Kluwer Trademark Blog

KIT KAT case, more guidance on the on absolute ground objections for shape marks in European trademark law

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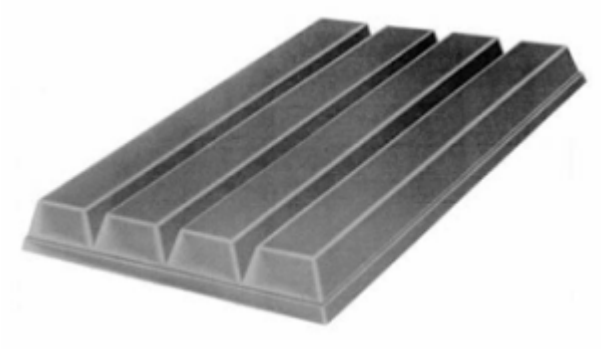
While many commentators discussed the judgment of CJEU of 16 September 2015 in the case C-215/14. – Société des Produits Nestlé SA v Cadbury UK Ltd. – also known KIT KAT case, most of them debated on whether Nestlé or Cadbury is the winner of the referral and now are eagerly await the judgment of the referring High Court of Justice (England & Wales). However more lies between the lines of the judgment which especially relate to functionality in European trademark law.



While the first question (Q1) in the referral was formulated by the referring court in a way that CJEU should opt for option A that consumers **recognised and associated** that shape exclusively with the applicant or its goods/services or option B that consumers **rely** on the shape on its own as indicating trade origin, CJEU answered swiftly by saying that the trade mark applicant must prove that the relevant class of persons **perceive** the goods or services designated exclusively by the mark applied for, as opposed to any other mark which might also be present, as originating from a particular company. The CJEU followed its own notion developed in earlier case law concerning the genuine use. That is to say the CJEU relied on paragraph 28. of the case C?12/12 Colloseum Holding – Levi's red tag position mark – which said that fundamental condition is that, as a consequence of use, the sign for which registration as a trade mark is sought **may serve to identify,** in the minds of the relevant class of persons, the goods to which it relates as originating from a particular undertaking. Now it is the referring court to decide whether the survey results showing that approximately 50% of UK consumers **identify** just the shape with Nestlé and/or Kit Kat according the above guidance and previous case law meet the threshold of acquired distinctiveness.

The second question (Q2) was formulated in way that most likely everyone knew what will be the

answer of the court, since CJEU in approx. one year before in the case C?205/13 *Hauck – Tripp Trapp chair* – already provided guidance that Article 3 (1) e) point i. (nature of the goods) and point iii. (aesthetic functionality) exclusions of the Trademark Directive cannot be combined with each other, that is to say three grounds for refusal of registration operate independently of one another, each of them must be applied independently of the others. CJEU provided a twisted answer from which the essential take away point is that the shape is denied registration, if at least one of the exclusion clauses set out in that provisions of TMD is fully applicable to the shape at issue. The court's interpretation is well founded and plausible, based on which the referring court should have no other option than to reject the arguments of technical functionality – essential features B grooves and C number of grooves – and that Ki Kat shape – essential feature A basic rectangular slab shape – results from the nature of the chocolates. After Tripp Trapp and Kit Kate the essential question of using Article 3 (1) e) point i., ii. or iii. of TMD will be how offices and courts will determine the function and/or nature of the product in question and how many and what type of essential features will be determined, that is to say everything depends on the characterization of features of the shape, which at the end most likely will determined by a feature analysis (know from patent law).

The third question (Q3) was formulated in an easy way and was answered accordingly too without giving into that deeper thoughts, thus CJEU said that the technical functionality test refers only to the manner in which the goods at issue function and it does not apply to the manner in which the goods are manufactured. CJEU explains that the ground for refusal provided for therein is restricted to the manner in which the goods function, since the technical result constitutes the outcome of a particular method of manufacturing the shape in question. CJEU backs up this interpretation by referring to paragraph 78. of case C?299/99 *Philips* – three-headed rotary electric shaver – preventing a monopoly from being granted on technical solutions which a user is likely to seek in the goods of competitors, thus from the consumer's perspective, the manner in which the goods function is decisive and their method of manufacture is not important. However Advocate General referred to paragraph 79. of *Philips that* the trade mark right would limit the possibility of competitors supplying a product incorporating such a function or at least limit their freedom of choice in regard to the technical solution they wish to adopt in order to incorporate such a function in their product'. As to the interpretation of CJEU it is submitted that that CJEU's current and previous (Philips 78.) reliance on consumer's perspective is flawed, since technical functionality should be decided through the eyes of an expert by judges when assessing the essential features of the shape in question and whether those solely serve the purpose of achieving a technical function. Additionally it is submitted that CJEU wrongly failed to go along with the interpretation of the AG, since the objective of technical functionality exclusion is to channel innovation towards patent law and prevent registration of trademarks in order to obtain monopoly for the manufacture and/or use of a specific shape.

While some questions regarding to shape marks seem to be answered, there is lot left to talk about.

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