



**DECISION
of the Second Board of Appeal
of 11 December 2012**

In Case R 513/2011-2

Société des Produits Nestlé S.A.

Legal Department - Brand IP
Case postale 353
Vevey 1800
Switzerland

CTM Proprietor / Appellant

represented by Klos Morel Vos & Schaap, Weteringschans 24, 1017 SG, Amsterdam,
Netherlands

v

Cadbury Holdings Limited

Cadbury House, Sanderson Road
Uxbridge, Middlesex UB8 1DH
United Kingdom

Cancellation Applicant / Respondent

represented by Bristows, 100 Victoria Embankment, London EC4Y 0DH, United
Kingdom

APPEAL relating to Cancellation Proceedings No 2147 C (Community trade mark
registration No 2 632 529)

THE SECOND BOARD OF APPEAL

composed of T. de las Heras (Chairperson), G. Bertoli (Rapporteur) and
U. Wennermark (Member)

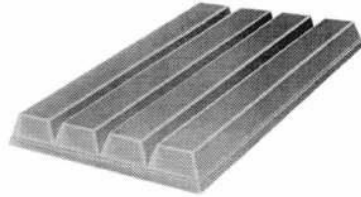
Registrar: P. López Fernández de Corres

gives the following

Decision

Summary of the facts

- 1 By an application filed on 21 March 2002, Société des Produits Nestlé S.A. ('the CTM proprietor') sought to register the following three-dimensional trade mark for several goods in Class 30:



- 2 On 24 October 2002, the Office raised an objection based on Article 7(1)(b) CTMR against CTM No 2 632 529 in relation to all the goods applied for in Class 30.
- 3 On 3 February 2003 and 11 February 2003, the CTM proprietor submitted its observations and several documents in order to prove the acquired distinctiveness of its mark.
- 4 On 19 January 2004, the Office notified the applicant of its decision to maintain the objection only in relation to 'chocolate, chocolate products, confectionery, candy', and to reject partially the trade mark applied for since the sign was devoid of any distinctive character to distinguish those goods.
- 5 Following an appeal brought against the abovementioned decision, the rejection of the CTM in relation to 'chocolate, chocolate products, confectionery, candy' was confirmed by the decision of 10 December 2004 in Case R 118/2004-2.
- 6 The application was published in the Community Trade Marks Bulletin No 3/2006 of 16 January 2006 and the mark was registered on 28 July 2006 for the following list of goods:

Class 30 – Sweets; bakery products, pastries, biscuits; cakes, waffles.
- 7 On 23 March 2007, Cadbury Schweppes Plc. filed a request for declaration of invalidity against CTM No 2 632 529 (hereinafter 'the CTM'). The request for a declaration of invalidity was directed against all the goods covered by the CTM.
- 8 The grounds of the request for a declaration of invalidity were those laid down in Article 52(1)(a) in conjunction with Article 7(1)(b), (c), (d) and (e)(ii) CTMR.
- 9 On 10 June 2009, the Office was informed that Cadbury Schweppes Plc had changed its name to Cadbury Holdings Limited (hereinafter 'the cancellation applicant').

10 In the cancellation proceedings, the parties submitted their observations together with supporting documents. As regards the alleged acquired distinctiveness, the Cancellation Division pointed out that the CTM proprietor submitted among others the following evidence:

- An overview of the worldwide sales volumes, turnover and advertising costs over the years 1995-2007 (Enclosure XI).
- A set of fifteen documents relating to the consumption of ‘KitKat’ in the United Kingdom, suggesting among others that half the population ate at least one ‘KitKat’ in 2002 (Enclosure XII).
- A promotional leaflet in which the history of the Rowntree’s Chocolate Crisp, released in the United Kingdom in 1935 is presented. In 1937, the product was renamed ‘KitKat’ and the brand has been used in the United Kingdom ever since (Enclosure XIV).
- A compilation of the launch dates of the four-finger chocolate bar in the various Member States of the European Union (Enclosure XV):
 - United Kingdom 1937
 - Ireland ‘late 1940s’
 - Italy ‘1960s’
 - France ‘1970s’
 - Germany 1972
 - Belgium, Denmark and Luxemburg 1985
 - Austria 1988
 - Greece and Spain 1989
 - Sweden 1991
 - Netherlands 1992
 - Portugal 1998
 - Finland ‘before 1999’.
- Figures from the marketing research company AC Nielsen concerning market share and brand ranking in 2005, 2006 and 2007. The market value shares vary between 4.5 and 5.5% for Greece and Portugal in the high end (Spain notably higher with a market share exceeding 20%) and Sweden and Belgium in the lower end with figures below 1% (Enclosure XVI). Germany, Denmark, Finland and Luxemburg are not included in the presentation.
- A list covering some 100 TV commercials in fourteen of the relevant EU Member States (excluding Ireland) indicating the time of the advertisement in the respective territories. A CD was enclosed, containing files with examples of TV commercials in Hungary, the Czech Republic and Malta (Enclosure XVII). None of the files in the CD emanates from the United Kingdom (Enclosure XVII).
- Company internal financial figures, market share, advertising expenses and examples of advertising and where applicable, brand awareness figures presented for the relevant Member States.

- 11 The cancellation applicant disputed that the mark had been used as registered (i.e. the ‘KitKat’ logo was printed on top of each of the four bars whereas the registered mark did not have any imprints; in most advertisements the four-finger bars were not shown in their entirety but they were almost exclusively shown wrapped in branded paper or foil) and it contended that any acquired distinctiveness obtained through use of the mark would not be for the wide range of products for which the mark is registered. With regard to the market surveys (brand recognition) submitted by the CTM proprietor, the cancellation applicant pointed out that most of them were carried out after the date of application of the contested mark, and criticized a number of the surveys as to their reliability (i.e. the surveys in general had invited the respondents to speculate as to the origin of the product and their methodology was not sufficiently transparent as instructions to the interviewers were not enclosed).
- 12 On 11 January 2011, the Cancellation Division adopted its decision (hereinafter ‘the contested decision’) declaring the CTM invalid and ordering the CTM proprietor to bear the costs. In the contested decision the Cancellation Division reasoned as follows:

- The Cancellation Division holds as inadmissible the request for a declaration of invalidity based on Article 7(1)(d) CTMR, to the extent that it refers to dealings after the date of application for registration of the contested CTM.
- As a preliminary remark, the Cancellation Division states that it is clear from the communications of the Office as well as from the annotations that the basis for the registration of the mark was a finding of inherent distinctiveness for ‘*sweets; bakery products, pastries, biscuits; cakes, waffles*’ in Class 30 and that the Office found the submitted evidence of use insufficient to support the alleged acquired distinctiveness for ‘*chocolate, chocolate products, confectionery and candy*’. The lifted objections were not based on a finding of acquired distinctiveness pursuant to Article 7(3) CTMR. The prosecution history is described by the Boards of Appeal in R 118/2004-2, paragraph 6 and the finding by the Examination Division in this respect was fully upheld by the Board. Falling outside the scope of the appeal, was the issue of the inherent distinctiveness of the mark for ‘*sweets; bakery products, pastries, biscuits; cakes, waffles*’ which was never examined by the Board.

Claim based on the Article 7(1)(b) CTMR

- Chocolate-lined biscuits are aimed at the widest of trade circles. The consumer encounters these goods when doing his or her daily shopping in the supermarket or from a vending machine. In this case, the relevant public consists of the average consumer from all geographical areas of the European Union. Such goods are convenience goods and low-price products. The consumer’s level of attention is not generally high where such goods are concerned. They are routinely offered for sale for immediate consumption.
- The cancellation applicant argued that the findings of the Boards of Appeal regarding the non-distinctiveness of the mark in relation to, among others, ‘chocolate’, are equally applicable to the goods for which the mark is

registered. The CTM proprietor argued that this is not the case. On the other hand, when the CTM proprietor discusses the scope of protection of its mark, it refers to the mark as a ‘chocolate covered biscuit product’.

- It is true that any assessment of distinctive character must be based on the list of goods for which the mark is registered, i.e. in relation to all the terms ‘sweets; bakery products, pastries, biscuits; cakes, waffles’, but this does not give rise to any restrictions of the relevant wealth of shapes. The Cancellation Division holds that the assessment of the mark’s capability to serve as an indication of commercial origin must include the realm of competing products on the market. Therefore, when assessing whether a three-dimensional shape of the product departs significantly from other marketable shapes, those goods must also be taken into account that do not correspond exactly to the list of goods but are essentially on a par with it according to the perception of trade and normal marketing conditions (see judgments of 12 January 2006, Case C-173/04, ‘Standbeutel’, para. 36, and of 10 March 2009, Case T-8/08, ‘Forma di una conchiglia’, para. 23). The consumer encounters goods such as those claimed here not in isolation, but as part of a larger range of sweet fast-foods for consumption during short breaks, such as sweets, bakery products, pastries, biscuits; cakes and waffles.
- The evidence submitted by the parties shows various types of biscuits and wafers, most of which are chocolate coated. The pictures filed by the CTM proprietor show a large number of bars and sticks, most of which have an elongated shape but which are not aligned together. The applicant’s evidence on the other hand exclusively shows a number of such bars, aligned together in twos and fours. Even though the respective evidence represents various segments of a wider area of competing products, it is clear that it is customary to give such products a shape apt for breaking or dividing into smaller bits for more convenient consumption. The contested mark consists of four elongated bars, joined together along their long sides. The horizontal projection of the four bars shows that the bars have a trapezoid shape with the alignment between the bars at the base of the trapezoids. Considering that all the goods for which the CTM is registered belong to a category where the shapes of the products, to a great extent, are determined by demands for simple, swift and convenient eating, the Cancellation Division holds that the shape of the contested mark does not deviate significantly from the norm of the sector. Therefore, the contested mark lacks inherent distinctiveness pursuant to Article 7(1)(b) CTMR also in respect of ‘sweets; bakery products, pastries, biscuits; cakes, waffles’ in Class 30.

Acquired distinctiveness pursuant to Article 52(2) CTMR

- First with regard to the relevant territory, Article 165(1) CTMR implies that as from the date of the accession of the ten new Member States on 1 May 2004, the contested CTM was extended to cover the new Member States. In accordance with subparagraph (4) of the same Article, a CTM may not be declared invalid pursuant to the absolute grounds in Article 7 CTMR in conjunction with Article 52 CTMR merely because of the accession of a new Member State. This means that a finding of a registered CTM inherently

lacking distinctiveness in one or more of these states cannot be successfully invoked before the Office. Therefore, acquired distinctiveness in these Member States pursuant to Article 52(2) CTMR need not be assessed. Furthermore, since acquired distinctiveness in any of the new Member States is irrelevant for the assessment of acquired distinctiveness in any of the fifteen States that were members of the European Union at the time of application for registration of the contested mark, the Cancellation Division will not examine the evidence submitted by the CTM proprietor which relates to the ten new Member States.

- Secondly, the General Court has found that it may be assumed that the inherent distinctiveness of a non-word mark will be the same throughout the European Union, unless there is concrete evidence to the contrary. In the case at hand, this implies that the lack of distinctiveness of the contested mark under Article 7(1)(b) CTMR applies to all the fifteen relevant Member States. This in turn means that the CTM proprietor has the burden of showing that the lack of distinctiveness has been overcome in all the relevant territories.
- Further Court practice shows that findings of acquired distinctiveness in one or a number of Member States cannot simply be extrapolated to Member States of the European Union where there are no available figures of market recognition among the relevant public. Particularly where there are indications that the market is not homogenous, the General Court has applied a standard which requires that the party claiming acquired distinctiveness to show evidence thereof from all the relevant territories.
- Thirdly, as to the credibility of the company's internal figures regarding market recognition, market share, turnovers etc. the Cancellation Division finds that where it is possible to verify figures from those of external sources, such as AC Nielsen and independent market research institutes, the latter corroborate the figures stated by the CTM proprietor. Nevertheless, they need to be evaluated in total and in conjunction with the rest of the evidence filed and the prerequisites that need to be met.
- The CTM proprietor has presented brand awareness figures from eleven of the fifteen States which were members of the European Union at the time of the application for registration of the contested mark. In general, the Office finds the summing up of the figures of various aspects of recognition in the manner that the CTM proprietor has done in its argumentation doubtful. Any kind of 'provocation' or 'reminder' as regards the interviewee will inevitably lead to results which cannot be considered objective. The Cancellation Division, therefore, restricts the examination of the results to the figures of unaided recognition and where relevant, the figures of replies other than those referring to the contested mark, to the CTM proprietor or to the 'KitKat' brand.
- No brand awareness figures have been given for Greece, Portugal, Luxemburg, Ireland and Belgium, i.e. five of the fifteen Member States.

- In Ireland, the presented market share of ‘KitKat’ is indicated at some 2% of the chocolate market, as well as of the ‘count-line’ segment. The four-finger bar constitutes approximately one fourth of this market share, i.e. 0.5% of a market which can be deduced to amount to EUR 600 million. A circumstance that could possibly point towards a certain degree of knowledge of the shape of the chocolate bar among the relevant public in Ireland is the allegation that it was launched on the market in the 1940s. However, since the purported historical presence of the mark is not corroborated by any further documentation which would allow the assessment of its impact on the market, that circumstance *per se* does not serve as a particularly useful indication of market recognition. This conclusion is supported by judgment of 8 July 2009 in Case T-28/08, ‘Chocolate bar’, para. 66. The Cancellation Division also rejects the ‘cross border effect’ of TV commercials suggested by the CTM proprietor. With no figures at all for Irish viewers’ access to United Kingdom television etc., any acceptance by the Cancellation Division of the reference to United Kingdom advertising would have been based on a mere assumption. Overall, the figures provided in relation to Ireland do not support a finding that the shape of the contested mark has acquired distinctiveness in Ireland.
- With regard to Benelux, the figures are incomplete:
 - For the Netherlands, the sales of the four-finger bars constitute 25-50% of the total sales of ‘KitKat’ and some 3% of a chocolate market which can be deduced to amount to almost EUR 500 million annually. No marketing materials relating to the Netherlands were submitted. The reported unaided brand (‘KitKat’) recognition for the Netherlands is 53% with a 34% rate of ‘other’ and 11% of ‘don’t know’. The survey only contains replies from 514 interviewees, a number which is so low that it is reasonable to question the statistical significance of the survey.
 - Furthermore, Belgium being renowned for chocolate produced in the country, the Dutch figures of brand recognition cannot be extrapolated to the neighbouring country. The market share in relation to the total chocolate market has not been presented, which means that it is not possible to deduce the volume of the chocolate market as such in Belgium. The market share for the four-finger bar in the ‘count-line’ segment is indicated to be a figure of approximately 1%. The evidence submitted by the CTM proprietor cannot possibly be interpreted as showing that the shape of the contested CTM has acquired distinctiveness in Belgium.
 - No separate figures are available for Luxemburg.
- The relatively high market share in Portugal, where the four-finger bar can be estimated to constitute 20% of the ‘countline’ segment and around 15% of the total chocolate market, should be assessed against a relatively small chocolate market which can be deduced to be of a value of EUR 25-30 million annually. The market share alone cannot be taken as sufficient

evidence of acquired distinctiveness.

- The market share of the four-finger bar in Greece ranges from 0.5 to 1.5% in a market of a value of EUR 75-90 million annually. Here too, the evidence cannot be taken as a clear indication that the shape of the contested mark has acquired distinctiveness in Greece.
- Based on the scarce evidence relating to Portugal and Greece, the fact that the CTM proprietor failed to demonstrate the level of public awareness of the contested mark in these countries becomes the decisive factor. The level of distinctiveness of the contested mark in these two countries is, therefore, insufficient to escape the absolute ground in Article 7(1)(b) CTMR in accordance with Article 52(2) CTMR.
- With regard to the three Nordic countries, the Finnish survey carried out in 2008 indicated a 30% unaided recognition whereas the corresponding surveys in Denmark and Sweden pointed towards somewhat higher degrees of unaided recognition; 37% and 62%, respectively. As far as Finland is concerned, the Cancellation Division holds that the figures of brand recognition do not support a conclusion that the shape of the contested mark has acquired distinctiveness. The evidence relating to advertising is weak. The TV advertising and Internet promotions relating to Sweden and Denmark cannot simply be presumed to cover Finland as well. The Swedish-speaking part of the population in Finland is less than 5% and the utilisation of Danish media in Finland is negligible.
- With regard to Sweden, notably, the Swedish Court of Patent Appeals was reluctant to use the 68% recognition from the 2005 survey as a basis for a finding that the four-finger bar had acquired distinctiveness in Sweden. The 2008 survey indicates a lower degree of unaided recognition; 51%. The methodological issues criticized by the Court of Patent Appeals only seem to have been partially overcome as the number of respondents has been doubled. A remaining fact, however, is that the interviews in Sweden (as well as in Denmark) were only carried out in two cities. This reduces the reliability of the outcome. Furthermore, it needs to be taken into consideration that the response rate relating to competitors' products was 35% and with 11% of the respondents indicating that they perceived the four-finger bar as merely being 'a chocolate bar'. The corresponding figures for Sweden were 19% and 24%. Considering the low market shares and the relatively low advertising costs, the Cancellation Division, therefore, concludes that it is unlikely that the shape of the contested mark has come to serve as an indicator of commercial origin for 'KitKat' chocolate bars in Sweden and Denmark.
- With regard to Austria, the Cancellation Division questions the result and categorical finding that the unaided recognition is 'predominant'. Firstly, the survey is based on a sample of merely 264 interviewees which renders the result statistically uncertain. Secondly, no actual figures have been indicated to back up the conclusion. The sales figures of EUR 1 million annually in a market of EUR 50-100 million do not in themselves indicate that the shape of

the chocolate bar has acquired distinctiveness in Austria. With regard to advertising, the Cancellation Division refutes the CTM proprietor's reference to German TV commercials being accessible to the Austrian public. Regardless of the fact that the two countries share the German language, it is a fact that they are two nations with their own national TV channels. Access to outside TV channel broadcasts of public service TV follows from the availability of networks. Without any further documentation to support this allegation, for instance, actual figures of Austrians watching German television channels, the Cancellation Division cannot base a finding of high public awareness of the mark on the mere statement of such access.

- Therefore, for Ireland, Greece, Belgium, Finland, Sweden, Denmark, Austria Portugal and Luxemburg, the Cancellation Division finds that the submitted evidence does not support the alleged acquired distinctiveness.
- Despite a relatively low market share in Germany, considering the sales figures and the volume of the market, the very high marketing expenses and the submitted rulings by German Courts, the Cancellation Division will take for a fact that the four-finger bar has acquired distinctiveness in that Member State. Corresponding conclusions apply to Italy, Spain, France and the United Kingdom, where sales figures, market shares and advertising expenses are accompanied by figures of unaided recognition of around 40% or above and with relatively low rates of responses indicating that the chocolate bar is perceived to be used by competitors or to be perceived as merely generic.
- For the assessment of acquired distinctiveness of the contested mark in the relevant fifteen Member States as a whole, the Cancellation Division needs to consider whether it could be implied that the chocolate market in the European Union is homogenous and whether in fact the high degree of recognition based on extensive and long-standing use in a number of major Member States would allow an extrapolation of the degree of knowledge to the Member States where there is no evidence or where the evidence is inconclusive. The chocolate market for the seven Member States where the contested CTM has acquired distinctiveness is considerably larger than the accumulated market in the eight Member States where the evidence does not support such a conclusion. The goods for which the contested mark is registered are mass consumption consumer goods. The submitted evidence has shown that the respective markets for chocolate products vary between the Member States. For instance, the Swedish, Danish and Finnish markets joined together are approximately of the same size as the chocolate market in France, despite the fact that the French population is three times as big. In Member States with a strong chocolate tradition such as Belgium, the market share figures submitted by the CTM proprietor imply that the chocolate market amounts to EUR 250 million annually. This again should be compared with, for instance, the German chocolate market which could be estimated to EUR 600 million annually in a population eight times that of the Belgian one. This is a strong indication that the chocolate market in the European Union differs significantly between the Member States and is far from homogenous.

- In the previously mentioned Chocolate Bar case (T-28/08, loc. cit. paras 57 to 61), the General Court applied a corresponding reasoning after having carefully examined the figures for the chocolate market of some of the Member States of the European Union. Consequently, the Cancellation Division will not extrapolate the findings of acquired distinctiveness from Germany, Italy, Spain, France and the United Kingdom to the territories where the evidence is weak in this respect. Besides, of course, it would not at all be possible to do so for Member States where the Cancellation Division has found that the evidence clearly shows that the contested mark has not acquired distinctiveness. It further follows from Article 7(2) CMR that an absolute ground being applicable in one Member State or more renders the ground applicable to the CTM as such.
 - In view of the above, it is considered that the contested mark was registered in breach of Article 7(1)(b) CTMR. The CTM proprietor failed to prove that the mark has acquired distinctiveness pursuant to Article 52(2) CTMR. Therefore, pursuant to Article 52(1)(a) CTMR, the mark is declared invalid in its entirety.
 - Since the applicant has succeeded with its request for a declaration of invalidity pursuant to Article 7(1)(b) CTMR in conjunction with Article 52(1)(a) CMTR, there is no need to analyse further the applicant's request for invalidity formulated on the basis of Article 7(1)(c), (d) and (e)(ii) CTMR in conjunction with the same provision.
- 13 On 9 March 2011, the CTM proprietor filed a notice of appeal against the contested decision in its entirety. A statement of grounds was filed on 11 May 2011.
 - 14 The appeal was forwarded to the Cancellation Division for consideration pursuant to Article 62 CTMR and was remitted to the Boards of Appeal on 30 May 2011.
 - 15 On 1 August 2011, the cancellation applicant submitted its observations in reply.
 - 16 On 29 June 2012, the CTM proprietor sent observations concerning the judgment rendered by the Court of Justice on 24 May 2012 in Case C-98/11 P, 'Hase'. The cancellation applicant replied on 3 July 2012.
 - 17 On 31 October 2012, the CTM proprietor submitted a decision of the Czech Intellectual Property Office (rejecting the opposition against a trade mark identical to the CTM and which had been registered on the basis of acquired distinctiveness), a judgment of the Superior Court of Madrid (recognizing both inherent and acquired distinctiveness to a trade mark identical to the CTM, apart from to the fact that it included two instead of four bars) and a decision of the Irish Intellectual Property Office (accepting the registration of a trade mark identical to the CTM on the basis of inherent distinctiveness). The cancellation applicant submitted its observations in that regard on 5 November 2012.

Submissions and arguments of the parties

- 18 The CTM proprietor requests the Board to annul the contested decision and to reject the invalidity request, upholding the validity of its mark. In addition, the CTM proprietor requests the Board to order the cancellation applicant to bear the costs of the proceedings, in the appeal and in the first instance. Its arguments can be summarized as follows:
- Regarding paragraph 19 of the contested decision, the CTM proprietor contests the findings in bullet points 6 and 12, i.e. that none of the files on the CD-ROM enclosed as Enclosure XVII emanate from the United Kingdom and that the Swedish Patent Appeal Court had found that the shape was lacking distinctiveness, and points out that the four TV commercials mentioned in bullet point 10 are not only ‘broadcast from France’ but also in Belgium.
 - None of the bars and sticks shown by the CTM proprietor has a trapezoidal shape like the individual fingers of the four-finger shape. The shape of the individual fingers is unique and unprecedented. For that reason alone the overall impression of the four-finger shape deviates significantly from the norm of the market.
 - The evidence submitted by the cancellation applicant as appendix 1-10 cannot harm the inherent distinctiveness for the four-finger shape. None of the products shown in these documents were on the market at the relevant date 21 March 2002. In fact, what the Cancellation Division has held to be ‘clearly’ customary has nothing to do with the demands for simple, swift and convenient eating, but rather shows the large extent of the reputation of the four-finger shape and the desire of the market to take unfair advantage of that reputation. These products possibly constitute an infringement on the CTM proprietor’s trade mark rights to the four-finger shape and for that reason some of them have been objected to.
 - The relevant person should be defined as ‘the European consumer’ instead of ‘the average consumer from all geographical areas of the European Union’.
 - The distinctive character of the mark must be assessed as regards the list of goods for which the mark is registered. The Cancellation Division incorrectly stated that the assessment of the mark’s capability to serve as an indication of commercial origin must include the ‘realm of competing products on the market’ and subsequently incorrectly assessed it in relation to ‘various segments of a wider area of competing products’, which include chocolate and chocolate products, which is inconsistent.
 - The Cancellation Division erred in holding that the lack of distinctiveness must have been overcome in all the fifteen relevant Member States. The EU territory has to be viewed as a whole and not as fifteen separated Member States (the analyses and proposal of the Max Planck Institute for Intellectual Property and Competition Law contained in its Study on the Overall Functioning of European Trade Mark System regarding the unitary character

of the Community Trade Mark is pointed out). Under this concept, it is interesting to look at the spread of the EU population over the EU territory.

- The population of the five clearly mentioned Member States where the Cancellation Division has concluded that the sign has acquired distinctiveness (Germany, France, the United Kingdom, Italy and Spain) together make up 79.2% of the total population of the fifteen Member States relevant in these proceedings, which increases to 83.4% when The Netherlands is included (according to the CTM proprietor, this should be so since they are not mentioned by the Cancellation Division when it identified the nine Member States where the sign lacked distinctiveness).
- Moreover, the CTM proprietor does not solely rely on the argument that the evidence regarding acquired distinctiveness in some Member States can be extrapolated to other Member States but actually shows evidence of extensive use, advertising and market recognition in those Member States. Thus, it has submitted numerous pieces of evidence regarding the remaining nine Member States or at least in a part of the EU where a more than substantial part of the relevant public lives.
- The Cancellation Division incorrectly interpreted the judgment of 8 July 2009 in Case T-28/08, ‘shape of a chocolate bar’. The General Court did not apply a standard which requires that where there are indications that the market is not homogenous, the party claiming acquired distinctiveness is to show evidence thereof from all the relevant territories. Instead, the CTM proprietor considers that where there are indications that the market is not homogenous, the Office should take the differences in these sub-markets into account when assessing the evidence regarding the acquired distinctiveness in the sense that the smaller the relevant sub-market, the more value should be given to, for example, market recognition. In this respect, the CTM proprietor submits charts of the total count-line market in the EU and the total chocolate market in the EU (enclosure A5), which show that the five countries where acquired distinctiveness has been recognised by the Cancellation Division make up almost 82% of the total EU count-line/chocolate market.
- In respect of the market surveys, the Cancellation Division incorrectly introduced as a standard that unaided market recognition of 40% or above would suffice for a finding of acquired distinctiveness. That absolute limit does not exist according to judgments in Cases C-108/97 and C-109/97, ‘Chiemsee’. This limit should be rejected as arbitrary, unfounded and unmotivated.
- In view of all circumstances of the present case, taking into account the spread of the EU population over the EU territory and taking into account the relevant sub-markets, the CTM proprietor submits that unaided market recognition of 20-30% in small(er) markets should suffice for a finding of acquired distinctiveness.
- The Cancellation Division incorrectly restricted the examination of the

results of the market surveys to the figures of unaided recognition. Whereas the ‘unaided’ answer gives the most important insight into the consumer’s association with the trade mark, the ‘aided’ question, provided that it is drawn up correctly (that is, when it is asked after the initial unaided question), is a valuable addition which should not simply be neglected. Including the ‘aided’ questions is in line with what scientifically can be required of surveys that are designed to measure the distinctiveness of signs.

- The Cancellation Division took an incorrect approach in not taking into account the answers in the market surveys that relate to competitor’s products, since naming a company when respondents are confronted with the sign proves the fact that this shape has come to serve as an indication of origin.
 - The finding that the submitted evidence does not support the alleged acquired distinctness follows from an incorrect interpretation. The CTM proprietor explains what should have been the conclusions of the Cancellation Division for each Member State after assessing this evidence. Furthermore, the CTM proprietor submits before the Board additional evidence in order to prove that its mark has acquired distinctiveness also in the remaining nine Member States (Enclosures A6-A16).
 - European consumers are not bound to one Member State since they have the freedom of movement within the entire European Union. Thus, they are confronted with products and advertisements for those products in countries other than their home-country and because of international transport, where the four-finger shape is a typical product to be found. The CTM proprietor submits ‘cross-border’ evidence to support this argument (Enclosure A17).
 - Grounds under Article 7(1)(c), (d) and (e)(ii) CTMR do not form part of the subject-matter of these appeal proceedings since the Cancellation Division did not consider it necessary to further analyse the cancellation applicant’s request for invalidity formulated on those grounds. Should the Board nevertheless feel obliged to examine these grounds, it must re-examine in full the defence raised by the CTM proprietor against these grounds in the first instance and take into account all the evidence produced to that end.
- 19 The cancellation applicant considers that the contested decision is correct since the Cancellation Division correctly applied the relevant law, and made a correct assessment of the lack of distinctive character of the mark under Article 7(1)(b) CTMR. It requests the Board to dismiss the appeal and to order the CTM proprietor to bear the costs of the proceedings. Its main arguments can be summarized as follows:
- This shape was only registered in Sweden under Article 6 quinquies of the Paris Convention principle of ‘*telle-quelle*’
 - It is surprising that the registration was allowed for ‘sweets, bakery products, pastries, biscuits, cakes and waffles’ given the direct identity and similarity of those products with the goods for which protection was refused, which

allows the CTM proprietor nevertheless to assert its mark against third party use of similar shapes in relation to the goods for which it was refused registration.

- Consumers are not in the habit of making assumptions about the origin of the product sold in that shape, given that it is always sold and advertised along with very prominent words and graphic elements such as ‘KIT KAT’ and the slogans ‘HAVE A BREAK... HAVE A KIT KAT’ and ‘HAVE A BREAK’. The words ‘KIT KAT’ appear on the top of the products sold in the shape of the marks themselves and as a result the mark is never used in its registered form.
- Even though it is not a requirement under this ground of invalidity, Cadbury has submitted evidence to demonstrate the prevalence of a number of similar shaped goods to the mark which were available on the market before 21 March 2002. These products are made to closely similar parameters to the mark, which are necessary for the production of such products. It is submitted that any small differences will not be noted by consumers, who traditionally do not pay a great deal of attention to the exact parameters of such low-value snack products. As a result, the finding that the shape represented by the mark does not depart significantly from the norm of the market is entirely correct based on the evidence before it.
- As discussed in relation to Article 7(1)(e)(ii) CTMR, the shape of the mark represents a shape that is necessary to achieve a technical result. It is, therefore, unreasonable to attempt to monopolize a shape that is common on the market due to consumer demand for convenient snack products capable of being separated into pieces, and to presume that other producers are simply intending to cause confusion with Nestlé products.
- The Cancellation Division clearly states that the assessment of distinctive character must be based on the goods for which the mark is registered and correctly takes into account the realm of shapes and products that are on a par with those goods according to the perception of trade and normal marketing conditions. The Court of Justice also found that it is particularly appropriate to take a wider sector into account when the trade mark consists of the three-dimensional shape of the packaging of the goods in question (see judgment of 12 January 2006 in Case C-173/04). In any event, the evidence the Cancellation Division assessed primarily consists of various types of chocolate-coated biscuits and wafers, hence being ‘biscuits’ as well as ‘sweets’.
- The law is clear with regards to the relevant territory that must be taken into consideration in determining whether the mark has acquired distinctiveness to a sufficient degree to achieve protection as a Community trade mark: the mark must be shown to be distinctive in each Member State. Nestlé did not demonstrate acquired distinctiveness for the majority of Member States. It is not clear why a percentage recognition figure should be given greater weight in a market of a smaller population size than a larger market; it is still intended to indicate the percentage of the relevant population that recognises

the shape. It is not appropriate to extrapolate evidence from one market to another because they are not homogeneous. The Cancellation Division used the correct method of assessing distinctiveness in each Member State both in light of the observations filed at the time it made its decision and in light of the nature of the relevant markets.

- The only results that would be of any relevance must be those emanating from the first question of each survey. By the later stages, the participant has been invited to speculate as to the company that the product represents. The limited initial recognition shows that the consumer is not accustomed to seeing a product shape as a trade mark.
- The market surveys were conducted in most cases five to six years after the application date of the mark. They do not show the degree of recognition of the mark at that date and should be disregarded on that basis alone.
- Enclosures A6 to A17 and the related observations must be disregarded as evidence consisting of facts, evidence or arguments that could and should have been submitted to the Cancellation Division, thus it cannot be entered on appeal. Nevertheless, the cancellation applicant makes some summary points, such as that the surveys were conducted almost ten years after the filing date and thus cannot be taken into account as showing the degree of market recognition at that time since the conditions on the market cannot be presumed to have remained the same over that long period of time, or that the survey evidence relates only to a chocolate covered wafer product and not to any bakery, pastry, cake or waffle product. It concludes that Nestlé has submitted no additional evidence whatsoever showing that the mark has acquired distinctiveness in any country for any of the goods that it claims prior to its application.
- If the Board were to overturn the contested decision, the additional cancellation grounds submitted on the basis of Articles 7(1)(c), (d) and (e)(ii) CTMR must be considered by the Board or it must remit the case to the Cancellation Division for consideration.

Reasons

- 20 The appeal complies with Articles 58, 59 and 60 CTMR and Rule 48 CTMIR. It is, therefore, admissible.
- 21 The Board observes that the grounds of the request for a declaration of invalidity invoked by the cancellation applicant were those laid down in Article 52(1)(a) in conjunction with Article 7(1)(b), (c), (d) and (e) CTMR and that since the cancellation applicant succeeded in its request for a declaration of invalidity pursuant to Article 7(1)(b) CTMR in conjunction with Article 52(1)(a) CMTR, the Cancellation Division did not consider it necessary to further analyse the cancellation applicant's request for invalidly formulated on the remaining grounds. Therefore, the Board will first determine whether the above mentioned finding may be confirmed and will only proceed with the assessment of the

grounds laid down in Article 52(1)(a) in conjunction with Article 7(1)(c), (d) and (e) CTMR if necessary.

Article 52(1)(a) in conjunction with Article 7(1)(b) CTMR

- 22 Article 52(1)(a) CTMR determines:
- ‘1. A Community trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings:
- (a) where the Community trade mark has been registered contrary to the provisions of Article 7;’
- 23 Under Article 7(1)(b) CTMR, trade marks which are devoid of any distinctive character are not to be registered.
- 24 According to settled case-law, the signs referred to in Article 7(1)(b) of Regulation No 40/94 are regarded as incapable of performing the essential function of a trade mark, namely that of identifying the commercial origin of the goods or services, thus enabling the consumer who acquired them to repeat the experience, if it proves to be positive, or to avoid it, if it proves to be negative, on the occasion of a subsequent acquisition (see judgment of 15 December 2005, T-262/04, ‘Briquet à pierre’, para. 20 and the case-law cited).
- 25 It must be observed that Article 7(1)(b) CTMR makes no distinction between different categories of mark. Accordingly, it is not appropriate to apply more stringent criteria when assessing the distinctiveness of figurative marks made up of the faithful representation of the good itself than in the case of other categories of mark (see by analogy judgment of 3 December 2003, T-305/02, ‘Shape of a bottle’, para. 35). In that regard, the criteria for assessing the distinctive character of three-dimensional marks consisting of the shape of a product are no different from those applicable to other categories of trade mark (see judgment of 25 October 2007, C-238/06 P, ‘Plastikflaschenform’, para. 80).
- 26 The distinctive character of a mark must be assessed, first, by reference to the goods or services in respect of which registration or the protection of the mark has been applied for and, second, by reference to the perception of the relevant public, which consists of average consumers of those goods or services (see judgment of 29 September 2009, T-139/08, ‘Smiley’, para. 15 and the case-law cited therein). The way in which the relevant public perceives a trade mark is, however, influenced by its level of attention which is likely to vary according to the category of goods or services in question (see judgment of 12 September 2007, T-358/04, ‘Mikrophon’, para. 40). With everyday consumer goods, which are sold at relatively low prices, the average consumer’s level of attention in relation to their appearance is, consequently, not high (see judgment of 17 January 2007, T-283/04, ‘Motif d’essuie-tout’, para. 41).
- 27 Nonetheless, for the purpose of applying those criteria, the relevant public’s perception is not necessarily the same in the case of a three-dimensional mark, which consists of the appearance of the product itself, as it is in the case of a word or figurative mark, which consists of a sign unrelated to the appearance of

the products it denotes. Average consumers are not in the habit of making assumptions about the origin of products on the basis of their shape or the shape of their packaging in the absence of any graphic or word element, and it could therefore prove more difficult to establish distinctiveness in relation to such a three-dimensional mark than in relation to a word or figurative mark (see judgment of 22 June 2006, C-25/05 P, 'Sweet wrapper', para. 27).

- 28 Novelty or originality are not relevant criteria in the assessment of the distinctive character of a mark so that, for a three-dimensional mark to be registered, it does not suffice that it is original, but it must differ substantially from the basic shapes of the goods in question, commonly used in the trade, and not look like a mere variant of those shapes (see judgment of 30 April 2003, T-324/01 and T-110/02, 'Brown cigar shape and gold ingot shape', paragraph 44). That being so, the assessment of the distinctive character of those signs must be based on the assumption that only a mark which departs significantly from the norm or customs of the sector and thereby fulfils its essential function of indicating origin is not devoid of any distinctive character for the purposes of Article 7(1)(b) CTMR (see judgment of 12 January 2006, C-173/04 P, 'Standbeutel', para. 31).
- 29 Case-law confirms that the more closely the shape for which registration as a trade mark is sought resembles the shape most likely to be taken by the product in question, the greater the likelihood of the shape being devoid of any distinctive character for the purposes of Article 7(1)(b) CTMR (see judgments of 29 April 2004 in Joined Cases C- 473/01 P and C-474/01 'Tabs', para. 39).
- 30 Therefore, where a three-dimensional mark is constituted by the shape of the product for which registration is sought, the mere fact that that shape is a variant of a common shape of that type of product is not sufficient to establish that the mark is not devoid of any distinctive character for the purposes of Article 7(1)(b) of Regulation No 40/94. It must always be determined whether such a mark permits the average consumer of that product, who is reasonably well informed and reasonably observant and circumspect, to distinguish the product concerned from those of other undertakings without conducting an analytical examination and without paying particular attention (see judgment of 8 July 2009, T-28/08, 'shape of a chocolate bar', para 32 and case-law cited therein).
- 31 In order to ascertain whether a shape consisting of a number of components may be perceived by members of the public as an indication of origin, the overall impression produced by that combination must be analysed (see judgment of 19 September 2001, T-129/00, 'Tabs - rectangular - black and white', para. 54).
- 32 On the other hand, it must be borne in mind that, according to the case-law, a sign which is excessively simple and is constituted by a basic geometrical figure, such as a circle, a line, a rectangle or a conventional pentagon, is not, in itself, capable of conveying a message which consumers will be able to remember, with the result that they will not regard it as a trade mark unless it has acquired distinctive character through use (judgment of 12 September 2007, Case T-304/05 'Pentagon', para. 22).

- 33 In the case at hand, the goods in question are ‘sweets; bakery products, pastries, biscuits; cakes, waffles’, which are sweet, fast-food products for everyday consumption. Therefore, they are products that are targeted at the general public, who can find them in a wide range of shops and at relatively low prices. Consequently, the consumers’ attentiveness is not high in relation to these products.
- 34 The sign at issue is a three-dimensional sign that, according to the submitted graphic representation, consists of four, trapezoidal bars aligned on a rectangular base. The bar is, in itself, in an elongated form, which in this case has a trapezoidal section.
- 35 Moreover, it is a well-known fact that elongated forms are used in connection with the goods at issue (‘sweets; bakery products, pastries, biscuits; cakes, waffles’) and does not, therefore, significantly depart from the norm and customs of the relevant sector. Furthermore, the word ‘bar’ itself suggests that the shape of the product it describes is elongated. It is a shape which comes naturally to the mind of the consumer of mass consumption goods such as the goods concerned (see, judgment of 8 July 2009, T-28/08, ‘shape of a chocolate bar’, para. 31 and the case-law cited therein). As regards this, it is observed that the CTM proprietor states in its statement of grounds that ‘the Cancellation Division correctly holds that the evidence submitted by Nestlé shows a large number of bars and sticks, most of which have an elongated shape but which are not aligned together’ (see paragraph 24 of the statement of grounds for the appeal).
- 36 A trapezoid is one of the basic geometrical shapes, together with, for example, a triangle, a square, a circle or a rectangle and that consequently, a trapezoidal form is, at least an excessively simple shape that is not, in itself, capable of conveying a message which consumers will be able to remember (see in this regard judgment of 12 September 2007, Case T-304/05 ‘Pentagon’, para. 22). Such a basic and simple shape cannot enable consumers, who are not in the habit of making assumptions about the origin of products on the basis of their shape (see judgment of 22 June 2006, C-25/05 P, ‘Sweet wrapper’, para. 27), to identify the origin of the goods it covers and to distinguish them from those of other undertakings.
- 37 The fact that the sign consists of four identical bars aligned on a rectangular base does not add any striking or characteristic feature that provides the mark with the necessary distinctiveness to be perceived as a business identifier by the relevant public, since consumers would just see in the bars a portion of the product.
- 38 Thus, considering the mark as a whole, i.e. four trapezoid bars aligned on a rectangular base, there is no aspect of the trade mark at issue which may be easily and instantly memorized by a public displaying a normal level of attentiveness, not previously exposed to the sign and educated, and which would make it possible for it to be perceived immediately as an indication of the commercial origin of the goods in question. Therefore, it is concluded that the overall impression that is given by the mark does not display anything inherently distinctive that enables consumers, whose level of attention in this case is not particularly high, to distinguish the industrial origin of the products.

- 39 According to established case-law, it is the applicant (*mutatis mutandis*, the CTM proprietor in the present case) who must provide precise indications showing that the mark has an inherent distinctive character (see judgment of 23 September 2009, T-396/07, 'Unique', para. 26).
- 40 In the present case, the CTM proprietor points out that none of the bars and sticks submitted before the Cancellation Division has a trapezoidal shape as the individual fingers (bars) of the sign have, and concludes, therefore, that the shape of the individual fingers is unique and unprecedented, which provides the sign with an overall impression that deviates significantly from the norm of the market. Thus, the CTM proprietor, who states that this trapezoidal shape affects the mark's overall impression, does not give any reason to support its assertion further to its declaration that this shape is unique in the market and that other bars and sticks with this geometrical form have not been found before 21 March 2002, i.e. the CTM filing date.
- 41 This is not a convincing argument, mainly taking into account the criterion laid down by case-law that for a three-dimensional mark to be registered, it does not suffice that it is original, but it must differ substantially from the basic shapes of the goods in question commonly used in the trade.
- 42 First, a trapezoid is one of the basic geometrical forms, together with, for example, a triangle, a square, a circle or a rectangle. As a consequence, the trapezoidal shape of the bars in the sign is not considered as a striking element *ab initio* that enables consumers to distinguish these products from those of other undertakings that could have, for instance, a squared or rectangular section. Thus, when consumers face for the first time 'sweets; bakery products, pastries, biscuits; cakes, waffles' with a shape such as that of the CTM, they will see it, at most, as a mere constitutive form of a new product, independently of whether this simple geometrical shape has been used on the market in relation to these products before the filing date of the CTM or not, without it being perceived as a feature that enable them to distinguish the business origin of those products.
- 43 Secondly, the use of a basic geometrical form (a trapezoid) instead of another basic geometrical form (such as a rectangle, which is a section commonly used for elongated products of the relevant sector as it can be inferred from the evidence submitted by the CTM proprietor during the cancellation proceedings (see Enclosure IV)) is not a feature on its own that allows one to conclude that the elongated product with a trapezoidal section such as that of the contested mark departs significantly from the norm or customs of the sector concerned.
- 44 Thirdly, even if the products shown in the pictures submitted by the CTM proprietor during the cancellation proceedings as Enclosure IV, which it recognises as a competitor's products, had not been launched prior to the CTM proprietor's products, this would not be enough to assume that consumers would identify a business origin from the trapezoidal shape of the four aligned bars. The fact that it is the first on the market to use such a non-distinctive shape does not provide that shape with a distinctive character automatically. The average consumer does not study the market and will not know in advance that only one undertaking uses that basic geometrical form on its products (see by analogy,

judgment of 12 January 2006, C-173/04 P, ‘Standbeutel’, para. 34).

- 45 Moreover, the evidence submitted by the cancellation applicant on 14 July 2008 includes in Appendix 3, a brochure in German with the picture of trapezoidal bars identified as ‘Milka LEO’ that shows the date of ‘1.April ’93’.
- 46 Finally, as regards the fact that the four bars are aligned together, the Board has considered that consumers would just see in the bars a portion of the product. The CTM proprietor has not established that the relevant consumer would pay particular attention to the fact that the four bars are aligned together up to the point of perceiving it as an indication of the commercial origin of the product concerned. Furthermore, it can be observed in some of the advertisements submitted by the CTM proprietor that there are pictures of partially opened packages with one of the bars sticking out or bitten (see for example those submitted as evidence of advertisements in Greece, Sweden or Italy), which reinforces the idea of gradual consumption.
- 47 Bearing in mind all the foregoing, the Board finds that the Cancellation Division rightly concluded that the sign lacks any distinctive character under Article 7(1)(b) CTMR in relation to ‘sweets; bakery products, pastries, biscuits; cakes, waffles’ and that the relevant consumers will be unable to recognize it as an indicator of origin.

Article 52(2) CTMR

- 48 The CTM proprietor has argued that its mark has acquired distinctiveness as a consequence of the use which has been made of it.
- 49 Under Article 7(3) CTMR, the absolute ground for refusal laid down in Article 7(1)(b) CTMR of that Regulation does not preclude registration of a mark if, in relation to the goods for which registration has been requested, that mark has become distinctive in consequence of the use which has been made of it.
- 50 Likewise, Article 52(2) CTMR provides, *inter alia*, that where the Community trade mark has been registered in breach of the provisions of Article 7(1)(b) CTMR, it may nevertheless not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.
- 51 Thus, the CTM proprietor has to prove that the mark has acquired distinctive character either before the mark’s filing date or between the date of registration and the application for a declaration of invalidity in relation to the goods for which it is registered (see judgment of 10 December 2008, T-365/06, ‘BATEAUX MOUCHES’, para. 37).
- 52 It is apparent from the case-law that the acquisition of distinctive character through use of a mark requires that at least a significant proportion of the relevant section of the public identifies the goods or services concerned as originating from a particular undertaking because of the mark (see judgments of 12 September 2007, T-141/06, ‘Texture of glass surface’, para. 32 and of 29 April 2004, T-399/02, ‘Botella Corona’, para. 42). However, the

circumstances in which the requirement related to the acquisition of distinctive character through use may be regarded as satisfied cannot be shown to exist solely by reference to general, abstract data such as specific percentages (see, by analogy, judgments of 4 May 1999, C-108/97 and C-109/97, ‘Chiemsee’, para. 52, and of 18 June 2002, C-299/99, ‘Remington’, paras 61 and 62).

- 53 Article 7(3) CTMR, as well as Article 52(2) CTMR, not only require intense use of the sign by the appellant, but goes further than that. The result of use of the sign must be that the sign, which originally was incapable of performing the function of indicating origin which is the central function of a trade mark, now, possesses this function as a result of this use. The identification, by the relevant public, of the product as originating from a given undertaking must be the result of the use of the mark as a trade mark and thus the result of the nature and effect of it, which make it capable of distinguishing the products concerned from those of other undertakings. This must be assessed in relation to the goods or services in respect of which registration is applied for, and by assessing the evidence, which relates *inter alia* to the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (judgment of 18 June 2002, C-299/99, ‘Remington’, paras 59, 60 and 64).
- 54 It must be taken into account that the definition of the relevant public is linked to an examination of the intended purchasers of the goods concerned, because it is in relation to those purchasers that the mark must perform its essential function. Consequently, such a definition must be arrived at by reference to the essential function of trade marks, namely to guarantee the identity of the origin of the goods or service covered by the mark to consumers or end-users by enabling them, without any possibility of confusion, to distinguish the goods or service from others which have another origin (see judgment of 29 September 2010, T-378/07, ‘device of a tractor’, para. 38 and the case-law cited).
- 55 It is also settled case-law that, in order to have the registration of a trade mark accepted under Article 7(3) CTMR (or, *mutatis mutandis*, an invalidity request rejected under Article 52(2) CTMR), the distinctive character acquired through the use of that trade mark must be demonstrated in the part of the European Union where it was devoid *ab initio* of any such character under Article 7(1)(b) CTMR (see judgment of 30 March 2000, T-91/99, ‘OPTIONS’, paras 26 and 27).
- 56 In the case of non-word marks it may be assumed that the assessment of their distinctiveness will be the same throughout the European Union, unless there is concrete evidence to the contrary (see judgments of 29 April 2004, T-399/02, ‘Botella Corona’, para. 47, and of 10 November 2004, T-402/02, ‘Bonbonverpackung’, para. 86). Likewise, the impression which the sign, consisting of the shape of the goods themselves (i.e. four trapezoidal bars aligned on a rectangular base), may create in the mind of the consumer is in principle likely to be the same throughout the European Union. Thus, it is in the European Union as a whole that that mark must have become distinctive through use in

order to not be declared invalid pursuant to Article 52(2) CTMR.

- 57 According to Article 165, paragraph 4, letter a), CTMR, a Community trade mark registered or applied for pursuant to CTMR before the respective dates of accession of Bulgaria, the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Romania, Slovenia and Slovakia (hereinafter referred to as the ‘new Member State(s)’) may not (*rectius*, ‘shall not’; see the other linguistic versions) be declared invalid pursuant to Article 52 if the grounds for invalidity became applicable merely because of the accession of a new Member State.
- 58 Taking into account that the contested Community trade mark was filed on 21 March 2002, that is, prior to the accession of the new Member States to the European Union, the Cancellation Division correctly stated that it is inferred from Article 165, paragraph 4, letter a), CTMR that a finding of inherently lacking distinctiveness of a registered Community trade mark in one or more of these new Member States cannot be successfully invoked before the Office and that therefore, acquired distinctiveness in these new Member States pursuant to Article 52(2) CTMR does need not to be shown.
- 59 Thus, the CTM proprietor has to prove that the mark has acquired distinctive character either before the mark’s filing date on 21 March 2002 or between the date of registration on 28 July 2006 and the application for a declaration of invalidity on 23 March 2007 in relation to the goods for which it is registered on account of the use which had been made of it in the European Union, as composed at the time of its filing date.
- 60 The CTM proprietor submitted during the invalidation proceedings abundant documentation in order to prove the acquired distinctiveness of its mark within the relevant territory.
- 61 The Cancellation Division, after having assessed the submitted evidence before it, found that the acquired distinctiveness of the contested mark had been proved at least in the parts of the European Union territory covered by France, Italy, the United Kingdom, Germany and Spain. The Board agrees with this finding, which has not been contested by the cancellation applicant, taking particularly into account the evidence produced by independent sources consisting of the value sales and value shares for the brand Kit Kat 4 Fingers in 2005, 2006 and 2007 provided by the Nielsen Company’ Retail Measurement Services (‘the Nielsen table’) and the surveys carried out in those territories by highly specialized companies. Moreover, it is observed that most of the surveys provide specific information regarding the structure of the sample of population involved (number of individuals, gender, age, regions, etc.) and the methodology that was used (as for example, whether it is a face-to-face at home survey or the protocol to be followed by interviewers, including the questionnaires and the picture used for it; this picture being that of the contested three-dimensional mark, without any verbal or figurative feature).
- 62 Taking into account that, in order to assess the probative value of a document, it is necessary first to check the plausibility and truthfulness of the information it

contains and that, in that regard account must be taken, *inter alia*, of the origin of the document, the circumstances of its preparation and to whom it is addressed, and whether it seems from the content to be sensible and reliable (see judgment of 15 December 2005, T-262/04, ‘shape of a lighter’, para. 78), the Board finds that the details regarding the surveys provided by the CTM proprietor lead one to assume that they were carried out according to the expected professional standards, the results and analysis provided by the author companies being reliable.

- 63 According to these documents, the ‘Kit Kat 4 Fingers’ product represented, in 2006 for example, more than 6% of the market of the relevant segment of products in a portion of the European Union’s territory, being France and Italy (see ‘4-Fingers value share’ in the Nielsen table). Furthermore, ‘Kit Kat 4 Fingers’ was the fifth most demanded product of the relevant segment in that year in those territories (see ‘Position Kit Kat 4 F in ranking’ in the Nielsen table). This data is supported by the surveys carried out in France on July 2007 by TNS Sofres and in Italy on March 2008 by GfK Marktforschung, which, after the question of ‘*we are now going to talk about confectionery. When you see this picture, which products come to mind? (France) / ‘I would now like to show you a sweet or a biscuit product. Could you please tell me what this product makes you think of? (Italy)*’, shows a ‘top of mind’ spontaneous attribution of the product with the shape of the contested mark to ‘Kit Kat/Nestlé’ of 46% in France and of 44.8% among buyers/eaters of sweets/biscuits (‘relevant public’) in Italy. These surveys point out that other possible answers to that question were ‘chocolate/chocolate bar’ without specifying a brand. This information leads the Board to assume that the above mentioned question was asked without influencing the public to recognise a trade mark.
- 64 As far as the territory of Spain is concerned, the market position of the ‘Kit Kat 4 Fingers’ product, for example in 2006, that the Nielsen table indicates is particularly high (22.3% of ‘4-Fingers value share’ and the second position in ‘Position Kit Kat 4 F in ranking’). The strong presence of the ‘Kit Kat 4 fingers’ product on the Spanish market is also supported by the survey carried out in March 2008 by GfK Marktforschung. This survey establishes, first, that the degree of distinctiveness (i.e. awareness for just one producer) of the product with the shape of the contested mark reaches 48.5% among the closer relevant public (people who do not basically reject buying and using sweets and biscuits), which indicates the percentage of consumers who recognise a business origin when they are faced with the product even if it is not the correct one; and second, that the degree of ‘Kit Kat /Nestlé’ brand/producer recognition (‘degree of assignability’) reaches 42.6% among the same closer relevant public, which indirectly implies, in the Board’s opinion, that almost half of the Spanish population recognise a business origin when faced with the product with the shape of the contested mark and that almost all of them, or at least a great majority, recognise the correct company. Moreover, additional support is found in the statements from chambers of commerce, namely that from the Chamber of Commerce of Seville (2008), which certifies that the contested mark is well known in that province and that it is identified with the trade mark ‘KIT KAT’.
- 65 Although the Nielsen table indicates that the ‘4 Fingers value share’ in the United

Kingdom territory in 2006 was 2.7% only, the 'Position Kit Kat 4 F in ranking' stated in this table for that year is very high (it is in third position). Moreover, the survey carried out on August 2007 by GfK NOP indicates that 88% of the interviewees in the United Kingdom spontaneously answered 'Kit Kat' when faced with the picture of a product with the shape of the contested mark, which is significantly high. Furthermore, the survey also provides information regarding the other answers given to the same first question (for example those mentioning chocolate or other brands), which leads the Board to assume also in this case, that that question (*'I would now like to show you a sweet or a biscuit product. Could you please tell me what this product makes you think of?'*) was asked without influencing the public in the recognition of a trade mark.

- 66 It must be noted that, according to the case-law of the Court, evidence of the use of a mark which is adduced subsequent to the date of filing the application can be taken into account only if it enables drawing conclusions on the use of the mark as it was on that date (see, to that effect, order of 27 January 2004, C-259/02, 'Laboratoire de la mer', para. 31, and order of 5 October 2004, C-192/03 P, 'BSS', para. 41). In the present case, the fact that all these surveys took place after 23 March 2007 (filing date of the application for the declaration of invalidity) does not diminish their supporting probative value since, bearing in mind that the data contained in these surveys does not measure the immediate effect produced by a specific action but results from a market development process, the time between that relevant date and the survey period is relatively short (less than a year). Furthermore, the market share and ranking figures provided by the Nielsen table for 2005, 2006 and 2007 do not show important oscillations from one year to the other, which shows a certain stability of the market trend.
- 67 In relation to Germany, the survey carried out on August 2003 by Ipsos Deutschland GmbH and the German judgment of 26 May 2004 are particularly relevant. The survey states a degree of brand recognition of 60% among the '*narrow target group*', that is, that 60% of interviewed consumers who at least occasionally buy chocolate products and/or use such products considered that '*this shape*' (the shape of the product shown to the interviewee) is an indication of '*a specific company*'; and that 47.4% of the same narrow target group allocated the shape shown to them to 'Kit Kat /Nestlé', that is, the correct company. Reference to this survey is made in the above mentioned national judgment, which even taking into account the lower results reached concerning the general public, explicitly recognises that '*the shape applied for has gained at least some distinctiveness through use*'.
- 68 In order to show the acquired distinctiveness of its mark in each part of the European Union territory, the CTM proprietor also submitted before the Cancellation Division internal figures (mainly 'turnover/advertising expenditures' and 'market share of Kit Kat'). Even though this information was accompanied by an affidavit signed by a person with responsibility in the corresponding CTM proprietor's subsidiary, those statements cannot by themselves, constitute adequate proof of the acquisition through use of distinctive character by the trade mark given the significance of the links between the CTM proprietor and its subsidiaries; they need to be corroborated by other proof.

Nevertheless, in the present case, the evidence mentioned in the previous paragraphs and submitted from independent sources is sufficient to establish that the trade mark has become distinctive through use in those territories for the reasons explained in the previous paragraphs, mainly the substantial presence of the product in the relevant segment of the market in the different parts of the European Union's territory, the ranking position of the product according to national market preferences and the relevant public's high spontaneous recognition of the shape of the product as an indication of a particular business origin, the existence a significant proportion of consumers in those territories who not only identifies the contested sign as an indication of commercial origin but is even capable, on the bases of solely the contested mark to identify the product in question as originating from the very CTM proprietor.

69 The contested decision does not determine explicitly whether acquired distinctiveness through the use made of the contested mark is recognised by the Cancellation Division in the territory of the Netherlands.

70 To that regard, the Board observes that the Nielsen table establishes a '4 finger value share' of 4.9% in 2006 and a sixth ranking position for that product within the relevant segment in the same year. Similar figures are recognised in 2005 and 2007, which shows a certain stability for these three years. It is noticed that these figures are closely similar to their equivalents in other territories considered by the same document (for example France or Italy), without this comparison being affected by the sizes of each country since the '4 finger value share' is expressed in percentages (it is a relative figure) and the ranking position is an indication of the market preference and consequently, independent from that factor. Moreover, the CTM proprietor submitted before the Cancellation Division a survey dated September 2007 carried out by IvoMar Marktonderzoek B.V., which contains specific information regarding the structure of the sample of population involved and the methodology that was used (including the questionnaires and the picture use for it; this picture being that of the contested three-dimensional mark, without any verbal or figurative feature). Among this detailed information, the survey indicates that the sample of population consisted of 514 individuals from 13 different towns and that the survey was carried out on the basis of 'street interviews'. It is observed that the attached protocol that had to be filed by the interviewers is in Dutch. Contrary to the Cancellation Division's opinion, 514 individuals is a sample with statistical significance since it represented in 2007 approximately 0.003% of the population, which is a rate higher than, for example, the sample of population considered in the surveys carried out in the territories of the United Kingdom, Spain, France, Germany or Italy. According to this survey, 53% of the interviewees spontaneously replied 'KIT KAT' to the first unaided question '*I show you a candy (or a biscuit) product. Can you tell me which product this reminds you of?*' (top-of-mind recognition). Thus, bearing in mind the presence of the contested mark on the Dutch market and that more than half of interviewees spontaneously recognised the CTM proprietor as the business origin of the product with the shape of the contested mark, the Board concludes that the CTM proprietor has proved that its mark had acquired a distinctive character in that territory before the relevant date.

71 It results from the foregoing that CTM proprietor has proved that its mark had

acquired a distinctive character at least in the portion of the European Union's market covered by France, Italy, Germany, Spain, the United Kingdom and the Netherlands.

- 72 It is observed that the mentioned surveys were carried out presenting the product as a 'sweet', a 'candy' or a 'biscuit' product to the interviewees and that the Nielsen table defines the segment of the products that it considered in each of these countries as 'chocolate bars', 'light chocolate snack', 'candybars and bitesizes', 'bars' or 'choc. count-lines'. Moreover, the large amount of advertisements submitted by the CTM proprietor shows a product identical to the contested mark where one of the bars appears broken, its internal composition being shown. It is particularly relevant that in some advertisements produced when this product was launched onto the United Kingdom's market read '*four crisp wafers, golden, baked in the oven and moulded into a block with...*' or '*a covering of finest milk chocolate. Kit Kat chocolate Crisp is (...) sold at confectioners, kiosks and good grocers everywhere*'. Therefore, the Board finds that, taking into account the composition of the product and its production process, it can be encompassed in any of the relevant categories of products involved in these proceedings, i.e. 'sweets, bakery products, pastries, biscuits, cakes and waffles'.
- 73 In the case of a three-dimensional mark that lacks inherent distinctiveness the objection will not be confined to the territory of any particular Member State but will extend to the entire EU. In this regard, the CTM proprietor has argued that since the Community trade mark has a unitary character, the assessment of acquisition by a mark of distinctive character through use cannot be based on individual national markets but on the market of the European Union taken as a whole.
- 74 According to the Court of Justice, even if it is true that the acquisition by a mark of distinctive character through use must be proved for the part of the European Union in which that mark did not, *ab initio*, have such character, it would be unreasonable to require proof of such acquisition for each individual Member State (see judgment of 24 May 2012, C-98/11 P, 'shape of a chocolate rabbit with a ribbon', para. 62, *in fine*). The Board infers from this judgment that the question that must be asked is whether a substantial proportion of consumers in the European Union as a whole have been exposed to the mark and have, as a result of that exposure, come to recognise the mark as an indication of commercial origin, without it been in any case necessary to show acquired distinctiveness in every nook and cranny.
- 75 Unless there are specific reasons in favour of a different perception of the sign in the various parts of the European Union, this interpretation would be in line with the geographical scope of protection of a Community trade mark, which is the European Union's territory and market as a whole, i.e. the Internal Market, and not the sum of the different separated national markets constituting it. It appears then logical that there is no need to show that use of the trade mark has generated acquired distinctiveness piece by piece of that Internal Market, or Member State by Member State, as it would not be required for a national trade mark to show acquired distinctiveness in each and every one of the states, regions, provinces or

any other of the administrative units composing the relevant Member State. Of course, this would not prevent the owner of the trade mark to conduct opinion surveys on a national scale or present figures broken down by Member State, provided those surveys and figures, as well as any other evidence, are sufficient to show acquired distinctiveness in the Internal Market.

- 76 From this point of view, the acquisition of distinctive character in only a non-substantial part of the Internal Market should not be sufficient to maintain the mark, irrespective of how intensive the use of the sign has been in that part of the Internal Market or of how distinctive and even reputed the sign has become (in the same line, see judgment of 6 October 2009, C-301/07, 'Pago', para. 30, in which the Court held that, in order to enjoy the protection afforded to reputed trade marks and be able to prevent the use of another trade mark in the whole European Union even for goods or services not similar to those for which it is registered, it is sufficient for a Community trade mark to be known in a substantial part of the territory of the European Union).
- 77 On the contrary, the lack of evidence of recognition in a part of the Internal Market (corresponding or not to the territory of a Member State), which, having regard to the specific conditions of the market, is not substantial, should not have the effect of making irrelevant the distinctiveness acquired through use in the vast majority of the Internal Market, frustrating all the investments made at large scale by the owner of the Community trade mark and, at the same time, the general objectives of Community trade mark protection, which are to encourage and open up economic activity in the entire Internal Market by communicating information about the goods and services covered by the trade mark (see, to that effect, the Advocate General conclusions of 5 July 2012 in case C-149/11, 'Leno Marken', para. 45).
- 78 In general, it would be unreasonable and disproportionate both to request the owner of the trade mark to divert and invest important quantities of money in collecting evidence of the acquired distinctiveness in each corner of the Internal Market and to refuse protection to a trade mark whose recognition as been duly shown for the vast majority of the territory of the European Union.
- 79 In the present case, the CTM proprietor has argued that the population of Germany, France, the United Kingdom, Italy and Spain together makes up 79.2% of the total population of the European Union as composed by the fifteen Member States to be considered in these proceedings. According to the population figures in 2007 published by Eurostat, according to which the European Union comprised of 15 Member States represented a total of 391 764 000 people (being the population in Germany 82 315 000, in Spain 44 474 000, in France 63 392 000, in Italy 59 131 000 and in the United Kingdom 60 816 000), this conclusion is correct. Moreover, the Board points out that bearing in mind the sum of the population in absolute terms that corresponds to the percentage of spontaneous recognition determined by the surveys carried out in all these five countries, it is possible to conclude that more than 42.5% of the global population of the European Union at the relevant point in time recognised as a first option the CTM proprietor as the business origin of a product with the shape of the contested mark. These figures increase when the Netherlands is also considered,

the total population then being more than the 83% of the total percentage of population within the European Union with a top-of-mind recognition of the CTM proprietor as the business origin of the product with the shape of the contested mark being 44.8%.

- 80 As the CTM proprietor has pointed out, evidence of acquired distinctiveness of its mark has also been submitted in relation to the territory of the remaining Member States.
- 81 As far as Denmark, Finland and Sweden are concerned, the CTM proprietor submitted a copy of a survey carried out in those countries by TNS Infratest in March 2008, which contained similar detailed information as in the surveys already considered. According to this survey, top-of-mind spontaneous recognition of the CTM proprietor as the business origin of the product shown to the interviewees was 30% in Finland, 48% in Denmark and 62% in Sweden. Moreover, at least a low presence of the contested mark in the Finnish market is supported by the Nielsen table and the CTM proprietor has proved that a mark identical to the contested one is registered in Sweden and Denmark. Even if this figure was not particularly high in Finland, the Board considers that at least a spontaneous identification of the CTM proprietor as the business origin of the product as a first option that reaches half of the population, as happens in Denmark and Sweden, should have been considered in the assessment of acquired distinctiveness of a mark through use in the whole European Union. This finding is not overcome by the fact that a survey carried out in 2005 in Sweden was not conclusive to this effect for the Swedish Court. Furthermore, the Board does not share the Cancellation Division's opinion that the reliability of the outcome of these surveys was reduced since they were carried out in only two cities in Denmark and Sweden. The Board considers that a sample of population higher than 1000 individuals in countries with a population lower than 10 million is particularly high, it being definitively higher than the rate of population considered, for example in the surveys carried out in Spain, Italy, France, Germany or the United Kingdom.
- 82 As regards the Austrian part of the market, the '4-Fingers value share' contained in the Nielsen table in relation to this territory is around 2% from 2005 to 2007 and the 'position Kit Kat 4F ranking' during those years is higher than 15th. Even though these figures are not very high, they prove a constant presence in that market. Moreover, it must be considered that the market share of a product and its ranking position quantify the presence of that product on the market and its success according to consumers' preferences. However, this is only one factor to be considered and does not determine on its own the level of recognition of the product and whether it has acquired distinctiveness through use to work as a trade mark. This is particularly established by market surveys directly carried out among the relevant public. Thus, in the Austrian case, the above mentioned figures are accompanied by a market survey that was carried out in October 2001 by Alid Service GmbH Market Research. According to this survey, 54% of the interviewees replied 'kit kat' to the first question of '*seeing this, what do you associate with it, what is this?*' which is a particularly high percentage taking into account the total population of Austria (about 8 million people). Contrary to the Cancellation Division's opinion, 264 individuals is a sample with statistical

significance since it represented, in 2001, approximately 0.003% of the population, which is a rate higher than, for example, the sample population considered in the survey carried out in the United Kingdom, Spain, France, Germany or Italy.

- 83 It follows that the top-of-mind recognition resulting from the survey carried out in Denmark, Finland, Sweden and in Austria has the impact of increasing to 48.6% the percentage of the global European population of the European Union at the relevant point in time that spontaneously identifies the CTM proprietor as the first possible business origin of the product with the shape of the contested mark.
- 84 As regards the remaining territory of the European Union (covering Greece, Portugal, Ireland, Belgium and Luxembourg), even though the CTM proprietor did not submit market surveys in relation to it, it submitted documents, namely, the Nielsen table, that proves the use of the Kit Kat 4 fingers product in all those markets, with the exception of Luxembourg.
- 85 According to this table, the Kit Kat 4 fingers product covers 4.8% in Greece and 5.6% in Portugal, of the market of the relevant segment of products in 2006 (see '4-Fingers value share'), which is a quasi-constant percentage from 2005 to 2007. The ranking position of this product maintained during these three years is 7th in Greece. This ranking position is particularly high in Portugal where it is placed as the 2nd/3rd preferred product of the relevant segment. Moreover, a trade mark identical to the contested mark is registered in Portugal. Even though this presence on the market seems to be supported by the submitted advertising material, namely the reports produced by the independent source 'JWT' (which contains a few advertisements organised chronologically, the first ones being in 2000), this evidence is not conclusive since without additional information regarding the advertising campaigns (for example, the intensity of their circulation), it is difficult to determine the impact of such advertising activity.
- 86 As regards Belgium and Ireland, the '4-Fingers value share' contained in the Nielsen table in relation to these Member States is less than 2% and the 'position Kit Kat 4F ranking' in these territories is 10th or higher.
- 87 Even though the CTM proprietor has submitted a CD with TV commercials for, among others, the Benelux, Portugal and Greece, such a document does not include additional information regarding, for example, their broadcast frequency. Therefore, it is difficult to determine the impact of such advertising activity in that part of the European Union's territory, mainly when they show a product with the words 'KIT KAT' on it.
- 88 Bearing all the above mentioned in mind, the Board considers that the evidence submitted prove, for the reasons explained in this decision, that the contested mark has been used in almost the totality of the European Union's territory, covering the market of fourteen of the fifteen Member States that formed the European Union at the relevant point in time; that as a consequence of such use, it can be determined that almost 50% of the general public of the European Union taken as a whole (or, said in another way, around 50% of the general public of the

Member States representing around 90% of the European Union's population), identifies as first option the CTM proprietor as the business origin of a product with the shape of the contested mark (which belongs to the categories of 'sweets, bakery products, pastries, biscuits, cakes and waffles').

- 89 It must be highlighted that this figure corresponds to a top-of-mind recognition of the CTM proprietor as the business origin of the product, which means that the CTM proprietor has come to the consumer's mind as the first answer when it faces the product. It is logically expected that this figure is higher when considering the percentages contained in those surveys corresponding to the population in those countries that identifies the CTM proprietor as the business origin of the product spontaneously as a second option or only after aided questions.
- 90 Taking the foregoing into account, and the judgment of 24 May 2012, C-98/11 P, 'shape of a chocolate rabbit with a ribbon', para 62, *in fine*, in particular, the Board finds that the CTM proprietor has proved that its mark has acquired distinctive character in a substantial part of the territory where the mark was non-distinctive *ab initio*.
- 91 The CTM proprietor has submitted before the Board additional documentation in order to complete the evidence required to prove the acquired distinctiveness of its mark in the European Union. Pursuant to Article 76(2) CTMR, the Office may disregard facts or evidence which are not submitted in due time by the parties concerned. That provision grants the Board discretion to decide, while giving reasons for its decision, whether or not to take into account facts and evidence submitted out of time. In the present case, these additional documents are irrelevant for these proceedings due to their content (the spill-over effect of advertising being based on figures furnished by the CTM owner itself, outside the control of the research institute) or the time that they refer to (well after the relevant period) and, consequently, by exercising its discretionary power under Article 76(2) CTMR, the Board decides not to take them into account.
- 92 Nonetheless, even without considering the latter documents, the evidence submitted by the CTM proprietor is sufficient, as seen above, to prove that the CTM has acquired distinctiveness through use in the European Union and, as a consequence, the contested mark cannot be declared invalid for having been registered in breach of the provisions of Article 7(1)(b) CTMR. Therefore, the appeal is upheld and the contested decision must be annulled.

Article 52(1)(a) in conjunction with Article 7(1)(c) and (d) CTMR

- 93 By virtue of Articles 7(3) and 52(3) CTMR, when a trade mark is in breach of the provisions of Article 7(1)(b), (c) or (d) CTMR it may nevertheless be registered or may not be declared invalid if it has become distinctive in consequence of the use which has been made of it.
- 94 It follows that, in the present case, the invalidity application must be rejected also insofar it is based on Article 7(1)(c) and (d) CTMR as, even if the trade mark were to be considered descriptive or generic under the meaning of those two provisions, the distinctiveness acquired by the sign through its use would in any

case overcome those grounds of invalidity also, in the same way as it has overcome the ground based on Article 7(1)(b) CTMR.

Article 52(1)(a) in conjunction with Article 7(1)(e) CTMR

- 95 As seen above, it is only when a trade mark is in breach of the provisions of Article 7(1)(b), (c) or (d) CTMR that it may nevertheless be registered or may not be declared invalid if it has become distinctive in consequence of the use which has been made of it, while the grounds for refusal listed in Article 7(1)(e) CTMR are excluded from the scope of the exception under Article 7(3) CTMR (see judgment of 14 September 2010, C-48/09 P, ‘Lego brick’, para. 47). This means that where a trade mark is barred from registration on the basis of the ground foreseen in Article 7(1)(e)(ii) CTMR, that absolute ground cannot be removed in consequence of the use that has been made of the sign, whatever its acquired distinctiveness on the market may be.
- 96 As the finding of acquired distinctiveness held above would not secure the CTM, it is therefore necessary to assess whether Article 7(1)(e)(ii) CTMR is applicable in the present case.
- 97 According to consistent case-law, Article 7(1)(e)(ii) CTMR precludes registration of any shape consisting exclusively, in its essential characteristics, of the shape of the goods which is technically causal of, and sufficient to obtain, the intended technical result, even if that result can be achieved by other shapes using the same or another technical solution. The interest underlying that provision is to prevent trade mark law granting an undertaking a monopoly on technical solutions or functional characteristics of a product (see judgment of 12 November 2008, T-270/06, ‘Lego brick’, para. 43).
- 98 In that connection, the rules laid down by the legislature reflect the balancing of two considerations, both of which are likely to help establish a healthy and fair system of competition (see judgment of 12 November 2008, T-270/06, ‘Lego brick’, para. 44).
- 99 First, the inclusion in Article 7(1) CTMR of the prohibition on registration as a trade mark of any sign consisting of the shape of goods which is necessary to obtain a technical result ensures that undertakings may not use trade mark law in order to perpetuate, indefinitely, exclusive rights relating to technical solutions (see judgment of 12 November 2008, T-270/06, ‘Lego brick’, para. 45).
- 100 When the shape of a product merely incorporates the technical solution developed by the manufacturer of that product and patented by it, protection of that shape as a trade mark once the patent has expired would considerably and permanently reduce the opportunity for other undertakings to use that technical solution. In the system of intellectual property rights developed in the European Union, technical solutions are capable of protection only for a limited period, so that subsequently they may be freely used by all economic operators (see judgment of 12 November 2008, T-270/06, ‘Lego brick’, para. 46).
- 101 Second, by restricting the ground for refusal set out in Article 7(1)(e)(ii) CTMR to signs which consist ‘exclusively’ of the shape of goods which is ‘necessary’ to

obtain a technical result, the legislature duly took into account that any shape of goods is, to a certain extent, functional and that it would therefore be inappropriate to refuse to register a shape of goods as a trade mark solely on the ground that it has functional characteristics. By the terms ‘exclusively’ and ‘necessary’, that provision ensures that solely shapes of goods which only incorporate a technical solution, and whose registration as a trade mark would therefore actually impede the use of that technical solution by other undertakings, are not to be registered (see judgment of 12 November 2008, T-270/06, ‘Lego brick’, para. 48).

102 It also follows from consistent case-law that the correct application of Article 7(1)(e)(ii) CTMR requires that the essential characteristics of the three-dimensional sign at issue be properly identified by the authority deciding on the application for registration of the sign as a trade mark. The expression ‘essential characteristics’ must be understood as referring to the most important elements of the sign (see judgment of 12 November 2008, T-270/06, ‘Lego brick’, paras 68 and 69).

103 Once the sign’s essential characteristics have been identified, the competent authority still has to ascertain whether they all perform the technical function of the goods at issue. Article 7(1)(e)(ii) CTMR cannot be applicable where the application for registration as a trade mark relates to a shape of goods in which a non-functional element, such as a decorative or imaginative element, plays an important role. In that case, competitor undertakings easily have access to alternative shapes with equivalent functionality, so that there is no risk that the availability of the technical solution will be impaired. That solution may, in that case, be incorporated without difficulty by the competitors of the mark’s proprietor in shapes which do not have the same non-functional element as that contained in the proprietor’s shape and which are therefore neither identical nor similar to that shape (see judgment of 12 November 2008, T-270/06, ‘Lego brick’, para. 72).

104 In the present case, as seen above, the sign consists of four identical trapezoidal bars aligned together on a rectangular base.

105 First, even if the bars are aligned together and joined through a thinner base which may contribute to make the portioning of the product easier, this does not mean that this feature responds to a technical need or performs a technical function of the goods at issue, i.e. ‘sweets, bakery products, pastries, biscuits, cakes and waffles’ (nor does it incorporate any technical solution developed and patented by the manufacturer of the product) and therefore the objection under Article 7(1)(e)(ii) CTMR is not applicable.

106 Second, even if it were to be considered that the bars serve the purpose of facilitating the partition of the product into four portions at the moment of their consumption, such a solution is neither technical nor essential in the shape of the goods at hand.

107 Third, that solution might in any case be incorporated without difficulty by competitors in shapes which do not have the same non-functional elements as that contained in the current shape, in particular the trapezoidal shape of each bar (to

which can be added the alignment of bars, the alignment into four bars, the common joining base and its rectangular shape).

- 108 One could say that those non-technical features are rather banal, as the Board has already found that the sign is *per se* non-distinctive under Article 7(1)(b) CTMR. Nonetheless, be they as banal as can be, the fact remains that those characteristics, not dictated by any technical reason, are, as it has been established above, sufficient to make that shape be recognised by the relevant public as a badge of origin, as an indication of the commercial origin of the products bearing them (contrary, for instance, to what happened in the ‘Lego brick’ case, judgment of 14 September 2010, C-48/09 P, ‘Lego brick’, para.73, where the minor arbitrary additional element consisted in the sole red colour). This means that those elements, while not inherently important, through the use of the sign have nevertheless become important and are now recognised by the relevant public as a commercial origin indicator.
- 109 It follows from the foregoing that the sign at hand does not fall under the prohibition laid down in Article 7(1)(e)(ii) CTMR.
- 110 Therefore, none of the grounds on which the cancellation applicant based its application are sufficient in order to declare the trade mark in issue invalid. The appeal must be upheld and the contested decision annulled.

Costs

- 111 Pursuant to Article 81(1) CTMR, the cancellation applicant, as the losing party, must bear the costs of the appeal proceedings. Pursuant to Article 81(6) CTMR and Rule 94(3) last sentence CTMIR, the cancellation applicant is therefore ordered to reimburse the appeal fee which is fixed at EUR 800 as well as the CTM proprietor’s costs of professional representation for the appeal and cancellation proceedings at the level laid down in Rule 94(7)(d) CTMIR (EUR 550 and EUR 450, respectively).

Order

On those grounds,

THE BOARD

hereby:

- 1. Upholds the appeal and annuls the contested decision;**
- 2. Orders the cancellation applicant to bear the total amount of EUR 1 800 in respect of the CTM proprietor's costs in the appeal and cancellation proceedings.**

Signed

T. de las Heras

Signed

G. Bertoli

According to Article 6 of
Commission Regulation
(EC) No 216/96

Signed

T. de las Heras

Registrar:

Signed

P. López Fernández de
Corres

