

THE KIT KAT CONUNDRUM: DIFFICULTIES IN OBTAINING TRADEMARKS FOR SHAPES AND CONTAINERS

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Traditionally, obtaining trademark protection for shapes and containers has been difficult. Yet, in the United States, under trade dress law developed in the courts and through legislative enactments, it has become easier for companies to protect their products' shapes and containers. While the laws in the United States have allowed for companies such as Coca Cola to obtain trademark protection for their products like their uniquely shaped bottle design, European law continues to have additional, complex barriers preventing companies from obtaining such protection. Known as the "absolute grounds for refusal," these barriers make obtaining protection for shapes and containers impractical. But these absolute grounds for refusal are not the only way courts in Europe prevent such protection. In Société des Produits Nestlé SA v. Cadbury UK Ltd., the European Court of Justice actually loosened the applicability of the absolute grounds for refusal, but still determined that Nestlé could not obtain trademark protection for its uniquely-shaped Kit Kat bar. This note compares the laws between the United States and Europe, and evaluates practical means for enabling companies to obtain protection for their shapes, through amendments in the legislative enactments by the Council of the European Union in the Trademark Directives and Community Trademark Regulations, changes in the current applicability of Madrid Protocol creating a "thin-protection" for foreign marks, and adoptions of corporate policies that would enable companies to better pursue trademark protection for their shapes and containers abroad.

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I. INTRODUCTION

A. What Does it Take to Create a Product for Which You Can Obtain a Trademark Solely for its Shape and Container?

Imagine creating a product, something you are passionate about, that you feel will give joy to thousands, if not millions of people. Say it's a candy bar—coated in toffee, roughly six inches long by two inches wide, in a serpentine or winding shape, filled with liquid chocolate—and you name it the Chocolate River Bar. The Chocolate River Bar, although not a wholly new idea, is filled with the essence of your creativity and hard work. You design your candy bar to satisfy the appetite of the market, and while doing so, you make some creative decisions on that product's look, feel, texture, and even sound when people bite into it.

After creating the Chocolate River Bar, you create a company and start making and distributing it. You start off small, distributing to your local community, but before long you have grown into a nation-wide brand. You start shipping the Chocolate River Bar to convenience stores

across the country, and soon, competitors take notice. Before any other companies begin producing a look-alike product, you decide to protect your brand by trademarking it.

At first, you only consider applying for a trademark in the United States, but with the rapid expansion of the Internet, you consider the possibility of it becoming an international sensation. After all, with social media growing into a multinational corporation has never been easier. Before filing, you decide to do your due diligence and see whether or not you can get that trademark protection for your product abroad. You might easily obtain a trademark for your company logo, but what about a trademark only for the shape? Can you obtain protection for a product's shape alone, without any indicating marks?

B. Real World Example: Nestlé's Kit Kat Bar

In 2010, Nestlé attempted to gain protection for the shape of Kit Kat candy bars, arguing that over the eighty years since the chocolate bar was rolled out its finger-styled, piano-key shape and “snap” function had become distinctively associated with Kit Kats.¹ The unique shaped bar is comprised of four piano-key-like fingers, connected between them with a small bridge of chocolate and wafer designed to be snapped apart.² In its argument to the court, Nestlé introduced a street survey of 500 respondents from eighteen locations around the United Kingdom in March and April 2012, where participants were shown a picture of the mark and 90% of them mentioned Kit Kat in response to those opinions.³

The U.K. Trade Marks Registry ultimately turned down Nestlé's application to protect the shape of the chocolate bar in 2013, as a result

1. Esther Addley, *Nestlé Left with Four-Fingered Problem in Quest for Kit Kat Trademark*, THE GUARDIAN (June 11, 2015, 2:44 PM), <http://www.theguardian.com/business/2015/jun/11/nestle-kitkat-trademark-eu-law-shape>.

2. This snap sound led to the coined phrase “break me off a piece of that Kit-Kat-bar,” which is one of the biggest indicators of the product. That phrase itself is a trademark that is entitled to protection, but in attempting to obtain protection for the shape alone, it cannot be included as a part of the distinctiveness argument.

3. Société des Produits Nestlé SA v. Cadbury UK Ltd. [2014] EWHC (Ch) 16 [22–24] (Eng.); David Rose & Nina O'Sullivan, *Is the Shape of a Kit Kat Registrable as a Trade Mark? High Court Refers Questions to the Court of Justice*, KWM (June 23, 2015), <http://www.kwm.com/en/uk/knowledge/insights/is-the-shape-of-a-kit-kat-registrable-as-a-trade-mark-20140128>; Addley, *supra* note 1.

of opposition from the Mondelez subsidiary, Cadbury.⁴ In June of 2015, a decision by the advocate general of the European Court of Justice stated that Nestlé's attempt to trademark the Kit Kat shape in the United Kingdom did not comply with EU law.⁵ In response to the opinion by the advocate general, the selected official whose duty is to advise the courts on the law with impartial decisions, Iaian Connor, an intellectual property attorney, stated that "[d]espite the fact that consumers know a Kit Kat when they see one, the advocate general has said that the court needs to see evidence of a level of acquired distinctiveness way beyond mere recognition."⁶ He further stated that the decision is consistent with the court's prior decisions to refuse trademark protection for Lego bricks.⁷ Simon Malynicz, the attorney for Nestlé, argued that it was "not a serious case about monopolizing shapes at all[,] but rather a candy bar that is "highly recognizable and much loved in the U.K."⁸

The European Court of Justice followed the opinion of the advocate general when in September 2015 it "ruled that the KitKat's shape was not distinctive enough for consumers to associate it with the chocolate covered wafer."⁹ Nestlé asserted "that even without the red and white packaging or the word KitKat" stamped into the bars, its shape alone deserved trademark protection.¹⁰ While the court ruled against Nestlé, it seemed to slightly loosen the interpretation of the absolute grounds for

4. Addley, *supra* note 1.

5. *Id.*

6. Julia Kollwe, *Copycat Kit Kat on Cards as European Court of Justice Rejects Trademark Bid*, THE GUARDIAN (June 11, 2015, 10:08 AM) (internal quotations omitted), <http://www.theguardian.com/business/2015/jun/11/no-legal-bar-copycat-kitkats-european-court-justice-nestle-cadbury>.

7. *Id.*

8. Stephanie Bodoni, *Cadbury Clashes with Nestle in Bar Brawl at EU's Top Court*, BLOOMBERG TECHNOLOGY (Apr. 30, 2015, 11:02 AM), <http://www.bloomberg.com/news/articles/2015-04-30/cadbury-clashes-with-nestle-in-bar-brawl-at-eu-s-top-court> (quoting Nestlé's lawyer Simon Malynicz statement to EU judges).

9. Sean Farrell, *Kit Kat Goes Unprotected as European Court Rejects Trademark Case*, THE GUARDIAN (Sept. 16, 2015, 10:28 AM), <http://www.theguardian.com/business/2015/sep/16/kit-kat-unprotected-european-court-rejects-trademark-case>.

10. *Id.*

refusal.¹¹ The court's decision turned on the lack of evidence showing that the bars were distinctive enough, rather than whether all of the bar's features fell within one of the three categories listed for absolute grounds for refusal.¹²

C. Introduction to the Issue

A current issue in international trademark law is whether products' shapes and designs are entitled to trademark protection. In the United States, shapes and containers can obtain trademark protection under trade dress law if they are distinctive enough and aren't merely functional.¹³ However, in Europe the historical trend has been to reject trademarks for any and all shapes (exclusively of other indicating marks), no matter how distinctive or non-functional the mark is.¹⁴ In European Law, trademarks are subject to absolute grounds for refusal under Article 7(1) of the Community Trade Mark Regulation (hereinafter "CTM Regulation") as well as under Article 3(1) of the Trade Mark Directive (hereinafter "TM Directive").¹⁵

11. The European Union will absolutely refuse to award a trademark to signs which consist exclusively of (i) the shape which results from the nature of the goods themselves; (ii) the shape which is necessary to obtain a technical result; and (iii) the shape which gives substantial value to the goods. Council Regulation 207/2009, art. 7(1)(e)(i)–(iii), Regulations on the Community Trade Mark, 2009 O.J. (L 78) 1, 3 (EC) [hereinafter CTM Regulation];

12. *Société des Produits Nestlé SA v. Cadbury UK Ltd.*, [2015] E.C.R. C-215/14 (Sept. 16, 2015). Although the CJEU ruled against Nestlé based on distinctiveness, the court did answer questions posed to it by the lower courts regarding the interpretation of those clauses. Primarily, the court determined that all features of a product's shape or design must fall completely under one of the grounds for absolute refusal. *Id.* Additionally, the court determined that the second ground for absolute refusal cannot be read to interpret the process in which a product is manufactured, but is limited to the product's features that exist upon creation. *Id.*

13. ABA SECTION OF INTELLECTUAL PROPERTY, WHAT IS A TRADEMARK? 8 (2009) [hereinafter WHAT IS A TRADEMARK?].

14. David Vaver, *Recent Trends in European Trademark Law: Of Shape, Senses and Sensation*, 95 TRADEMARK REP. 895, 905–06 (2005). But "although in theory such marks are not subjected to stricter criteria than traditional marks, in practice registration is tougher." *Id.* at 906.

15. International Trademark Association, *Annual Review of EU Trademark Law*, 105 TRADEMARK REP. 475, 492 (2015). The CTM Regulation governs the EU-wide trademark policies, while the TM Directive helps harmonize or consolidate the national

Article 1 of the CTM Regulation states that “a trade mark for goods or services which is registered . . . is . . . referred to as a Community trade mark,” also referred to as a CTM, and “[a] community trade mark shall have a unitary character,” meaning that it will be equally enforced or applied in all member states.¹⁶ Further, “[t]he absolute grounds for the refusal of trademark applications that *must* be applied by the national trademark authorities of EU Member States are set out in Article 3(1) of the TM Directive.”¹⁷ Those marks that are subject to absolute grounds of refusal are those “which consist *exclusively* of: (1) the shape which results from the nature of the goods themselves; (2) the shape of goods which is necessary to obtain a technical result; or (3) the shape which gives substantial value to the goods.”¹⁸

However, Article 4 of the CTM Regulation states that “[a] Community trade mark may consist of any signs . . . including . . . the shape of goods or of their packaging.”¹⁹ This language allows for companies to combine multiple aspects and features of a product into their application of their mark. There is no better example than that of the Kit Kat shape as noted above. As a result of the recent back-and-forth battles between Mondelez-owned Cadbury and Nestlé-owned Kit Kat, the protection of the four-bar shaped chocolate candy has been reviewed and rejected in Europe as a stand-alone mark.²⁰ But this language allows for companies like Nestlé to obtain diverse, multi-faceted marks that go beyond the mere shape of an object, such as incorporating a logo or words in addition to the shape, so the entire entity can obtain protection.

policies of EU member states. *Id.* The two cover many of the same sections, but they ultimately serve different functions inasmuch that they are aimed at different jurisdictions. *Id.* The two pieces of legislation were passed less than six months apart. *Id.* The TM Directive came first to harmonize the laws, and the CTM Regulations came second to re-solidify the regional standards. *Id.*

16. Council Regulation 90/94, art. 1, 1993 O.J. (L 11) 1, 2 (EC).

17. International Trademark Association, *supra* note 15, at 492.

18. CTM Regulation, *supra* note 11; Council Directive 2008/95, 2008 O.J. (L 299) 25, 26–27 (EC) [hereinafter TM Directive].

19. CTM Regulation, *supra* note 11, art. 4.

20. Société des Produits Nestlé SA v. Cadbury UK Ltd., [2015] E.C.R. C-215/14 (Sept. 16, 2015). While the shape of the bar was not enough to obtain a trademark on its own, it was not a result of the absolute grounds of refusal, as might be expected.

D. Roadmap

This note will address the ability of a registered U.S. trademark, for a shape or container, to receive protection in the European Union, and how that U.S. trademark can receive this protection in the European Union, which generally does not permit trademarks for shapes and containers exclusively. The European Union generally does not permit trademarks for shapes and containers exclusively. This note will address how a registered U.S. trademark for a shape or container can receive trademark protection in the European Union. Section II of this note will discuss the background of trademark and trade dress law, including filing for protection in the U.S. and Europe. Section III will cover more specifically trademark law for shapes and containers, including the current standard in Europe taken from the Kit Kat case, the impact on the market, and how the Brexit may impact the law in the future. Section IV will cover three proposed solutions to address this issue: first, policy reform in Europe on the interpretation of the absolute grounds for refusal of shapes and containers; second, amendments to the Madrid Protocol to enable thin protection for typically unprotected marks in non-basic registrations; and third, corporate policy that will enable a company to have the best opportunity to gain protection in European nations for shape and container marks.

II. TRADEMARK LAW

The first concern with acquiring trademark protection is the filing process: knowing what can and cannot be protected, the different types of protections available, and how to go about obtaining that protection. Trademark protection is available in the United States for traditional marks, such as words, symbols, or slogans; non-traditional marks, such as sounds, colors, or smells; and trade dress, including designs for shapes and containers such as the Coca-Cola bottle.²¹

21. WHAT IS A TRADEMARK?, *supra* note 13, at 7–8. Other such popular trademarks include Nike’s swoosh and the phrase “Just do it,” the McDonald arches, and the Apple insignia on Apple products, amongst many others. *Id.* The core idea behind trademarks is to allow consumers to identify a product’s source, and while for some products this is extremely easy, for others it is extremely difficult, and they must rely on multiple compounds of trademarks, including non-traditional marks. *Id.* at 6. This paper

In the United States, trademarks are applied for and registered with the United States Patent and Trademark Office (hereinafter “USPTO”). The following sections discuss how trademarks created in the United States are defined, classified, and protected. Further, it will take a look at how United States trademark owners should begin to think about international access to trademark protection.

An important distinction to make is that between trademark and trade dress, as well as the relationship between trademark and trade dress. This section will explain the overlaps and differences between the two, what qualifies for protection and what does not, and how protection in the United States is assigned to both.

A. Distinguishing between Trade Marks and Trade Dress

i. Defining Trademarks & Their Characteristics

In the United States, trademark law is governed by the Trademark Act of 1946, also known as the Lanham Act.²² Trademark, as defined by the Act, “includes any word, name, symbol or device or any combination thereof[] [used] . . . to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods.”²³ Trademarks do not include “trade names” which allow consumers to identify businesses as opposed to products.²⁴

a. Degrees of Distinctiveness

To qualify for a trademark in the United States, “trademark[s] must be distinctive,” meaning they must be “recognizable as a [trade]mark.”²⁵ Distinctiveness of a trademark serves to distinguish the mark based on special qualities or features, including style, design, or fashion.²⁶ It is

will examine those difficulties, and ways to better protect consumers and the corporations.

22. WHAT IS A TRADEMARK?, *supra* note 13, at 5.

23. *Id.*; Lanham Act of 1946 § 45, 15 U.S.C. § 1127 (2014).

24. WHAT IS A TRADEMARK?, *supra* note 13, at 6.

25. *Id.*

26. *Id.* at 6–7.

broken down into several categories, ranging from arbitrary or fanciful (the most distinctive) to generic (the least distinctive).²⁷ On the spectrum between arbitrary to generic are suggestive marks and descriptive marks.²⁸ Arbitrary or fanciful marks are inherently distinctive because they bear no relationship between the mark and the goods, yet they still distinguish their product from another.²⁹ The difference between fanciful and arbitrary marks is a matter of relativity—fanciful marks are usually composed of “coined words” that relate to the product, but arbitrary marks have no relation to the goods.³⁰ Examples of “fanciful marks [would] include Clorox, Kodak, [or] Polaroid[;]” meanwhile examples of “[a]rbitrary marks [might] include Apple for computers or Grey Goose for vodka.”³¹

Suggestive marks include some quality or characteristic of the product, but some imagination or an inferential step is required to identify the goods.³² Suggestive marks are also inherently distinctive because they are readily recognizable by consumers as an indicator of the source of a product.³³ Some examples of suggestive marks include Jaguar for cars—implying their fast and luxurious features—and Explorer for an internet search engine—implying the ability and capability of searching for and discovering new things.³⁴ Trademarks that are “merely descriptive . . . identif[y] a characteristic, quality, purpose or some other aspect of a product or service.”³⁵ A mark that is “merely descriptive” *can* be deemed distinctive, and thereby receive protection, if evidence can be provided that the trademark allows for consumers to identify or associate

27. *Id.* These categories sit on a spectrum or scale allowing marks to transition from a high level of distinctiveness to no distinctiveness at all. Because it is a spectrum or a scale, rather than a hard-lined test with clear determinations, each mark must be assessed individually, which often creates disputes in the interpretation of its distinctiveness. For an illustration of this exercise, see *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4, 9 (2d Cir. 1976).

28. WHAT IS A TRADEMARK?, *supra* note 13, at 6.

29. *Id.*

30. *Id.*

31. *Id.* at 6–7 (emphasis omitted); *see, e.g., Polaroid Corp. v. Polaroid, Inc.*, 319 F.2d 830 (7th Cir. 1963); *Eastman Kodak Co. v. Rakow*, 739 F. Supp. 116 (W.D.N.Y. 1989); *Clorox Chem. Co. v. Chorit Mfg. Corp.*, 25 F. Supp. 702 (E.D.N.Y. 1938).

32. WHAT IS A TRADEMARK?, *supra* note 13, at 7.

33. *Id.*

34. *Id.* at 6.

35. *Id.*

its product with a single, particular source.³⁶ Consumers must be able to specifically identify the mark with its source for the mark to have any weight; it cannot merely create a question of recalling or familiarity with the product.³⁷ This form of identification or association is known as “secondary meaning.”³⁸ Secondary meaning or acquired distinctiveness reflects consumers’ past actions of identifying the broader, more general trademark with its particular source, even though it could possibly be applied generally. Courts have allowed evidence of “exclusive and continuous use of the mark in commerce by the applicant for five years[,]” to suffice for distinctiveness unless proven otherwise.³⁹ This would require use in commerce, including product labeling or some form of advertising campaign.

Terms that are generic, and thereby do not qualify as trademarks, are those that are “used by the public to identify a category of goods, such as ‘beer,’ ‘shoes,’ or ‘automobile,’ to which a particular product belongs.”⁴⁰ However, “[a] term which [may be] generic for one product can be arbitrary [if] applied to [some] other” type of product, such as using the term “trumpet” to designate a “type of musical instrument.”⁴¹ But a mark that is not initially deemed to be generic can become that way if consumers come to identify that mark as the generic name for a type of product.⁴²

36. *Id.* at 7.

37. *See id.* This aspect goes towards consumer protection—it forces companies to build their product’s brand so that it is easily identifiable in the eyes of the consumer. Products that require consumers to try to recall the source can obtain some protection, but the goal is to have a trademark that immediately draws the consumers’ thoughts towards the producer, such as when people hear the McDonald’s “I’m lovin’ it” jingle.

38. *Id.* Secondary meaning is also referred to as “acquired distinctiveness.”

39. *Id.*; Lanham Act § 2(f), 15 U.S.C. § 1052(f). “Marks found to be descriptive include CHAPSTICK lip balm, RAISIN-BRAN breakfast cereal and VISION CENTER for a business offering optical goods and services.” WHAT IS A TRADEMARK?, *supra* note 13, at 7.

40. WHAT IS A TRADEMARK?, *supra* note 13, at 7.

41. *Id.*

42. *Id.* “Marks that have become generic include ‘aspirin,’ ‘cellophane,’ and ‘escalator.’” *Id.*; *see* Bayer Co. v. United Drug Co., 272 F. 505 (S.D.N.Y. 1921); DuPont Cellophane Co. v. Waxed Prod. Co., 85 F.2d 75 (2d Cir. 1936); Haughton Elev. Co. v. Seeberger, 85 U.S.P.Q. 80 (Comm’r Pats. 1950).

b. *Appropriate Subject Matter*

In the United States, trademarks can be composed of nearly anything. “Letters and numbers may be used as marks[, such as) ABC, CBS, [or] NBC, . . . [including] [a]lphanumeric combinations such as V-8 . . . and 7-Eleven.”⁴³ Additionally, slogans often function as trademarks, such as “ZOOM-ZOOM” (Mazda) or “DON’T LEAVE HOME WITHOUT IT” (American Express).⁴⁴ Other marks, often referred to as non-traditional marks, include colors (or a combination of colors), musical notes and sounds, as well as scents.⁴⁵ Colors may only receive trademark protection if the mark owners have shown secondary meaning.⁴⁶ An example of a color that has received trademark protection in the United States is Cadbury Purple for the use of chocolate wrappers and chocolate-related products.⁴⁷

Another area of trademark law is “trade dress,” which covers a product’s features.⁴⁸ Those features, which can include “shape, texture, size, color, and packaging, may . . . be protected if” they do not serve a functional purpose.⁴⁹ Further, “[a] feature is functional if it is necessary to a product’s utility, or affects its cost and/or method of manufacture.”⁵⁰ But if a product owner can show that other, different features can perform the same actions, without giving up a functional advantage, it

43. WHAT IS A TRADEMARK?, *supra* note 13, at 8.

44. *Id.*

45. *Id.*

46. *Id.*; see also *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159 (1995). Another good example of a color trademark is the Tiffany Blue used by Tiffany & Co. See *Color Branding & Trademark Rights*, COLOR MATTERS, <http://www.colormatters.com/color-and-marketing/color-branding-legal-rights> (last visited Mar. 15, 2016). As noted above, secondary meaning reflects the consumers’ ability to identify a broad trademark to its particular, specific source.

47. *Color Branding & Trademark Rights*, *supra* note 46. However, Cadbury’s trademark for the color Purple was challenged by Nestle in the United Kingdom’s Court of Appeal in 2014, where the court discredited the trademark. *Trends in the Trademarks Legal Marketplace 2016*, WHO’S WHO LEGAL (Aug. 2016), <http://whoswholegal.com/news/analysis/article/33163/trends-trademarks-legal-marketplace-2016/>.

48. WHAT IS A TRADEMARK?, *supra* note 13, at 8.

49. *Id.*

50. *Id.*

may be considered non-functional.⁵¹ An example of a functional aspect of trade dress is the shape of a bottle—Coca Cola, for example, has had its trademark for its container since 1960.⁵²

ii. Trade Dress Law

“Trade dress refers to the [entire] image of a product . . . with a combination of [various] features [such] as size, shape, color, . . . texture, [or] graphics”⁵³ Additionally, “[p]roduct design, a subcategory of trade dress, refers to the shape and appearance of a product”⁵⁴ If these features are distinctive and intended to serve as a mark, then they will be treated as such and can be registered with the USPTO.⁵⁵ Examples of trade dress include the design of bottles for Absolut vodka, the yellow Kodak cameras and film containers (as opposed to Fuji’s green), and the various features of Hard Rock Café restaurants.⁵⁶

a. Origins of Trade Dress Law

Protection under trade dress has a long history in American common law; over a hundred years ago courts held “that a manufacturer of a product for public consumption or use ‘must see to it that its product is

51. *Id.*

52. Sue A. Purvis, *What Every Small and Medium Sized Business Should Know About Intellectual Property: Myths, Mysteries, Mistakes – Debunked, Unveiled, Corrected*, USPTO (Feb. 25, 2013), <http://www.uspto.gov/sites/default/files/about/offices/ous/121205.pdf>. The specific shape of the bottle could be used to serve the functional aspect, and because it can be changed with the fact the shape has become synonymous with the Coca Cola product has earned the shape trademark protection. *Id.* However, the European Union’s General Court rejected Coca-Cola’s bid to register its modern bottle shape as a trademark throughout Europe because it was unable to prove its “distinctive characteristic.” *Trends in the Trademarks Legal Marketplace*, *supra* note 47.

53. STEPHEN ELIAS & RICHARD STIM, *TRADEMARK: LEGAL CARE FOR YOUR BUSINESS & PRODUCT NAME* 42 (Richard Stim ed., 9th ed. 2010).

54. *Id.*

55. *Id.* at 42–43.

56. *Id.* at 43. There have been disputes over trade dress of restaurants being adequately distinctive to identify its particular source, and the Supreme Court has determined such trade dress can be sufficient under certain circumstances. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992).

not dressed in the clothes of another.”⁵⁷ The underlying purpose of this protection was to prevent commercial piracy where distributors would “palm off” their products as those of another —meaning they would try to sell their goods in disguise of their competitors, like a commercial Trojan horse.⁵⁸ Further, courts realized that competitors could deceive and confuse the public by the form of packaging or shape of the container used, rather than just copying the brand name or label.⁵⁹ In passing Section 43(a) of the United States Trademark Act of 1946 (the “Lanham Act”), now referred to as U.S.C. § 1125(a) (section 1125(a) of the United States Code), Congress created federal law that has since served as the primary form of trade dress protection.⁶⁰ However, the original language of the statute did not include the term “trade dress” or any related terminology, but the language was rewritten in the Trademark Law Revision Act of 1988 to extend statutory protection for “devices” demonstrating Congress’s understanding of the courts’ broad application.⁶¹

b. Requirements of Trade Dress

Whether a product’s trade dress qualifies for protection as a trademark depends on a few basic factors, including: is the design distinctive (either inherent or acquired) and is it functional.⁶² If the answer is yes for both or no for both, then the product shape and design will not likely receive trademark protection. The trade dress needs to be distinctive but not

57. GLENN MITCHELL, STEVEN J. WADYKA, JR., HARA K. JACOBS & MELISSA L. LEE, *U.S. TRADE DRESS LAW: A PRIMER FOR THE NEW MILLENNIUM* 5 (2002) (quoting *Charles E. Hires Co. v. Consumers’ Co.*, 100 F. 809, 814 (7th Cir. 1900)).

58. *Id.* This area of law is often referred to as unfair competition, and it is a correlated area to trademark law. Often times, trademark owners will bring infringement claims in addition to their unfair competition claims. While the companies are doing this to protect themselves, they are also providing a public service by protecting consumers from fraudulently marked products.

59. *Id.*

60. *Id.* at 5–6. However, 15 U.S.C. § 1125(a) was limited on constitutional grounds regarding a person’s image or likeness. *Brown v. Elec. Arts, Inc.*, 724 F.3d 1235 (9th Cir. 2013).

61. MITCHELL, WADYKA, JR., JACOBS & LEE, *supra* note 57, at 6.

62. *Id.* at 7. These two characteristics along with a likelihood of confusion are required for proving trade dress infringement. *Id.*

functional, unless the functionality can be shown to be readily replaceable by another aspect without creating a detriment to the product— such as changing the contour shape of a bottle.⁶³

1. Trade Dress Distinctiveness

As with general trademarks, some trade dress may be distinct merely on the basis of its own features.⁶⁴ This would be inherent distinctiveness, and the Supreme Court has found that certain features of trade dress can obtain this status.⁶⁵ However, product designs are not considered inherently distinctive, and can only acquire protection if they obtain distinctiveness through secondary meaning – more specifically through sales and advertising.⁶⁶ As previously noted, product designs acquire secondary meaning through consumers' ability to identify a more general mark with its particular source.⁶⁷

Secondary meaning is evidence that the public identifies a mark with a single, particular source —most frequently in the form of advertising, promotion, and sales.⁶⁸ As noted, product designs are not able to be “considered inherently distinctive because customers would have no way of associating the trade dress with the underlying products or services, or their source, without becoming familiar with them over time.”⁶⁹ In these cases, evidence of secondary meaning is essential in proving that consumers have learned to identify the product with its source.⁷⁰

63. WHAT IS A TRADEMARK?, *supra* note 13, at 8.

64. ELIAS & STIM, *supra* note 53, at 44.

65. *Id.*; see also *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992).

66. ELIAS & STIM, *supra* note 53, at 44; see also *Wal-Mart Stores, Inc. v. Samara Brothers, Inc.*, 120 S. Ct. 1339 (2000).

67. See *supra* note 38.

68. ELIAS & STIM, *supra* note 53, at 44.

69. *Id.* at 44–45.

70. *Id.* at 44. Companies may spend millions of dollars on creating secondary meaning, even if there is a chance their product will be determined inherently distinctive. This would be a safety net when they apply for and seek to protect their trademarks. Losing such cases can be extremely costly, both financially and for the company's brand and good will. Companies often spend years building their brand and good will, and to lose out on their product's identity for lack of distinctiveness would mean years of work went directly down the drain. Should their trademarks be deemed to not have inherent distinctiveness, they would need to rely on their ability to create secondary meaning in the eyes of their consumers.

However, proof of a large-scale and costly advertising campaign is not sufficient alone to prove secondary meaning.⁷¹ The most sufficient way to prove that a product design has earned secondary meaning is to demonstrate the product's success in educating the public to identify the mark with the product's source.⁷² This is often proven through evidence of market research studies taken of groups of consumers that may have come into contact with the product or mark itself.⁷³ Often, such studies will present various products or marks to the groups and ask them if they recognize or can identify its source.⁷⁴

2. Trade Dress Functionality

Features of a product design cannot serve a functional purpose unless that purpose is to distinguish the product in the marketplace.⁷⁵ This concept is often complicated to grasp because nearly all product features serve some utilitarian function, such as a uniquely shaped bottle holding the bottle's product or the shape of a candy bar being generally rectangular.⁷⁶ But a product's features are not prohibitive in obtaining a trademark if their non-functional aspects are not essential for the

71. *In re Boston Beer Co. L.P.*, 198 F.3d 1370, 1373–74 (Fed. Cir. 1999).

72. *Establishing Distinctiveness by Actual Evidence*, 1200 TMEP 1212.06, BITLAW (manual updated Oct. 2015), http://www.bitlaw.com/source/tmep/1212_06.html.

73. See, e.g. *King-Seeley Thermos Co. v. Aladdin Industries, Inc.*, 321 F.2d 577 (2d Cir. 1963) (noting that the word “thermos” became a synonym for “vacuum-insulated,”); *E.I. DuPont de Nemours & Co. v. Yoshida International, Inc.*, 393 F. Supp. 502 (E.D.N.Y. 1975) (noting that DuPont ran a series of TEFLON certification programs and television advertisements in the 1960s to educate the consuming public about the non-stick finish on cookware products); *In re Country Music Association*, 100 U.S.P.Q.2d 1824 (T.T.A.B. 2011) (noting that the Country Music Association engaged in targeted advertising over a period of eight years in various media, including print, television, trade shows, promotional events, and email campaigns). An issue that can arise with these studies is who whether the person or group conducting the study can remain indifferent or objective as a result of who is funding the research. Companies funding the research may be inclined to tailor it to their own purpose of obtaining protection. In the Kit Kat case mentioned in Section I(B), they presented evidence from two studies that were conducted, but the court felt it lacked specificity regarding the public's perception of the mark alone, as well as how it was presented, i.e. the order that consumers were shown the various marks.

74. *See id.*

75. ELIAS & STIM, *supra* note 53, at 45.

76. *Id.* at 45–46.

product's underlying purpose.⁷⁷ If this is the case, "then the trade dress is considered non-functional in a legal sense."⁷⁸ For example, the curved shape of a Coca-Cola bottle is unique to its product, and allows for consumers to identify the product's source, but the bottle's function would be the same if it figured into a different shape because the shape of a bottle is functional inasmuch as it holds a liquid beverage. However, a feature of trade dress that is minimally functional is likely sufficient to prevent the product from obtaining trademark protection.⁷⁹

B. Filing and Obtaining Trademark or Trade Dress Protection

Trademark protection is based on commercial use of the mark subject to Congressional regulation under 15 U.S.C. § 1051.⁸⁰ This statute allows for the registration of trademarks on the Principal Register.⁸¹ Registration under Congressional regulation does not create a trademark, but it does offer several advantages.⁸²

i. Overview of Federal Registration

"If a mark is [either] inherently distinctive . . . or has . . . acquired secondary meaning, it can be registered on the Principal Register."⁸³ The Principal Register is the primary register which provides more benefits of registering than the Supplemental Register, and it serves as initial evidence that (1) the mark is valid, (2) the person or entity who registered the mark has the exclusive right to use it, and (3) the person or

77. *Id.* at 46.

78. *Id.*

79. *Id.* (explaining that "the blue dot on Sylvania flashcubes was . . . too functional to qualify for separate trademark status, because it served the utilitarian purpose of indicating when a bulb was used").

80. WHAT IS A TRADEMARK?, *supra* note 13, at 8 (citing 15 U.S.C. § 1051).

81. 15 U.S.C. § 1051(a) (2016). If marks are not inherently distinctive, they may be placed on the Supplemental Register until they have shown secondary meaning or acquired distinctiveness at which time they shall be placed on the Principal Register. ELIAS & STIM, *supra* note 53, at 34.

82. WHAT IS A TRADEMARK?, *supra* note 13, at 8.

83. *Id.* at 8–9.

entity has ownership of the mark.⁸⁴ After five years on the Principal Register a mark may become “incontestable” if the appropriate paperwork is filed.⁸⁵ Further, if the mark is incontestable, the registration serves as “conclusive evidence of validity and ownership of the mark, and may only be canceled” for a few, limited reasons.⁸⁶

ii. How to Obtain a Federal Registration

There are four steps when applying for federal registration. First, an applicant must gather the necessary information, such as when the mark was first used anywhere, when the mark was first used in commerce that Congress regulates (such as interstate commerce), and an example showing how the mark is used.⁸⁷ This information will be used to supplement the application for registration.⁸⁸ Second, an applicant must complete the application for the mark; third, the applicant must file the application with USPTO along with the example of how the mark is actually used and the requisite fee.⁸⁹ Finally, an applicant may have to modify the application pursuant to the examiner’s comments.⁹⁰ Examiner’s comments may include concerns about a likelihood of confusion with other marks, lack of descriptiveness, or concerns with functionality of one of the features of the mark.⁹¹ Additionally, an applicant may register marks that are not currently in use if the applicant wishes to use the mark in the future on an “intent-to-use” basis.⁹²

84. *Id.* at 9 (citing 15 U.S.C. §§ 1057(b), 1115(a), 1072; Lanham Act §§ 7(b), 33(a), 22).

85. *Id.*

86. *Id.* Reasons for cancellation include the mark becoming generic or “fraud in obtaining the registration.” *Id.* (citing 15 U.S.C. §§ 1065, 1115(b); Lanham Act §§ 15, 33(b)).

87. *Id.*; ELIAS & STIM, *supra* note 53, at 189–90.

88. WHAT IS A TRADEMARK?, *supra* note 22, at 9.

89. ELIAS & STIM, *supra* note 53, at 189–90.

90. See Wayne Carroll, *Trademark Office Action: How to Respond*, HOWCONCEPTUAL, <http://howconceptual.com/trademark-office-action/> (last visited Feb. 10, 2016) (explaining how an applicant’s amendments or responses to an examiner’s comments will become part of the legal record that can be used in arguments for or against a mark if it is challenged).

91. *Id.*

92. ELIAS & STIM, *supra* note 53, at 194–95.

iii. What is Required for Registration?

“[A] mark qualifies for placement on the Principal Register if[] the [US]PTO considers the mark [either inherently] distinctive” or to have acquired secondary meaning, “[t]he mark does not . . . conflict with an existing registered mark[;] the mark is in actual use[;] [i]ts use is in commerce that Congress may regulate[,] . . . [and it] is not scandalous, immoral, or deceptive.”⁹³ Distinctiveness and secondary meaning are addressed above; scandalous, immoral, and deceptive marks are those determined to be shocking or offensive or deserving of condemnation.⁹⁴ The sections below address use—actual use in commerce regulated by Congress, as well as intent to use.

a. Proof of Actual Use in Commerce

To get a mark placed on the Federal Register, a mark must be in actual use.⁹⁵ ‘In use’ means that the mark is being employed in the market to represent or distinguish goods or services for consumer recognition.⁹⁶ “For [tangible] products [], . . . mark[s are] in use if the mark appears on the goods or on labels [and] tags attached to them[; additionally], the goods have either been sold or been shipped to a store for resale.”⁹⁷ However, “[e]ven if [a] mark is in actual use, it [may not] qualify for federal” trademark protection.⁹⁸ The mark must be in use “in commerce that Congress may regulate[,]” which includes interstate, international, or inter-territorial commerce.⁹⁹

93. *Id.* at 189.

94. Daniel A. Tysver, *Trademark Manual of Examining Procedure 1203.01: Immoral or Scandalous Matter*, BITLAW, http://www.bitlaw.com/source/tmep/1203_01.html (last visited Mar. 15, 2016) (the former Court of Customs and Patent appeals relied on dictionary definitions to explain what scandalous, immoral, and deceptive marks are, and courts have taken turns identifying and classifying marks that would fall into this category).

95. ELIAS & STIM, *supra* note 53, at 190.

96. *Id.*

97. *Id.* Selling a sample of the product only for the purpose obtaining trademark registration does not apply. *Id.*

98. *Id.* at 191.

99. *Id.* at 189, 191.

To prove that a product is in use in commerce that Congress may regulate, a registrant must ship a product with the mark attached across state lines or between a state and territory or between two territories; “ship [the] product [with] the mark . . . between a state or territory and another country[;] . . . or use the mark in a business that is regulated by the federal government.”¹⁰⁰ An example would be selling candy bars made and distributed in Michigan across state lines to Ohio, across the border to Canada, or even shipping them to Puerto Rico. Although the commerce requirement is essential to getting on the Federal Register, examiners rarely review this factor.¹⁰¹ Therefore, a mark may not be rejected for failing to meet this requirement, but it would be necessary in defending the mark.¹⁰² If an opponent to the mark challenged this factor, evidence of interstate or international contracts dated and signed would serve as strong evidence that the product was distributed into commerce that Congress would regulate.

b. Intent to Use

A mark that is not yet in actual use can obtain registration if the registrant “file[s] an application on the grounds that [he] intend[s] to use it within six months of the date” of approval.¹⁰³ If the registrant is unable to put the mark into actual use within six months, he can obtain additional six-month extensions for up to three years if the USPTO finds the reason for delay to be legitimate.¹⁰⁴ An example of a legitimate delay would be delays in supplies or production as a result of third party issues.¹⁰⁵ The filing of an intent-to-use application serves as the first use of the mark, as long as the mark is eventually put into actual use, and is beneficial if a conflict arises with another mark.¹⁰⁶

100. *Id.* at 191–92.

101. *Id.* at 193.

102. *Id.*

103. *Id.* at 194–95.

104. *Id.* at 195.

105. This is not a wholly inclusive or exclusive list of legitimate reasons for delay; the USPTO would likely look to all of the factors as to why the request was made and determine based on the purpose or intent behind the request whether or not the reason was legitimate or deceptive.

106. ELIAS & STIM, *supra* note, 53 at 195.

iii. Registering Trade Dress

As with traditional trademarks, “distinctive trade dress can be registered with the [US]PTO.”¹⁰⁷ Additional protection for registered trade dress will apply if there is “infringement of [the] trade dress[;]” however, infringement will only occur if there is a “likelihood of . . . confusion between the underlying goods . . . [and] their origins.”¹⁰⁸ A likelihood of confusion is where two packages are so similar when as to confuse consumers when they go to purchase goods.¹⁰⁹ An example would be if Pepsi altered the shape of its glass bottle to be more similar to Coca Cola’s classic glass bottle, and made their label red and white with the Coca-Cola styled script. If two different trade dress packages are similar in appearance, a likelihood of confusion may not exist if customers still have some way of identifying and differentiating the products and their origin.¹¹⁰

iv. How to Register Abroad

International law on trademarks varies nation to nation. Whether a mark will receive protection abroad will turn on whether you plan to market and sell the product in that nation, as well as the national (or regional) laws of that country.¹¹¹ Further, in deciding to apply abroad, it is useful to consider how your product will “fit into the international market.”¹¹² Some markets may already have a similar product, or certain aspects of the product may not fit into the culture. Examples include bringing alcohol products into primarily Muslim markets such as Pakistan, or bringing beef products into primarily Hindu markets such as India. Depending on a company’s philosophy, a registrant will either apply for registration in as many countries as possible (the expansive

107. *Id.* at 45.

108. *Id.*

109. *Likelihood of Confusion*, BITLAW (Oct. 2015 ed.), http://www.bitlaw.com/source/tmep/1207_01.html.

110. ELIAS & STIM, *supra* note 53, at 45. In the example of the soda bottle, if Pepsi still had distinguishing elements, such as blue in the label and a plain text script, and a more generic contour shape, it might rise beyond the level of a likelihood of confusion.

111. *Id.* at 355.

112. *Id.*

choice) or he will apply for registration only in a few select countries that will best suit the business's demand.¹¹³ For a U.S.-based company seeking trademark protection abroad, there are three ways to acquire foreign registration: under the Madrid Protocol, as a Community Trademark, or with separately filed registrations in each country.¹¹⁴

a. *The Madrid Protocol in the United States*

The Madrid Protocol—which was adopted by the United States in 2003—is an international system of trademark registration and management derived from an international agreement.¹¹⁵ The Madrid Protocol allows an applicant to file simultaneous registration applications in any of the member nations to the treaty.¹¹⁶ A nation must adopt and ratify the treaty to become member of the Madrid Union, and there are currently 98 members covering 114 countries.¹¹⁷ Administered by the World Intellectual Property Organization (WIPO), the Madrid Protocol is seen as a more efficient and less expensive route to international registration.¹¹⁸ For U.S. marks, the first step is to file with the USPTO, which is then referred to as the basic application or registration.¹¹⁹ Any additional nations for which a registrant wishes to apply is then referred to as an “extension of protection.”¹²⁰ Each country that the application is filed in will then determine if it will register the mark under its own laws;

113. *Id.*

114. *Id.* at 358.

115. *Id.* Member nations to the Madrid Protocol are referred to as members of the Madrid Union.

116. *Id.*

117. World Intellectual Property Organization, *Members of the Madrid Union*, WIPO (last updated Jan. 13, 2016), <http://www.wipo.int/madrid/en/members/>. The United States became a member nation in 2003. *Id.*

118. ELIAS & STIM, *supra* note 53, at 358. By international registration I mean registration filed for and protection obtained in a country other than the filer's home country. For example, international registration for Kit-Kat would be for any country other than Switzerland for Nestlé and any country other than the United States for Coca-Cola.

119. *Id.*

120. *Guide to the International Registration of Marks Under the Madrid Agreement and the Madrid Protocol*, WIPO, B.II.52 (last updated 2016), <http://www.wipo.int/export/sites/www/madrid/en/guide/pdf/partb2.pdf>.

however, rejection in one nation will not impact the main Madrid Protocol application.¹²¹

b. The Community Trademark

Community Trademarks are marks that are enforceable in all twenty-seven European Union-member countries.¹²² Applicants need only file a single application in one of the member countries.¹²³ However, if the mark is rejected by one member country, then individual applications must be filed with each remaining country in which protection is sought.¹²⁴ Protections under community trademarks are enforceable throughout the European Union, so only one lawsuit will need to be filed for infringement in multiple nations.¹²⁵ Community Trademarks are beneficial if the applicant plans to file in three or more European countries.¹²⁶

III. SHAPES AND CONTAINERS

This section reviews in further depth U.S. and European trademark law for shapes and containers. It also includes instances where U.S. trademarks were granted for certain shaped products, and similar instances where they were rejected in Europe. It illustrates the difficulty of obtaining international registration in Europe for a mark that would otherwise be protectable in the U.S.

121. ELIAS & STIM, *supra* note 53, at 358. The main application (including all outstanding applications) will only be cancelled if the basic registration is abandoned or declared invalid within five years of the international registration. *Id.*

122. *Id.* at 359. These countries include Austria, Belgium, the Netherlands, Luxembourg, Bulgaria, Cyprus, The Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

123. *Trade Marks in the European Union*, EUR. UNION INTELLECTUAL PROP. OFFICE, <https://euipo.europa.eu/ohimportal/en/trade-marks-in-the-european-union> (last visited Apr. 28, 2017).

124. ELIAS & STIM, *supra* note 53, at 359.

125. *Id.*

126. *Id.*

A. Trademark Law in the United States: Product Designs and Configurations

In reviewing U.S. trademark and trade dress law, courts have been encouraged to interpret the language of the Lanham Act loosely in regards to permitting shapes and containers to be registered as marks.¹²⁷ “In the 1946 Lanham Act, Section 23(c), Congress recognized that a ‘configuration of goods’ [or product designs] could serve as a trademark for purposes of registration on the Supplemental Register.”¹²⁸ Further, courts have since held that those configurations or product designs with acquired distinctiveness may be registered on the Principal Register like other traditional marks.¹²⁹ “[P]roduct designs’ or ‘configurations’ refers to the overall look of a product or of particular features of a product that are claimed to be distinctive. The label ‘trade dress’ has also been used to identify product configuration, as well as packaging, of a product.”¹³⁰ The Lanham Act was amended through the 1989 Trademark Revision Act to avoid precluding the use of a shape as a trademark.¹³¹

Following the revisions, the Supreme Court confirmed trademark protections for non-traditional marks. In *Two Pesos, Inc. v. Taco Cabana, Inc.*, the Court concluded that trade dress décor of a restaurant may be protected if it was inherently distinctive.¹³² However, the Court later determined in *Wal-Mart Stores v. Samara Brothers* “that product designs, [rather than]. . . product packaging . . . can never be considered inherently distinctive.”¹³³ Although the Court’s decision made it more difficult to acquire protection for product designs, it did solidify the

127. THOMAS P. ARDEN, PROTECTION OF NON-TRADITIONAL MARKS: TRADEMARK RIGHTS IN SOUNDS, SCENTS, COLORS, MOTIONS AND PRODUCT DESIGNS IN THE U.S. 6 (2000) (citing *Qualitex Co. v. Jacobson Products Co., Inc.*, 514 U.S. 159, 173 (1995)).

128. *Id.* at 3; 15 U.S.C. § 1091(c).

129. ARDEN, *supra* note 127, at 3.

130. *Id.* at 3 n.1.

131. *Id.* at 3–4 (citing *In re Clark*, 17 U.S.P.Q.2d 1238, 1240 n.5 (T.T.A.B. 1990)).

132. *Id.* at 4 (citing *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 765 (1992)).

133. *Id.* at 5 (referencing *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000)). Product designs include the actual shape of the product, such as the shape of a soda bottle, whereas product packaging includes the labeling, as well as the packages label, color, texture, and style.

concept that product designs are a protectable subject matter, although it required a showing of secondary meaning.¹³⁴

In *Qualitex Co. v. Jacobson Products Co., Inc.*, the Court explained that “[s]ince human beings might use as a ‘symbol’ or ‘device’ almost anything at all that is capable of carrying meaning, this language, read literally, is not restrictive.”¹³⁵ As a result of the statutory and judicial precedent, the USPTO has approved registration for a variety of product configurations, more specifically designs and shapes, including candy, fishing lures, the handle for pliers and wire cutters, and more.¹³⁶ Some of the candy marks that have been approved include the shape of lollipops,¹³⁷ chocolate chips,¹³⁸ candy bars,¹³⁹ and jelly beans.¹⁴⁰ Additionally, registration of candy allowed Nabisco to obtain a preliminary injunction for infringement of its Lifesavers candy.¹⁴¹

B. Trademark Law in Europe: Shapes, Configurations, and Containers

As noted above, European law makes obtaining a trademark for a shape or container difficult. In addition to succeeding on the distinctiveness issue, a mark for a shape or container must surpass a statutory threshold designed to limit what will be considered a mark.¹⁴² The statutory threshold of European trademarks serves as “absolute grounds” or as an ultimate motive or reasoning for rejecting a trademark.¹⁴³

134. *Id.*

135. *Id.* at 6 (quoting *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 162 (1995)). This decision clarified the notion that the law around nontraditional marks should be interpreted loosely and they should be granted protection more readily.

136. *Id.* at 7.

137. *Id.* at 178.

138. *Id.* at 198.

139. *Id.* at 197.

140. Intellectual Property Owners Association, *Shape Trade Marks – An International Perspective*, IPO, 197 (June 3, 2015), <http://www.ipo.org/wp-content/uploads/2015/06/IPOShapeTrademarks.pdf>.

141. *Id.* at 199 (citing *Nabisco Brands, Inc. v. Conusa Corp.*, 722 F. Supp. 1287, 1293 (M.D.N.C.) *aff'd*, 892 F.2d 74 (4th Cir. 1989)).

142. See TM Directive, *supra* note 18.

143. See CTM Regulation, *supra* note 11.

Generally, Article 2 of the TM Directive states that “[a] trade mark may consist of any signs capable of being represented graphically, particularly words, including . . . the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods.”¹⁴⁴ However, the TM Directive (as well as the CTM Regulation) includes in Article 3 grounds for refusal or invalidity—which is often referred to as “absolute grounds for refusal.”¹⁴⁵ Article 3(1)(e) includes three categories of shapes that are deemed grounds for refusal for a trademark—“signs which consist exclusively of: (i) the shape which results from the nature of the goods themselves; (ii) the shape of goods which is necessary to obtain a technical result; (iii) the shape which gives substantial value to the goods.”¹⁴⁶

In the recent case *Société des Produits Nestlé SA v. Cadbury UK Ltd.*, the European Court of Justice (hereinafter “CJEU”) assessed the shape of Nestlé’s Kit Kat bar to determine if it fell within the absolute grounds for refusal under Article 3(1)(e) of the TM Directive or if it could be refused for another purpose.¹⁴⁷ The Court identified that the examiner in the UK court had identified three features of the Kit Kat which would enable its application of the law for absolute refusal: (1) “the basic rectangular[,] slab shape; [2] the presence, position, and depth of the grooves . . . along the length of the bar, and [3] the number of grooves . . . [and] the width of the bar, [which defined] the number of ‘fingers.’”¹⁴⁸

The primary question presented by the High Court of Justice of England and Wales to the CJEU was whether each feature could fall into a different ground for absolute refusal, or whether all the features must fall within the same grounds.¹⁴⁹ The examiner in the registration proceedings identified that each feature fell into one of the three grounds for refusal, one in the first (the nature of the goods), and two in the

144. TM Directive, *supra* note 18, at 26.

145. *Id.*; International Trademark Association, *supra* note 15, at 492.

146. TM Directive, *supra* note 18, arts. 3(1)(e)(i)–(iii).

147. Patrick McCallum, *European Court Denies Nestlé Four-Fingered KitKat Trademark After Cadbury Objection*, IP WATCHDOG (Sept. 19, 2015), <http://www.ipwatchdog.com/2015/09/19/european-court-denies-Nestlé-four-fingered-kitkat-trademark-after-cadbury-objection/id=61694/>.

148. *Société des Produits Nestlé SA v. Cadbury UK Ltd.*, [2015] E.C.R. C-215/14 (Sept. 16, 2015).

149. *Id.* ¶ 26.

second (the necessity to obtain a technical result).¹⁵⁰ The lower court believed it was required to interpret the language of the Directive to preclude the shape; however, it decided it must withhold its decision until it had a preliminary decision by the CJEU.¹⁵¹ The CJEU interpreted this question to mean “whether the separate grounds for refusal may be applied concurrently[.]”¹⁵² The Court concluded a mark can only be precluded by the absolute grounds if one of the grounds is fully applicable to all of the features of a mark.¹⁵³ This means that the examiner’s interpretation that the three features of the Kit Kat bar that fell into differing grounds for refusal was insufficient to dismiss the mark.¹⁵⁴

The examiner held that the first feature, the shape of the bar, resulted from the nature of the goods.¹⁵⁵ The shape of the bar—four long, skinny, rectangular slabs bound together to form one larger rectangular slab—was a general shape of all candy bars.¹⁵⁶ In regarding the second feature, the examiner identified that the grooves were designed to allow customers to easily break off and eat the chocolate, and by its nature were necessary for obtaining a technical result.¹⁵⁷ Essentially, the slabs, which allow a consumer to easily break off pieces and take bite-sized portions, were seen as functional. This mirrors the functional prohibition in U.S. law; however, under trade dress law in the U.S., a mark is still entitled to protection if the functional method could have been obtained in another manner.¹⁵⁸ It could be argued that the Kit Kat’s functional

150. *Id.* ¶ 20.

151. *Id.* ¶ 26.

152. *Id.* The Court was trying to determine whether the multiple features of the shape could fall into different grounds to be precluded, and in addressing this question it cited its earlier opinion in *Firma Hauck & Co. v. Stokke A/S et al.* in stating “the three grounds for refusal of registration operate independently of one another . . . [and] must be applied independently.” *Id.*

153. *Id.* However, if any one of the criteria is met, a mark exclusively for the shape cannot be registered. *Id.*

154. *Id.* However, even though the lower court was wrong on those grounds, the CJEU ultimately upheld its decision because the bar lacked distinctiveness. *Id.*

155. McCallum, *supra* note 147. The court and the Advocate General relied on the examiner’s findings. Mr. McCallum, author of the IPWatchdog blog post mistakenly assumes that these are the CJEU’s own findings.

156. *Id.*

157. *Id.*

158. WHAT IS A TRADEMARK?, *supra* note 13, at 8.

aspect (the breaking-off of pieces, which led to the coined term, “break me off a piece of that Kit-Kat-bar”) serves a similar function to that of a Hershey’s chocolate bar, but its own function could be replaced with other functional pieces allowing for consumers to break off bite-sized pieces, making its argument analogous to the Coca Cola bottle.¹⁵⁹ However, this logic does not conform to the European rules for absolute grounds for refusal because they do not allow for exceptions to the technical aspect rule.

The Court reviewed whether “obtaining a technical result” included the manner in which a good is manufactured, as well as the manner in which it functions.¹⁶⁰ Although the Court held that “obtaining a technical result” referred only to the shapes function, and that all features or aspects of a shape must conform completely to one of the absolute grounds for refusal, it still held that the mark was not registerable because of its distinctiveness.¹⁶¹ The Court determined the evidence provided to the lower court was insufficient to prove that the shape alone for Kit Kat bars had achieved secondary meaning to consumers looking to purchase or identify the good.¹⁶²

In summary, the Court determined that a mark may be precluded from registration if one of the of the three grounds for refusal is fully applicable to the shape at issue and that the manner in which a good functions does not include the manner in which it was manufactured. However, attempts to register the mark by Nestlé failed because it could not conclusively demonstrate that people identified the shape as being a

159. The argument that the breaking off of the fingers is functional is analogous to that of the use of a soda bottle, such as the Coca Cola bottle, because the functional aspects could be readily replaced by another aspect without sacrificing the value of the shape. At the end of the day, a bottle is going to be functional because it holds liquids; a candy bar’s snap-feature is going to be functional because it makes the candy easier to eat. Both are results of the shape that could be changed without losing any value to the good.

160. McCallum, *supra* note 147. The CJEU determined that the process of making the product, e.g. the manner in which Nestlé created its Kit Kat bar, does not fall within the absolute grounds for refusal because that factor went beyond the mark itself. *Société des Produits Nestlé SA v. Cadbury UK Ltd.*, [2015] E.C.R. C-215/14 (Sept. 16, 2015).

161. *Société des Produits Nestlé SA v. Cadbury UK Ltd.*, [2015] E.C.R. C-215/14 (Sept. 16, 2015).

162. *Id.*; see also *Société des Produits Nestlé SA v. Cadbury UK Ltd.* [2016] EWHC (Ch) 50 (Eng.).

Kit Kat without help from additional or other marks from that company, such as the “Kit Kat” name or logo stamped into the bar or the bright red and white wrapper packaging.¹⁶³

This case reflects the complexity of obtaining a trademark for a shape or container. If the mark is not precluded by the distinctiveness requirement, it may still be precluded from registration for any of the three statutory grounds. However, the decision did offer some hope, by demonstrating that the three grounds cannot be applied in conjunction with one another, but rather that one must apply to the entire mark.¹⁶⁴

C. The Aftermath and the Brexit

Since last fall when this decision was issued, things in the United Kingdom and the rest of Europe have dramatically changed. Concerns have risen about potential knock-off competitors to Nestlé’s Kit Kat Bar flooding the market.¹⁶⁵ Additionally, the United Kingdom has voted to leave the European Union, increasing the uncertainty in both the legal and commercial realms.¹⁶⁶

i. *The State of Kit Kat in Europe Now*

According to a business case study, Kit Kat was “the UK’s best-selling chocolate bar.”¹⁶⁷ While some reporters prophesized that “a flood of new four-finger chocolate bars to rival Kit Kat [would] come onto the

163. *Société des Produits Nestlé SA v. Cadbury UK Ltd.* [2016] EWHC (Ch) 50 [22–24] (Eng.).

164. This offers hope because it actually makes getting past the absolute grounds somewhat easier if the various features of a shape or design fall into different categories. *Société des Produits Nestlé SA v. Cadbury UK Ltd.*, [2015] E.C.R. C-215/14 [68] (Sept. 16, 2015).

165. Oscar Williams-Grut, *Get Ready for an Explosion of Knock-off Kit Kat Chocolates*, BUS. INSIDER (Jun. 12, 2015 2:57 AM), <http://www.businessinsider.com/nestle-loses-kit-kat-battle-with-cadbury-in-european-courts-2015-6?r=UK&IR=T>.

166. Katie Allen, *Majority of Managers Think Brexit Uncertainty Will Affect UK Economy*, GUARDIAN (Dec. 27, 2016 7:01 PM), <https://www.theguardian.com/business/2016/dec/28/majority-of-managers-think-brexit-uncertainty-will-affect-uk-economy>.

167. *Kit Kat: Revitalising a Brand Leader*, BUS. CASE STUD., <http://businesscasestudies.co.uk/nestle/kit-kat-revitalising-a-brand-leader/#axzz4KBRahVE5> (last visited Sept. 13, 2016).

market” after the European Court of Justice’s decision was issued,¹⁶⁸ there is little evidence to show this was actually the case. While there are handfuls of various knockoffs, off-brand, counterfeit, or even fraudulent Kit Kat bars, many that are in existence now were in existence long before the case was decided.¹⁶⁹ The Kvikk Lunsj is only one such example, that has been in production since 1937 and is currently available in shops throughout the United Kingdom.¹⁷⁰

The big threat that looms over Nestlé’s Kit Kat is the already extensive array of competitors in other foreign markets, such as the Korean KicKer bar,¹⁷¹ the Philippine Take-It bar by Goya,¹⁷² and the Twin Finger bar.¹⁷³ However, there has been little discussion as to these kinds of knockoffs’ actual impact on Nestlé’s position in the market. It would not be ridiculous to think that consumer’s reactions to such off-brand goods would actually prove the point that Nestlé asserted in the first place—that the Kit Kat shape was distinctive in and of itself.

ii. How May the Brexit Impact the Law

On June 23, 2016 the people of the United Kingdom voted to leave the European Union.¹⁷⁴ The decision to do so was split 52% of voters wanting Britain to exit (hence the term “Brexit”) and 48% wanting to

168. Oscar Williams-Grut, *Get Ready for an Explosion of Knock-off Kit Kat Chocolates*, BUS. INSIDER (June 12, 2015, 2:57 AM), <http://www.businessinsider.com/nestle-loses-kit-kat-battle-with-cadbury-in-european-courts-2015-6>.

169. See Graham Ruddick, *Nestlé Loses High Court Battle to Trademark Shape of KitKat*, GUARDIAN (Jan. 20, 2016, 7:22 AM), <https://www.theguardian.com/business/2016/jan/20/kitkat-nestle-loses-high-court-bid-trademark-shape>.

170. *Id.*

171. Sue Pressey, *KITKAT? NO! KICKER!!*, MY KOREAN KITCHEN, <http://mykoreankitchen.com/kitkat-no-kicker/> (Last updated Mar. 29, 2016).

172. Cristelle Torres, *Goya Take It molded Chocolate Wafer Now out in the Market!*, GIRL AND BOY THING (Oct. 1, 2013), <http://www.girlandboything.com/food-review/goya-take-it-molded-chocolate-wafer-now-out-in-the-market/>.

173. Bombjoke, *I Will See Your Suggestive Kit-Kat Knockoff, and Raise.*, REDDIT (Oct. 21, 2013), https://www.reddit.com/r/funny/comments/1ovwop/i_will_see_your_suggestive_kitkat_knockoff_and/.

174. Brian Wheeler & Alex Hunt, *Brexit: All You Need to Know About the UK Leaving the EU*, BBC NEWS (Feb. 15, 2017), <http://www.bbc.com/news/uk-politics-32810887>.

remain; more than 30 million people turned out to vote.¹⁷⁵ In light of this vote, some spectators have inquired as to how the change would impact English and Scottish law.

According to Mark Abell and Shelley Nadler from Bird & Bird, an international law firm, people “should not be panicked” in regards to making changes hastily.¹⁷⁶ Before, “EU legislation [was] either directly applicable in the UK (e.g., Regulations)[,] or only once transposed into domestic legislation (Directives).”¹⁷⁷ However, now that the UK has decided to leave the EU, laws that would apply directly such as “Treaty provisions and Regulations, will cease to have legal force unless [the British] Parliament passes equivalent domestic legislation.”¹⁷⁸

It is important to note that while Directives that have been adopted by legislation into British law will still apply, they no longer are required to conform or comply with the Directives issued by the European Union.¹⁷⁹ Decisions from the Court of Justice are thought to likely be considered persuasive in UK courts, “particularly with respect to UK law derived from or harmonized with EU law;”¹⁸⁰ however, this influence will likely decrease over time as the United Kingdom moves away from EU Directives.¹⁸¹ In reviewing this information, it seems that any legal changes that could impact the Nestlé Kit Kat decision will not happen for quite some time, if at all. In all likelihood, the United Kingdom will continue to rely on the strict interpretation of trademark laws for shapes and containers.

IV. SOLUTIONS

How can the current structure of international trademark law be adapted to better conform to the business needs of companies seeking trademark protection in a global marketplace? If the laws cannot be

175. *Id.*

176. Mark Abell & Shelley Nadler, *Does Brexit mean F Brexit? How the decision to leave the EU impacts upon UK Franchisors*, BIRD & BIRD (July 27, 2016), <http://www.twobirds.com/en/news/articles/2016/uk/brexit-franchising-implications>.

177. *Id.*

178. *Id.*

179. *Id.*

180. *Id.*

181. *Id.*

changed, how might a company proceed with product designs to obtain trademark protection for uniquely designed shapes and containers? But first, turning back to the Chocolate River bar—how well would you fare in getting international protection?

The key factors to remember for obtaining a mark in the United States are (1) distinctiveness, (2) functionality, and (3) use.¹⁸² Because product designs are trade dress that are not inherently distinctive, the Chocolate River bar may be deemed to be suggestive or descriptive, and its distinctiveness would turn on whether the bars appearance—specifically the serpentine shape and flowing pattern resembling the flowing of a river—caused people to identify the bar as a Chocolate River bar belonging to a particular source. The unique shape, a serpentine or wavy shape, and the flowing pattern resembling the flow of water, is designed to draw the consumers' thoughts to rivers of chocolate.

In American trademark law, this shape would likely not be determined as functional because the shape was dictated for an aesthetic purpose, not a functional one. In European law, one of the absolute grounds might apply to the chocolate—either the obtaining a technical result since it is designed to get a consumer to think about a river, or as a shape that gives substantial value to the goods, because it would make the bar a unique option for consumers causing it to have a high economic value. Therefore, the bar would likely obtain protection in the United States, but not in Europe. This split in the law demonstrates how difficult it would be to strategically plan for business expansion in relating to international trademark laws.

A. European Policy Reform

In reviewing the distinctions and similarities between the U.S. and European trademark laws around shapes and containers, it is important to identify the underlying policy difference. In the United States, trademark registration is to be applied more loosely to shapes and containers than in Europe, where registration for shapes and designs is to be approached

182. See *supra* Section II. Additionally, it is important to remember marks cannot be obtained that are scandalous, immoral, or deceptive. 15 U.S.C. § 1052. However, that is something that the USPTO would likely deny registration for early in the process. Such marks would likely include crude or insensitive language and/or pictures. *Id.*

more restrictively. Other important factors to consider are the purposes of trademark law—first, to protect consumers from fraudulent or knock-off products, and second, to protect a company that has developed significant good will or recognition.¹⁸³ The European laws for absolute grounds of refusal for shapes and containers seem to overly restrict the possibility of achieving either of the purposes of trademarks. They fail to protect consumers that purchase the goods and they fail to protect the companies that create them.

The ideal way of addressing this gap in the law between the two systems is to consolidate European law by amending the statutory language. By combining the language of the first two grounds under Article 3(1)(e) of the TM Directive, the EU would likely be able to better protect both consumers and businesses when relying on marks for shapes or containers. An example of such consolidation would be to combine or merge 3(1)(e)(i) and 3(1)(e)(ii) to read “a shape which results from the nature of the goods is wholly functional and serves only to obtain a technical result.”¹⁸⁴ This requires that the shape first be from the nature of the goods, as was required in the first grounds for refusal,¹⁸⁵ but further it adds the objective of obtaining a technical result through the functionality aspect. By combining the two, the functional or technical aspect would be limited solely to shapes or designs that are ONLY functional as a result of the nature of their shape. This would narrow the applicability of the grounds for absolute refusal.

Consolidating the language into two subsections, it could further build on the CJEU’s opinion in *Société des Produits Nestlé SA v. Cadbury UK Ltd.* by including an “or” after the first ground for refusal.¹⁸⁶ This would mean that the features must be precluded wholly by one of the two, rather than having some aspects reflect one and some another, the way the lower court interpreted the law to be against Nestlé. Although the ruling in the Kit Kat case somewhat loosened the ability to get trademark protection for shapes and containers by requiring all features to fall into one of the grounds, this amendment to the law not only clears up the

183. WHAT IS A TRADEMARK?, *supra* note 13, at 6.

184. See TM Directive, *supra* note 18, art. 3; Council Directive 2008/95, 2008 O.J. (L 299) 25, 26–27 (EC).

185. *Id.*

186. *Société des Produits Nestlé SA v. Cadbury UK Ltd.* [2014] EWHC (Ch) 16 (Eng.).

language but reinforces that concept.¹⁸⁷ These amendments would not only clarify and reinforce the prior decisions, but it would also serve to better mirror relate the two regional trademark systems for better uniformity.

B. Madrid Protocol Amendments

Another way to benefit international corporations and suppliers wishing to do work in Europe would be to amend the Madrid Protocol. The Madrid Protocol currently allows countries to deny registration for marks that do not fit into their system, even if that mark is wholly acceptable to the basic registration.¹⁸⁸ This means that a trademark that is fully protectable in the United States might not obtain the same kind of protection (if any) in other member countries, such as Japan or China. The Protocol could be amended to permit a country which would not typically register a certain mark to give a thin or limited protection to a shape or container mark based in another country. For example, if a European country would not typically offer protection for bottle shapes, it would offer some limited protection to Coca-Cola for its bottle shape because of the United States adoption of the Madrid Protocol.

Although this would seem to be detrimental by driving people to register marks in countries with loose policies on registration, it could actually be enhanced by including a stricter requirement for foreign entities to register a mark outside of their domiciled country. Stricter requirements would discourage companies from filing for a basic registration in a foreign company by levying higher taxes or fines to prevent market shopping. This would serve to encourage people or companies to register in the country they are originally from or located in as their basic application. This way, U.S. corporations applying for trademarks for shapes and containers would be able to get some protection in foreign markets if they were registered here; likewise, it would prevent or limit companies from filing for a basic registration in the U.S. merely to get protection in Europe.

187. *Id.*

188. ELIAS & STIM, *supra* note 53, at 358.

C. Corporate Opportunities

A final approach to the issue is for companies whose basic registration is outside Europe to incorporate multiple aspects in their mark. An example would be to have the shape or design mark include other features, such as the product name, certain colors, or even scents to further distinguish it to consumers. In the Kit Kat case, Nestlé wanted to obtain a trademark for the shape alone, exclusive of its name being stamped into the product.¹⁸⁹ Because the language in TM Directive states that “signs which consist exclusively of” shapes,¹⁹⁰ a mark may be more readily protectable in Europe if there are multiple features included with the design, such as words, letters, numerals, colors, or numbers. This approach allows a company to have multiple features that do not fall within Article 3(1)(e). Many companies already take this approach, both in Europe and the United States, in order to obtain protection for the various aspects of their products shapes and containers, as well as to protect consumers.¹⁹¹

V. CONCLUSION

As stated, there is a divide between American and European trademark law for shapes and containers. This divide arises from a difference in beliefs on whether marks for shapes and containers should be readily registered. The issue is whether and how can a registered U.S. trademark for a shape or container receive protection in the European Union which generally does not permit marks for shapes and containers exclusively. In the United States, the common theme has been to grant trademark registration and protection for shapes and containers (including trade dress) so long as the mark is distinctive and is not functional (or at least if the functionality of a feature can be readily replaced by other features without impairing the product’s functional aspects).

However, in Europe the historic trend is to reject trademarks for (exclusively) shapes or containers. This is enforced by Article 3(1)(e) of

189. Ruddick, *supra* note 169.

190. Council Directive 2008/95, 2008 O.J. (L 299) 25, 27 (EC).

191. For example, Absolut vodka uses a distinct font and color to stand out from competitors. ELIAS & STIM, *supra* note 53, at 43.

the TM Directive, which precludes marks for shapes which (1) result from the nature of the goods, (2) are necessary to obtain a technical result, or (3) give substantial value to the goods. Three proposed solutions to address this issue include policy reform in Europe on the interpretation of the absolute grounds for refusal of shapes and containers, amendments to the Madrid Protocol to enable thin protection for typically unprotected marks foreign or international registrations; and changes in corporate policy that will enable a company to have the best opportunity to gain protection in European nations for shape and container marks.

