

O-257-13

TRADE MARKS ACT 1994

**TRADE MARK APPLICATION No. 2552692
BY SOCIÉTÉ DES PRODUITS NESTLÉ S.A.
TO REGISTER A TRADE MARK IN CLASS 30**

AND

**OPPOSITION No. 101495
BY CADBURY UK LTD**

Background

1. On 8 July 2010 Société des Produits Nestlé SA (“Nestlé”) applied to register the three dimensional trade mark shown below.



2. The trade mark application covers the following goods in class 30:

Chocolate; chocolate confectionery; chocolate products; confectionery; chocolate-based preparations; bakery goods; pastries; biscuits; biscuits having a chocolate coating; chocolate coated wafer biscuits; cakes; cookies; wafers.

3. The application was accepted and published on the basis that the applicant had shown that the mark had acquired a distinctive character as a result of the use made of it prior to 8 July 2010 (“the relevant date”).

4. Cadbury UK Limited (“Cadbury”) opposes the application. The grounds of opposition are, in summary, that:

- i) The trade mark is devoid of any distinctive character, consists exclusively of a sign that may serve, in trade, to designate the characteristics of the goods for which registration is sought and is a shape which is customary in the established and *bona fide* practices of the trade.
- ii) The mark had not acquired a distinctive character through use prior to the relevant date and registration would therefore be contrary to subsections (b),(c) and (d) of s.3(1) of the Act.
- iii) The mark consists exclusively of the shape which results from the nature of the goods themselves. Registration would therefore be contrary to s.3(2)(a) of the Act.

- iv) The mark consists exclusively of the shape of the goods which is necessary to obtain a technical result. The shape of the goods assists in the manufacture of the product and facilitates the division and consumption of the goods. Registration would therefore be contrary to s.3(2)(b) of the Act.

4. Nestlé filed a counterstatement in which it:

- i) Denied the s.3(1)(b) ground on the basis that the shape applied for departs significantly from the norm or customs of the sector and thereby fulfils its essential function as an indication of trade origin.
- ii) Denied the s.3(1)(c) ground, pointing out that the goods in question are sold by reference to a variety of shapes, and disputed that the opponent had identified the characteristics of the goods which the shape is claimed to represent.
- iii) Denied the s.3(1)(d) ground and put the opponent to proof that the shape had become customary in the *bona fide* and established practices of the trade.
- iv) Denied the s.3(2)(a) ground pointing out that the goods in question come in a variety of shapes and that the mark contains features which are not a result of the nature of the goods.
- v) Denied the s.3(2)(b) ground on the basis that not all the essential characteristics of the shape perform a technical function and that the shape incorporates major non-functional, arbitrary and/or capricious elements which play an important role in the shape.

5. Both sides seek an award of costs.

The hearing

6. The matter was heard on 18 March 2013 when the applicant was represented by Mr Simon Malynicz instructed by Nestlé UK's legal team, and the opponent was represented by Mr Tom Mitcheson, instructed by Bristows.

The evidence

6. Cadbury's evidence consists of witness statements from Mark Hodgkin, Paul Anthony Walsh and Mark Robertson. Mr Hodgkin is Senior Trade Mark Counsel for Cadbury Holdings Limited. He gives evidence about the availability on the market, prior to the relevant date, of chocolate bars made up of 'fingers'. Mr Walsh is a partner in Bristows, which represents the opponent in these proceedings. Mr Walsh gives evidence about some similar looking chocolate bars purchased from major supermarkets after the relevant date. Mr Robertson was a senior project engineer for Cadbury with responsibility for developing and purchasing moulds required to make

some chocolate products. He is now retired, but still acts for Cadbury as a consultant. Mr Robertson gives expert evidence about the functional aspects of the shape represented by the mark.

8. Nestlé's evidence consists of witness statements from Dale Carter, Sarah Gorjup, Alex Hutchinson, Clive Barnes and Philip Malivoire. Mr Carter is an Intellectual Property Advisor for Nestlé UK. He provides the evidence of use of the mark applied for which led the examiner to accept that the mark had acquired distinctive character through use. He also provides copies of decisions made during cancellation proceedings at OHIM concerning the same trade mark and a consent Order issued by a court in Australia, also concerning the shape mark at issue. Ms Gorjup is the Homestock Brand Manager at Nestlé UK. She provides UK sales figures and market share for products corresponding to the mark applied for. Mr Hutchinson is the Heritage Assistant at the Nestlé UK archives. He gives evidence about some historical TV advertisements for products corresponding to the mark applied for which were broadcast during the 1950s/1960s and showed the shape of the product to the UK public. Mr Barnes is the Assistant Vice-President of Nestlé's Research and Development division. He gives expert evidence which contradicts the evidence of Mr Robertson for Cadbury that the shape at issue is wholly functional. Mr Malivoire is a Divisional Director of GfK NOP, a market research agency. He gives expert evidence about two surveys conducted by the applicant to establish the factual distinctiveness of the shape at issue.

9. Mr Hodgkin, Mr Robertson, Mr Barnes and Mr Malivoire were cross examined on their evidence at the hearing.

10. It is convenient to start with Mr Carter's evidence. The examiner had identified similar two finger products that were available in the market as support for an objection he had taken to the application under s.3(1)(b). Mr Carter's response disputed that the four finger shape was the same or even similar to the two finger product identified by the examiner, whilst pointing out that the applicant had both two finger and four finger versions of the shape applied for registered as CTMs. The examiner was provided with representations of other chocolate products which, with one exception, were of a different shape (so far as one could see the shape of the products from their packaging) to the mark applied for. The one exception was a Tesco Milk Chocolate Break 4 fingered conjoined chocolate bar which was selling at a rate of £9-10k worth of sales per month in 2009 before sales declined suddenly and then ceased altogether in March 2010.

11. Mr Carter also provided the examiner with market research data showing that the product corresponding to the shape applied for had been rated as the 6th, 3rd and 3rd rated best selling chocolate product in the UK in 2005, 2006 & 2007 with sales of £25-33m per annum. The applicant spent between £3m and £11m per annum promoting the KIT KAT product in the UK between 1996 and 2007, most of which was directed at the four finger version at issue. The examiner was also shown some

examples of advertising from 2003 (The Sun newspaper) and 2007 (The Daily Mail). Neither of these showed the shape applied for. The examiner was also shown some historical advertisements for the product from the 1930s-1950s, some of which did show the shape applied for, at least in part. Nestlé also provided a 1992 report from Interbrand recording that KIT KAT was a strong brand, but not showing that the shape applied for was recognised as a trade mark.

12. Mr Hutchinson gives evidence that the four finger chocolate wafer product represented by the mark applied for was first sold in the UK in 1935 under the name Rowntree's Chocolate Crisp (the product name was later changed to KIT KAT). He exhibits¹ records of TV advertisements from 1959-1964 which show the shape applied for. Generally, they show the product being unwrapped and a consumer breaking off one of the fingers from the bar ready for consumption.

13. Ms Gorjup provides figures for UK advertising expenditure, sales values and market share for the product corresponding to the shape mark applied for. These show that between £850k and £4.4m was spent promoting the product in the years 2008, 2009 and 2010 (the largest figure being 2010). No examples of such promotion are provided so it is not possible to establish whether this included promoting the product by reference to its shape. Sales of over £40m per annum were achieved in each of the years in question. The 4 finger product corresponding to the mark had between 1-2% of the chocolate market during this period. Ms Gorjup also provides some artwork² showing that the mark was represented in two dimensional form on the outer packaging of multipack 4 finger bars in 2010. About 25% by volume of the total sales of the 4 finger product corresponding to the trade mark are made in multipacks. Ms Gorjup says that packaging showing the 4 finger bar was first available in the UK market from February 2010. It is not clear how long it would have taken before all the applicant's multipack 4 finger products appeared on shelves with outer packaging bearing a two dimensional version of the mark.

Cross examination of Mr Hodgkin

14. Mr Hodgkin gave written evidence about a number of chocolate wafer products on sale in the UK which he claimed had a similar shape to the mark at issue. Most of these were 2 finger versions of the shape. A few were four finger bars, as per the mark. The majority were supermarket own label products. Cross examination revealed that the sources of Mr Hodgkin's market place evidence were a) evidence filed by Cadbury in earlier proceedings at OHIM, and b) recent shopping trips conducted by Bristows on behalf of Cadbury. Consequently, Mr Hodgkin did not have personal knowledge of all the products identified in his evidence. His evidence did not show the shape of some of the chocolate wafer products relied upon. Consequently, he could not say that they are/were of the same/similar shape to the mark. There is no need for me to say anything more about those products. Of the

¹ As AH1-AH3

² See exhibit SG1

shapes shown in Mr Hodgkin's written evidence, one is the Tesco 4 finger chocolate wafer product identified in Mr Carter's evidence above. Six more were 2 finger versions of the same kind of product sold by Tesco, Morrisons, Somerfield, Waitrose, Asda and Sainsbury's. The exhibits showing these products established that that they are substantially the same shape as the mark applied for except that, a) all except the 4 finger Tesco product are 2 finger versions of the shape, and b) all of them show some kind of subtle decorative pattern on the top surface of the individual 'fingers' (as compared to the opposed mark, where the top of the product is shown to be smooth). A number of other Cadbury and third party products were also identified in Mr Hodgkin's evidence.

15. Asked about these various products during cross examination, Mr Hodgkin responded that:

- i) He could not say whether the 2 finger version of the Tesco product was on sale at the relevant date in July 2010 (his evidence identified the product on sale a year later);
- ii) He could not say whether the Morrisons' product was available at the relevant date either;
- iii) Although exhibit 3 to his statement showed that the Somerfield product was on sale in 2007, and an article from the trade press in the same exhibit showed that a product with the same brand name had been on sale in 1995, he could not say for sure whether the earlier product was of the same shape as the later one, or that Somerfield's use of the shape had been continuous or extensive;
- iv) Although the Waitrose product shown in Mr Hodgkin's evidence³ had a 'use by' date in 2007, he had no reason to dispute Mr Malynicz's claim that Waitrose withdrew the product in 2008;
- v) He did not know the extent of the use of the Asda 2 finger chocolate wafer product shown in the evidence⁴ as having been on sale in 2008;
- vi) Although the Sainsbury's product (which the registered proprietor's own evidence had identified as having been on sale in 2008) was also mentioned in the trade press as having been on sale in 1995, he could not say for sure that the product sold under the same brand had the same shape in 1995 as it did in 2008;
- vii) He did not know the extent of the use made of the 4 finger product called Glutano Break Bar, which was shown in his evidence⁵ to be

³ See exhibit 4

⁴ See exhibit 5

⁵ See exhibit 7

similar in shape to the opposed mark, and to have been on sale in the UK since 2002, but he agreed that as it was a gluten free product it was likely to be a niche product;

- viii) He did not know the sales values of the Terry's Waifa product shown in the evidence⁶ to have been on sale in the UK since 1995 as a 3 finger conjoined chocolate wafer and, from at least 2003, as a 4 finger product (of a similar although rather squatter shape than the opposed mark);
- xi) He could not say whether the Kraft Leo 4 finger chocolate wafer product (similar in shape to the opposed mark) shown in his evidence⁷ had been sold in the UK since the date of a report in The Grocer in 1984;
- x) He agreed that the 2 finger chocolate wafer products shown in his evidence as made by OP Fine Wafers was the same product as some of the supermarket own-label products (OP Fine Wafers being a maker of private label products);
- xi) He agreed that the Cadbury Bar Six finger chocolate covered wafer product said in his evidence to have been sold between the 1960s and 1980s was of a rather different shape to the opposed mark (the six fingers running horizontally across the width of the bar rather than vertically along its length, and the grooves being shallower and more U shaped than the V shaped grooves as in the opposed mark);
- xii) He accepted that the Cadbury chocolate product called Pocket Pack⁸ (which was not a wafer product) sold in the UK in 1995 differed in shape to the opposed mark in that it had no 'plinth' at its base (it also had five shorter looking fingers and the grooves separating them were steeper and less deep compared to those shown in the opposed mark).

16. Mr Hodgkin also provided some evidence⁹ of similar shaped products sold elsewhere in Europe. He was not questioned about this evidence other than to confirm that there was no evidence that the products had been placed on the UK market, which he did confirm.

17. Mr Hodgkin was a good witness in that he gave straight and honest answers. He was not best placed to give market place evidence because he was a lawyer not a marketing man. However, his evidence established that, on the balance of probabilities, there was likely to have been a number of similar shaped products on

⁶ See exhibit 8

⁷ See exhibits 9 & 18

⁸ See exhibit 17

⁹ See exhibit 18

the UK market in the years leading up to the relevant date in 2010, including the Tesco and Glutano 4 finger products, and the Somerfield, Asda, Sainsbury's and Waitrose 2 finger products. Given the size of the supermarkets' businesses, it is likely that significant numbers of two finger versions of their chocolate wafer products would have been sold in the UK, although probably a lot less than sales of the KIT KAT products with which they no doubt compete.

Cross examination of Mr Malivoire

18. Mr Malivoire provided two witness statements with descriptions, analysis and expert opinions about two public surveys his firm conducted on behalf of the applicant. The first survey was conducted in 2007. It was an omnibus type market research survey. 1030 respondents were interviewed in their own homes and asked successive questions about a number of issues of interest to various commercial undertakings. The first question asked in the section of the survey relating to chocolate was:

“I would now like to show you a sweet or biscuit product. Could you please tell me what this product makes you think of?”

19. The second question was “And still looking at this picture [of an unwrapped 4 finger Kit Kat], can you think of anything else it makes you think of?”¹⁰

20. According to Mr Malivoire's statement, less than 10% of respondents failed to mention Kit Kat in response to these questions and 80% of respondents mentioned only Kit Kat. On that basis he gave written evidence that:

“...in my professional opinion, this research clearly illustrates that the shape of the KIT KAT four finger product is capable of conveying to consumers the message ‘here is a KIT KAT’ and therefore functions as a badge or origin¹¹.”

21. The courts have established various criteria for surveys. Compliance with those criteria is important if the results of the survey are to be taken seriously as evidence in legal proceedings of this kind. The criteria are set out in the head note to *Imperial Group plc & Another v. Philip Morris Limited & Another*¹² and are re-produced below:

“If a survey is to have validity (a) the interviewees must be selected so as to represent a relevant cross-section of the public, (b) the size must be statistically significant, (c) it must be conducted fairly, (d) all the surveys carried out must be disclosed including the number carried out, how they were conducted, and the totality of the persons involved, (e) the totality of the

¹⁰ It came out during cross examination that Nestlé's legal team had helped Mr Malivoire to come up with these questions.

¹¹ During cross examination, Mr Malivoire stated that he had not fully understood the meaning attached to the phrase ‘badge of origin’ when he made the statements in these proceedings.

¹² [1984] RPC 293.

answers given must be disclosed and made available to the defendant, (f) the questions must not be leading nor should they lead the person answering into a field of speculation he would never have embarked upon had the question not been put, (h) the exact answers and not some abbreviated form must be recorded, (i) the instructions to the interviewers as to how to carry out the survey must be disclosed and (j) where the answers are coded for computer input, the coding instructions must be disclosed.”

22. It is obvious that the first survey seriously offended at least point (f) above. This is because 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’.

23. After seeing Cadbury’s evidence and submissions in response to its own, Nestlé effectively acknowledged that the first survey was flawed by applying for permission to adduce the results of a second survey it had commissioned in January 2012. I gave Nestlé permission to file that evidence subject to certain conditions concerning costs, to which I return below. The flaws in the questions in the first survey are so serious that it is wholly unreliable. I will say no more about it.

24. The second survey was a street survey. 500 respondents making up a broadly representative sample of the UK public were interviewed in 18 locations around the UK in March and April 2012. The respondents were approached in the street and those that agreed to take part were asked a couple of screening questions to ensure that they were resident in the UK and that they (or close friends etc.) were not employed in certain professions, including the legal profession, market research or manufacture or sale of cars, confectionery or cosmetics. For this purpose they were shown a card with the problem professions (7 in total) listed. Manufacture or sale of confectionery was in the middle of the list at number 4. Respondents were then shown a card with the mark applied for on it and asked:

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 then asked:

(3) You mentioned (brand name). Why was that?

These respondents were then asked (once):

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 like to say about this?

25. The questionnaires from one of the locations in the survey were excluded because Mr Malivoire was not satisfied with the quality. That left 473 completed questionnaires.

26. According to Mr Malivoire's statement, 90% (426) of these respondents mentioned KIT KAT in their answers, and only 2 respondents mentioned any other brand of chocolate. Of those that mentioned KIT KAT, 120 (25% of the total sample) cited 'shape' as a reason. A further 13 (2%) cited 'design', 'style', 'form', 'mould' or 'format'. A further 57 (12% total sample) cited specific elements of the shape of KIT KAT, typically 'four fingers'. A further 20 (4% total sample) said that what was shown to them was obviously or recognisably a KIT KAT. A further 154 (33% total sample) said that what was shown to them looked like a KIT KAT. And a further 12 said that it reminded them of a KIT KAT.

27. Mr Malivoire concluded that "*a significant proportion of consumers, when presented with or otherwise encountering an image of Nestlé's Four Finger product, would correctly identify it as being KIT AT, and are able to distinguish it from other confectionery products on the market*".

28. In cross examination Mr Malivoire was challenged by Mr Mitcheson as to whether the second survey was conducted at a sufficient number of locations. The survey was conducted at 18 locations whereas in a recent passing off case¹³ Mr Malivoire had given evidence that 29-40 locations were required for a reliable street survey. Mr Malivoire explained that the reference to 29-40 was an error. He had meant to say 20-40 locations. Basically he recommended 25 respondents per location and therefore if the total survey sample was 500-1000 (which would be typical) that means 20-40 locations. The 18 locations in this survey were not far off the recommended 20 for a survey of 500(ish) people. I am satisfied with Mr Malivoire's explanation. I am also satisfied that the second survey was large enough to provide meaningful results. It should be remembered that the object of the survey was to establish whether a "significant proportion" of the relevant public recognise the opposed mark as distinctive of the goods of a particular undertaking. One is not therefore looking for the sort of precision that is necessary in order to accurately predict the outcome of an election. Indeed the Court of Justice of the European Union ("CJEU") has cautioned against reliance solely on general abstract data such as predetermined percentages.

¹³ Fage v Chobani EWHC 630 (Ch)

29. Mr Mitcheson put it to Mr Malivoire that the card shown to the respondents as part of the screening process (which consisted of a list of professions) essentially gave the game away that the survey was about branding and chocolate. Whilst accepting that one respondent is recorded as having made the link to chocolate from the screening questions, Mr Malivoire said that, based on his experience, this respondent was likely to have been the exception. It was normal practice to ask screening questions about professions. Listing 'advertising' wouldn't have been enough to make respondents expect the survey to be specifically about branding. Listing manufacture or sale of confectionery alongside other things, such as cars and cosmetics, wouldn't have been enough for many people to expect the survey to be about confectionery products. I accept Mr Malivoire's first answer, but I am not convinced by his second answer. The picture shown to the respondents in the survey showed a product not a service. The product was obviously not a car or a cosmetic product. It is therefore likely that some respondents received assistance from the inclusion of 'manufacture or sale of confectionery products' on the screening card shown to them before they saw the picture of the chocolate product. However, I do not think that this is a serious weakness. After all the purpose of the survey is to test whether the shape mark applied for is distinctive of the products for which registration is sought. There is no need to establish that the shape is distinctive for all products. Therefore the fact that some consumers were given a clue that the subsequent questions was in the context of confectionery products does not undermine the survey results.

30. When challenged, Mr Malvoire accepted that questions 4 and 5 in the survey prompted speculation. He said that he had not relied on the answers to those questions when reaching his conclusions as to what the survey showed. Mr Malivoire rejected Mr Mitcheson's suggestion that questions 1-3 were subject to the same defect as 4 and 5. I accept Mr Malivoire's opinion on this point. The first 3 questions were not leading and did no more than was necessary in order to give the survey a relevant context.

31. Mr Malivoire accepted that the survey could have been improved by the use of a second or 'control' sample, but he did not agree with Mr Mitcheson's suggestion that a picture of the same shape with the KIT KAT logo on it (as the shape appears in use on the market) was suitable for this purpose because, in his opinion, that would suggest that the unbranded version was not a KIT KAT. Further, in Mr Malivoire's opinion, the level of recognition of the shape shown to respondents as a KIT KAT was so high that the absence of a control sample did not undermine his conclusions that respondents recognised the shape shown to them as a KIT KAT.

32. I agree with Mr Malivoire that the use of the same shape with the KIT KAT logo on it as a control sample would not have improved the reliability of the survey. In my view, the survey would have been assisted by the use of a neutral product shape as a control sample, but I do not think that the absence of such a control sample is fatal

to this survey. This is because a control sample is mainly used to identify guesswork and it is possible to tell from other aspects of this survey that there was not an excessive level of guesswork involved.

33. Mr Malivoire's opinion is that the survey shows that a significant proportion of consumers could identify the shape mark applied for as a KIT KAT. However, he expressed the same view about the result of the first survey, despite the questions being leading and very manifestly flawed. Listening to Mr Malivoire's answers during cross examination, it seemed to me that he knew the difference between a good survey and a bad one. The fact that he was still prepared to go along with the leading questions in the first survey and put his name to the conclusions shows the truth of the saying that "he who pays the piper calls the tune". It is a good illustration of why decision makers prefer independent experts, whereas litigants usually want to use their own experts. Not for the first time, this survey therefore leaves me in the position of having to go through the raw data myself in order to form reliable conclusions about what it shows.

34. I have therefore been through all 473 completed questionnaires. Like Mr Malivoire, I focussed on the answers to the first 3 questions. Firstly, I agree with Mr Malvoire that it is significant that 426 respondents mentioned KIT KAT and only a few mentioned any other brand name. That suggests that there was not a lot of guesswork involved. Secondly, I did not find it helpful to brigade respondents into strict sets, such as those that mentioned KIT KAT and 'shape', or "looks like a KIT KAT". Rather it seemed to me that one had to examine each respondent's answers as a whole and assess whether they indicated that the respondent thought that the shape shown to them was a KIT KAT or whether the shape just suggested or reminded them of the KIT KAT shape.

35. So, for example, respondent 19 answered question 1 with "chocolate bar", question 2 with "it's a KIT KAT" and when asked why said "It's self identifying". That person thought the picture shown to him showed a KIT KAT. By contrast respondent 45 answered question 1 "Yes, it's a KIT KAT isn't it, reminds me of a KIT KAT", question 2 "Just looks like a KIT KAT", and question 3 "Because that what it looks like, 4 wafer bars together". Although that respondent also said that the picture 'looked like a KIT KAT', I do not think his answers showed more than that he was 'reminded' of the shape of the KIT KAT.

36. Some clearly positive identifications included:

Respondent 77, who in answer to question 1 said "It's a KIT KAT, a bar of chocolate" and when asked why said "The shape of it, it's iconic";

Respondent 85, who as soon as shown the picture said "It's a KIT KAT" and later said "Distinctive shape, they have taken the writing off";

Respondent 87, who said “It’s a KIT KAT” in response to question 1, and later said “Because of the four lines and it’s a chocolate bar, it usually has the KIT KAT logo on it”;

Respondent 99, who’s answer to question 1 was “It’s a KIT KAT or a roof panel or a bit of garden decking”, but answered “KIT KAT” to question 3 and explained “It looks like a KIT KAT, has four fingers, no other chocolate bar looks like it”;

Respondent 163, who answered question 1 “Looks like a KIT KAT”, and later explained “that’s what it looks like, no other chocolate bar with fingers”.

Respondent 168, who answered question 1 “It’s a KIT KAT without the name” and question 3a “They’re very recognisable”.

37. Respondents whose answers were more equivocal included:

Respondent 176, who answered question 1, “Looks like a big KIT KAT”, but then said “..the original one is a KIT KAT” (emphasis added);

Respondent 256, who answered question 1 “reckon it could be a KIT KAT, though KIT KAT may only have three fingers”;

Respondent 368 answered question 1, “KIT KAT comes to my mind” and question 3a “that’s what it looks like, with its four bars shape”.

Respondent 370, who answered question 1 “It’s a KIT KAT” but later said “cos it looks like one, it looks like a Tesco value KIT KAT”.

38. Ultimately, it is not possible to tell from a series of short answers exactly how many of the respondents were sure that the shape shown to them was a KIT KAT, but going through the answers I think it is safe to conclude that 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. That is not really surprising given that 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. For that reason I do not think that there is anything in Mr Mitcheson’s further criticism that the second survey was conducted around 20 months after the relevant date.

Cross examination of Mr Robertson

39. Mr Robertson trained as a mechanical engineer to HND standard and later, after a further year’s study, became a Graduate Member of the Institute of Mechanical Engineers. He has 41 years experience as an engineer. For 12 years he was responsible for purchasing and developing the moulds used by Cadbury at its manufacturing plants in Bourneville. Mr Robertson gave written evidence to the effect that:

- i) There are two main means of producing confectionery and biscuit products; enrobing (covering pre-formed centres with chocolate) and moulding. Moulding is commonly used for multiple 'finger' chocolate bar products (whether solid chocolate, hollow chocolate or filled chocolate).
- ii) Enrobing cannot be used for such products because it does not provide a sufficiently strong base or attachments between the individual 'fingers' or bars.
- iii) Moulding also has advantages in that a) it avoids the need for additional packaging around, or a card beneath multiple separate bars, b) it produces a consistent shape through a high speed process that is less difficult to wrap than enrobed products.
- iv) For chocolate moulded products to be released from the mould, the products must have sloping sides with minimum 'release' angle of 8-10 degrees. Shallower angles (such as 30 degrees) would use more chocolate and be less efficient. The shape applied for has sides with a 14 degree angle and is thus within the optimal range.
- v) Chocolate bars are designed so that consumers can break the bar into smaller bite size pieces. Grooves or notches in the top surface of the bar are used for this purpose.
- vi) The optimal shape of 'breaking grooves' includes a reverse trapezoid three sided shape, with the sides of the gap formed by the trapezoid slanting rather than straight because it is more difficult to gain purchase with one's fingers when breaking straight sided shapes apart. The gap at the highest point of the shape mark at issue is optimal for allowing one's fingers sufficient leverage to hold and snap apart the bars. The breaking grooves in the shape perform the technical effect of indicating to consumers where to break the bars.
- vii) The base of the product must be thick enough to hold the bars together, but not so thick as to make it difficult for the consumer to break the bars apart. The design of the base of the opposed mark reflects these requirements.
- viii) The 'plinth' shown running around the perimeter of the product allows for consistent feeding into automatic wrapping machines because it creates two vertical sides when the products meet and this helps prevent one product riding up over the next product on the conveyor belt.
- xi) The radiuses at the corners of the product shown in the opposed mark are used by all chocolate manufacturers because they resist the

tendency for air bubbles to form at corners and they help to prevent sharp corners which might damage the wrapping film.

- x) If a manufacturer wishes to produce a multi-fingered wafer bar product, the shape represented by the mark represents an obvious shape, especially due to the moulding process. The rectangular shape provides optimal support for a wafer filled chocolate multi-finger bar and provides a structure for the most efficient use of chocolate within the bar, e.g. a domed shaped top would use more chocolate relative to the amount of wafer, which is less efficient because wafer is cheaper than chocolate.
- xi) There is no other obvious, practical and economical way of producing such a product in order to fit the moulding process, contain the wafer centre of the product, minimise chocolate wastage, support the structure during the demoulding process, maintain its structure during packaging, distribution and sale, and provide the consumer with the means of easily breaking and eating the fingers.

40. Mr Robertson exhibited¹⁴ a copy of the design for the Cadbury Pocket Pack product described in Mr Hodgkin's evidence. Although not a chocolate wafer product, Mr Robertson notes that it meets all the requirements described above in that the sides of the bar have a 10 degree release angle and the breaking grooves have a 20 degree angle.

41. As support for the engineering propositions put forward in his evidence, Mr Roberston exhibited¹⁵ pages from a text book entitled 'Chocolate, Cocoa and Confectionery' (3rd ed. 1999) by Bernard W. Minifie, which he says is widely recognised within the confectionery industry as authoritative on the science and technology behind confectionery production.

42. Cross examined by Mr Malynicz, Mr Roberston accepted that the initial idea for the look of a new product would usually come from the marketing team. This included whether a chocolate bar with multiple fingers would be conjoined or sold as two or more separate fingers in the same packaging. The engineers would then work with the marketing idea in order to produce something that was capable of being made reliably and efficiently. He also accepted that moulding provided more control of the final shape compared to the enrobing process.

43. Asked about the required angle for the sides of a moulded chocolate product, Mr Robertson agreed that a) above the minimum release angle of 8-10 degrees, there was a degree of choice about the angle, and b) at 14 degrees, the angle of the sides of the product depicted in the mark were around 50% shallower than was necessary

¹⁴ As exhibit MR5

¹⁵ As exhibit MR1

for purely technical reasons. However, in the case of a chocolate covered square wafer biscuit, the wider the angle of the sides of the fingers the more chocolate was required to fill the resulting wider corners.

44. Asked about the design of the breaking grooves in a bar of chocolate, Mr Robertson agreed that a) the design of the grooves was part and parcel of the overall design of the product, and b) that the examples shown to him (which were not generally chocolate wafer products) showed that there was a variety of ways that the grooves could be applied to the product.

45. Asked about the requirement for a plinth to stop the products “surfing” over one another on the conveyor line, Mr Robertson continued to see some benefit of having such a plinth, even after it had been pointed out to him that the plinth did not have a vertical side as he had thought, but was in fact angled like the rest of the product.

46. Asked about the flat surfaces of the top of the ‘fingers’ shown in the opposed mark, Mr Robertson accepted that flat surfaces were against the guidance from the Minifie book and that textured surfaces would be better to avoid visible blemishes, but he pointed out that such blemishes could be disguised in other ways, including as Nestlé does, adding a trade mark (the KIT KAT logo) to the moulded top surfaces of the product. He accepted, however, that the logo trade mark only covered around 30% of the relevant surfaces.

47. Finally, Mr Robertson was asked whether his opinion that a trapezoid shape was most efficient for a conjoined chocolate covered wafer fingers product depended on the profile of the wafer biscuit being square. He agreed that it did. He accepted that the wafer finger could be made in other shapes, but as wafers are formed in sheets and then slit into fingers, a finger with a square shaped profile is easy to make. It would be “a bit more complicated” to make wafer fingers with a trapezoid or triangular profile.

48. Mr Robertson was a good objective expert witness. He gave clear answers, explained his opinions and, apart from the role that the ‘plinth’ plays in avoiding products corresponding to the opposed mark “surfing” over one another on the production line, I found his answers convincing.

Cross examination of Mr Barnes

49. Mr Barnes has a BSc (biological science) and PhD (biochemistry). Amongst other things, he is a Chartered Scientist and Fellow of the Institute of Food Science and Technology. Between 1992 and 2005, he was Head of Manufacturing for Nestec’s Chocolate, Confectionery and Biscuits Strategic Business Unit. Mr Barnes’ written evidence was that:

- i) George Harris was the Marketing Manager responsible for development of the product now sold as KIT KAT. According to a biography of Mr Harris written in 1985:

“Harris directed attention to the consumers’ judgement of products, and insisted on testing ideas about what would increase consumer’s liking for something by using statistically-based consumer research. When what is now Kit Kat (fingers of wafer sandwich moulded in milk chocolate) was being developed, his brief for product development was to make a wafer that would achieve a statistically significant preference over the acknowledged best wafer on the market, then made by Huntley & Palmer.”

- ii) The shape of the product has not changed since its first introduction.
- iii) The shape of the product was not an obvious one.
- iv) The shape of the product was originally designed for aesthetic impact and has nothing to do with technical results or issues.
- v) Wafer biscuit is frangible material and quite difficult to work with.
- vi) When making a chocolate enrobed product, it is far easier to stack numerous, fairly wide, wafer pieces of the same width one on top of the other (with an interspersed ‘sandwich’ filling) for stability and to enrobe the stack in chocolate, than to use narrow wafer pieces and place them in upwardly tapering, trapezium shaped moulds surrounding them with chocolate. Examples of such single bar products are provided¹⁶.
- vii) There are many features of the shape at issue which fulfil an ornamental or aesthetic function. These are:
 - a) The filled wafer fingers have vertical sides, which is the most convenient way to cut them. The product was created for such a wafer biscuit. The minimum release angle for the moulded chocolate products is 10 degrees, but the sides of the shape at issue have a 14 degree angle in order to give the product a more attractive shape. This means using more (relatively expensive) chocolate than would be needed with a steeper release angle.
 - b) The choice of straight sides. These are not necessary to achieve a technical result. The perfect choice from a technical perspective would be slightly truncated hemisphere, an example of which is provided¹⁷ (which appears to have a hemispherical shaped filling of some kind).
 - c) The mostly flat and smooth top surface of the fingers.
 - d) The design of the breaking grooves, which goes beyond exceeding the minimum release angle.

¹⁶ As exhibit CB1

¹⁷ See exhibit CB2

- e) The presence of a 'plinth' around all four sides of the product, which is a purely decorative feature.
- f) "The piece shapes in plan view" (the profile of the fingers in cross section).
- g) There is no requirement to have four fingers, and the way they are joined together is arbitrary.

50. Mr Barnes provided examples¹⁸ of chocolate enrobed and chocolate moulded products which include breaking grooves of a different shape to those shown in the opposed mark. These include:

- i) The Milka Amavel Caramel Cream chocolate, which is a mouse filled chocolate product where the piece shape is approximately triangular in plan view, albeit with slightly rounded sides (it is not clear from the picture provided whether the fingers are conjoined in this product).
- ii) The Benn's Twin Finger product, which is the hemispherical conjoined chocolate finger product mentioned at paragraph 49(vii)(b) above, that Mr Barnes says is a moulded chocolate wafer bar containing "crispy biscuit".
- iii) The Elite Pesek Zman Vanilla Wafer, which is a chocolate covered moulded wafer product in which the wafer filled pieces are oriented widthways (as in the old Cadbury Bar 6 product) rather than lengthways (as in KIT KAT).
- iv) The Lindt Wafer and Cadbury's Dairy Milk Wafer, which also appear to be designed to break into pieces separated by grooves running widthways across the bar.

51. Cross examined by Mr Mitcheson, Mr Barnes agreed that if one set about making a new multi-fingered chocolate wafer product, one would choose moulding rather than the enrobing process. He pointed out that one could either mould the chocolate or mould the wafer section into one (breakable) piece and cover that in chocolate. He accepted that the exact design of a moulded chocolate product is the result of collaboration between the marketing team and the technical staff responsible for making the product.

52. Mr Barnes also agreed that the product called KIT KAT is designed to be broken and eaten and that Nestlé makes a lot of the fact that consumers can break off the fingers from the bar for consumption, which is encapsulated by the marketing line "Have a break, have a Kit Kat".

53. Asked about the Huntley and Palmer wafer product mentioned in his written evidence, Mr Barnes said that he thought that was a single bar chocolate enrobed

¹⁸ As exhibits CB2

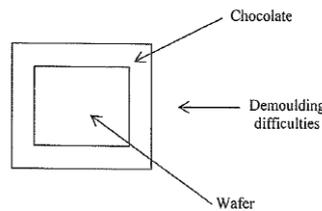
wafer product, rather than conjoined fingers. Mr Mitcheson drew Mr Barnes' attention to a product identified in Mr Carter's evidence called Freia Quick Lunch which consisted of a chocolate wafer product virtually identical in shape to KIT KAT. It is said to have been on sale in Norway since 1937 (2 years after the KIT KAT product was released in the UK). Mr Mitcheson asked how the design of the KIT KAT product could be non-obvious for a multi-fingered chocolate wafer product when another chocolate maker in another country had come up with a virtually identical design for the same product around the same time. Mr Barnes was familiar with Freia, but not the product in question. He plainly could not say how Freia had come up with the same shape in 1937. He thought it possible that they had copied the shape of the product sold in the UK and now called KIT KAT.

54. Asked about the role of the 'plinth', Mr Barnes' evidence was that it was an arbitrary feature. It played no part in joining the 'fingers' together. The KIT KAT product did not have a solid chocolate base. The fingers were joined together by the thickness of the chocolate between them.

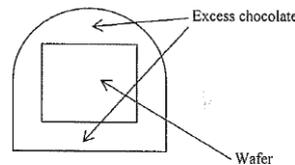
55. Mr Barnes was shown exhibit MR2 from Mr Robertson's evidence, which I reproduce below.

Product Cross Sections – Individual Fingers

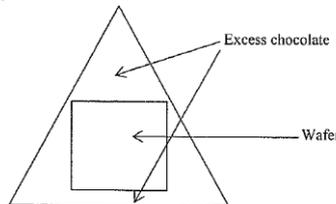
a) Square shape with vertical sides



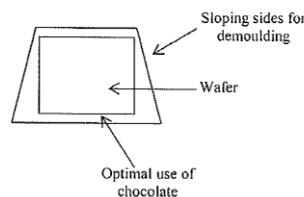
b) Semi-sphere shape



c) Triangular shape



d) Trapezoid shape



56. Mr Mitcheson asked Mr Barnes which of these designs for moulded chocolate wafer fingers would be the easiest to demould and which represented the most efficient use of chocolate (compared to cheaper wafer). In the end Mr Barnes accepted that designs B & D would be the easiest to demould and that design D probably made most efficient use of chocolate (that design is, of course, the most similar of these designs to the product called KIT KAT). Mr Barnes pointed out that designs a) and c) could be made by another type of moulding called book moulding, which I think means forming the chocolate section in two pieces and joining them together later. He also pointed out that there were other designs available for moulded chocolate wafer fingers which would be as easy to mould and make more efficient use of chocolate compared to design D. In particular, the wafer could be cut into a shape trapezoid in cross section and then covered in chocolate in a mould of the same shape. However, that would mean 'flipping' every other wafer after cutting and prior to moulding so as to ensure that the wafer was the right way up for the mould. In fact Nestlé had done trials with such a design, but found that it changed the taste of the product in a way that consumers did not like.

57. Asked about the appearance of chocolate fingers with sides with draft angles of 10 and 14 degrees, Mr Barnes accepted that they would result in similar trapezoid shapes.

58. Mr Barnes did not accept that the plinth visible in the mark applied for served the purpose identified by Mr Robertson. He pointed out that the plinth is angled and therefore does not mean that the products would meet with two flat faces on the conveyor line. In any event, the products are not made as Mr Robertson imagined and do not meet on the conveyor. However, Mr Barnes accepted that plinths are a common design feature on chocolate products.

59. Asked about the radii at the corners of the shape shown by the mark, Mr Barnes accepted that radii could be used for the technical reasons given by Mr Robertson, but he considered that they were more often used for design purposes.

60. The following extract sums up the exchanges between Mr Barnes and Mr Mitcheson.

Q. If you look at paragraph 26 of your statement, "... the 4-finger WAFER FINGER shape has nothing to do with technical results of issues ...", that is just not true, is it? You have just agreed with me that the features of the mark do have a technical impact on them.

A. I do not agree with that. I think it is an aesthetic design, right? If you say to me, "Does it have to release?", the answer is clearly yes, but then all moulded products do. Is it designed to break into fingers? The answer to that is yes. Do I consider those to be overwhelmingly technical over aesthetics, the answer is no. I think the product is first and foremost

a design and then its technical features follow.

Q. But the features do have a technical effect. You have agreed with that.

A. We have had to work out how to manufacture the product efficiently, yes.

61. Mr Mitcheson described Mr Barnes as a “company man”. I agree that he was out to defend Nestlé’s position in these proceedings and was not always able to be as objective as Mr Robertson. However, despite his tendency to present his evidence in a light that best suited Nestlé’s case, I found him to be a truthful and credible witness.

The shape which results from the nature of goods themselves/necessary to achieve a technical result?

62. Section 3(2) of the Act is as follows:

- (2) A sign shall not be registered as a trade mark if it consists exclusively of-
 - (a) the shape which results from the nature of the goods themselves,
 - (b) the shape of goods which is necessary to obtain a technical result, or
 - (c) the shape which gives substantial value to the goods.

63. It is convenient to start by identifying what “the goods” are. Aldous L.J. stated in *Philips v Remington 1*¹⁹ that this exclusion covers any goods covered by the proposed trade mark registration. In this case it includes ‘chocolate, biscuits having a chocolate coating’, ‘chocolate coated wafer biscuits’ and (chocolate covered) cakes. And because those terms are included under the more general terms ‘chocolate confectionery, chocolate products, confectionery, chocolate-based preparations; bakery goods, biscuits, cookies and wafers’, it potentially covers those goods too.

64. The *Philips v Remington 1* case resulted in a reference to the CJEU about the scope of the second indent to article 3(1)(e) of Directive 104/89, which is identical to, and the basis for, s.3(2)(b) of the Act. The subsequent judgment of the CJEU²⁰ explained that:

“78. The rationale of the grounds for refusal of registration laid down in Art.3(1)(e) of the Directive is to prevent trade mark protection from granting its proprietor a monopoly on technical solutions or functional characteristics of a product which a user is likely to seek in the products of competitors. Art.3(1)(e) is thus intended to prevent the protection conferred by the trade mark right from being extended, beyond signs which serve to distinguish a product or service from those offered by competitors, so as to form an

¹⁹ [1999] RPC 809

²⁰ Case C-299/99, reported at [2003] RPC 2

obstacle preventing competitors from freely offering for sale products incorporating such technical solutions or functional characteristics in competition with the proprietor of the trade mark.

79. As regards, in particular, signs consisting exclusively of the shape of the product necessary to obtain a technical result, listed in Art.3(1)(e), second indent, of the Directive, that provision is intended to preclude the registration of shapes whose essential characteristics perform a technical function, with the result that the exclusivity inherent in 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.

80. As Art.3(1)(e) of the Directive pursues an aim which is in the public interest, namely that a shape whose essential characteristics perform a technical function and were chosen to fulfil that function may be freely used by all, that provision prevents such signs and indications from being reserved to one undertaking alone because they have been registered as trade marks.

81. As to the question whether the establishment that there are other shapes which could achieve the same technical result can overcome the ground for refusal or invalidity contained in Art.3(1)(e) , second indent, there is nothing in the wording of that provision to allow such a conclusion.

82. In refusing registration of such signs, Art.3(1)(e), second indent, of the Directive reflects the legitimate aim of not allowing individuals to use registration of a mark in order to acquire or perpetuate exclusive rights relating to technical solutions.

83. Where the essential functional characteristics of the shape of a product are attributable solely to the technical result, Art.3(1)(e), second indent, precludes registration of a sign consisting of that shape, even if that technical result can be achieved by other shapes.

84. In the light of those considerations, the answer to the fourth question must be that Art.3(1)(e), second indent, of the Directive must be interpreted to mean that a sign consisting exclusively of the shape of a product is unregistrable by virtue thereof if it is established that the essential functional features of that shape are attributable only to the technical result. Moreover, the ground for refusal or invalidity of registration imposed by that provision cannot be overcome by establishing that there are other shapes which allow the same technical result to be obtained.”

65. The exclusion under s.3(2)(b) therefore applies where the essential features of the shape are attributable only to a technical result. Other minor arbitrary features which make no real impact on consumers do not prevent the exclusion applying if

the essential features of the shape are caught by the exclusion. Thus in *Lego Juris A.S. v OHIM* the CJEU stated²¹ that:

“As regards the fact that the ground for refusal covers any sign consisting ‘exclusively’ of the shape of goods which is necessary to obtain a technical result, the General Court stated, at paragraph 38 of the judgment under appeal, that that condition is fulfilled when all the essential characteristics of a shape perform a technical function, the presence of non-essential characteristics with no technical function being irrelevant in that context.

That interpretation is consistent with paragraph 79 of *Philips*. Moreover, it reflects the idea underlying that judgment, as set out by Advocate General Ruiz-Jarabo Colomer at point 28 of his Opinion in that case and also at point 72 of his Opinion in Case C-363/99 *Koninklijke KPN Nederland* [2004] ECR I-1619, that is to say, that the presence of one or more minor arbitrary elements in a three-dimensional sign, all of whose essential characteristics are dictated by the technical solution to which that sign gives effect, does not alter the conclusion that the sign consists exclusively of the shape of goods which is necessary to obtain a technical result. In addition, since that interpretation implies that the ground for refusal under Article 7(1)(e)(ii) of Regulation No 40/94 is applicable only where all the essential characteristics of the sign are functional, it ensures that such a sign cannot be refused registration as a trade mark under that provision if the shape of the goods at issue incorporates a major non-functional element, such as a decorative or imaginative element which plays an important role in the shape.

66. In my view, the essential features of the shape at issue are:

- i) The rectangular ‘slab’ shape of the mark as it appears on the form of application including the relative proportions of length, width and depth;
- ii) The presence, position and depth of the breaking grooves arranged along the length of the bar, which effectively divide the bar into detachable ‘fingers’;
- iii) The number of such grooves, which together with the width of the bar determine the number of ‘fingers’.

67. Mr Malynicz relies upon other features, such as the visible ‘plinth’, the radii on the corners, and the smooth top surfaces of the fingers. I can deal quickly with the last two points. The ‘rounded’ corners are so subtle that average consumers would not notice them. I had difficulty making this feature out even when searching for it. It would make no impact on consumers. The smooth top surface of the fingers is not a feature at all. Whether the use of smooth top surfaces runs counter to the received

²¹ At paragraphs 51 and 52 of the judgment in Case C-48/09P

technical wisdom is neither here nor there because the average consumer would not attach any significance to the absence of detailing on the surfaces of a chocolate bar or biscuit. The 'plinth' is also unlikely to make any real impact on an average consumer. It is true that respondent 439 in the second survey mentioned a 'ridge' around the edge of the bar, but he was the only one that mentioned that feature out of 473 respondents, despite all the respondents who had mentioned KIT KAT having been prompted to say why they had done so. Individually or collectively, these features are no more significant than was the colour red which formed part of the registration of the shape of the Lego brick in the *Lego Juris* case. That feature was found to be non-essential. So are these.

68. A similar argument developed in *Philips v Remington 2*²². Philips argued that the shape at issue was not comprised of wholly functional features because it included a clover leaf shaped faceplate, which it argued was arbitrary. At first instance Rimer J. disagreed. Philips appealed. Giving the judgment of the court, Mummery L.J. said:

"51. We do not agree with Philips' submissions on this point. In our judgment, Rimer J. was entitled, on the evidence before him, to find as a fact that the clover leaf feature was not an essential feature of the shape in issue. He made no error of law in reaching that conclusion. He considered all the evidence, including the evidence from Philips that the effect of the clover leaf was to accentuate the shape, size and configuration of the cutting heads. He was nevertheless entitled to find on the evidence as a whole that many do not notice the clover leaf feature.

52. As in other areas of trade mark law the important factor is the impact of the mark on the eye of the average customer. The perception of the average customer for the goods in question does not depend on the dissection of the mark and on an examination of each feature of the mark. It turns on the feature which contributes most to the overall impression created by the whole mark. We do not accept Mr Carr's contention that *any* feature which contributes to the overall impression is an essential feature of the mark. Not every feature of the mark has the same visual impact. The question of essential feature was one of fact and degree for the judge. He was entitled to find that the clover leaf did not have such eye impact as to make it an essential feature of the 452 Mark. His conclusion was consistent with, though not determined by, the judgments of the other national courts referred to in [8] above."

69. In *Philips v Remington 1*, Aldous L.J. had also briefly considered the scope and purpose of s.3(2)(a). He said:

²² [2004] EWHC 2327 (Ch) [2005] FSR 17 and [2006] EWCA Civ 16, [2006] FSR 30.

“Subsection 2(a) has to be construed in the context of subsections (b) and (c). It is intended to exclude from registration basic shapes that should be available for use by the public at large. It is difficult to envisage such shapes, except those that are produced in nature such as bananas. But I believe that the judge was right to conclude that the trade mark was not prevented from registration by this subsection. The trade mark is registered in respect of “electric shavers”. There is no one shape, let alone that depicted in the trade mark, which results from the nature of such shavers.”

70. Mr Malynicz told me that he was unaware of any successful cases under s.3(2)(a) and Mr Mitcheson did not identify any. If there are any such cases, they are certainly very rare. Section 3(2) is also based on article 3(1)(e) of Directive 104/89. It seems very unlikely that the legislature considered that an express exclusion along the lines of s.3(2)(a) was necessary, but that after 20 years the circumstances in which the provision was intended to apply have never arisen anywhere in the EU. It seems likely that part of the reason for the dearth of case law under this provision is that trade mark registries and courts have been looking for one particular shape that results from the nature of the goods themselves. That approach directs attention to shapes for natural products such as bananas. Not surprisingly, applications to register the shape of a particular piece of fruit as a trade mark for fruit are extremely rare. However, there is nothing in the wording of s.3(2)(a) which indicates that only shapes for natural products fall within its scope. The Court of Appeal did not go so far as to find that it was so limited. In my view, the provision potentially covers shapes which result from nature of the way that man-made goods are made and sold. Further, it is now established that the words “the shape” in sub-sections (b) and (c) of s.3(2) cover each and every shape which is necessary to achieve a technical result or which adds substantial value to the goods because of its aesthetic appeal. By parity of reasoning it appears to me that s.3(2)(a) should likewise be taken to cover any shape which results from the nature of the goods themselves, whether or not there are other shapes in use for those goods (whilst accepting that a real diversity of shapes is likely to mean that there are no shapes that result from the nature of the goods themselves).

71. Turning to the facts of this case, I do not consider that the shape resulting from the nature of the goods themselves/functionality objections set out above applies to the shape of cakes or pastries. This is because the shape does not look like one that could be used for a cake or a pastry. The s.3(2) objections therefore fails for these goods.

72. I consider that the basically rectangular ‘slab’ shape of goods represented by the mark is a shape which results from the nature of a bar of moulded chocolate (which may, or may not, contain wafer, or some other filing) or of a moulded chocolate biscuit sold in bar form. It is obviously an easy and cheap way to provide the consumer with a given amount of chocolate product in a shape which presents less

difficulty to mould, wrap and stock than other fancier shapes. That is no doubt why most moulded chocolate bars take the same basically rectangular 'slab' shape.

73. The fact that some moulded and other enrobed chocolate products do not take the shape of a rectangular slab does not mean that this cannot be the basic shape which results from the nature of moulded chocolate bars or chocolate biscuits moulded in bar form. Rather what it means is that some other moulded chocolate bars do not consist of the shape which results from the nature of the goods themselves.

74. There is obviously a degree of choice when it comes to the relative proportions of length, width and depth of the usual moulded bar shape, although there are limits to the depth of the product because a very thick product would be difficult to break up and consume.

75. The presence of breaking grooves is necessary to achieve a technical result: to permit the product to be broken up for consumption. There is a choice as to whether to run the grooves horizontally across the width of the bar or vertically down its length or (probably not in the case of wafer bars) both.

76. The depth of the grooves is a compromise between the minimum depth required at the point where the fingers are joined in order for the product to retain structural integrity in manufacture and transit, and the maximum permissible depth before consumers would have difficulty in breaking the bar up cleanly into regular shaped and conveniently consumable fingers. A greater depth of groove is likely to be necessary in order to break the fingers cleanly where (as in the mark) the fingers run vertically along the whole length of the bar (and therefore result in a longer breaking joint) compared to what would be required if the grooves ran horizontally along the shorter width of the bar.

77. Once the other parameters are settled, the number of 'fingers' is determined by the size of the chosen portion. The number of fingers is no more arbitrary than the length of a Lego brick. In theory that product could be any length, but providing building bricks of varying lengths meets a consumer need for the availability of longer and shorter bricks for different building purposes. The number of studs on each brick is determined by the torque necessary to join the bricks together. The studs are evenly spaced in order to mate with the bricks above and provide sufficient torque to join them. So the choice of length of any particular brick and the number of studs required is not really an arbitrary choice. Similarly, supplying bars with varying amounts of chocolate/chocolate wafer (and therefore more or fewer fingers) meets consumers needs for more or less of the product depending on their appetite at the time of purchase. Or to put it another way, once it has been decided to supply the product in the form of conjoined breakable fingers, the number of fingers simply reflects the portion size.

78. The evidence indicates that the angle of the sides of the product, and of the breaking grooves, is constrained by the method of manufacture. The moulding process requires a minimum release angle of 8-10 degrees. The angle shown in the mark is 14 degrees, which Mr Barnes accepted would look similar to consumers.

79. I accept that the angle of the sides of the fingers could be made larger resulting in fingers with a noticeably more squat appearance, although still trapezoidal in cross section. At most, this means that the use of angles of specifically 14 degrees is a minor arbitrary element of the overall shape. Whilst the angle of the sides and grooves may make a minor contribution to the overall shape of the product, it is not something which would catch consumers' attention as a feature of the shape, let alone an essential feature of the shape²³.

80. I set out above the arguments and evidence as to whether the specific trapezoid shape fingers of the applicant's chocolate wafer product (created by the use of angles of 14 degrees) represented the optimum compromise between the moulding requirements and cost efficient use of relatively more expensive (then wafer) chocolate. Assuming that the wafer biscuit is cut so as to be square in cross section, I accept Mr Robertson's evidence that the specific trapezoid shape of the individual fingers shown in the mark is a natural shape for a multi-finger moulded bar. Mr Barnes pointed out there are other more efficient possibilities, particularly cutting the wafer itself into a trapezoid shape and moulding it with less need to use relatively more expensive chocolate to fill the 'corners' of the trapezoid. Mr Barnes' written evidence was that cutting the friable wafer with vertical sides was the most convenient way of doing so. Further, his description of what would be required to mould the product using wafers cut at an angle so as to make them trapezoidal in cross section (i.e. flipping every other wafer after they have been cut but before they entered the chocolate mould) rather confirmed that wafers with vertical sides would be easier to use. However, this is really of little relevance because the cross section of the wafer in the fingers cannot be seen in the mark applied for and moulding the chocolate around square or trapezoid shape wafers (or indeed with a different or no filling) would produce the same outward appearance.

81. I am satisfied that other shapes for chocolate covered wafers, such as wafer fingers with a hemispherical top in cross section would make less efficient use of chocolate if the wafer biscuit had a flat top, as it naturally would if, as Mr Robertson says, it is cut from sheets. I conclude that:

- i) The basic rectangular 'slab' shape represented by the mark is a shape which results from the nature of moulded chocolate bars or moulded chocolate biscuits sold in bar form;

²³ See paragraph 52 of the Court of Appeal's judgment in *Philips v Remington 2* re-produced at paragraph 68 above.

- ii) The presence of breaking grooves is a feature which is necessary to achieve a technical result;
- iii) An angle of more than 8-10 degrees for the sides of the product, and for the breaking grooves, results from the nature of moulded chocolate products and the depth of the grooves is necessary to achieve a technical result;
- iv) The number of breaking grooves and fingers is determined by the desired portion size.

82. The breaking grooves achieve only a technical result whether they run vertically (as per the mark) or horizontally, so neither choice qualifies as an essential non-functional feature for the purposes of s.3(2)(b). If it were otherwise, shapes representing both options could be registered on the basis neither represented the only available option. The same would apply if the angle of the sides of the product and of the breaking grooves were made wider. The shape of the wider grooves would perform the same technical function as those in the mark and (absent a non-functional essential feature) the shape of the goods would therefore still be caught by s.3(2)(b).

83. I therefore conclude that the presence and depth of the breaking grooves is necessary to achieve a technical result and the other recognisable features of the shape result from the very nature of a moulded chocolate bar. This can be tested by imagining what the shape would look like if the breaking grooves were removed. It would look to consumers like a rectangular slab of chocolate. None of the essential features of the shape are arbitrary, decorative or imaginative.

84. Mr Malynicz drew my attention to the decision of Mr Geoffrey Hobbs Q.C. as the Appointed Person in *Ekornes SA Application*²⁴. That case concerned an application to register the shape of a chair as a trade mark for furniture. The Registrar has objected to the application, inter alia, under s.3(2)(b) on the grounds that the shape was functional. Mr Hobbs disagreed on that point²⁵ saying:

“The evidence on file contains illustrations of chairs and footstools incorporating the sign. They reinforce me in the view that the sign consists of a technically efficacious shape presented in stylised form with a discernible, although not high, degree of stylisation. The degree of stylisation is, I believe, sufficient to counter the suggestion that the shape as a whole consists essentially of features attributable only to the technical result of using that shape (i.e. the test for exclusion under section 3(2)(b) and article 3(1)(e)(ii) as applied in *Philips Electronics*). Since I consider the surplus of form over function to be aesthetically significant, I am willing to accept point (2) of the

²⁴ BL O/017/06

²⁵ The application was refused on other grounds.

argument advanced on appeal. In doing so, I should emphasise that no question has at any stage been raised as to the acceptability of the sign in issue under section 3(2)(c) and article 3(1)(e)(iii).”

85. Mr Malynicz submitted that the shape at issue in this case also exhibited a surplus of form over function. I disagree. The design of a chair may be important to the customer for its aesthetic appeal. Thus although all chairs have a seat and legs, the way they are designed may account for a significant part of their appeal. The same might apply to certain shapes for confectionery, for example a chocolate Father Christmas. However, the shape at issue is not an aesthetic design. For the reasons given above, it is a functional one. That is consistent with:

- i) The fact that the goods have usually been sold wrapped in such a way that the shape cannot be seen until after purchase;
- ii) The product is designed to be broken up and consumed;
- iii) The emphasis given in the applicant’s marketing to the breakability of the fingers of the bar.

86. In assessing the true scope of s.3(2)(b) it is necessary to have regard to the purpose of s.3(2). I remind myself that the CJEU has described that purpose as being:

“.. to preclude the registration of shapes whose essential characteristics perform a technical function, with the result that the exclusivity inherent in 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.

87. That purpose would be undermined if the presence in a sign of basic features which result from the nature of the goods themselves was sufficient to defeat an objection that the essential features of the sign consist exclusively of a shape which is necessary to achieve a technical result.

88. In this connection, I recall that Advocate General Leger argued in *Dyson v Registrar of Trade Marks*²⁶ that Article 3(1)(e) second indent (s.3(2)(b)) should be applied, by analogy to shapes, to a sign consisting of the appearance of transparent collecting bin as part of a vacuum cleaner, notwithstanding that, as he understood it, the sign did not consist of a shape as such. He said:

“87 Lastly, in that same case, the court held that demonstrating that there are other shapes which could achieve the same technical result could not

²⁶ Case C-321/03

overcome the ground for refusal or invalidity contained in Art.3(1)(e) , second indent, of the Directive.

88 In my view it is clear that this reasoning applies legitimately to a functional feature which forms part of the appearance of a product. Although that Article refers only to signs which consist *exclusively* of the shape of a product, I think that the general interest which underlies that provision requires that registration of a functionality like that at issue in the main proceedings be refused.

89. For the reasons given above, I find that the mark applied for is excluded from registration by s.3(2)(b) of the Act for all the goods applied for, except cakes and pastries. There is therefore no need to give any further consideration to the s.3(2)(a) ground.

Inherent distinctiveness

90. In case I am wrong about the applicability of s.3(2)(b), I will also consider the ground of opposition under Section 3(1) of the Act in relation to all the goods covered by the application. That provision is as follows:

“3. - (1) The following shall not be registered -
(a) signs which do not satisfy the requirements of section 1(1),
(b) trade marks which are devoid of any distinctive character,
(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,
(d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the *bona fide* and established practices of the trade:

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.”

91. The correct approach to the application of s.3(1)(b) can be seen from the case law of the CJEU in *Mag Instrument v OHIM*²⁷ where the court stated that:

“29. For a trade mark to possess distinctive character for the purposes of Article 7(1)(b) of Regulation No 40/94, it must serve to identify the goods or services in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish the goods or services from

²⁷ Case C-136/02

those of other undertakings (see *Henkel v OHIM*, paragraph 34 and the case-law cited there).

30. The criteria for assessing the distinctive character of three-dimensional marks consisting of the shape of the product itself are no different from those applicable to other categories of trade mark. None the less, for the purpose of applying those criteria, the relevant public's perception is not necessarily the same in the case of a three-dimensional mark consisting of the shape of the product itself as it is in the case of a word or figurative mark consisting of a sign which is independent from the appearance of the products it denotes. Average consumers are not in the habit of making assumptions about the origin of products on the basis of their shape or the shape of their packaging in the absence of any graphic or word element and it could therefore prove more difficult to establish distinctiveness in relation to such a three-dimensional mark than in relation to a word or figurative mark (see *Henkel v OHIM*, paragraph 38 and the case-law cited there).

31. In those circumstances, the more closely the shape for which registration is sought resembles the shape most likely to be taken by the product in question, the greater the likelihood of the shape being devoid of any distinctive character for the purposes of Article 7(1)(b) of Regulation No 40/94. 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 for the purposes of that provision (see, to that effect, *Henkel v OHIM*, paragraph 39 and the case-law cited there).

32. Therefore, contrary to what the appellant submits, where a three-dimensional mark is constituted by the shape of the product for which registration is sought, the mere fact that that shape is a 'variant' of a common shape of that type of product is not sufficient to establish that the mark is not devoid of any distinctive character for the purposes of Article 7(1)(b) of Regulation No 40/94. It must always be determined whether such a mark permits the average consumer of that product, who is reasonably well informed and reasonably observant and circumspect, to distinguish the product concerned from those of other undertakings without conducting an analytical examination and without paying particular attention."

92. I am satisfied on the basis of Mr Hodgins's evidence that third party two finger versions of the shape applied for were on the UK market in a significant way prior to the relevant date. Further, I accept Mr Hodgins's evidence that other products consisting essentially of a number of joined chocolate fingers separated by breaking grooves, had also been present on the UK market. For example, the opponent's Bar Six product and the Terry's Waifa product.

93. Mr Malynicz submitted that the shape at issue was not a basic shape but a relatively sophisticated arrangement of planes, angles, portions, a platform and a plinth, comprising an aesthetically pleasing whole. However, for the reasons explained above, I do not accept that an average consumer of chocolate products paying an average level of attention would see the mark that way. Consumers are not in the habit of conducting an analytical examination of, or paying particular attention to, the shape of a chocolate bar or biscuit. I find that an average consumer, at least without extensive use of the mark, would see the shape as representing no more than four conjoined chocolate fingers separated by grooves to make it easy to break the individual fingers apart for the purposes of consumption.

94. In my judgment, the shape is therefore within the norms and customs of the sector and/or is a mere variant on common shapes for chocolate bars and biscuits, i.e. rectangular bars with breaking grooves resulting in individual pieces or 'fingers'. The shape is not such as to permit average consumers to distinguish the product concerned from those of other undertakings. The shape mark is therefore *prima facie* devoid of any distinctive character.

95. Chocolate bars and biscuits are covered by all the following terms.

“Chocolate; chocolate confectionery; chocolate products; confectionery; chocolate-based preparations; biscuits; biscuits having a chocolate coating; chocolate coated wafer biscuits; bakery products; cookies; wafers.”

96. The shape does not look similar to any cake or pastry I have seen. There is no evidence to assist me one way or the other, but I find that the shape is outside the norms and customs of the sector and would be capable of distinguishing the trade origin of cakes or pastries, whether as the highly unusual shape of the goods or otherwise.

97. The mark is therefore *prima facie* excluded from registration by s.3(1)(b), except for cakes and pastries.

98. As the applicability of any one of the grounds set out in s.3(1) of the Act is sufficient to exclude the mark from registration without evidence of acquired distinctiveness, there is no need for a separate examination of the s.3(1)(c) and s.3(1)(d) grounds.

Acquired Distinctiveness ?

99. The CJEU provided guidance in *Windsurfing Chiemsee*²⁸ about the correct approach with regard to the assessment of the acquisition of distinctive character through use. The guidance is as follows:

²⁸ Joined cases C-108 & C-109/97

“51. In assessing the distinctive character of a mark in respect of which registration has been applied for, the following may also be taken into account: the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations.

52. If, on the basis of those factors, the competent authority finds that the relevant class of persons, or at least a significant proportion thereof, identify goods as originating from a particular undertaking because of the trade mark, it must hold that the requirement for registering the mark laid down in Article 3(3) of the Directive is satisfied. However, the circumstances in which that requirement may be regarded as satisfied cannot be shown to exist solely by reference to general, abstract data such as predetermined percentages.

53. 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, where it has particular difficulty in that connection, from having recourse, under the conditions laid down by its own national law, to an opinion poll as guidance for its judgment (see, to that effect, *Case C-210/96 Gut Springenheide and Tusky* [1998] ECR I-4657, paragraph 37).”

100. There is no evidence as to the proportion of the biscuit market held by the four finger version of the product represented by the mark. The applicant has shown that products corresponding to the mark make up 1-2% of the UK market for chocolate products. At first glance that does not sound very much. However, I accept that the chocolate market is made up of a very large number of products and so 1-2% of that market probably means that the product is one of the most popular ones, as the applicant claims.

101. Products corresponding to the mark had been present on the UK market for 75 years prior to the date of the application for registration. Consequently, the mark at issue has been around an exceptionally long time. Mr Mitcheson took issue with this on the basis that, in use, the mark includes the KIT KAT logo embossed on the top of the individual ‘fingers’ of the bar. This is true, but as a matter of law a trade mark may acquire a distinctive character as a result of its use with, or as part of, other marks²⁹. Consequently, the fact that the mark has been used with another mark does not undermine the conclusion that the mark applied for has been in use throughout the UK for 75 years.

²⁹ *Nestlé v Mars* C-353/03.

102. The applicant has invested substantial sums in promoting the product. In the years leading up to the application this ranged from under £1m to over £4m. However, it is not possible to say how much was invested in promoting the mark in recent times because there is no evidence that the mark itself appeared in any such promotions after the television advertisements broadcast in 1964 until a few months before the relevant date in 2010, when a two dimensional representation of the mark started to be used (amongst other marks) on the outside of the wrapper for the multipack version of the product.

103. Nevertheless, the survey evidence described above shows that at least half the people surveyed thought that the picture shown to them depicted a KIT KAT product. Is that enough to satisfy the requirement that “a significant proportion [of the relevant public] identify goods as originating from a particular undertaking because of the trade mark?” In *Philips v Remington 1*³⁰ the CJEU held that:

“...with regard to the acquisition of distinctive character through use, the identification by the relevant class of persons of the product or service as originating from a given undertaking must be as a result of the use of the mark as a trade mark.”

104. That suggests that identification of the product which arises other than “as a result of the use of the mark as a trade mark” is insufficient to show that the public identify the goods as originating from a particular undertaking “...because of the trade mark”. However, in a later judgment in *Nestlé v Mars* the court stated that:

“26. In regard to acquisition of distinctive character through use, the identification, by the relevant class of persons, of the product or service as originating from a given undertaking must be as a result of the use of the mark as a trade mark (judgment in *Philips*, paragraph 64).

27. In order for the latter condition, which is at issue in the dispute in the main proceedings, to be satisfied, the mark in respect of which registration is sought need not necessarily have been used independently.

28. In fact Article 3(3) of the directive contains no restriction in that regard, referring solely to the ‘use which has been made’ of the mark.

29. The expression ‘use of the mark as a trade mark’ must therefore be understood as referring solely to use of the mark for the purposes of

³⁰ Case C-299/99 at paragraph 64 of the judgment.

the identification, by the relevant class of persons, of the product or service as originating from a given undertaking.

30. Yet, such identification, and thus acquisition of distinctive character, may be as a result both of the use, as part of a registered trade mark, of a component thereof and of the use of a separate mark in conjunction with a registered trade mark. In both cases it is sufficient that, in consequence of such use, the relevant class of persons actually perceive the product or service, designated exclusively by the mark applied for, as originating from a given undertaking.”

105. Paragraphs 29 and 30 above appear to indicate that it is sufficient if the relevant public identify the product as originating from a particular undertaking. This is not entirely clear, however, because:

1. The issue in *Nestlé v Mars* was whether the use of one trade mark as part of another trade mark counted as of the part alone as a trade mark: there was no doubt in that case that the composite mark had been used by the trade mark proprietor as a trade mark. All the use at issue therefore had a trade mark character.
2. The reference in paragraph 29 of the judgment to “use of the mark for the purposes of identification” does not make it clear whether this requires the mark to have been used by the trade mark proprietor for the purposes of identification of his goods by the public, or whether it is sufficient that the public use the mark for the purpose of identifying the trade mark proprietor’s goods whether or not the proprietor himself does so. This ambiguity makes it hard to understand what was intended by the use of the words “in consequence of such use” in paragraph 30.

106. This issue has arisen in several later cases, most notably in *Vibe*³¹. That case concerned an application to register a particular surface pattern applied to the housing of loud speakers. The application was rejected by the Registrar despite evidence of use of the mark. The applicant appealed to the Appointed Person. Mr Richard Arnold Q.C. (as he then was), sitting as the Appointed Person, reviewed the authorities (including those mentioned above) and concluded that:

90. I consider that Jacob LJ’s judgments in *Unilever* and *Bongrain* show that the hearing officer applied the correct test: what must be shown is that a significant proportion of the relevant class of persons rely upon the sign in question on its own as indicating the origin of the goods. I do not think, however, that it is essential for the applicant to have explicitly promoted the

³¹ [2009] ETMR 12

sign as a trade mark. It is sufficient for the applicant to have used the sign in such a way that consumers have in fact come to rely on it as indicating the origin of the goods. On the other hand, if the applicant has explicitly promoted the sign as a trade mark, it is more likely that consumers will have come to rely upon it as indicating the origin of the goods.

91. Moreover, I think the hearing officer was right to pay particular, though not exclusive, attention to the question of whether the evidence shows that consumers rely upon the sign when making purchasing decisions. In my view this is supported by the following paragraphs of the ECJ's judgment in *Storck I*:

'70. As regards the third part of that ground of appeal, it must be noted that, if a mark does not *ab initio* have distinctive character within the meaning of Article 7(1)(b) of Regulation No 40/94, Article 7(3) provides that it may acquire such character in relation to the goods or services claimed as a result of its use. Such distinctive character may be acquired, inter alia, after the normal process of familiarising the relevant public has taken place (Case C-104/01 *Libertel* [2003] ECR I-3793, paragraph 67, and *Mag Instrument v OHIM*, paragraph 47).

71. It follows that in order to assess whether a mark has acquired distinctive character through use all the circumstances in which the relevant public may see that mark must be borne in mind. That means not only when the decision to purchase is made but also before that point, for example as a result of advertising, and when the product is consumed.

72. None the less, it is when making his choice between different products in the category concerned that the average consumer exhibits the highest level of attention (see, to that effect, Case C-361/04 P *Ruiz-Picasso and Others v OHIM* [2006] ECR I-0000, paragraph 41), so that the question whether or not the average consumer sees the mark at the time of purchase is of particular importance for determining whether the mark has acquired distinctive character through use'."

107. In essence, Mr Arnold found that evidence showing reliance on the mark, by the public, in consequence of whatever use the proprietor had made of it, for the purposes of identification of the origin of the goods, was, in principle, sufficient. Whether the mark is visible at the point of selection is plainly particularly relevant to whether the evidence shows that the public have come to rely on it.

108. I respectfully agree with that analysis. As the name indicates, trade marks are intended to permit consumers to make informed choices between the competing goods of different undertakings in the course of trade. Therefore showing that the

public know who usually makes goods of a particular shape, without also showing that such recognition plays some part in the trade in such goods, does not show that the shape has become a trade mark for the goods. This conclusion can be validated by considering the position post registration. If the mark is registered the applicant will be entitled to an exclusive right in the registered shape mark. In the case of identical marks/goods, there would be no need to show a likelihood of confusion about the origin of a defendant's goods because, subject to certain defences, confusion is normally presumed in cases of 'double identity'³². However, if consumers place no reliance on the shape of the goods at any stage of the selection process in order to identify the trade origin of the goods, no one will actually be confused by the defendant's use of the shape. The protection provided by registration would therefore be unjustified because it would protect a function that the mark does not in fact have.

109. In my view, the applicant has shown recognition of the mark amongst a significant proportion of the relevant public for chocolate confectionery (only), but not that consumers have come to rely on the shape to identify the origin of the goods. This is because:

- i) There is no evidence that the shape of the product has 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;
- iii) There is no evidence – and it does 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.

In these circumstances it seems likely that consumers rely only on the word mark KIT KAT and the other word and the pictorial marks used in relation to the goods in order to identify the trade origin of the products. They associate the shape with KIT KAT (and therefore with Nestlé), but no more than that. Therefore, if it is necessary to show that consumers have come to rely on the shape mark in order to distinguish the trade source of the goods at issue, the claim of acquired distinctiveness fails.

Decision of OHIM

110. Subsequent to the hearing I was informed that the Second Board of Appeal at OHIM had reversed an earlier decision of the Cancellation division to cancel the mark at issue in these proceedings, which is also registered as a CTM under No.2632529. I have carefully considered the decision of the Board of Appeal, but I

³² See article 16(1) of TRIPS

regret that I must differ from their conclusions on distinctiveness and functionality. In this respect I note that:

- i) The CTM was not registered for chocolate, chocolate products, chocolate confectionery or wafers (although it was registered for biscuits);
- ii) It is not clear that the Board of Appeal had the expert evidence that has been filed in these proceedings;
- iii) The Board of Appeal did not have the benefit of hearing cross examination of experts on their evidence about the functionality and manufacturing considerations related to various aspects of the shape.

Conclusion

111. The application is refused, except in relation to cakes and pastries.

Costs

112. The opposition having mostly succeeded, Cadbury is entitled to at least a contribution towards its costs.

113. I agreed to admit Nestlé's second public survey as additional evidence on condition that it should pay Cadbury's reasonable costs of dealing with the second survey. This was because Cadbury had already borne the expense of analysing and responding to Nestlé's first public survey, and I did not think that Nestlé should be shielded by the usual scale of costs from putting Cadbury to the potentially significant additional cost of analysing and responding to a second survey required because of the deficiencies identified in the first survey. The alternative would have been to refuse to admit the second survey as additional evidence. Nestlé did not want that. And refusing the second survey would not have allowed me to do justice to Nestlé's arguable case that the shape had acquired distinctiveness through long use.

114. I therefore invite Cadbury to provide me with a schedule showing the additional cost of dealing with Nestlé's second public survey, and the cost of its witnesses attending the hearing for cross examination.

115. No one suggested at the hearing that costs should otherwise be assessed on anything other than the usual scale. Consequently, I am not expecting to receive submissions to that effect now.

116. I will allow Cadbury 28 days from the date of this decision to submit the schedule of costs mentioned above.

117. I will allow Nestlé 21 days from the date of receipt of Cadbury's submission in which to comment and respond. I will then issue a further decision on costs.

118. The date shown below marks the beginning of the period for appeal against my decision on the substantive matters.

Dated this 20th Day of June 2013

**Allan James
For the Registrar**