What is the threshold for establishing acquired distinctiveness of shape marks under Article 3(1)(e) of the Trade Mark Directive?

Relevant legislative provisions

Article 3 of Directive 2008/95/EC (now Article 4 Directive 2015/2436):

"Article 3

Grounds for refusal or invalidity
1. The following shall not be registered or, if registered, shall be liable to be declared invalid:

…

(b) trade marks which are devoid of any distinctive character,

…

3. A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), … if, before the date of the application for registration and following the use which has been made of it, it has acquired a distinctive character. …"

Relevant Case law

Windsurfing Chiemsee v Huber C-108/97 and C 109/97

Philips v Remington C-299/99

Nestlé v Mars C-353/03

Mag Instrument v OHIM C-136/02P

Bongrain [2005] E.T.M.R. 47

Freixenet v OHIM C-344/10 P and C-345/10 P

Mondelez v EUIPO T-112/13

Jaguar Land Rover Ltd v OHIM T-629/14

Nestlé v Cadbury [2014] E.T.M.R. 17; C-215/14; [2016] E.T.M.R. 21; [2017] E.T.M.R. 31

London Taxi Corporation v Frazer Nash Research [2016] E.T.M.R. 18; [2018] E.T.M.R. 7

Guiding principles on acquired distinctiveness

1. Does the average consumer identify goods as originating from a particular undertaking because of the trade mark (*Windsurfing)*

2. Such identification must be as a result of the use of a mark as a trade mark (*Philips*)

3. Use of the mark can be as part of or in conjunction with a registered trade mark if the average consumer perceives the product designated exclusively by the mark as originating from a given undertaking *(Nestlé v Mars*)

4. Average consumers are not in the habit of making assumptions about the origin of products on the basis of their shape *(Mag)*

5. 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 (*Freixenet)*

Société des produits Nestlé SA v Cadbury UK Ltd [2017] E.T.M.R. 31

6. Appeal to the Court of Appeal against Judgment of Arnold J upholding decision of the UKIPO to refuse registration of a 3-D mark for chocolate and other goods in Class 30 on the basis that it lacked inherent distinctive character and had not acquired distinctiveness.

7. Before the hearing officer the following survey evidence was admitted (a second survey being rejected on the basis that it contained leading questions and invited speculation):

   "Please look at this picture. Please let me know when you are ready to continue.
   (1) What if anything can you tell me about this?"
   Those respondents who mentioned "Sweet" or "Chocolate" without mentioning a brand name were then asked:
   "(2) And what else, if anything can you tell me about it?"
   Those respondents who had mentioned a brand name were asked:
   "(3) You mentioned (brand name). Why was that?"
   These respondents were then asked:
   "What else, if anything?"
   Those respondents who had not mentioned shape up until this point were then asked:
   "(4) What, if anything, can you tell me about the appearance of this?"
   The last question was:

"(5) Finally, is there anything else that you would like to say about this?"

8. The hearing officer found that the applicant had shown recognition of the mark amongst a significant proportion of the relevant public but not that consumers had come to rely on the shape to identify the origin of the goods and that this was because: (i) there was no evidence that the shape of the product had featured in the applicant's promotions for the goods for many years prior to the date of the application, (ii) the product is sold in an opaque wrapper and (until a few months before the filing of the application – and then only for a subset of the goods placed on the market), the wrapper did not show the shape of the goods, and (iii) there was no evidence – and it did not seem likely – that consumers use the shape of the goods post purchase in order to check that they have chosen the product from their intended trade source.

9. When the matter came before Arnold J on appeal, he referred the following question to the CJEU:

"In order to establish that a trade mark had acquired distinctive character following the use that had been made of it within the meaning of Article 3(3) of Directive 2008/95 …, is it sufficient for the applicant for registration to prove that at the relevant date a significant proportion of the relevant class of persons recognise the mark and associate it with the applicant's goods in the sense that, if they were to consider who marketed the goods bearing that mark, they would identify the applicant; or must the applicant prove that a significant proportion of the relevant class of persons rely upon the mark (as opposed to any other trade marks which may also be present) as indicating the origin of the goods?"

10. The CJEU held as follows:

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

And then made its final ruling as follows:

"67. Having regard to those considerations, the answer to the first question is that, in order to obtain registration of a trade mark which has acquired a distinctive character following the use which has been made of it within the meaning of Article 3(3) of Directive 2008/95, regardless of whether that use is as part of another registered trade mark or in conjunction with such a mark, the trade mark applicant must prove that the relevant class of persons perceive the goods or services designated exclusively by the mark applied for, as opposed to any other mark which might also be present, as originating from a particular company."

11. The matter returned before Arnold J who dismissed the appeal against the hearing officer's appeal and followed the same test as that set out by the CJEU above. He noted that it could not be assumed that this test was the same as a test of reliance.

12. The Court of Appeal also dismissed the applicant's appeal. It returned to the well-known test that to have acquired distinctive character, a trade mark must have come to guarantee origin. It is not sufficient to show recognition and association between the mark and the goods; the mark must act as a badge of origin. Reliance was not necessary but where such reliance is shown, this will establish acquired distinctiveness.

13. The Court of Appeal explained the difference between recognition and association on the one hand, and perceiving that the goods from a particular undertaking on the other:

"78 The distinction is this. We are concerned here with a mark, the three-dimensional shape of a chocolate product, that has no inherent distinctiveness. A shape of this kind is not inherently such that members of the public are likely to take it as a badge of origin in the way they would a newly coined word or a fancy name. Now assume that products in that shape have been sold on a very large scale under and by reference to a brand name which is inherently highly distinctive. Assume too that the shape has in that way become very well-known. That does not necessarily mean that the public have come to perceive the shape as a badge of origin such that they would rely upon it alone to identify the product as coming from a particular source. They might simply regard the shape as a characteristic of products of that kind or they might find it brings to mind the product and brand name with which they have become familiar. These kinds of recognition and association do not amount to distinctiveness for trade mark purposes, as the CJEU has now confirmed in its decision in this case."

14. In relation to reliance the Court of Appeal stated as follows:

"82…I recognise that the CJEU has not used the term 'reliance' in giving the guidance to which I have referred. However, the essential function of a trade mark is to guarantee to consumers the origin of the goods or services in relation to which it is used by enabling them to distinguish those goods or services from others which have a different origin. Perception by consumers that goods or services designated by the mark originate from a particular undertaking means they can rely upon the mark in making or confirming their transaction decisions. In this context, reliance is a behavioural consequence of perception."

London Taxi Corporation Ltd (t/a The London Taxi Company) v Frazer Nash Research Ltd [2017] EWCA Civ 175

15. Appeal to the Court of appeal against (amongst other things) the decision of Arnold J to declare invalid 2 trade marks comprising shape marks for a 'London Black Cab' on the basis that they lacked inherent distinctiveness and had not acquired distinctive character.

16. **The average consumer:** The Court of Appeal could not see any *a priori* reason for excluding the hirer of a taxi from the class of consumers whose perceptions it is necessary to consider.

17. **Inherent distinctive character:** The registered shape must be one that departs significantly from the norm or customs of the sector for products of that kind. There are 3 steps in deciding this issue (1) determining what the relevant sector is (2) identifying the common norms and customers, if any, of that sector (3) deciding whether the mark departs *significantly* from those norms and customs. In this case:

"48 When the LTC features are compared with these basic design features of the car sector, each is to my mind, no more than a variant on the standard design features of a car…"

18. **Acquired distinctiveness:** LTC relied upon the following four factors: (1) the fact that LTI and LTC had had a *de facto* monopoly of taxis having a similar appearance in London for decades (2) the absence of anything other than shape which could indicate trade origin (3) the fact that LTI and LTC have had a policy to preserve the distinctive appearance of their taxis through successive models (4) the steps taken by LTI and LTC to educate the public.

19. **The Court of Appeal held:** (1) the public are not used to the shape of a product being used as an indication of origin (2) hirers of taxi services as consumers will focus on the provider of the services

being provided more than on the manufacturer of the vehicle in which they are travelling. It will be hard to interest them, far less educate them, in the topic of whether the shape of a taxi is an indication of a unique source (3) the hirer is aware that taxis of the shapes shown in the registrations can be relied on to be licensed London taxis. In these circumstances it is particularly important to see evidence from which it can be deduced that consumers have come to understand that there is only one manufacturer of taxis of that shape. There was nothing to show that the Judge had reached the wrong conclusion in finding that there was no such evidence. Further, even if one restricted the average consumer to taxi drivers, it is not established that they would perceive the shape, as opposed to LTC's conventional marks as an indication that the taxis are those of one manufacturer only.

The EUIPO: Mondelez UK Holdings & Services Ltd v EUIPO T-112/13

20. Judgment of the General Court finding (amongst other things) that Nestlé had established acquired distinctiveness of its 3-D mark for chocolate (albeit only in Denmark, Germany, Spain, France, Italy, Netherlands, Austria, Finland, Sweden and the UK which was deemed to be insufficient to prove acquired distinctiveness in the European Union). In reaching its decision, the General Court considered the following:

a. The guidance from *Windsurfing Chiemsee* and the importance of evidence showing market share held by the mark, long-standing use of the mark, how intensive and geographically wide spread use of the mark has been and investment in promotion of the mark.

b. The surveys conducted on behalf of the Applicant could be taken account. They had been conducted by companies specialising in market research whose independence and professionalism had not been challenged.

c. Acquisition of distinctive character can be as a result of use both as part of a registered trade mark or a component thereof or a separate mark used in conjunction with a registered trade mark, where, in consequence of such use, the relevant class of persons perceives the product or service, designated exclusively by the mark applied for, as originating from a particular undertaking. The surveys showed the *"immediate and spontaneous attribution of the trade mark to the product bearing the word mark KIT KAT or [Nestlé]."* Further, it was not necessary to show that the shape had been used on the packaging of the product or that it was visible at the point of sale.

Victoria Jones
3PB Barristers