



“No Break” for Nestlé in CJEU ruling

The CJEU recently gave the latest ruling in the chocolate trade mark wars between Nestlé and Mondelez

Background

This long-running case concerned a European Union Trade Mark (EUTM) registration of the shape of a four-fingered chocolate bar, best known as the KitKat.

The mark was applied for in 2002 and granted by the European Union Intellectual Property Office (EUIPO) in 2006. Mondelez (at that time Cadbury Schweppes and subsequently Cadbury Holdings) successfully cancelled the registration in 2011 for a lack of distinctiveness. The cancellation was overturned by the Board of Appeal in 2012 on the basis of evidence of acquired distinctiveness covering 10 of the (then) 15 EU countries. The case was subsequently appealed to the General Court and then to the CJEU, where the issue was whether evidence of acquired distinctiveness of an EUTM is required for each individual EU country or whether it is sufficient to prove acquired distinctiveness in a “significant part” of the EU.

The recent ruling

Both parties relied upon the unitary character of the EUTM to support their position. Mondelez argued that the unitary character of the EUTM meant that a EUTM registration has to be distinctive throughout

the EU and so evidence of acquired distinctiveness should cover the whole EU. Nestlé argued that the EU is a single market and therefore it should be sufficient for the evidence to show that the mark is distinctive to a significant part of the overall EU population, regardless of whether all individual EU countries are covered by the evidence. In this case, Nestlé’s evidence covered some 90% of the EU population but did not cover Belgium, Ireland, Greece and Portugal at all.

In July 2018, the CJEU upheld the General Court’s 2016 ruling in favour of Mondelez, finding that an EUTM must be distinctive across the whole EU. Where a mark lacks distinctiveness in certain EU countries (e.g. because of language considerations), evidence of acquired distinctiveness must be shown for those countries only. In this case, where a shape mark was at issue, the mark was deemed to lack inherent distinctiveness throughout the EU, and therefore evidence of acquired distinctiveness was required from throughout the EU.

The case will now be remitted back to the Boards of Appeal who must make a finding of fact on Nestlé’s evidence in light of this ruling.



Take home points

Our view is that the CJEU's judgment is not surprising as it confirms an established line of General Court case law. At first, this appears to create a high threshold for brand owners seeking to register EUTMs on the basis of acquired distinctiveness. However, it is important to remember that evidence is only required for those EU countries where the mark is deemed non-distinctive. The KitKat case concerned a non-traditional shape mark which is deemed to be non-distinctive across the EU. For traditional marks (e.g. word marks) which form the vast majority of EUTMs, the objection may apply to a narrower geographical area such as groups of countries that speak a particular language.

The CJEU additionally stated that evidence of acquired distinctiveness does not have to be provided for each individual EU country where the mark is objectionable, provided that the evidence covers all of the relevant territory. In other words, evidence may be provided by commercial, cultural or linguistic region/group instead of on a country by country basis. This supports the existing EUIPO Guidelines which state that the absence of evidence from individual EU countries may not be decisive, provided that the overall picture of distinctiveness is unaffected. The Guidelines also already allow evidence to be extrapolated from one area of the EU to another under certain conditions.

As a footnote, whilst this CJEU ruling involves the same mark and parties as a UK Court of Appeal case from May 2017 ([\[2017\] EWCA Civ 358](#)), the issues in the cases were different. The UK case revolved around whether "recognition" of the mark or "reliance" on the mark as a badge of origin by consumers during the purchase decision is required to demonstrate acquired distinctiveness. The latter is clearly more difficult to demonstrate in evidence.

The UK Court of Appeal, in adopting the "reliance" standard, found that the KitKat shape had not acquired distinctiveness in the UK. Interestingly, in the European case, the General Court adopted the "recognition" standard and accepted that the KitKat shape had acquired distinctiveness in the UK.

Our extensive knowledge and experience of UK and European law, combined with our presence in London and Munich, makes us ideally placed to guide our clients through any challenges posed. We look forward to continuing to represent our clients in both UK and European matters.

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