as originating from a particular undertaking (see, to that effect, judgment in *Colloseum Holding*, C-12/12, EU:C:2013:253, paragraph 28).

66. It must therefore be concluded, as indicated in points 48 to 52 of the Advocate General's Opinion, that although the trade mark for which registration is sought may have been used as part of a registered trade mark or in conjunction with such a mark, the fact remains that, for the purposes of the registration of the mark itself, the trade mark applicant must prove that that mark alone, as opposed to any other trade mark which may also be present, identifies the particular undertaking from which the goods originate.



67. Having regard to those considerations, the answer to the first question is that, in order to obtain registration of a trade mark which has acquired a distinctive character following the use which has been made of it within the meaning of Article 3(3) of Directive 2008/95, regardless of whether that use is as part of another registered trade mark or in conjunction with such a mark, the trade mark applicant must prove that the relevant class of persons perceive 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."

44. As Nestlé accepts, it is clear from this that the Court of Justice rejected the second of the two possibilities it had identified at [58], that is to say, the first alternative posed in question 1. It did not in terms either accept or reject the second alternative, however.

#### Analysis of the CJEU's answer

45. In my view it is regrettable that, as it so often does, the Court of Justice reformulated the question which I referred to it. While it is understandable for the Court to do so on occasion, since experience shows that questions referred by national courts for preliminary rulings can be badly worded, in this case the question was worded with precision. The result of the Court's reformulation of the question I asked is that its answer to that question is unclear, save that it rejected the first of the two alternatives posed.

46. I should make it clear that I am not suggesting that, because the Court of Justice rejected the first alternative, it was bound to accept the second alternative. If a referring court asks whether the answer to a question is A or B, the Court is perfectly entitled to say that the answer is neither A nor B, but C. After all, it is for the Court to determine issues of European law, not the referring court. The problem in the present case is that the Court has said that the answer is not A, but C. Since the Court has not explicitly addressed B, however, it is not clear whether C is different from B. As a result, Cadbury contends that in substance the Court's answer is the same as the second alternative posed in question 1, while Nestlé contends that it is different.

47. This difficulty is compounded by the language issues I have identified, which lead me to doubt whether the Court fully understood the second alternative.

48. In those circumstances, it is tempting to refer the question again. But I see no realistic prospect of a further reference yielding a materially different result.

Accordingly, it is necessary to try to understand and apply the answer which the Court has given as best I can. To that end, I would make the following points.

49. First, the Court at [66] expressly endorsed the Advocate General's Opinion at [48]-[52]. Moreover, the Court's reasoning at [63]-[66] is very close to that of the Advocate General in the second part of his analysis. It seems to me, therefore, that the Court agreed with the Advocate General's reasoning in the second part of his analysis.
50. Secondly, although it is less clear that the Court endorsed the Advocate General's reasoning in the first part of his analysis, I see nothing in the Court's judgment which is inconsistent with that reasoning.
51. Thirdly, as I have already noted, it is clear from the Court's judgment that it is *not* sufficient for the applicant to prove that a significant proportion of the relevant class of persons recognise the sign in question and associate it with the applicant's goods. Thus more is required.
52. Fourthly, the Court has ruled that the applicant "must prove that the relevant class of persons perceive 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". But the question which remains is what this entails.
53. In my judgment, guidance in answering that question is provided by three pointers. The first is the Advocate General's Opinion at [53]. Although this was not one of the paragraphs which was expressly endorsed by the Court in its judgment, for the reasons given above, I consider that the Court can be taken to have agreed with it. It is worth repeating (this time omitting the footnote):

"It is for the competent authority to determine whether the relevant class of persons, or at least a significant proportion thereof, identifies, *because of the trade mark in question*, the product or service as originating from a particular undertaking, in the sense of having the same commercial origin."
54. This statement repeats almost word-for-word (apart from the addition of the final, clarifying clause) the Court's statement in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) v Boots- und Segelzubehör Walter Huber* [1999] ECR I-2779 at [52], but with emphasis on the requirement of identification *because of the trade mark in question* (and not any other trade mark).

55. The second pointer is that it is clear from the judgment of the Court at [64] that it based its answer, as the Commission had suggested, on what it had said in *Nestlé v Mars* at [30], namely that it was "important that, in consequence of such use, the relevant class of persons *actually* perceive the goods or services, designated exclusively by the mark applied for, as originating from a given undertaking" (emphasis added).
56. The third pointer is that the Court's answer as expressed at [67] is very close to my provisional view as interpreted by the Court at [24].
57. Accordingly, I conclude that, 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).
58. Since the Court has not, at least in terms, agreed with the second alternative posed in question 1, it cannot be assumed that this test is the same as a test of reliance. Counsel for Cadbury submitted, however, that there was no inconsistency between the two tests: if 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), then they will rely upon that sign to differentiate those goods or services from the goods or services of other undertakings.
59. Counsel for Nestlé emphasised that the Court of Justice had now made it clear in a number of cases that there was no requirement for the sign in question to have been used on its own for it to acquire distinctive character. On the contrary, the Court had held that a sign could acquire distinctive character even though it had been used in conjunction with other marks. He also emphasised that the Court's answer to question 1 was that what mattered was the perception of the relevant class of persons. He argued that, where the sign had so far been used in conjunction with other marks, that required an assessment of how such persons would perceive the sign if it were to be used on its own. On the question of reliance, however, his submission was little different from that of counsel for Cadbury (emphasis added):

"[The court's answer] ... imports the concept of reliance, because there is reliance by the average consumer where, as a result of the mark, they perceive the goods as originating from a particular undertaking. It is not reliance in the sense that they had in the past gone out and made purchasing decisions on that basis, but it is reliance in the sense that they perceive it as a

trade mark. To perceive it as a trade mark is to perceive it as identifying the undertaking from which the goods originate. That of course is the critical reliance for trade mark purposes. ... [What is required is] something which people will perceive in a trade mark way. *Implicit in that is that they will rely upon it if presented with it in those circumstances where they may wish to buy the product or even avoid the product.*"

60. Accordingly, I conclude that it is legitimate for the competent authority, when assessing whether the applicant has proved that 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, to consider whether such persons would rely upon the sign as denoting the origin of the goods if it were used on its own.

#### Application to the present case

61. I summarised the hearing officer's reasoning with respect to the issue of acquired distinctiveness in my first judgment at [16]-[25]. For convenience, I shall set out again his conclusion at [109]:

"In my view, the applicant has shown recognition of the mark amongst a significant proportion of the relevant public for chocolate confectionery (only), but not that consumers have come to rely on the shape to identify the origin of the goods. This is because:

- i) There is no evidence that the shape of the product has featured in the applicant's promotions for the goods for many years prior to the date of the application;
- ii) The product is sold in an opaque wrapper and (until a few months before the filing of the application – and then only for a subset of the goods placed on the market), the wrapper did not show the shape of the goods;
- iii) There is no evidence – and it does not seem likely – that consumers use the shape of the goods post purchase in order to check that they have chosen the product from their intended trade source.

In these circumstances it seems likely that consumers rely only on the word mark KIT KAT and the other word and the pictorial marks used in relation to the goods in order to identify the trade origin of the products. They associate the shape with KIT KAT (and therefore with Nestlé), but no more than that. Therefore, if it is necessary to show that consumers have come to rely on the shape mark in order to distinguish the trade

source of the goods at issue, the claim of acquired distinctiveness fails."

62. As I explained in my first judgment at [49], it is clear from the hearing officer's decision that he applied the law as stated in *Vibe*. At the first hearing of the appeals, counsel for Nestlé's primary submission was that the present case was factually distinguishable from *Vibe*. I did not accept that submission for the following reasons:

"50. ... The hearing officer's finding of fact only establishes that a significant proportion of the relevant class of persons recognise the shape constituted by the Trade Mark and associate it with goods manufactured by Nestlé in the sense I have explained in paragraph 45 above. In my judgment the hearing officer was correct to conclude that it had not been shown such persons have come to rely on the Trade Mark to identify the origin of the goods for the reasons he gave at [109].

51. Before proceeding further, it is perhaps worth elaborating a little on the hearing officer's third reason. As counsel for Cadbury accepted, a sign may come to be relied upon by consumers as indicating the origin of goods, and thus acquire a distinctive character, even though the sign is not visible to the consumer at the time of purchase. A very old example of this is the stamp frequently placed by wine producers on the corks in bottles of wine. Both because the cork was traditionally covered by lead foil and (where applicable) because of the dark glass of the bottle, the stamp was not visible to consumers at the point of sale, but only when the cork was extracted from the bottle (or at least when the foil was removed, if the bottle was made from clear glass). The point of the stamp was to confirm the authenticity of the product. In other words, it was an early form of anti-counterfeiting measure. As such, it was recognised by the English courts in the nineteenth century that such stamps functioned as trade marks and were distinctive of wine produced by the relevant producer: see the cases discussed in Prescott, 'Trade marks invisible at point of sale: some corking cases' [1990] EIPR 241. As the hearing officer rightly held, however, there is no evidence, and it is inherently unlikely, that consumers of four-finger Kit Kats rely upon the shape of the product to confirm the authenticity of the goods. Indeed, I would go further: the fact that Nestlé ensures that each finger is embossed with the words Kit Kat as shown in paragraph 4 above amounts to a clear recognition that consumers do not rely on the shape in this way, rather what they rely upon is the trade mark Kit Kat."

63. Counsel for Nestlé's secondary submission at the first hearing was that the law was not correctly stated in *Vibe* and that the correct interpretation of Article 3(3) of the Directive was that association was sufficient to demonstrate the acquisition of a distinctive character. It was this submission that occasioned the need for question 1 of the reference.
64. It is plain from the CJEU's answer to question 1 that the submission advanced by counsel for Nestlé at the first hearing that association is sufficient to demonstrate the acquisition of a distinctive character is wrong.
65. Despite this, counsel for Nestlé submitted at the resumed hearing that the hearing officer had erred in law in the light of the Court of Justice's answer. In essence, counsel for Nestlé argued that the hearing officer had erred because he had required evidence of past reliance by consumers upon the Trade Mark as denoting the origin of the goods, whereas all that was required was evidence that consumers perceived the goods designated by the Trade Mark as originating from a particular undertaking.
66. Although it is true that the hearing officer asked himself whether consumers "have come to rely on the shape to identify the origin of the goods", I do not accept this demonstrates that he erred in law. I consider that it is clear from his reasoning that he evaluated the perception of consumers at the relevant date in manner which is consistent with the legal test stated by the CJEU.
67. Counsel for Nestlé also submitted that the hearing officer's conclusion was untenable in the light of the evidence, in particular the second survey relied upon by Nestlé, as to which see my first judgment at [22]-[24]. The hearing officer accepted that this showed that at least half the people surveyed thought that the picture shown to them depicted a KIT KAT product. Counsel for Nestlé argued that this showed that a significant proportion of consumers did perceive the goods designated by the Trade Mark as originating from a particular company. He posed the rhetorical question: if such evidence was not good enough, what would be?
68. I do not accept this argument either. The hearing officer concluded that all the survey showed was that consumers recognised the Trade Mark and associated it with KIT KAT products. In my judgment he was correct to do so. It should not be forgotten that the exercise involved showing consumers the Trade Mark and asking them questions which were designed to prompt them to name a source of products of the kind depicted. That a majority were able to name KIT KAT does not prove they perceived the Trade Mark as exclusively designating the trade origin of such products, any more than the fact that a majority of consumers of cars may be able to name a car manufacturer as a source of cars of a particular shape shows that they

perceive that shape as identifying the origin of such cars (see Jacob J in *Unilever plc's Trade Mark Applications* [2003] RPC 35 at [43]-[44]).

69. Furthermore, as counsel for Cadbury pointed out, the Court of Justice held in Joined Cases C-217/13 and 218/13 *Oberbank AG v Deutscher Sparkassen- und- Giroverband EV* [[EU:C:2014:2012](#)], [2014] ETMR 36 at [48] that:

"...even if a consumer survey may be one of the factors to be taken into account when assessing whether such a mark has acquired distinctive character through use, the results of a consumer survey cannot be the only decisive criteria to support the conclusion that a distinctive character has been acquired through use".

Although this statement was made with reference to a contourless colour mark, there is no reason to think that it is not equally applicable in this context.

70. In the present case, the hearing officer took all the relevant factors into account in reaching his decision. Not only do I agree with his assessment of the survey, but also I agree with his assessment of the other relevant factors. As the hearing officer's reasoning indicates, the answer to counsel's rhetorical question is that it is not difficult to envisage better evidence of acquired distinctive character.

71. Finally, as counsel for Cadbury also pointed out, an additional factor which supported the hearing officer's conclusion was his finding at [17] that there was likely to have been a number of similarly shaped products produced by other undertakings on the market in the years leading up to the relevant date. There is no evidence, however, that consumers thought that those products were KIT KAT products. As the Advocate General recognised in footnote 21 of his Opinion, that is inconsistent with the Trade Mark having acquired a distinctive character.

### Conclusion

72. For the reasons given above, Nestlé's appeal is dismissed and Cadbury's cross-appeal is allowed.