

Source:

Journals Collection, Juta's/Stellenbosch Law Review (2000 to date)/Stellenbosch Law Review / Regstrydskrif/2016 : Volume 27/Part 3 : 441 – 653/Articles \Artikels/Is South African trademark law out of shape? A comparative analysis of shape marks, in light of the recent SCA and CJEU Kit Kat decisions

URL:

[http://ipproducts.jutalaw.co.za.ez.sun.ac.za/nxt/gateway.dll/jelj/stelllr/3/53/89/91/98?f=templates\\$fn=default.htm](http://ipproducts.jutalaw.co.za.ez.sun.ac.za/nxt/gateway.dll/jelj/stelllr/3/53/89/91/98?f=templates$fn=default.htm)

Is South African trademark law out of shape? A comparative analysis of shape marks, in light of the recent SCA and CJEU Kit Kat decisions *

2016 Stell LR 575

S Hobson-Jones

BComm LLB

Candidate Attorney, ENS Africa

S Karjiker

BSc LLB LLM LLD

Professor, Anton Mostert Chair of Intellectual Property Law, Department of Mercantile Law, Stellenbosch University

1. Introduction

Intellectual property law is inherently linked with innovation as it serves to incentivise authors and inventors to create new works that ultimately stimulate economic growth.¹ Trademark protection has become especially relevant over recent years, as an increasing number of applications have been brought for the protection of non-traditional trademarks. The protection of shapes as trademarks – which are considered to be non-traditional forms of trademark – has gradually been incorporated into trademark legislation and treaties worldwide. Therefore, as shape marks are a relatively new area of intellectual property law, it is both interesting and useful to compare the South African approach to their protection with that of other jurisdictions. The recent *Kit Kat* trademark proceedings in South Africa, the United Kingdom ("UK") and Europe² have provided a unique opportunity to establish whether South African law, in respect of shape marks, is consistent with the approach adopted in Europe. This article will show that South Africa and the European Union ("EU") (and, in turn, the UK) share similar legislative provisions with regard to shape marks. Furthermore, both South Africa and the UK share a similar history in relation to the Kit Kat four-finger confectionary icon. Despite this, it will be shown that there were significant differences between the South African *Kit Kat* judgment and the *Kit Kat* proceedings in the UK and the EU. This article will use the different *Kit Kat* proceedings as a measure to determine whether South African trademark law has fallen out of step with the European legal position, which, arguably, represents a significant perspective.

2016 Stell LR 576

2. Background to shape marks

The primary function, or purpose, of a trademark in South Africa, as well as other jurisdictions, such as Europe and the UK, is that it must act as a "badge of origin" or guarantee of origin.³ In essence, the "badge of origin" concept requires that a trademark – be it a device mark, word mark or shape mark – should indicate the commercial origin of the goods or services bearing such mark to a consumer. The secondary function of a trademark is its distinguishing function: the trademark must serve to distinguish the goods and services of one source from that of another.⁴ While these trademark functions are relatively easy to satisfy when it comes to word marks, such as "Coca-Cola" or "Apple", shape marks have proved to be more problematic. For example, it has been accepted in various jurisdictions that the shape of the Jeep grille,⁵ Coca-Cola's "curvaceous" (or contour) bottle and the shape of the Hershey Kiss successfully function as badges of origin, and, therefore, are entitled to trademark protection.⁶ However, applications to obtain trademark protection for the shapes of the golden Lindt Bunny and Maglite torches have failed.⁷ It is, therefore, important to understand the various considerations behind the registration of shape marks in particular, as well as the relevant case law and legislation that determine whether a shape may be registered as a trademark.

Registering a trademark in the form of a shape has been a particularly contentious issue in case law, with a wealth of jurisprudence on the matter. According to Kur,⁸ this may be due to the fact that the registration of a shape mark is not easily reconciled with the structure and purpose of intellectual property law. This is because trademarks, unlike other forms of protection offered by intellectual property law, provide protection without a fixed limit in time. The idea behind this time-limit exception is that a trademark serves to identify the commercial origin of goods, rather than to grant a monopoly of rights and interfere with competition. Essentially, trademark protection allows any competitor to produce an identical good to that of the trademark holder, as long as they make use of a different source indicator. A problem therefore arises when a shape is validly registered as a trademark, as such registration may grant the holder "eternal protection" over the market exclusivity of a particular shape. This exclusive protection over a shape could clearly have anti-competitive implications.⁹ Conversely, if certain shapes or containers were not capable of receiving trademark protection, consumers

2016 Stell LR 577

may be misled as to the origin of a good and potentially suffer prejudice.¹⁰ In order to balance these considerations sufficiently, the registration of shape marks should only be allowed when it can be shown that the shape genuinely fulfils the trademark function. As a result, it has become necessary for the legislature and the courts, both locally and internationally, to establish a specific approach in respect of shape marks.

Trademark law is inherently territorial, meaning that in order to receive protection in a certain territory, the trademark must be registered in accordance with the local law of that territory. However, South African trademark law is largely based upon, and harmonised with, international trademark standards, particularly those provided for in the UK and Europe. This position gives rise to the following question: if the law in South Africa is substantially consistent with that of the UK and Europe, why did the registration of the Kit Kat shape occur with relative ease in South Africa, as compared to the *Kit Kat* proceedings in the UK and the decision of the Court of Justice for the European Union ("CJEU")? While the four-finger wafer shape mark remains on the South African trade mark register, the effect of the recent decision of the CJEU,¹¹ and the subsequent judgment of the High Court of Justice of England and Wales ("UK High Court"), was to reject the *Kit Kat* shape mark application in the UK.¹² There is, of course, the possibility that the UK High Court's decision will be appealed, but an important question remains: has South Africa fallen out of step with trademark standards elsewhere, or does this decision simply demonstrate that South African trademark law has developed in a different direction to its European and UK counterparts, yet still with equal legal validity?

3. The South African Kit Kat proceedings: Nestle's lucky break

3.1 The South African *Kit Kat* proceedings

In 2014, the South African Supreme Court of Appeal ("SCA") held that the Kit Kat four-finger wafer shape was to remain a valid trademark on the South African trade mark register. The relevant proceedings were between Nestlé South Africa (Pty) Ltd ("Nestlé") and Iffco South Africa (Pty) Ltd ("Iffco"), who compete on an international level in the sale of chocolates.¹³ These proceedings involved a number of disputes between the parties, with the application for the expungement of Nestlé's shape mark being the most important issue for the purposes of this article. Before analysing this case, it is necessary to briefly consider the relevant South African legislation and case law on shape marks.

2016 Stell LR 578

3.2 South African shape mark legislation and case law

3.2.1 A shape as a trademark

Prior to the South African Trade Marks Act 194 of 1993 ("Trade Marks Act"), it was accepted that while "containers" for goods could be registered as trademarks, the shape of a good itself could not serve as a badge of origin.¹⁴ However, this position was changed with the coming into effect of the Trade Marks Act. Following the approach advanced by the European Council, the new South African trademark legislation made provision for the registrability of a shape as a trademark. While not always consistent in the wording of its provisions, South African legislation is now substantially the same as its European and UK counterparts with regard to the recognition of shapes as trademarks.¹⁵ The definition of "trade mark" in section 1 of the Trade Marks Act specifically refers to a "mark" that is used or proposed to be used in relation to goods or services, with the purpose of distinguishing such goods or services from the same kind of goods or services connected with any other person in the course of trade. The Trade Marks Act then expressly goes on to state that a "shape" is capable of being considered a mark for the purposes of the definition of a "trade mark".¹⁶ The legislature has therefore recognised that a shape may validly be registered as a trademark, as long as the further statutory requirements are complied with. The first statutory requirement is that the mark – or shape, for the purposes of this article – must be able to be represented graphically.¹⁷ This requirement is relatively unproblematic, as any sufficient three-dimensional sketch of the shape will suffice. However, the further statutory requirements for trademarks contained in the Trade Marks Act, and discussed in more detail below, serve as considerable challenges to shape marks in particular.

3.2.2 A shape as a badge of origin

The second requirement for the registration of a trademark is referred to in both sections 1 and 9 of the Trade Marks Act, namely, that the mark must be "capable of distinguishing". This requirement is reflective of the secondary function of a trademark. According to section 10(2)(d) of the Trade Marks Act, the distinguishing requirement may be met if the mark is inherently capable of distinguishing on the date of application, or if it has become capable of distinguishing through prior use. Section 10(2) of the Trade Marks Act is reflective of European precedent, by specifically precluding the registration of a mark that is not distinctive.

2016 Stell LR 579

When assessing the distinctiveness of a shape mark, South African courts have reiterated that the test is no different from that applied to any other type of mark. However, given their nature, shape marks do, practically, undergo a more rigorous testing process by the courts. Case law has shown that special considerations are taken into account by the courts when assessing the distinctiveness of shape marks. For example, the SCA has held that while shape marks do not – from a legal perspective – differ from any other form of trademark, they should be considered in a different manner. According to Harms JA, with reference to English case law, this is due to the fact that shapes (and containers) are usually regarded by consumers as being functional or decorative, rather than serving as a badge of origin.¹⁸

Additionally, it has been accepted by courts that a shape mark will not be a source indicator simply because the shape is "fancy" or "new and visually distinctive". Furthermore, registration of a shape mark will also fail if the shape resembles the shape most likely to be taken by the type of product in question.¹⁹ This leaves a shape mark in a very unique position, which was well phrased by Kur: is the shape too common, too splendid, or just right?²⁰ Accordingly, for a shape mark to be considered "capable of distinguishing", there are very specific criteria that have to be met: it must depart significantly from the norm of the sector, act as a source indicator and factually possess a distinctive character.

It is clear from an analysis of case law that the public perception of a shape mark is of pivotal importance. In *Beecham Group Plc v Triomed (Pty) Ltd* ("*Beecham*"), it was accepted that members of the public must regard the shape of the particular goods as a guarantee of the source of those goods. This will not be the case where a shape is simply markedly unique or extensively used, as this may still fail to designate the origin of the goods. Therefore, an important distinction must be drawn between the public simply recognising a product by its shape, and the public relying on its distinctiveness as an indicator of the source of the good.²²

As stated above, it is clear that South African courts have – as a matter of practice, rather than law – adopted a stricter approach to the registration of shape marks. The effect of the above is, according to Morley, that South African courts have significantly limited the extent to which shapes may be registered as trademarks.²³ While the registration of shape marks is possible under the Trade Marks Act, the burden will be on the party attempting to register the mark to show that the shape genuinely fulfils the functions of a trademark. However, it is important to note that simply fulfilling the trademark function will not guarantee the successful registration of a shape mark. The Trade Marks Act specifically lists a number of instances where

2016 Stell LR 580

the registration of a shape mark will be prohibited, which are of particular importance for the purposes of this article.

3.2.3 The Kit Kat bar: an innovative shape, or simply a technical result?

Section 10(5) of the Trade Marks Act – again following European precedent – specifically excludes the registration of any shape that is necessary to "obtain a specific technical result", or where the shape of the good results from the nature of the good itself. Furthermore, section 10(11) of the Trade Marks Act precludes the registration of a shape where such registration may "limit the development of art or industry". These provisions seek to prevent trademark protection being used to obtain a monopoly on the technical solutions or the functional characteristics of a product.²⁴ In other words, these prohibitions serve to acknowledge the potential anti-competitive outcome of allowing a monopoly of rights over certain types of shapes, and are, therefore, reflective of the policy considerations, as referred to above.²⁵

While section 10 of the Trade Marks Act refers to several other prohibitions against the registration of a trademark, it is section 10(5) that was the primary consideration in the South African *Kit Kat* case. From the above analysis of South African law, it is clear that there were two important hurdles for Nestlé to overcome in order to acquire trademark protection over the Kit Kat shape: the shape had to be sufficiently distinctive so that it could be said to be "capable of distinguishing", and the shape must not have been a necessary consequence of any technical result. Despite the aforementioned hurdles, policy considerations and the general approach adopted by South African courts when addressing the registration of a shape mark, it will be seen below that the validity of the Kit Kat shape mark was recently confirmed by the SCA.

3.3 *Kit Kat* proceedings in South Africa: the problem, the argument and the verdict

3.3.1 The application for expungement

In the South African *Kit Kat* proceedings, Iffco relied on section 10(5) of the Trade Marks Act in its application to expunge Nestlé's shape mark over its four-finger wafer chocolate bar.²⁶ Section 10(5), as discussed above, may be used to remove any mark from the register which, *inter alia*, consists exclusively of a shape necessary to obtain a specific technical result, or where the shape results from the nature of the goods itself. The primary legal question, in this regard, could be isolated to whether the trapezoidal shape of the Nestlé four-finger wafer shape trademark was necessary to obtain a technical result.²⁷

2016 Stell LR 581

The fact that chocolate bars must take a trapezoidal shape was not in dispute. This is due to the fact that such a shape is necessary in order to release a chocolate bar from its mould during production. What was in dispute was whether the additional elements of the four-finger wafer shape mark were entirely technical requirements, or whether they were distinctive additions.²⁸

3.3.2 The legal arguments and their reliance on international *Kit Kat* decisions

Both parties to the proceedings relied upon arguments raised in the UK, where the matter of the registrability of the Kit Kat shape mark was also in dispute.²⁹ These arguments, and the response of the SCA to these arguments, are especially relevant for the purposes of this article. This is because it facilitates a meaningful comparison between the responses of the South African, UK and European courts to the same legal facts and

considerations.

In support of its application, Nestlé relied on the findings of the Second Board of Appeal of the Office for Harmonisation in the Internal Market ("OHIM"), in the case of *Société des Produits Nestlé SA v Cadbury Holdings Ltd* (11 December 2012).³⁰ In response to the question of whether the Kit Kat shape was exclusively the consequence of a technical result, the OHIM concluded that certain attributes of the chocolate bar existed independently of any technical function. These attributes included the rectangular base upon which the wafer fingers were aligned and the presence of the partition of the bar into four portions.³¹ While it was concluded that these features were relatively banal, they were still considered by the OHIM to exist independently of any technical reason, and to serve as a badge of origin for the product.³²

Iffco, in turn, relied on the opposition proceedings in the aforementioned UK case. In that case, the UK's Intellectual Property Officer ("IPO") found, *inter alia*, that the rectangular shape resulted from the nature of the moulded bars, that the breaking grooves (or partitions) were necessary to achieve a technical result, and that the number of breaking grooves and fingers were determined by the desired portion size.³³ It is important to note that unlike the UK proceedings, these arguments were raised in the South African court in the context of an application for the expungement of an already existing registration of the Kit Kat shape mark. In the UK, as will be discussed below, the issue in dispute was whether the Kit Kat shape should be *allowed* to be registered. In contrast, the SCA had to decide whether the Kit Kat shape mark should *remain* on the register in response to the above arguments, in light of section 10(5) of the Trade Marks Act.

2016 Stell LR 582

3.3.3 Judgment: South Africa's oldest chocolate bar prevails

In response to the arguments cited above, the SCA decided in favour of Nestlé by concluding that the four-finger wafer shape was distinctive and not only attributable to a technical result.³⁴ The SCA disagreed with the findings of the IPO, concluding that the four-finger shape is based on aesthetic rather than technical considerations. This conclusion is particularly significant in light of the CJEU decision, which will be discussed below. Additionally, the SCA held that portion size was not solely determined by the number of fingers, but also by the size or weight of the fingers. In contrast to the IPO's conclusions about the breaking grooves, the SCA found that while such grooves were necessary to break the chocolate, the shape of the fingers and dimensions of the groove were not determined solely by technical considerations.³⁵ Additionally, in considering the policy considerations applicable to a trademark application, the SCA concluded that Nestlé would not be granted a monopoly over trapezoidal-shaped chocolate bars as a result of the Kit Kat shape mark remaining on the Trade Marks Register.³⁶

Furthermore, the question of whether the Kit Kat shape served as a badge of origin was relatively unproblematic in this case. The SCA emphasised the fact that Nestlé had marketed and sold the Kit Kat chocolate bar in South Africa for 50 years, and that extensive use had been made of this shape for promotion and advertising purposes.³⁷ To this extent, and with reference to two consumer surveys, the court concluded that the ordinary consumer was able to recognise the shape of the Kit Kat chocolate bar, and associate such shape with Nestlé and the Kit Kat brand.³⁸ As will be illustrated below, this stands in stark contrast with the standard for distinctiveness required by the CJEU, and subsequently applied by the UK High Court.

In conclusion, the SCA upheld the registration of the Kit Kat shape mark, and, subsequently, found that Iffco had infringed the shape mark through the sale and promotion of its four-finger "Break" chocolate bar.³⁹

4. Kit Kat abroad: from the UK to the CJEU, and back

4.1 Shape mark legislation in the UK and the EU

According to Aaron and Nordemann, any reference to "European trademark law" is an oversimplification, as the UK and European trademark systems both continue to co-exist alongside one another.⁴⁰ However, the basic goal of the harmonisation of laws within the EU is to facilitate the creation of a single common marketplace.⁴¹ In light of the above, the Community Trade Mark

2016 Stell LR 583

Regulations ("CTMR"),⁴² and the Trade Mark Directive ("TMD"),⁴³ of the EU both find full application within the UK.

As stated above, the legislation pertaining to shape marks in the UK, Europe and South Africa are substantially alike. Similar to the South African legislation, section 1 of the United Kingdom Trade Marks Act of 1994 ("UK Trade Marks Act") expressly includes a "shape", in its definition of "trade marks", as being capable of being registered as a trademark. Comparably, article 4 of the CTMR and article 2 of the TMD expressly refer to shapes as capable of being registered as trademarks.

Furthermore, the requirements for the registration of a shape trademark are listed in article 7 of the CTMR, namely, that the mark must be distinctive and absent of any descriptive character. These provisions are comparably very similar to their South African counterparts as the legislation in both jurisdictions makes express provision for shape marks, provided that they are distinctive or "capable of distinguishing."

With regard to prohibitions against registration, the trademark legislation of South Africa, the UK and the European community remain substantially the same. The UK Trade Marks Act precludes the registration of a trademark that lacks a distinctive character, similar to article 3(1)(b) of the TMD, which precludes the registration of a trademark devoid of any distinctive character. However, article 3(3) of the TMD, as well as article 3(2) of the UK Trade Marks Act, provide that distinctive character may be acquired as a result of prior use. Additionally, each jurisdiction – including article 3(3) of the TMD – specifically precludes the registration of a trademark where the shape of the mark is the result of the nature of the goods, or where the shape is necessary to obtain a technical result. More specifically, articles 3(1)(e)(i) and (ii) of the TMD state that a trademark shall not be registered if it consists exclusively of the shape resulting from the nature of the goods themselves, or if the shape is necessary to obtain a technical result. It was on these specific provisions, as well as article 3(3) of the TMD (as described above), that Cadbury based its opposition to the registration of the Kit Kat shape mark in the UK.

4.2 The UK Kit Kat question

The Kit Kat chocolate bar may, arguably, be regarded as one of the most iconic British treats. The renowned chocolate bar entered the UK market in 1935, under the ownership of Rowntree & Co Ltd, which was eventually acquired by Nestlé in 1988.⁴⁴ Since the introduction of this chocolate bar into the market in 1935, the shape of the bar has remained substantially unchanged, with the exception of its size.⁴⁵ On 8 July 2010, Nestlé sought to register the four-finger wafer shape of the Kit Kat as a trademark in the

2016 Stell LR 584

UK.⁴⁶ It is important to note that it was the actual shape of the bar itself that was sought to be registered, independent of the words "Kit Kat" embossed upon it.⁴⁷ While the Trade Marks Registry of the UK IPO initially accepted the *Kit Kat* application, Cadbury subsequently filed a notice of opposition to the application.⁴⁸ In doing so, Cadbury relied on provisions of the UK Trade Marks Act which transpose articles 3(1)(b), 3(1)(e)(i), 3(1)(e)(ii) and article 3(3) of the TMD, as described above.

In 2013, the IPO found that the Kit Kat shape mark was devoid of distinctive character, and that distinctive character had not subsequently been acquired through prior use. The IPO examiner found that the Kit Kat shape consisted of three essential features: the first feature is the basic rectangular shape of the bar, which the examiner found resulted from the nature of the goods themselves, thus precluding registration except in respect of "cakes" or "pastries."⁴⁹ The second feature identified was the presence, position and depth of the grooves running along the length of the bar, which the examiner regarded as necessary to obtain a technical result. The third feature, namely the number of grooves and the width of the bar that determine the number of "fingers", was also found to be necessary to obtain a technical result.⁵⁰ These features will cumulatively be referred to as the "three essential features".

Nestlé subsequently appealed this decision to the UK High Court, which decided to stay the proceedings and refer three questions to the

CJEU for a preliminary hearing. ⁵¹ The first question referred was whether - in terms of article 3(3) of the TMD, which relates to the acquisition of distinctive character through prior use - it was sufficient for a significant proportion of the relevant class of persons to recognise the mark and associate it with the goods of the applicant, or whether the applicant had to prove that a significant proportion of such persons rely upon the mark to indicate the origin of the good. ⁵² The second question was whether the grounds in article 3(1)(e)(i) and (ii) may be applied cumulatively, where a shape consists of three essential features (as mentioned above), one resulting from the nature of the goods and the other two being necessary to obtain a technical result. The third, and final, question related to article 3(1)(e)(ii), namely, whether this provision - which precludes the registration of shapes necessary to obtain a technical result - relates to the way the goods function, or the way the goods are manufactured. ⁵³

While the Advocate General considered these questions in the above sequence, the CJEU decided to consider the second and third questions first, due to the "logic and sequence" as adopted by the European Council when

2016 Stell LR 585

drafting article 3 of the TMD. ⁵⁴ This is due to the fact that a sign, or mark, that is refused registration under article 3(1)(e) of the TMD may never be registered, and the issue of acquired distinctiveness is, therefore, irrelevant. ⁵⁵ Accordingly, it must first be established whether the mark was precluded by article 3(1)(e), in order to determine whether an enquiry into "acquired distinctiveness" is necessary. This article will therefore adhere to the sequence followed by the CJEU.

In order to attach the appropriate level of significance to the findings of the CJEU, it is important to understand the procedural and legal implications of a preliminary hearing by the CJEU. Essentially, the national court of any Member State of the EU may refer questions on the interpretation of a European legal instrument to the CJEU. Unlike a procedure seeking recourse against a European legal instrument, this procedure allows national courts to present questions on the application of European law. The aim of this is to ensure that national courts understand and apply European law correctly. The decision by the CJEU in a preliminary hearing is binding on the national court that initiated the reference, as well as all other national courts within the Member States of the EU. However, it is important to note that the decision by the CJEU is limited only to the questions of law referred to it by the national court, but it does not make any factual determination relating to the particular case pending before the national court. ⁵⁶

4.3 Findings of the Advocate General and the CJEU

4.3.1 The second question

The UK High Court, in its second question, essentially asked whether article 3(1)(e) of the TMD must be interpreted as precluding the registration of a trade mark which mark consists of three essential features: one resulting from the nature of the goods and the other two which are necessary to obtain a technical result. ⁵⁷ As stated above, these features refer to the rectangular shape of the bar, the presence, position and depth of the grooves of the bar, as well as the number of grooves that - alongside the width of the bar - determine the number of chocolate "fingers". ⁵⁸ The Advocate General reiterated that while the shape of a product may be capable of fulfilling the functions of a trademark, the public interest considerations underlying the grounds for refusal must be considered. ⁵⁹ Relying on case law, the CJEU agreed with the Advocate General that the rationale behind these provisions is to prevent the proprietor of a good from obtaining a monopoly on technical solutions or functional characteristics. ⁶⁰ Furthermore, such provisions aim to prevent

2016 Stell LR 586

a proprietor from obtaining a permanent and exclusive right to the shape of a good through a trademark, which would otherwise be subject to a limited period of protection by the EU legislature under another form of intellectual property right. ⁶¹

In considering the interpretation of this provision, the CJEU accepted that each ground listed in article 3(1)(e) exists independently from each other, and must be applied accordingly. ⁶² While the grounds listed cannot be applied in combination, there is nothing preventing the grounds from being present cumulatively. ⁶³ Consequently, it is irrelevant whether the application could be denied on the basis of more than one ground for refusal - namely, where the shape results from the nature of the goods themselves, where the shape of the goods is necessary to obtain a technical result, or where the shape gives substantial value to the goods - as long as one particular ground is fully applicable. ⁶⁴ Should any of these grounds be present, the shape cannot be registered as a trademark. ⁶⁵

In light of the above, both the Advocate General and the CJEU agreed that, in answer to the second question, the TMD must be interpreted as precluding the registration of a shape mark where such a shape consists of the three essential features, one resulting from the nature of the goods and the other two being necessary to obtain a technical result. ⁶⁶ In light of public-interest considerations, however, such preclusion may only take place where one or more of the three grounds are "fully" applicable. ⁶⁷

The CJEU's interpretation of article 3(1)(e) of the TMD, essentially, means that a national court must preclude the registration of the shape mark if any one of the three essential features of the Kit Kat shape "fully" satisfies one of the statutory grounds for exclusion. This interpretation would require a national court to determine - should the issue arise - whether any of the essential features of the Kit Kat chocolate bar fall within the statutory exclusions. The shape must - with no discretion - be denied registration if any one of the statutory grounds for the registration of a shape mark applies fully to any one of the three essential features.

4.3.2 The third question

While this question came third in the sequence of questions referred by the UK High Court, as mentioned above, it was dealt with as the second question by the CJEU. This question pertained to whether the exclusion of the registration of a shape on the ground that it is necessary to obtain a technical result - as contained within article 3(1)(e)(ii) of the TMD - refers solely to the way the goods function, or whether it also includes the way the goods are

2016 Stell LR 587

manufactured. ⁶⁸ It is important to note that, unlike the other two questions, the conclusions reached by the Advocate General and the CJEU were not consistent in relation to this question.

The Advocate General concluded that article 3(1)(e)(ii) of the TMD precludes the registration of a shape which is necessary to obtain a technical result in the way the goods function, as well as with regard to the way in which they are manufactured. ⁶⁹ This conclusion was reached despite acknowledging that a literal interpretation of the provision expressly precludes the manufacturing process from its scope of application. ⁷⁰ The Advocate General provided specific reasons for this finding, and in doing so, specifically referred to the example of the four-finger Kit Kat wafer bar. Essentially, it was observed that a final technical result - in other words, the way the goods function - might in certain instances only be obtained as a result of a special manufacturing process. For example, the grooves between the wafer fingers of a Kit Kat bar enable consumers to separate the chocolate fingers with ease, prior to consumption. While this may be regarded as a desired technical result, the actual angle of the grooves and the sides of the product are determined by a specific manufacturing moulding process. ⁷¹ In light of this reasoning, and the policy considerations of preventing a proprietor from obtaining a monopoly over the technical solutions of a product, ⁷² the Advocate General concluded that the scope of article 3(1)(e) of the TMD includes both the final technical result and the manufacturing process. In summary, the Advocate General was of the opinion that this provision of the TMD should be interpreted as precluding the registration of any shape as a trademark where such shape is necessary to obtain a technical result, either in the way the goods function for the end-user, or the manner in which the goods are manufactured. ⁷³

The CJEU, however, did not follow the interpretation of the Advocate General. Instead, by focusing on the literal interpretation of the provision, the CJEU noted that the provision expressly refers to, and is therefore limited by, the phrase "technical result", without mentioning the manufacturing process. ⁷⁴ Consequently, in light of the words of the provision itself, the scope of the section does not extend to the manufacturing process. According to the CJEU, this interpretation of the provision is reinforced by case law, which has held that the registration

of a shape may be refused on the grounds of "technical result", even where such result may be achieved by other shapes, and, in turn, other manufacturing processes. ⁷⁵ Furthermore, the CJEU referred to the practical implications of this provision, noting that it is the way in which the goods function – rather than their manufacturing process – that is important from the perspective of the consumer. ⁷⁶ In light of the above,

2016 Stell LR 588

the Advocate General and the CJEU reached different conclusions, with the CJEU concluding that the scope of article 3(1)(e)(ii) of the TMD does not include the manufacturing process of a good.

The different conclusions drawn by the Advocate General and the CJEU are particularly interesting for the purposes of the UK *Kit Kat* shape application. This is due to the fact that, in the opinion of the Advocate General, specific factual reference was made to the shape of the grooves of the Kit Kat fingers. The Advocate General specifically included the manufacturing process as a ground for refusal of a shape mark, and then proceeded to explain how the Kit Kat shape achieved a technical result through the manufacturing process. It, therefore, logically follows that the Advocate General would recommend that the Kit Kat shape be precluded from registration, on the basis that the manufacturing process used falls within the "technical result" prohibition. However, following the legal interpretation of the CJEU, a national court must interpret the TMD reference to "technical result" as referring only to the end-use of the good, rather than also including the manufacturing process. While this question of interpretation has now been clarified in European law, the question remains as to whether the South African position on the matter has been determined, and, if so, what that position entails. Accordingly, the South African position in this regard is both problematic and ambiguous, and as a result, it will be addressed, in more detail, further on in this article.

4.3.3 The first question

The first question related to article 3(3) of the TMD, which states that a trademark may acquire a distinctive character through prior use. The question referred by the UK High Court essentially asked whether it was sufficient, for the purposes of this provision, that the relevant class of persons distinguished the goods or services exclusively by that shape, as opposed to any other mark which may also be present (or a combination of such marks), or whether it was sufficient to show that a significant proportion of the relevant class recognise that shape and associate it with the goods of the applicant. ⁷⁷ In other words, the question was whether a shape must be used independently in order to acquire distinctive character, or whether the acquisition of distinctive character may be as a result of the use of the shape in combination with a registered trademark (for example, a word mark). ⁷⁸ For practical purposes, the question would be whether it was sufficient that the Kit Kat four-finger wafer shape, along with the "Kit Kat" logo – which was embossed on the fingers of the chocolate bar – had acquired distinctiveness, or whether the shape, on its own, had acquired distinctiveness through prior use.

In response to this question, the Advocate General and the CJEU reiterated the essential function of a trademark, namely, to guarantee the identity of the origin of the good to the consumer, without the possibility of confusion, so

2016 Stell LR 589

that the good may be distinguished from that of another origin. ⁷⁹ Therefore, not only must a trademark be used to distinguish goods from one proprietor from another, but also to guarantee that all goods associated with that particular mark have the same origin. ⁸⁰ Similar to South African law, the test for distinctiveness is whether the mark will distinguish the product from those of other undertakings in the eyes of an average consumer who is reasonably observant, but who is neither conducting an analytical examination nor paying particular attention. ⁸¹

In response to this enquiry, Nestlé had submitted that a trademark does not need to have been used independently in order to acquire a distinctive character. Accordingly, it was argued that the combined use of the shape and another registered trademark was sufficient for the purposes of the average consumer test, namely, that it was sufficient that consumers recognised the Kit Kat shape with the "Kit Kat" word mark embossed upon it – rather than the shape alone – for the purposes of the distinctiveness enquiry. ⁸²

The Advocate General disagreed with this interpretation, and stated that the acquisition of a distinctive character must be as a result of the use of the shape "as a trade mark". ⁸³ The Advocate General interpreted this as meaning that it had to be shown that the shape, independently, had been used to indicate the origin of a good to the relevant class of person. ⁸⁴ While a shape mark may have acquired distinctive character when used in conjunction with another registered trademark (such as the Kit Kat shape and logo in conjunction, as described above), the Advocate General was of the opinion that the shape itself must be capable of fulfilling the trademark function independently, in order to receive trademark protection. ⁸⁵ This position is reinforced by previous case law, which stated that documentary evidence of the use of the overall mark is not sufficient; rather, it is the element sought to be registered that must be shown to be capable of distinguishing. ⁸⁶

This interpretation was also followed by the CJEU. Accordingly, the CJEU concluded that while the acquisition of a distinctive character may result from the use of two marks in conjunction, it is important that the relevant class of persons perceive the mark applied for – namely, the shape mark – as designating the origin of the goods as being from a specific undertaking. ⁸⁷ Therefore, in application to the Kit Kat set of facts, while it was sufficient that the shape of the bar had been used alongside another registered trademark, it had to be shown that the shape alone served to identify the chocolate as originating from a particular source. ⁸⁸

In light of this interpretation, the onus was on Nestlé to show that the shape of the Kit Kat chocolate bar was independently (and not because of use in

2016 Stell LR 590

combination with another registered mark) capable of fulfilling the "average consumer" test as described above. This interpretation clearly posed an additional hurdle for Nestlé as consumer surveys were required to establish the distinctiveness of the shape apart from the word mark. In the subsequent UK High Court decision, the court held that Nestlé had not discharged its onus of proving the distinctiveness of the shape of the Kit Kat chocolate bar, as it had not proved that it was relied upon by the average consumer as designating the trade origin of such products. ⁸⁹

It is, thus, clear that while the distinctiveness of the Kit Kat bar proved to be a contentious issue in the UK proceedings, the South African SCA did not consider the acquired distinctiveness of the shape of the chocolate bar to be problematic. Instead, the SCA appeared willing to conclude that the Kit Kat shape was distinctive, which is interesting in light of the similarities in both the history of the chocolate bar, as well as the legislative provisions in both jurisdictions. This raises an important question: what are the main differences in the judgments by the CJEU and the SCA, and why do they exist?

5. Same facts, same law, different result. What are the implications for South African trademark law?

A comparison between the *Kit Kat* application in the UK, the preliminary hearing in the CJEU, the subsequent UK High Court decision, and the application for expungement in the SCA, is not only interesting, but is an important way to establish the compatibility and growth of South African trademark law with developments elsewhere. Essentially, South Africa, the EU and the UK share similar legislative provisions. Furthermore, both South Africa and the UK share a common history of the Kit Kat four-finger confectionary icon. This raises the question of why the registration of the Kit Kat shape was accepted with relative ease by South African courts, yet significant legal issues were raised in the UK *Kit Kat* proceedings. More importantly, why did certain statutory provisions require significant legal consideration and interpretation by the CJEU, when the corresponding provisions appear not to have been subjected to the same scrutiny by the South African court, despite the similarity in both facts and in law?

As has been illustrated above, while the statutory provisions in the UK and South Africa are substantially the same, the judicial approaches to shape marks appear to be inconsistent. As stated above, it has also been shown that both jurisdictions share the same policy considerations and practical approach to shape marks in general. It, therefore, would logically follow that an application brought before both courts, on the

5.1 The scope of "technical result"

As discussed above, one of the questions referred to the CJEU related to the scope of the "technical result" exception in article 3(1)(e)(ii) of the TMD. While the Advocate General concluded that both the manufacturing process and the end-use of the good are relevant for the purposes of this enquiry,⁹⁰ the CJEU concluded that only the technical solutions relating to the end-use of the good are relevant.⁹¹ It is interesting that the same issue was not addressed in the South African *Kit Kat* application. However, the South African position may be discussed with reference to the *Beecham* case, which has been described as the *locus classicus* on shapes as trademarks in South Africa.⁹²

In the *Beecham* case, the court refused the trademark registration of the bi-convex, oval shape of a tablet. This was on the basis that the shape was necessary to obtain a technical result, and, thus, in violation of section 10(5) of the Trade Marks Act.⁹³ In determining whether the bi-convex shape was necessary to obtain a technical result, the court considered the end-use of the tablet, namely, the shape of the tablet in relation to its ease of swallowing. The court referred to medical documentation showing that patients experience problems with swallowing round tablets, and often required medical assistance after swallowing tablets of that shape.⁹⁴ In light of these findings, the bi-convex tablet shape was shown to be the most effective way for patients to safely and easily swallow tablets. The fact that any other type of shape could obtain the same result was irrelevant for the purposes of an enquiry.⁹⁵ This line of reasoning appears to be consistent with the judgment of the CJEU, which limited the scope of the "technical result" enquiry to the end-use of the good.⁹⁶

Included in the *Beecham* judgment, however, was a reference to the fact that the bi-convex shape was necessary to achieve "ease of swallowing, coating and the prevention of crumbling."⁹⁷ More specifically, the court stated that the bi-convex tablet shape prevented the tablet from crumbling, and that the shape also facilitated the coating of the tablet.⁹⁸ Unfortunately, the court did not go into further detail with regard to the issue of the crumbling and the coating of tablets. It is, therefore, uncertain as to whether the "crumbling" and "coating" considerations related to the manufacturing process, or whether they related to the end-use of the good. For example, one could interpret coating and crumbling as aspects relating to the end-use of the tablet; in other words, that the bi-convex tablet shape facilitated the coating and lubrication of the tablet for purposes of swallowing, and prevented the tablet from prematurely

crumbling after having been swallowed. Alternatively, reference to the coating and the crumbling of the tablet could relate to the manufacturing process of the bi-convex tablet shape. For example, upon a basic enquiry into the matter, it is apparent that "tablet coating" may refer to a process that occurs during the manufacturing process of a tablet.⁹⁹ As a result, there is uncertainty as to whether the scope of "technical result" in South Africa is limited only to the end-use of the product, or whether it includes the manufacturing process. Unfortunately, the result of this ambiguity is that the scope of section 10(5) remains uncertain in South African law, as opposed to European law where the matter is now settled.

The *Beecham* judgment can, therefore, be interpreted in one of three ways: first, it may be argued that the South African court simply overlooked the distinction between the manufacturing process and the end-use of a good in relation to the "technical result" enquiry, and, subsequently, failed to distinguish between the two; or, second, that the court simply accepted that the scope of the provision includes the manufacturing process. The third interpretation is that the reference of the SCA to the "coating" and "crumbling" was merely referring to the end-use of the tablet, and not to the manufacturing process. Unfortunately, the reference to "crumbling" and "coating" was particularly ambiguous, and a conclusion cannot be drawn based on the wording of the judgment. However, the fact that "tablet coating" – upon a basic enquiry into the matter – appears to be part of the manufacturing process, suggests that the SCA, whether intentionally or not, has included the manufacturing process within the scope of the "technical result" exclusion in section 10(5).

The fact that the *Beecham* judgment may have the effect of incorporating the manufacturing process into the scope of "technical result" is a particularly unexpected outcome. For example, the SCA in *Beecham* noted that the rationale behind this provision is to prevent a proprietor from obtaining a monopoly over the technical solutions of a product, "which a consumer is likely to seek in the products of competitors."¹⁰⁰ This quotation – which was underlined in the SCA judgment – creates the impression that the focus of the enquiry was on the end-use of the good; it is unlikely that a consumer would seek out the functional characteristics of a good relating to the manufacturing process of the good, rather than the end-use. Even more significantly, the same quotation was referred to by the CJEU in substantiation of the exclusion of the manufacturing process from the scope of the "technical result" provision. Specifically, the CJEU noted that it is the way in which the goods function – rather than their manufacturing process – that is important from the perspective of the consumer.¹⁰¹ In other words, the same quotation that the CJEU used to substantiate the limitation of "technical result" to the end-use of the good may have been used by the SCA in a judgment where the manufacturing process was, arguably, included in the scope of this provision.

Irrespective of the ambiguity of the SCA in this regard, what is clear is that South African courts have yet to expressly and directly address the scope of section 10(5) of the Trade Marks Act in order to determine whether the manufacturing process is included in that scope. Until the matter is expressly addressed, the *Beecham* case may, arguably, indicate that the South African courts simply include both manufacturing and end-use considerations in determining whether a shape has a technical function. This legal approach is in line with the opinion of the Advocate General, but not with that of the judgment of the CJEU, which is binding on all EU Member States. The significance of this difference should not be underestimated; it is clear from the opinion of the Advocate General that upon including the manufacturing process of a good within the scope of article 3(1)(e)(ii) of the TMD, the shape registration of the *Kit Kat* should, essentially, be denied.¹⁰² However, it is clear that the *Kit Kat* shape remains on the South African Trademark Register, which may indicate either an oversight by the SCA in the *Kit Kat* case or an inconsistent application of the law. In other words, if the *Beecham* judgment is consistent with the opinion of the Advocate General, then the SCA should, arguably, have expunged the *Kit Kat* shape mark from the register. This is due to the fact that the Advocate General specifically stated that the presence of the grooves on a *Kit Kat* bar are a result of the method of manufacture of the chocolate.¹⁰³ Accordingly, if the extended scope of "technical result" were accepted, this would mean that the *Kit Kat* bar must be precluded from trademark registration, due to the fact that the grooves in the bar are obtained as a technical result of the manufacturing process. Therefore, if the SCA in *Beecham* has accepted the extended scope of "technical result" in South African law, it is argued that the SCA should have expunged the *Kit Kat* shape mark from the register on this basis. However, this specific issue was not addressed in the SCA *Kit Kat* proceedings, which only serves to illustrate the problems arising from the lack of clarity on this matter.

It is, therefore, clear that even if the intent of the court in *Beecham* was consistent with either the CJEU or the Advocate General, the court failed to make the legal interpretation and application of this provision clear, and, therefore, the matter remains uncertain in South African trademark law.

5.2 Technical result in one jurisdiction, but not the other?

As has been illustrated, the trademark legislation of South Africa, the UK and the EU all contain a provision prohibiting the trademark registration of a shape which is necessary to achieve a technical result. However, while the provisions in each jurisdiction are substantially the same, the outcomes of the enquiries appear to differ. As discussed above, the Trade Marks Act expressly states that a mark will not be registered as a trademark if it consists "exclusively" of the shape necessary to obtain a specific technical result.¹⁰⁴ Accordingly, the SCA found that the *Kit Kat* four-finger wafer bar did not consist exclusively of a shape necessary to obtain a technical

result, on the grounds that the shape consisted of both functional and non-functional features. ¹⁰⁵ On this basis, the SCA concluded that the Kit Kat shape did not consist "exclusively" of a shape necessary to obtain a technical result. The CJEU judgment, however, took a different approach.

Similar to section 10(5) of the Trade Marks Act, article 3(1)(e) of the TMD also expressly states that a sign must not be registered where it consists "exclusively" of the shape necessary to obtain a technical result. As discussed above, the CJEU considered the question of whether a shape that consists of three essential features – two of which are necessary to obtain a technical result – will be denied registration in terms of this provision. ¹⁰⁶ More specifically, the essential features in question were the presence, position and depth of the grooves along the length of the bar, as well as the number of grooves. ¹⁰⁷ In its judgment, the CJEU held that a shape mark must be denied registration where one of the grounds for refusal – including the "technical result" ground – applies "fully" to the shape. ¹⁰⁸ In other words, where a shape has more than one essential feature, an application for trademark registration must fail where any of the grounds for refusal are fully satisfied by an essential feature of the shape. This, arguably, stands in stark contrast to the SCA decision. In the SCA decision, the court held that the Kit Kat shape did not fall foul of the "technical result" provision, due to the presence of other additional features that did not consist of a technical result. The court clearly placed an emphasis on the word "exclusively" within the provision. In other words, while some of the features of the Kit Kat bar may be attributed to a technical result, the presence of other non-technical features prevented section 10(5) from being applicable. In contrast to this, the CJEU would, arguably, deny the same application as long as the "technical result" exclusion applies fully to at least one of the essential features. In light of this interpretation of the CJEU judgment, the presence of any other non-technical features would be irrelevant, as long as at least one feature falls foul of the article 3(1)(e) provision. The focus of the SCA, therefore, is on the word "exclusively" within section 10(5), whereas the focus of the CJEU is whether any of the features of a shape mark consist exclusively of a shape necessary to obtain a technical result.

It is clear from the above that the application of the "technical result" exclusion is considerably stricter under European law than South African law. For example, the SCA accepted that the Kit Kat bar did indeed consist of elements necessary to obtain a technical result. However, the presence of other non-technical features precluded the application of this provision. Had the interpretation of the CJEU been adopted, the application would, arguably, have been rejected on the basis that at least one of the grounds in article 3(1)(e) – namely, the "technical result" exclusion – fully applied to that shape.

2016 Stell LR 595

The fact that other features are present, which do not fall foul of the article 3(1)(e) prohibition, is, therefore, irrelevant under the approach of the CJEU. Consequently, while the wording of the provision is substantially the same in each jurisdiction, the diverging legal interpretation and application of the provision may lead to significantly different outcomes.

5.3 Is it easier to be distinctive in South Africa?

When Nestlé brought an application to have the shape of the Kit Kat chocolate bar registered in the UK, it provided a survey suggesting that 90% of people in the UK associated the shape of the chocolate bar with the Kit Kat brand. Despite this considerable number, the application was rejected and subsequently appealed to the UK High Court. ¹⁰⁹ In a response to the preliminary hearing, the Advocate General was of the opinion that while consumers may recognise the shape of the Kit Kat bar, they may not regard it as a trademark. ¹¹⁰ As indicated above, the subsequent UK High Court decision reflects the latter position, emphasising that a mark is distinctive only if it is relied upon by the average consumer as indicating the origin of a good, something which a shape or container does not readily satisfy.

Despite this, a survey conducted by the World Intellectual Property Review indicated that 60% of trademark lawyers (who, no doubt include consumers of Kit Kat chocolate bars) thought that the opinion of the Advocate General was incorrect, and that the shape of the Kit Kat chocolate bar had acquired distinctiveness. ¹¹¹ This, essentially, was the position taken by the SCA, which held that the Kit Kat shape fulfils the requirement of distinctiveness based on its extensive use. ¹¹² This reference to the extensive use of the Kit Kat shape, as substantiation for the acquired distinctiveness of the shape, is quite striking. As stated above, it is accepted in South African trademark law that the "average consumer" test will not be satisfied where a shape is simply extensively used. ¹¹³ Furthermore, in the *Beecham* case the court made an express reference to a quotation which stated that 'there is an unspoken and illogical assumption that "use equals distinctiveness"'. ¹¹⁴ Therefore, it appears that the SCA adopted a relatively relaxed approach in the *Kit Kat* case by accepting that the question of acquired distinctiveness was satisfied through extensive use. This does not appear to be consistent with the generally-accepted approach in South Africa, nor with the European or UK approach. According to Ismail, the consequence of this discrepancy, should it reflect a new approach, is relatively simple: there is a greater likelihood of success for the application of a shape mark in South Africa than in Europe. The result of the South African *Kit Kat* decision is that as long as an applicant can produce evidence of the extensive use of the shape

2016 Stell LR 596

as a trademark, the shape will be deemed to have acquired distinctiveness. In Europe, however, it is clear that the position is not as simple or promising for those seeking registration of shape marks. ¹¹⁵

Further differences exist between the two court judgments with regard to the issue of distinctiveness. For example, the CJEU expressly concluded that for the purposes of a shape mark, it must be ascertained that the shape itself is distinctive, rather than the shape used in conjunction with another registered trademark. ¹¹⁶ In other words, it must be shown that consumers rely on the shape of the Kit Kat chocolate bar alone – without the "Kit Kat" device mark embossed upon the chocolate – as a badge of origin for the good. The SCA, however, did not raise similar concerns. As stated above, the SCA was satisfied that the Kit Kat shape had acquired distinctiveness, as a result of its extensive use within South Africa. Scott, however, noted that the SCA failed to draw a distinction between the mere recognition of a shape, and the shape as a trademark. ¹¹⁷ It, therefore, appears that this is another consideration that the SCA appears not to have taken into account in the *Kit Kat* case, despite this principle being accepted in South African case law. ¹¹⁸

Additionally, as discussed above, the CJEU held that it is not sufficient for an average consumer to simply recognise the trademark and associate it with the good; rather, it must be shown that the shape is relied upon to indicate the origin of the good to an average consumer. ¹¹⁹ This is a legal principle that has also found application in South African case law. For example, the court in the *Beecham* case held that consumers should be able to distinguish between the goods of two proprietors based on "the use of the mark as a trademark." ¹²⁰ Therefore, a distinction must be drawn between the average consumer recognising a product by its shape, and a consumer relying on this distinctiveness as an indicator of the source of the good. However, it appears that the SCA was satisfied – as a result of consumer surveys produced by Nestlé – that the ordinary consumer was able to recognise the shape of the Kit Kat chocolate bar, and associate it with the Nestlé and the Kit Kat brands. ¹²¹ This conclusion stands in direct contrast with the CJEU judgment, and the decision of the UK High Court, which stated that recognition and association are insufficient for the purposes of this enquiry. ¹²²

As a whole, it is clear that both the UK High Court and the CJEU approached the issue of distinctiveness in a cautious manner, and attached a high level of significance to the various considerations in the distinctiveness enquiry. In contrast, it is clear that the SCA was easily satisfied as to the question of distinctiveness, and, arguably, engaged in a less rigorous distinctiveness

2016 Stell LR 597

enquiry. As indicated above, in the subsequent UK High Court decision the issue of distinctiveness proved to be decisive. The UK High Court clearly required more persuasive evidence in order to be satisfied as to the distinctiveness of the shape of the Kit Kat chocolate bar.

The different approaches, as adopted by the SCA and the CJEU (and the UK High Court), have obvious implications: whereas the Kit Kat shape mark was readily accepted as being distinctive by the SCA (based on mere association), it is very clear that the issue posed a more significant hurdle for Nestlé in the UK High Court. It is clear that the approach to the distinctiveness of shape marks adopted by the UK High Court was, comparatively, stricter than that adopted by the SCA. As a result, the CJEU judgment, arguably, sets the bar high for successful registrations of shape marks in Europe. Having said that, if a chocolate bar as iconic and traditional as the Kit Kat four-finger wafer shape is

refused registration on the basis that it has not acquired distinctiveness, it is difficult to imagine many other goods that would satisfy the standard for shape marks.

6. Conclusion

It is generally accepted that shape marks are a problematic form of trademark. As a relatively new area of intellectual property law, it appears that jurisdictions such as South Africa, the UK and the EU have developed a substantially similar approach to this type of mark. As a result of similar legislation, it is clear that the judicial approach to shape marks has remained consistent, which is illustrated by the constant referencing of foreign case law in the majority of shape mark cases. It would, therefore, be expected that the South African judicial approach to shape marks would continue to develop in line with the law in the UK and the EU. However, the recent SCA judgment on the Kit Kat shape has exposed a new kind of controversy: it has revealed possible substantial differences between the application of shape-mark law in South Africa and Europe. While the validity of the Kit Kat shape as a trademark was accepted with relative ease by South African courts, significant legal issues were raised in the UK and the CJEU *Kit Kat* proceedings. This highlights important differences between the SCA and CJEU judgments. For example, the SCA appears to have accepted a lower standard for the distinctiveness enquiry. In doing so, the SCA judgment conflicts with established principles of South African trademark law, for example, the principle that extensive use is not sufficient to attain distinctiveness.¹²³ Additionally, the SCA accepted that the "average consumer" test could be satisfied through evidence that consumers recognised the Kit Kat shape and associated it with Nestle,¹²⁴ rather than requiring consumers to rely on the shape as a badge of origin.¹²⁵

2016 Stell LR 598

This finding stands in stark contrast to that of the CJEU,¹²⁶ and the UK High Court.¹²⁷

Furthermore, the South African *Kit Kat* judgment failed to address important matters of legal interpretation, such as the scope of the "technical result" exception in section 10(5). The failure of the SCA to address this issue, combined with the ambiguity created by the *Beecham* case, has the potential to cause significant problems and discrepancies in future shape-mark cases. Additionally, it was illustrated that while the CJEU interpreted the grounds of exclusion in articles 3(1)(e)(i) and (ii) of the TMD as being able to be present cumulatively (although only one ground needs to be fully satisfied to exclude a trademark application), the SCA, in contrast, placed an emphasis on the word "exclusively" in section 10(5). This, as seen above, may lead to a different legal result, even if given the same set of facts. As a whole, the SCA *Kit Kat* decision has created the impression that it is easier to register a shape mark in South Africa, when compared to Europe and the UK. Furthermore, in light of the superficial approach of the SCA to the *Kit Kat* proceedings in matters such as distinctiveness, it appears that the SCA judgment lacks the necessary level of legal cogency. Accordingly, while the legislation, policy considerations and facts of the case in each jurisdiction remain substantially the same, it is clear that the approach of the SCA in the *Kit Kat* case is, indeed, out of step with the position in the UK and Europe.

Summary

This article examines the recent litigation concerning the shape of the Kit Kat chocolate bar in South Africa, Europe and the UK in order to determine whether the South African legal position relating to shapes as trademarks differs from that in Europe and the UK, given the fact that the respective legislation is substantially similar. The Kit Kat shape-mark cases provided a unique opportunity to determine if South African law in this area differs as it concerned the same basic set of facts. Given the legislative similarities, it would be logical to assume that a consistent result would follow.

However, despite the legislative similarities, the SCA decision in the Kit Kat case appears to be inconsistent with the European and UK decisions. The first area of possible difference is the scope of the "technical result" exclusion from registrability as a trademark. While South Africa may consider the exclusion of a registration on the basis of a technical effect in relation to both the manufacturing process and the end-use of a good, only technical effects concerning the end-use are relevant in Europe and the UK. Second, the SCA held that the "technical result" exclusion only applies if the shape consists "exclusively" of a shape necessary to obtain a technical result, and, thus, will not apply if a shape has both functional and non-functional features. In contrast, in Europe and the UK a registration will be denied if any of the "technical result" exclusions apply to any feature, even if there may also be a non-functional element. Finally, the SCA appears to have adopted a lower standard for distinctiveness. It was sufficient if the average consumer recognised the Kit Kat shape and associated it with Nestle. However, in Europe and the UK the shape will only be distinctive if the consumers rely on the shape as a badge of origin.

* This article reflects the law as at the date of submission to the journal (March 2016).

1 K Li "Where is the right balance? – Exploring the current regulations on nontraditional three-dimensional trademark registration in the United States, the European Union, Japan and China" (2012) 30 *Wis Int'l LJ* 430 430.

2 *Societe Des Produits SA v Cadbury UK Ltd* [2016] EW HC 50 (Ch); *Societe Des Produits SA v International Foodstuffs* 2014 (1) SA 492 (SCA); C-215/14 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU (collectively referred to as the *Kit Kat* proceedings).

3 *AM Moolla Group Ltd v Gap* 2005 (3) SA 101 (SCA) para 38.

4 S 1 of the Trade Marks Act.

5 A Kur "Research Paper NO 14-17: Too Common, Too Splendid, or 'Just Right'? Trade Mark Protection for Product Shapes in Light of CJEU Case Law" (2014) *Max Planck Institute for Innovation & Competition* 1 8 <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2526124> (accessed 30-09-2015).

6 M Galli & E Kiziltoprak "Protection for Mixed Trademarks? The Shape Between Distinctiveness and Technical Function" (2013) *WIPO Academy Research Papers Collection* 1 6 <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2692309> (accessed 30-09-2015).

7 Kur "Too Common, Too Splendid, or 'Just Right'? Trade Mark Protection for Product Shapes in Light of CJEU Case Law" (2014) *Max Planck Institute for Innovation & Competition* 7.

8 7.

9 See also C-215/14 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 45.

10 2.

11 As indicated below, the decisions of the CJEU concerning questions of law are binding on the national courts of Member States of the European Union, but the national courts determine the outcome of cases based on the application of the law to the facts of the particular case.

12 *Societe Des Produits SA v Cadbury UK Ltd* [2016] EWHC 50 (Ch).

13 *Societe Des Produits SA v International Foodstuffs* 2014 (1) SA 492 (SCA).

14 *Weber-Stephen Products Co v Registrar of Trade Marks* 1994 (3) SA 611 (T).

15 B Wimpey "South Africa: Pharmaceutical Trademarks 2012 – A Global Guide" (2012) *Norton Rose Fulbright* <<http://www.nortonrosefulbright.com/files/za-world-trademark-reviews-global-guide-64017.pdf>> (accessed 06-10-2015).

16 S 1 of the Trade Marks Act.

17 S 1. For completeness, it should be noted that the requirement that the mark be represented graphically has now been removed in the European Union (Directive 2015/2436/EU of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks). However, this does not affect the legal analysis in this article.

18 *Die Bergkelder Bpk v Vredendal Coop Wynmakery* 2006 (4) SA 275 (SCA) paras 7-11.

19 Para 9.

20 Kur "Too Common, Too Splendid, or 'Just Right'? Trade Mark Protection for Product Shapes in Light of CJEU Case Law" (2014) *Max Planck Institute for Innovation & Competition* 1.

21 2003 (3) SA 639 (SCA).

22 Para 15.

23 G Morley "Whither Shape Trademarks?" (2008) 4 *Convergence* 155 155.

24 *Beecham Group Plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) para 28.

25 Morley (2008) *Convergence* 157.

26 *Societe Des Produits SA v International Foodstuffs* 2014 (1) SA 492 (SCA) para 25.

27 Para 26.

28 Para 26.
29 Para 28.
30 Case R 513/2011-2 *Societe des Produits S.A v Cadbury Holdings Limited* (OHIM).
31 *Societe Des Produits SA v International Foodstuffs* 2014 (1) SA 492 (SCA) para 29.
32 Para 30.
33 Para 31.
34 Para 34.
35 Para 32.
36 Para 35.
37 Para 13.
38 Para 14.
39 Para 53.
40 TM Aaron & A Nordemann "The Concepts of Use of a Trademark Under European Union and United States Trademark Law" (2014) 104 *TMR* 1186 1187.
41 1188.
42 (EC) No 207/2009 of 26 February 2009 on the Community trade mark (codified version).
43 Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2009 to approximate the laws of the Member States relating to trademarks (codified version).
44 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 9.
45 Para 11.
46 Para 13.
47 Para 14.
48 Para 17.
49 Para 18.
50 Para 18.
51 Paras 18 and 26.
52 Incidentally, the subsequent UK High Court judgment criticised the CJEU for incorrectly reformulating its question (see *Societe des Produits SA v Cadbury UK Ltd* [2016] EWHC 50 (Ch) para 45), but we believe that we correctly paraphrased its question.
53 C-215/14 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU; Opinion of AG Wathelet para 26. The Advocate General's opinion will hereafter be referenced as "Opinion of AG Wathelet" to distinguish it from the CJEU decision.
54 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 41.
55 Para 40.
56 Anonymous "The reference for a preliminary ruling" (2014) *EUR-Lex* <<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV:l14552>> (accessed 26-12-2015).
57 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 42.
58 Para 18.
59 Opinion of AG Wathelet para 60.
60 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 44.
61 Para 45.
62 Para 46.
63 Opinion of AG Wathelet para 65.
64 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 41.
65 Para 57.
66 Para 41.
67 Para 51.
68 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 52.
69 Opinion of AG Wathelet para 78.
70 Para 73.
71 Para 75.
72 Para 76.
73 Para 77-78.
74 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 53.
75 Para 56.
76 Para 55.
77 Para 58.
78 Opinion of AG Wathelet para 42.
79 Opinion of AG Wathelet para 38; *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 59.
80 Opinion of AG Wathelet para 39; *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 60.
81 Opinion of AG Wathelet para 41; *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 60.
82 Opinion of AG Wathelet para 33.
83 Para 45.
84 Para 46.
85 Para 48.
86 Para 49.
87 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 64.
88 Para 65.
89 *Societe Des Produits SA v Cadbury UK Ltd* [2015] CJEU para 67.
90 Opinion of AG Wathelet para 78.
91 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 57.
92 H Blignaut & A Meyer "Registered Design and Trade Mark Protection – A South African Perspective" in D Campbell & A Alibekova (eds) *Comparative Law Yearbook of International Business* (2006) 305 311.
93 *Beecham Group Plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) para 30.
94 Para 29.
95 Para 30.
96 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 57.
97 *Beecham Group Plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) para 30.
98 Para 29.
99 M Gohel "Type of tablet coating process" (2015) *Pharmainfo* <<http://www.pharmainfo.net/tablet-ruling-dosage-form-years/tablet-coating/type-tablet-coating-process>> (accessed 26-12-2015).
100 *Beecham Group Plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) para 28.
101 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 55.
102 Opinion of AG Wathelet para 78.
103 Para 75.
104 S 10(5) of the Trade Marks Act.
105 *Societe Des Produits SA v International Foodstuffs* 2014 (1) SA 492 (SCA) para 32.
106 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 42.
107 Para 19.
108 Para 48.
109 C Ismail "The Kit Kat shape – another perspective" (2015) *ENS Africa* <<https://www.ensafrica.com/news/IP-ENSight-08-Jul-2015?Id=1916&Title=IP%20ENSight%20-%202008%20Jul%202015>> (accessed 23-09-2015).
110 Opinion of AG Wathelet para 49.

- 111 Ismail "The Kit Kat shape – another perspective" (2015) *ENS Africa*.
- 112 *Societe Des Produits SA v International Foodstuffs* 2014 (1) SA 492 (SCA) para 13.
- 113 *Beecham Group Plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) para 25.
- 114 Para 15.
- 115 Ismail "The Kit Kat shape – another perspective" (2015) *ENS Africa*.
- 116 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 64.
- 117 G Scott "Kit Kat shape: is it game over?" (2015) *ENS Africa* <<https://www.ensafrica.com/news/Kit-Kat-shape-is-it-game-over?Id=1974&STitle=IP%20ENSight>> (accessed 30-09-15).
- 118 *Die Bergkelder Bpk v Vredendal Coop Wynmakery* 2006 (4) SA 275 (SCA) para 8.
- 119 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 67.
- 120 *Beecham Group Plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) para 25.
- 121 *Societe Des Produits SA v International Foodstuffs* 2014 (1) SA 492 (SCA) para 14.
- 122 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 67; *Societe des Produits SA v Cadbury UK Ltd* [2016] EWHC 50 (Ch) para 51.
- 123 *Beecham Group Plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) para 15.
- 124 *Societe Des Produits SA v International Foodstuffs* 2014 (1) SA 492 (SCA) para 14.
- 125 *Beecham Group Plc v Triomed (Pty) Ltd* 2003 (3) SA 639 (SCA) para 15.
- 126 *Societe des Produits SA v Cadbury UK Ltd* [2015] CJEU para 67.
- 127 *Societe Des Produits SA v Cadbury UK Ltd* [2016] EWHC 50 (Ch) para 68.
-