

Still no Break for Nestlé - Advocate General Delivers Opinion on Acquired Distinctiveness of the KitKat Bar

The ongoing struggle of Nestlé to register a three-dimensional trade mark for the shape of its KitKat bar has been dealt a further blow by the opinion of the Advocate General delivered on 19 April 2018 on joined cases C-84/17 P, C-85/17 P and C-95-17 P.

For those unfamiliar with the lengthy saga, in 2002 Nestlé applied to register the shape of its four-finger KitKat bar as an EU trade mark. The application was accepted, and in 2007 Cadbury (now Mondelez) applied to invalidate Nestlé's registration. Cadbury's invalidity action was initially rejected by the EUIPO on the basis that Nestlé's mark had acquired distinctiveness through use, but this decision was overturned in 2016 by the General Court.

Although the General Court had found (in an approach to the nature of the evidence completely contrary to that of the English Court of Appeal) that Nestlé's evidence was good enough to establish acquired distinctiveness in a majority (both by number of countries and population) of the relevant 15 member states, it had gone on to hold that this was not enough to establish acquired distinctive character through use in the EU, given that such acquisition had been proven for only a part (albeit a substantial part) of the relevant territory. The states in which the General Court had found acquired distinctiveness to be established on the evidence were Denmark, Germany, Spain, France, Italy, Netherlands, Austria, Finland, Sweden and the United Kingdom. This left Belgium, Ireland, Greece, Luxembourg and Portugal.

In an appeal to the CJEU, Nestlé and the EUIPO, supported by Marques (as Intervenor), argued that the General Court had infringed Article 7(3) EUTMR in relation to acquired distinctiveness, and the interpretation given to it in the Lindt case (where the CJEU had held that "it would be unreasonable to require proof of such acquisition for each individual member state"). By focussing on individual national markets, they argued, the General Court's interpretation was incompatible with the unitary character of an EUTM and the very existence of the single market.

For its part, Cadbury argued that any other approach would lead to the paradox whereby a trade mark which would be refused registration for lack of distinctive character in one member state, could nevertheless be registered as an EUTM and enforced in the

courts of that member state.

Advocate General Wathelet's opinion supports the conclusion of the General Court on the territoriality question, though noting that in some cases it may be possible to extrapolate from evidence for one country, acquired distinctiveness in another country which is part of the same market. For example, it might be that for certain goods or services and on account of the comparability of the markets in question, evidence provided for Spain might be sufficient for Portugal too, or evidence for the UK might be sufficient for Ireland. That, he thought, is what the CJEU meant in the passage in the Lindt case relied upon by Nestlé and the EUIPO. In the present case, however, Nestlé confirmed at the hearing that it had not included evidence seeking to establish that there was a basis for such extrapolation in the case of the Belgian, Irish, Greek, Portuguese and Luxembourg markets. In the absence of such evidence, in the Advocate General's opinion, the General Court had had no option but to annul the decision of the EUIPO, and the appeals to the CJEU by Nestlé and the EUIPO ought to be dismissed.

Assuming the CJEU follows the Advocate General's opinion, this may put to rest any lingering doubts that acquired distinctiveness needs to be shown throughout the EU, as opposed to showing it in a substantial part, territorially and/or by population. Extrapolation may help to reduce the evidence burden in some cases, where it can be shown that countries are part of the same market.

The decision may also help to create consistency in the approach of the EUIPO itself. Whereas in the case of pure device marks or shape marks, the EUIPO has tended to accept proof of acquired distinctiveness in the majority of, but not all, EU member states as being sufficient, in the case of word marks that are deemed non-distinctive in a particular language, the EUIPO has tended to require proof of acquired distinctiveness in all EU member states where that language is an official language and/or is widely understood.

It is hoped that the CJEU will follow the pragmatic approach of the Advocate General and, in doing so, will provide greater clarity for brand owners in the EU.

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