

Bristows

Acquired distinctiveness: How do you establish acquired distinctiveness when surveys are out of fashion and expensive?
Is recognition enough?

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Acquired Distinctiveness- the fundamentals

Acquired Distinctiveness

- *Trade marks which are devoid of any distinctive character shall not be registered*
(Article 7(1)(b) EU Trade Mark Regulation 2017 / Article 4(1)(b) EU Trade Mark Directive 2015)
- *However, a trade mark shall not be refused registration if, before the date of application for registration, it has in fact acquired distinctive character as a result of the use made of it*
(Article 7(3) Regulation / Article 4(4) Directive)
- Marks that are not inherently distinctive therefore need to show acquired distinctiveness

What evidence is needed to prove acquired distinctiveness?

- *Windsurfing Chiemsee (C108/97 & C109/97)* set out factors to be taken into account when assessing the mark:
 - Extent of use
 - Market share
 - How intensive and geographically widespread the use has been
 - Duration of use
 - Amount invested in advertising / promotion of the mark
 - Proportion of the relevant class of people who, because of the mark, identify goods as originating from a particular undertaking
 - Statements from chambers of commerce / industry or other associations
 - *“As regards the method to be used to assess the distinctive character of a mark in respect of which registration is applied for, Community law does not preclude the competent authority... from having recourse, under the conditions laid down by its own national law, to an opinion poll as guidance for its judgment.”*

Survey evidence

- There are inherent difficulties in conducting surveys nowadays- see the ***Interflora I*** Court of Appeal principles
- But in ***Interflora I*** the Court of Appeal recognised that a survey might still be helpful to prove distinctive character and that there may be cases where a judge would find it useful to hear from consumers:

“That is not to say that there can never be [survey] evidence called in a case of trade mark infringement. The court may need to be informed of shopping habits; of the market in which certain goods or services are supplied; the means by which goods or services are marketed and so on. In addition I must make it clear, however, that different considerations may come into play where....

iv) The issue is whether a registered mark has acquired distinctiveness...

Outside these kinds of cases there may be others where a judge might think that it would be useful to hear from consumers.”

- Survey evidence was also viewed favourably by the Court of Appeal in ***Kit Kat***. Floyd LJ was very influenced by survey evidence showing that 50% of the respondents had said Kit Kat.

Survey evidence

Enterprise v Europcar

- Enterprise sought permission for survey evidence to establish distinctiveness of its trade mark and that it had enhanced protection
- Morgan J confirmed that whether survey relates to distinctiveness or confusion then consider:
 - i. If survey will be held at trial to be valid.
 - ii. Ask if survey is justified by the likely from benefit the survey
- The test for permission to adduce is no less strict
- Likely to be difficult to assess if trade mark had acquired distinctiveness through use.

Kit Kat

Mondelez v Nestle

Summary of disputes

- Nestle had both a EUTM and UKTM (as shown) in relation to chocolate and various other goods in class 30.
- UK Opposition filed in 2010 – CJEU decision in 2015 - Court of Appeal decision in 2017
- EU Invalidation action filed in 2007 – Court of Justice of the European Union decision in 2018



Evidence in the UK

- Extensive time on market
- Advertising evidence
- Market Research Data:
 - Rated as sixth, third and third bestselling chocolate in the UK in 2005, 2006 and 2007 – 33 million per year in sales
 - Spent £3 – 11 million advertising and promoting Kit Kat in each of the years from 1996 – 2007
 - In each of the three years that followed – 2008, 2009 and 2010 – sales of over £40 million of the four-finger product were achieved and it had a market share of 1-2%
 - In each of these years, between £850,000 and £4.4 million was spent promoting Kit Kat

Evidence in the UK – first survey

- Question 1: *“I would now like to show you a sweet or biscuit product. Could you please tell me what this product makes you think of?”*
- Question 2: *“and still looking at this picture [of an unwrapped 4 finger Kit Kat], can you think of anything else is makes you think of?”*
- Hearing officer: *“the questions could hardly have been more leading or inviting of speculation. The first question was essentially ‘have a guess’. The second question was really ‘have another guess’... the flaws in the questions... are so serious that it is wholly unreliable.”*

Evidence in the UK – second survey

- Second survey had 500 participants who were shown a card having a representation of the trade mark and asked:
 - *“Please look at this picture. Please let me know when you are ready to continue.”*
 - *“What, if anything, can you tell me about this?”*
- Those respondents who mentioned “sweet” or “chocolate” without mentioning a brand name were then asked:
 - *“And what else, if anything can you tell me about it?”*
- Those respondents who had mentioned a brand name were asked:
 - *“You mentioned (brand name). Why was that?”*

Hearing Office

- The Hearing Officer considered each of the 473 completed forms himself.
- At least half the respondents gave answers which probably meant that they thought that the shape shown to them was the product known as KIT KAT.
“This is not surprising given the product has been sold in the same shape in the UK in substantial volumes since the 1930s. Most people will therefore have eaten one at one time or another.”
- At least half people surveyed thought the picture shown to them depicted a Kit Kat product.

Findings of the Hearing Officer

- Nestle has shown recognition amongst a significant proportion of relevant public for chocolate but not that consumers have come to rely on the shape to identify origin. Because:
 1. No evidence the Mark features in promotions;
 2. Sold in opaque wrapper and wrapper did not show the shape of the goods;
 3. No evidence consumers use shape to check they have correct product.
- They associate it with Kit Kat but no more than that so the Mark lacked distinctive character.

UK High Court referred to the CJEU

- The High Court questioned what is meant by "use of the mark as a trade mark" and referred to the CJEU:
 - does it require the applicant to show that, as a result of the use of the mark, consumers rely on the mark as a trade mark; or
 - is it sufficient that consumers recognise the mark and associate it with the applicant's goods?
- CJEU: *in order to obtain registration of a trade mark which has acquired a distinctive character following the use which has been made of it, 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.*
- The CJEU decision means it is not sufficient to show recognition or association

Court of Appeal

The law:

- Distinctive character can only be acquired through use of the mark as a trade mark, that is to say for purposes of identifying goods from a particular undertaking;
- Perception means consumers can rely on the mark in making or confirming their decisions. In this context reliance is a behavioural consequence of perception;
- Not necessary to show reliance upon mark but that supports perception.
- It is not enough to have just used the Mark. The perception that is required is perception that arises in consequence of the use of the mark as a trade mark and thus as a result of the nature and effect of it, which make it capable of distinguishing the product concerned from those of other undertakings;

Court of Appeal

Dealing with the evidence – is recognition enough?

- The high point for Nestlé was the Hearing Officer's finding that at least half the people surveyed thought that the picture shown to them was a Kit Kat.
- Kitchin LJ said *"it was fatal to the application that the public had only come to associate the shape with Kit Kat"*.
- And later... *"The hearing officer was therefore entitled and indeed bound to consider the results in light of all of the other evidence before him. I am also satisfied he was entitled to conclude as he did that Nestlé had shown recognition and association of the shape with Kit Kat but had failed to prove that the shape (and hence the Trade Mark) had acquired a distinctive character in light of the use which had been made of it."*

Court of Appeal

Dealing with the evidence:

- Floyd noted *“There is a danger, however, in regarding the results of a survey as dispositive of the ultimate question which the court has to decide.”*
- All the Lord Justices had to remind themselves that the survey was but one piece of the evidentiary puzzle.
- Sir Geoffrey Vos said *“How can it be said that the mark has not acquired distinctive character when a majority of respondents....said words to the effect.... “it’s a Kit Kat”. [But] the observations of the Court in **Oberbank** are also pertinent and a reminder that the results of the survey must be considered along with all the other relevant factors”*.

Court of Appeal

Survey evidence (Sir Geoffrey Vos):

*“It is clearly acknowledged on both sides that survey evidence **will not often be enough on its own**, and that in many cases evidence of the **efforts made to educate the public** as to the mark being distinctive of the proprietor’s product will be needed.*

*Those points are, as it seems to me, backed up by the need to show that the consumers’ perception of the mark, taken alone, as designating the proprietor’s product arose in consequence of the use of the mark as a trade mark and as a result of the mark’s capability of distinguishing the product concerned from those of other undertakings. **The consumers here were, the Hearing Officer thought, associating the shape mark with KIT KAT, but were not doing so either as a result of the use of the mark as a trade mark, or as a result of the mark’s capability of distinguishing KIT KAT from other similar products.**”*

EU Proceedings

2006

- EUIPO register the mark.



2007

- Cadbury (now Mondelez) file application with EUIPO to declare mark invalid as devoid of distinctive character (Art. 7(1)(b)).

2012

- EUIPO reject application finding the mark had 'acquired distinctive character' through use
- Board of Appeal Decision finds that acquired distinctive character was established

2016

- General Court annuls EUIPO's decision as acquired distinctive character through use had only been proved for *part* of the territory of the EU (even if that part was significant).

2018

- Nestle, Mondelez and EUIPO appeal to the Court of Justice.
- CJEU confirms acquired distinctive character must be shown throughout the EU, although evidence can be submitted regionally or for markets closely linked together

EU: Types of evidence adduced

- Evidence submitted covering 15 Member States that formed that EU at the time of the application.
- Evidence for all countries except for Luxembourg.
 - Market share of the four-finger bar
 - Market share of 'KitKat'
 - 'KitKat' brand recognition
 - 'Ranking' in list of most in-demand products in the relevant segments
 - Launch dates
 - Advertising

Survey evidence at the EUIPO

- The survey relied on by all the European institutions was the rejected UK first survey !
- Top-of-mind spontaneous brand/producer recognition survey evidence.
- Board of Appeal found 50% of 90% of total population of European Union identified with the shape as indicating origin.
- No survey evidence in Belgium, Greece, Ireland, Portugal or Luxembourg.

EU v UK

- The General Court found the Mark lacked distinctive character *throughout* the EU but found it was distinctive in 10 member states.
- The General Court found that in the UK, the Mark had acquired distinctive character - contrary to the Court of Appeal's decision on the same mark.

EU v UK

- How is this possible?
 - Legal Approach?
 - Survey evidence: the EUIPO admitted the first survey which was deemed to be flawed in the UK:
- General Court noted *“...it is sufficient to note that the intervener relied on surveys conducted by specialist undertakings whose independence and professionalism have not been challenged in the present action... the applicant has in no way explained how the wording of the questions in those surveys was biased. It has confined itself to asserting that the premise of those surveys was fundamentally artificial, given that the surveys concerned invited participants to speculate as to the origin of the product represented...”*

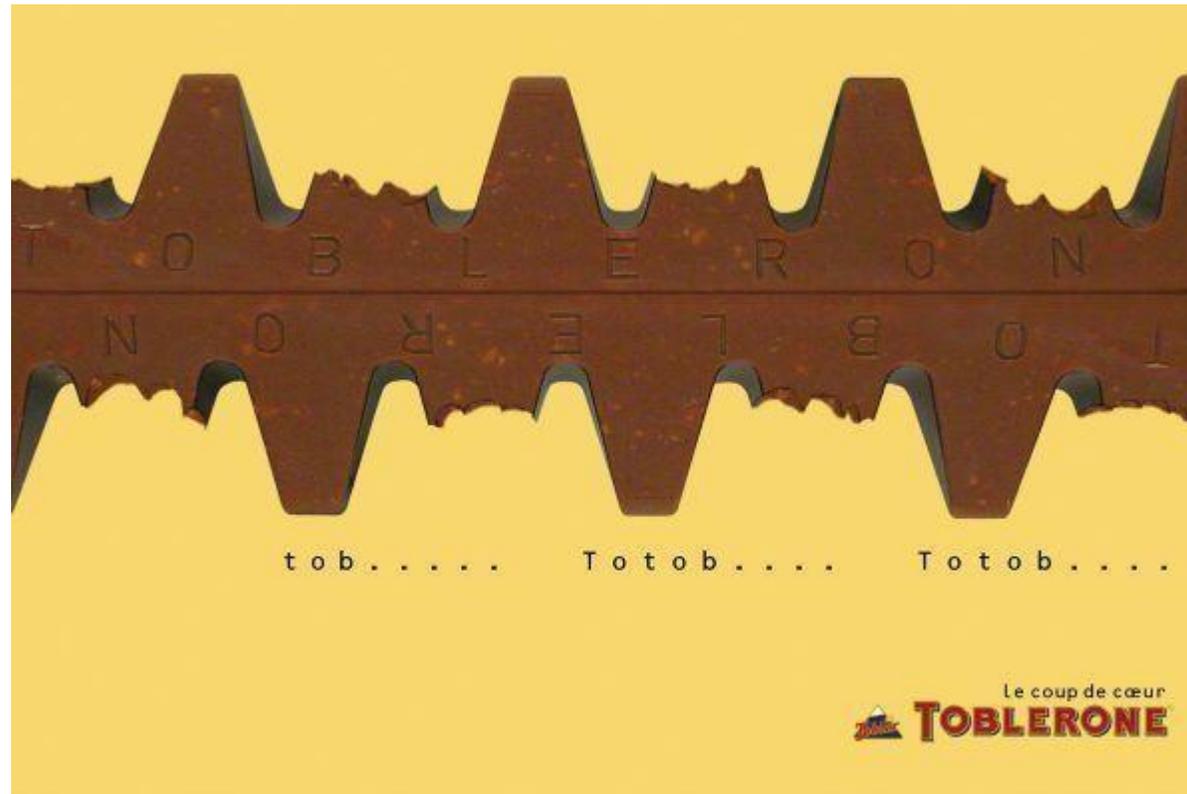
Educating the public

What can be done in the UK?

How does a brand owner ensure the relevant public perceives the trade mark as distinguishing it from other undertakings?

- To perceive the mark it is not essential to use in such a way that consumers perceive it as a trade mark, but if the applicant has explicitly promoted the sign as a trader mark it is more likely consumers will perceive it as indicating origin.
- Educate consumers it is a trade mark:
 - Use the mark by itself if possible;
 - Display the mark in promotions/advertising;
 - Show the mark at the time of sale e.g. wrapper window or image on wrapper.
- Remember, consumers are not in a habit of considering shapes and colours are indicating origin and functioning as trade marks.

Some examples of educating the public





CRUNCHERS SAY:

LIFE'S TOO SHORT TO SUCK

SUCKER OR
CRUNCHED?



THE MINT WITH THE HOLE

 Nestlé Good Food. Good Life.

 Facebook



Thank you

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