

No Break for Kit Kat

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In the recent Singapore High Court decision for *Societe Des Produits Nestlé SA and another v Petra Foods Ltd and another*, Nestlé's attempt to enforce its trade dress (shape and packaging of its Kit Kat chocolate) against Petra Foods ("Petra") was cruelly thwarted. In a 150-page dress down, Justice Cheng Seng Onn provided a great analysis on why enforcing your trade dress may not be a walk in the park.

Nestlé has produced Kit Kat chocolate bars since 1937 and had registered the shape of both the 2 and 4 fingered Kit Kat bars as trademarks in Singapore in 2000. Nestlé brought Petra to court for producing, importing and selling the "Delfi Take-It" chocolate bar, which has striking similarities to Kit Kat in both the shape of the chocolate and the packaging. Accordingly, Nestlé claimed that Petra had infringed (i) their registered trademarks and (ii) unregistered well-known marks for the shape and representation of its Kit Kat bars, as well as (iii) their copyright on the design of Kit Kat's packaging.

On the trademark front, Petra's main defence was in their counterclaim that the Kit Kat shapes are incapable of being protected as trademarks. That being the case, Nestlé's shape trademarks have been registered in breach of the Singapore Trade Marks Act, therefore, they are invalid. Similarly, Nestlé's claims of well-known marks infringement will also fail as the shapes were not trademarks to begin with.

Trying to invalidate the registrations of the Kit Kat shape, Petra claimed that the shape is barred from registration (in accordance to the Trade Marks Act) as it consists exclusively of (i) a shape resulting from the nature of the goods, (ii) a shape which is necessary to achieve a technical result, or (iii) a shape which gives substantial value to the product. It was on the technical result exception that Petra succeeded.

The Kit Kat shape was described as having three essential elements – *the rectangular slab, to enable the bar to be moulded and stacked; the presence and position of breaking grooves to make each finger easy to break apart; and, the number of breaking grooves to achieve a desired portion size*, all of which were found to be necessary to achieve a technical result.

The Court decided that for something to satisfy the technical result exception, the shape of the goods has to either create a useful functional feature, or be required for the efficient manufacture of the goods. The reasoning behind the technical result exception is to prevent the creation of a monopoly, which would occur where a manufacturer registers a certain shape, and its competitors are forced to resort to a more expensive manufacturing process or use a cheaper process resulting in an inferior product.

The Court did not find that the Kit Kat shape is a result of the nature of the goods or that the shape gives substantial value to the product. As the primary function of a chocolate bar is to taste good and look appetising, it could be of any shape.

Petra also claimed that the Kit Kat shapes were registered in contravention of the Trade Marks Act as it is incapable of functioning as a trademark. Petra's claim that the Kit Kat shapes are not capable of distinguishing the goods was rejected by the Court because the Kit Kat shape was not descriptive, generic or commonplace. Nevertheless, Petra was able to convince the Court that the Kit Kat shape was not distinctive. In coming to this conclusion, the Court took the stance that a shape is never inherently distinctive as consumers are unlikely to take it as denoting trade origin. Accordingly, in order for a shape to be considered distinctive, it must have acquired a secondary meaning through use. This secondary meaning is acquired if the consumers are able to rely on the shape alone to identify the origin of the product. The Court held that just because the shape is unusual for a chocolate bar does not mean the public will automatically take it as representing trade origin. What had to be shown by Nestlé to prove distinctiveness was that the average consumer would regard the registered shape, in isolation from the product packaging and branding, as being a badge of trade origin. Particular weight was given to the fact that the Kit Kat shape had never been used without a logo or other distinguishing features. The Court was of the opinion that the consumers did not view the Kit Kat shape as a trademark but merely see it as chocolates that are sold under the more distinctive "KIT KAT" trademark. Accordingly, the Kit Kat shape did not acquire distinctiveness and as such it was not registrable.

Although it had invalidated the registrations of the Kit Kat shape, the Court nevertheless took time to consider whether the shape (if it were not invalid) had been put to use by Nestlé as Petra had claimed that the registrations of the shape should be revoked on grounds of non-use. Following its finding that the shape was not used in a trademark sense (as it was not viewed by the consumers as a trademark), so it must follow that the shape was never used in Singapore, and as such the registrations are subject to revocation.

Nestlé consequently had their trademark for the Kit Kat shape declared invalid and removed from the trademark register and were also ordered to pay damages for making groundless threats of trademark infringement.

On whether Petra had infringed the unregistered well-known marks of Nestlé, the Court found that as the Kit Kat shape is itself incapable of functioning as a trademark (non-registrable) it should not be afforded protection as a well-known mark.

As for Nestlé's claim of copyright infringement, the Court found that the packaging of the "Delfi Take-It" chocolate bars had copied a substantial part of Kit Kat's packaging (which is a protected Artistic work). However, Nestlé was unable to prove that it was the owner of the Artistic work because there was insufficient evidence to show that the designer (i.e. the author) of the Artistic work had transferred its ownership to Nestlé. Consequently, the Court could not find that Petra had infringed Nestlé's copyrights, adding salt to a giant gaping wound.

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