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JUDGMENT OF THE COURT (Second Chamber)

7 July 2005 (*)

(Trade marks – Directive 89/104/EEC – Absence of distinctive character – Distinctive character acquired through use – Use as part of or in conjunction with a registered trade mark)

In Case C-353/03,

REFERENCE to the Court under Article 234 EC by the Court of Appeal (England and Wales) (Civil Division) (United Kingdom), made by decision of 25 July 2003, received at the Court on 18 August 2003, in the proceedings

Société des produits Nestlé SA

v

Mars UK Ltd,

THE COURT (Second Chamber),

composed of C.W.A. Timmermans, President of the Chamber, R. Silva de Lapuerta, C. Gulmann (Rapporteur), P. Kūris and G. Arestis, Judges,

Advocate General: J. Kokott,

Registrar: L. Hewlett, Principal Administrator,

having regard to the written procedure and following the hearing on 20 January 2005,

after considering the observations submitted on behalf of:

- Société des produits Nestlé SA, by J. Mutimear, Solicitor, and H. Carr QC,
- Mars UK Ltd, by V. Marsland, Solicitor, and M. Bloch QC,
- the United Kingdom Government, by E. O’Neill, acting as Agent, and M. Tappin, Barrister,
- the Irish Government, by D.J. O’Hagan, acting as Agent,
- the Commission of the European Communities, by N.B. Rasmussen and M. Shotter, acting as Agents,

after hearing the Opinion of the Advocate General at the sitting on 27 January 2005,

gives the following

Judgment

- 1 This request for a preliminary ruling concerns the interpretation of Articles 3(3) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1, hereinafter ‘the directive’) and Article 7(3) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p. 1).

- 2 It arises in the context of a dispute between Société des produits Nestlé SA ('Nestlé') and Mars UK Ltd ('Mars') concerning the application by Nestlé for the registration as a mark of a part of a slogan constituting a registered mark of which that company is already the owner.

Legal framework

- 3 Under Article 2 of the directive 'a trade mark may consist of any sign capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings'.

- 4 Article 3 of the directive entitled 'Grounds for refusal or invalidity' is worded as follows:

'1. The following shall not be registered or if registered shall be liable to be declared invalid:

...

(b) trade marks which are devoid of any distinctive character;

...'

3. A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1(b) ... if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. ...'

- 5 Article 4 and Article 7(1)(b) and (3) of the regulation are worded in terms which are essentially identical to the terms of Article 2 and Article 3(1)(b) and (3) of the directive.

Main proceedings and question referred

- 6 Both the slogan 'Have a break ... Have a Kit Kat' and the name KIT KAT are marks registered in the United Kingdom in Class 30, as defined by the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as amended and revised, that is to say for chocolate, chocolate products, confectionery, candy and biscuits.

- 7 On 28 March 1995 Nestlé, the proprietor of those two marks, applied for registration in the United Kingdom of the words HAVE A BREAK as a mark in respect of Class 30.

- 8 That application was opposed by Mars which relied in particular on Article 3(1)(b) of the directive.

- 9 On 31 May 2002 the opposition was upheld on the basis of that provision and the application for registration was rejected.

- 10 Nestlé appealed to the High Court of Justice of England and Wales, Chancery Division. The appeal was rejected by decision dated 2 December 2002.

- 11 Nestlé appealed against that decision to the Court of Appeal (England and Wales) (Civil Division).

- 12 The Court of Appeal considers, in light of the evidence in the dispute before it, that the expression 'HAVE A BREAK' is devoid of inherent distinctive character and that, consequently, the provisions of Article 3(1)(b) of the directive, as a matter of principle, preclude its registration as a mark.

- 13 It considers that registration may therefore occur only on the basis of Article 3(3) of the directive, subject to proof of distinctive character acquired through use.

- 14 It points out that the application for registration was rejected on the ground that the phrase 'HAVE A BREAK' was essentially used as part of the registered mark HAVE A BREAK ... HAVE A KIT KAT and not, genuinely, as an independent trade mark.

- 15 It states that, according to Nestlé, that view of the matter could have serious consequences for operators seeking to register marks comprising shapes since such marks are seldom used by themselves.
- 16 It considers that a slogan-like phrase associated with a trade mark may, by repetition over time, create a separate and independent impression and thus acquire distinctive character through use.
- 17 Under those circumstances the Court of Appeal (England and Wales) (Civil Division) decided to stay the proceedings and refer the following question to the Court for a preliminary ruling:

'May the distinctive character of a mark referred to in Article 3(3) of [the directive] and Article 7(3) of [the regulation] be acquired following or in consequence of the use of that mark as part of or in conjunction with another mark?'

The question referred

- 18 In light of the indications contained in the order for reference, the question raised must be understood as seeking only an interpretation of the directive, since the regulation is not applicable to the facts of the main dispute.
- 19 By its question the referring court is essentially asking whether the distinctive character of a mark referred to in Article 3(3) of the directive may be acquired in consequence of the use of that mark as part of or in conjunction with a registered trade mark.
- 20 Nestlé and the Irish Government consider that the distinctive character of a mark may, under Article 3(3) of the directive, be acquired following use of that mark as part of or in conjunction with another mark.
- 21 Mars, the United Kingdom Government and the Commission of the European Communities consider that a mark cannot acquire a distinctive character solely in consequence of use as part of a composite mark. Conversely, Mars and the Commission acknowledge that a mark may acquire a distinctive character in consequence of use in conjunction with another mark. In the United Kingdom Government's view, distinctive character may also be acquired through use of the mark as a physical component.
- 22 In that regard it should be pointed out that, under Article 2 of the directive, a mark has distinctive character when it is capable of distinguishing the goods or services of one undertaking from those of other undertakings.
- 23 Under Article 3(1)(b) of the directive a mark devoid of any distinctive character may not be registered or, if registered, is liable to be declared invalid.
- 24 However, the provision mentioned in the preceding paragraph is rendered inapplicable if, before the date of application for registration and following the use which has been made of the mark, it has acquired a distinctive character.
- 25 Whether inherent or acquired through use, distinctive character must be assessed in relation, on the one hand, to the goods or services in respect of which registration is applied for and, on the other, to the presumed expectations of an average consumer of the category of goods or services in question, who is reasonably well-informed and reasonably observant and circumspect (judgment in Case C-299/99 *Phillips* [2002] ECR I-5475, paragraphs 59 and 63).
- 26 In regard to acquisition of distinctive character through use, the identification, by the relevant class of persons, of the product or service as originating from a given undertaking must be as a result of the use of the mark as a trade mark (judgment in *Phillips*, paragraph 64).
- 27 In order for the latter condition, which is at issue in the dispute in the main proceedings, to be satisfied, the mark in respect of which registration is sought need not necessarily have been used independently.
- 28 In fact Article 3(3) of the directive contains no restriction in that regard, referring solely to the 'use

which has been made' of the mark.

- 29 The expression 'use of the mark as a trade mark' must therefore be understood as referring solely to use of the mark for the purposes of the identification, by the relevant class of persons, of the product or service as originating from a given undertaking.
- 30 Yet, such identification, and thus acquisition of distinctive character, may be as a result both of the use, as part of a registered trade mark, of a component thereof and of the use of a separate mark in conjunction with a registered trade mark. In both cases it is sufficient that, in consequence of such use, the relevant class of persons actually perceive the product or service, designated exclusively by the mark applied for, as originating from a given undertaking.
- 31 The matters capable of demonstrating that the mark has come to identify the product or service concerned must be assessed globally and, in the context of that assessment, the following items may be taken into consideration: the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (judgment in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, paragraphs 49 and 51).
- 32 In the final analysis, the reply to the question raised must be that the distinctive character of a mark referred to in Article 3(3) of the directive may be acquired in consequence of the use of that mark as part of or in conjunction with a registered trade mark.

Costs

- 33 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Second Chamber) hereby rules:

The distinctive character of a mark referred to in Article 3(3) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks may be acquired in consequence of the use of that mark as part of or in conjunction with a registered trade mark.

[Signatures]

* Language of the case: English.