

Societe Des Produits Nestlé SA and another v Petra Foods Ltd and another  
[2014] SGHC 252

**Case Number** : Suit No 1081 of 2012  
**Decision Date** : 28 November 2014  
**Tribunal/Court** : High Court  
**Coram** : Chan Seng Onn J  
**Counsel Name(s)** : Arthur Yap and Sheena Jacob (ATMD Bird & Bird LLP) for the plaintiffs; Gill Dedar Singh and Gabriel Ong (Drew & Napier LLC) for the defendants.  
**Parties** : Societe Des Produits Nestlé SA — Nestlé Singapore (Pte) Ltd — Petra Foods Limited — Delfi Singapore Pte. Ltd.

*Copyright – Ownership*

*Copyright – Defence*

*Copyright – Industrial designs*

*Trade Marks and Trade Names – Grounds for refusal of registration*

*Trade Marks and Trade Names – Registration criteria – Distinctiveness*

*Trade Marks and Trade Names – Revocation*

*Trade Marks and Trade Names – Well-known trade mark*

[LawNet Editorial Note: The appeal to this decision in Civil Appeal No 200 of 2014 was dismissed by the Court of Appeal on 24 November 2016. See [\[2016\] SGCA 64.](#)]

28 November 2014

Judgment reserved.

**Chan Seng Onn J:**

1 This case deals with claims in trade mark and copyright infringement. A single thread runs through the numerous and varied issues that have been raised by the parties, and that is the question of when one trader may legitimately restrain another trader from marketing goods of a similar shape to its products by asserting intellectual property protection in the shapes of the products themselves. The shapes in question are those comprising the familiar Kit Kat chocolate coated wafer bars, which have been the subject of much litigation throughout the world.

**The parties**

2 The plaintiffs belong to the Nestlé group of companies. The first plaintiff, Societe Des Produits Nestlé SA, is a public company incorporated in Switzerland. The second plaintiff, Nestle Singapore (Pte) Ltd, is a company incorporated in Singapore. The plaintiffs are the proprietors of the chocolate covered wafer products under the KIT KAT trade mark.

3 The defendants belong to the Petra Foods group of companies. The first defendant, Petra

Foods Limited, is a public company incorporated in Singapore. It is the parent company of the second defendant, Delfi Singapore Pte Ltd, as well as PT Perusahaan Industri Ceres ("PT Ceres"), a company incorporated in Indonesia, and Delfi Chocolate Manufacturing S.A ("Delfi SA"), a company incorporated in Switzerland.

4 The second defendant is the importer and distributor of a chocolate product under the trade mark "Take-It" or "Delfi Take-It". The "Take-It" product is manufactured by PT Ceres under licence from Delfi SA.

### The claims and counterclaim

5 The first plaintiff is the registered owner of the following trade marks in Singapore: [\[note: 1\]](#)

| No. | Registered Mark                                                                                                                                                                                                                                                                                                              | Class / Specification of Goods                                                                                                                                      | Description                                                                                                                                                                                                                                                                                                                                               |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.  | <p><b>T0000002A</b></p>  <p>("the Two Fingers Shape")</p> <p><b>Mark Clause:</b></p> <p><i>Proceeding because of acquired distinctiveness through use since 1970s.</i></p> <p><b>Date of Registration:</b></p> <p><b>3 January 2000</b></p> | <p><b>Class 30:</b></p> <p><i>Chocolate confectionery being chocolate coated confectionery blocks or bars and chocolate wafer biscuits</i></p> <p>("the Goods")</p> | <p><b>Description of particular features:</b></p> <p>The trade mark consists of the three-dimensional shape of the goods, being two bars attached to one another by a thin base as shown in the representation on the form of application.</p> <p><b>Device Description:</b></p> <p>three-dimensional, chocolate three-dimensional, bar chocolate bar</p> |

|    |                                                                                                                                                                                                                                                                                                                               |                                          |                                                                                                                                                                                                                                                                                                                                                            |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2. | <p><b>T0000003Z</b></p>  <p>("the Four Fingers Shape")</p> <p><b>Mark Clause:</b></p> <p><i>Proceeding because of acquired distinctiveness through use since 1970s.</i></p> <p><b>Date of Registration:</b></p> <p><b>3 January 2000</b></p> | <p><b>Class 30:</b></p> <p>The Goods</p> | <p><b>Description of particular features:</b></p> <p>The trade mark consists of the three-dimensional shape of the goods, being four bars attached to one another by a thin base as shown in the representation on the form of application.</p> <p><b>Device Description:</b></p> <p>three-dimensional, chocolate three-dimensional, bar chocolate bar</p> |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

6 I will refer to the Two Fingers Shape and the Four Fingers Shape collectively as "the Registered Shapes".

7 The first plaintiff also claims to be the owner of the following unregistered trade mark ("the Two Fingers Composite Mark"):

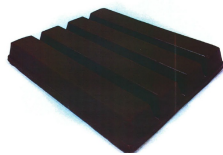


8 Finally, the first plaintiff also asserts that it is the owner of the following "artistic work" which it claims was created in or about the late 1990s ("the Artistic Work"):



9 The plaintiffs do not in their statement of claim specify what type of "artistic work" the Artistic Work is. I assume that they mean that the Artistic Work is a species of drawing or painting. The defendants do not dispute that it is an "artistic work".

10 The plaintiffs allege that the shape and packaging of the defendants' Take-It products infringe their intellectual property rights. I set out in the table below the allegedly infringing goods:

| Description                        | Take-It (Two fingers)                                                                                                            | Take-It (Four fingers)                                                                                                            |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| Unwrapped                          | <br>("2-Fingers Take-It")                       | <br>("4-Fingers Take-It")                       |
| Packaging (actual)                 |                                                 |                                                 |
| Packaging (with all signs removed) | <br>("Representation of the 2-Fingers Take-It") | <br>("Representation of the 4-Fingers Take-It") |

11 The second defendant does not dispute that it imported and sold the 2-Fingers Take-It in Singapore from at least August 2010 and the 4-Fingers Take-It from at least April 2012. [\[note: 2\]](#)

12 The plaintiffs' claims may be summarised as follows: [\[note: 3\]](#)

(a) Trade mark infringement (product)

(i) The 2-Fingers Take-It infringes the Two Fingers Shape under ss 27(1) and/or 27(2) (b) of the Trade Marks Act (Cap 332, 2005 Rev Ed) ("TMA").

(ii) The 4-Fingers Take-It infringes the Four Fingers Shape under ss 27(1) and/or 27(2) (b) of the TMA.

(b) Trade mark infringement (packaging)

(i) The Representation of the 2-Fingers Take-It infringes the Two Fingers Shape under s 27(2)(b) of the TMA.

(ii) The Representation of the 4-Fingers Take-It infringes the Four Fingers Shape under s 27(2)(b) of the TMA.

(c) Well-known trade marks (product)

(i) The Two Fingers Shape is well known and/or well known to the public at large in Singapore, and the defendants should be restrained by injunction from using the 2-Fingers Take-It under ss 55(2), 55(3)(a) and/or 55(3)(b) of the TMA.

- (ii) The Four Fingers Shape is well known and/or well known to the public at large in Singapore, and the defendants should be restrained by injunction from using the 4-Fingers Take-It under ss 55(2), 55(3)(a) and/or 55(3)(b) of the TMA.
- (d) Well known trade marks (packaging)
  - (i) The Two Fingers Shape is well known and/or well known to the public at large in Singapore, and the defendants should be restrained by injunction from using the Representation of the 2-Fingers Take-It under ss 55(2), 55(3)(a) and/or 55(3)(b) of the TMA.
  - (ii) The Four Fingers Shape is well known and/or well known to the public at large in Singapore, and that the defendants should be restrained by injunction from using the Representation of the 4-Fingers Take-It under ss 55(2), 55(3)(a) and/or 55(3)(b) of the TMA.
  - (iii) The Two Fingers Composite Mark is well known and/or well known to the public at large in Singapore and the defendants should be restrained by injunction from using the Representation of the 2-Fingers Take-It under ss 55(2), 55(3)(a) and/or 55(3)(b) of the TMA.
- (e) Copyright infringement (packaging)
  - (i) The Representation of the 2-Fingers Take-It infringes the Artistic Work under ss 32 and/or 33 of the Copyright Act (Cap 63, 2006 Rev Ed) ("Copyright Act").

13 The defendants' counterclaim may be summarised as follows:

- (a) The Two Fingers Shape and Four Fingers Shape ought to be invalidated and/or revoked on the following grounds that the Two Fingers Shape and the Four Fingers Shape: [\[note: 4\]](#)
  - (i) were registered in breach of s 7(1)(a) of the TMA in that they are not trade marks within the meaning of s 2(1) of the TMA, being not capable of distinguishing the goods for which they were registered;
  - (ii) were registered in breach of s 7(1)(b) of the TM in that they are devoid of any distinctive character;
  - (iii) should be revoked pursuant to s 22(1)(a) of the TMA as the marks were not put to genuine use in the course of trade in Singapore within five years following the date of completion of registration;
  - (iv) should be revoked pursuant to s 22(1)(b) of the TMA as use of the marks was suspended for an uninterrupted period of five years;
  - (v) were registered in breach of s 7(3)(a) of the TMA in that each of them consists exclusively of a shape which results from the nature of the goods themselves;
  - (vi) were registered in breach of s 7(3)(b) of the TMA in that each of them consists exclusively of a shape which is necessary to obtain a technical result; and

(vii) were registered in breach of s 7(3)(c) of the TMA in that each of them consists exclusively of a shape which gives substantial value to goods.

(b) The plaintiffs' threats of legal proceedings for infringement of a registered trade mark were groundless threats of infringement proceedings under s 35(2) of the TMA.

## Background

14 The Kit Kat products which bear the Registered Shapes are essentially moulded chocolate wafer confectionaries. [\[note: 5\]](#) According to Mr Clive Barnes ("Mr Barnes"), the head of communication and information services for Nestle's global research and development activities, [\[note: 6\]](#) the four fingers Kit Kat product was originally launched as Rowntrees Chocolate Crisp in 1935, [\[note: 7\]](#) which was rebranded as Kit Kat in 1937. [\[note: 8\]](#) It bore the Four Fingers Shape right from the beginning and it remains unchanged till today. [\[note: 9\]](#) The two fingers version was subsequently launched in 1963. [\[note: 10\]](#) Undoubtedly, the first plaintiff has been marketing the Kit Kat products for a very long time.

15 Mr Chuang Tiong Liep ("Mr Chuang"), who is an executive director of the first defendant and a director of the second defendant, said that the first defendant and its subsidiaries (including the second defendant) also have a long history of selling moulded chocolate wafers and biscuits. [\[note: 11\]](#) He said that one of the subsidiaries, PT Ceres, first manufactured a moulded chocolate wafer comprising of a single wafer coated with chocolate under the trade mark PATSY in Indonesia as early as 1951. [\[note: 12\]](#)

16 Subsequently, PT Ceres decided to develop a cheaper and smaller confectionary to cater to the Indonesian market. [\[note: 13\]](#) As a result, in around 1986 to 1987, PT Ceres manufactured and sold moulded chocolate wafers comprising of two or three "sticks" of wafers joined at the base with chocolate. These were sold in Indonesia, Singapore and Dubai under the WINDMOLEN mark. The Windmolen wafers were made using compound chocolate, which is different from real chocolate in that the former uses vegetable fat in place of cocoa butter. [\[note: 14\]](#) These Windmolen wafers were eventually phased out as they did not do well in the Indonesian market. [\[note: 15\]](#)

17 According to Mr Chuang, the experience in producing, distributing and selling the Windmolen wafers eventually led to the development of the Take-It products, which include the 2-Fingers Take-It and 4-Fingers Take-It moulded chocolate wafer products. [\[note: 16\]](#) They are made of real chocolate, as opposed to compound chocolate. [\[note: 17\]](#)

18 The plaintiffs have disputed Mr Chuang's rendition of the defendants' historical background. They do not believe the Windmolen products ever existed. They say that even if they existed, the defendants still chose to deliberately model the Take-It products after the plaintiffs' products, and ride on their coat tails, even though they knew that the plaintiffs had registered the Registered Shapes. [\[note: 18\]](#)

19 Considering the popularity of the Kit Kat products, it is unsurprising if the defendants did, despite their denials, deliberately emulate the plaintiffs' products. But this puts the cart before the horse. Even if the defendants did copy, it is not a wrong unless such copying impinges the plaintiffs' legal rights. Imitation is no less valid a business strategy than innovation. There is nothing unconscionable about competition.

**Preliminary issue: Whether the second plaintiff has any *locus standi* or cause of action in these proceedings**

20 The defendants submit that the second plaintiff has no *locus standi* or cause of action. This is because all the trade mark rights are pleaded in the name of the first plaintiff. It is also the first plaintiff who is said to be the owner of the copyright in the Artistic Work. Accordingly, the second plaintiff should be struck out for having no cause of action. [\[note: 19\]](#)

21 In response, the plaintiffs say that this is not the defendants' pleaded case and the defendants are bound by their pleadings. They also note that prior to the hearing of the main trial, the defendants had attempted unsuccessfully to strike out the plaintiffs' copyright claim and even then they did not raise this point. They say this is litigation by ambush and the plaintiffs are irreversibly prejudiced.

22 The plaintiffs also refer to s 44 of the TMA:

44. —(1) This section has effect with respect to the rights of a licensee in relation to infringement of a registered trade mark.

...

(3) A licensee is entitled, unless his licence, or any licence through which his interest is derived, provides otherwise, to call on the proprietor of the registered trade mark to take infringement proceedings in respect of any matter which affects his interests.

...

(5) Where infringement proceedings are brought by a licensee by virtue of this section, the licensee may not, without the leave of the Court, proceed with the action unless the proprietor is either joined as a plaintiff or added as a defendant.

23 The plaintiffs merely say that it is clear from sub-ss 44(3) and (5) of the TMA that the second plaintiff has *locus standi* to sue. [\[note: 20\]](#) I take it that the plaintiffs are essentially saying that the second plaintiff is a licensee, at least as far as the trade mark claims are concerned.

24 The basis for the defendants' assertion is the plaintiffs' statement of claim. They have every opportunity to examine the plaintiffs' pleadings from the beginning. They could and should have raised this issue much earlier. To only do so after trial has concluded seriously prejudices the plaintiffs. I therefore agree with the plaintiffs that the second plaintiff should not be struck out.

**Whether the Registered Shapes are invalid and/or revocable**

25 I now turn to the substance of the case. I will begin by addressing the defendants' counterclaim to invalidate and/or revoke the Registered Shapes. If the defendants' succeed, the plaintiffs' claims in registered trade mark infringement will necessarily fail.

***Whether the Registered Shapes consist exclusively of the shape of goods which is necessary to obtain a technical result***

*The key legal principles*

26 The defendants' contend that the registrations of the Two Fingers Shape and Four Fingers Shape are invalidated by s 7(3) read with s 23(1) of the TMA. If the Registered Shapes fall within any of the prohibitions under s 7(3) of the TMA, the registrations will be invalid, regardless of how distinctive the Registered Shapes are. Sections 7(3) and 23(1) of the TMA state:

7. — (3) A sign shall not be registered as a trade mark if it consists exclusively of —

- (a) the shape which results from the nature of the goods themselves;
- (b) the shape of goods which is necessary to obtain a technical result; or
- (c) the shape which gives substantial value to the goods.

...

23. — (1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 7.

27 Of the three grounds set out in s 7(3) of the TMA, I begin with the bar to registration under s 7(3)(b) of the TMA, as this is the focus of the parties' submissions. I will first summarise a number of relevant propositions of law which are set out in *Lego Juris A/S v Office for Harmonisation in the Internal Market* (Case C-48/09 P) [2010] ETMR 63 ("*Lego Juris*"), where the Court of Justice of the European Union ("CJEU") considered Art 7(1) and in particular Art 7(1)(e) of the Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark (OJ 1994 L 11, p 1) ("*Regulation No 40/94*"), which is *in pari materia* with s 7(3)(b) of the TMA. The reasoning in *Lego Juris* largely follows the earlier case of *Philips Electronics NV v Remington Consumer Products Ltd* (Case C-299/99) [2003] RPC 2 ("*Philips (ECJ)*"). For present purposes, I will refer to the bar to registration under Art 7(1)(e) of Regulation No 40/94 and s 7(3)(b) of the TMA, as well as other equivalent statutory provisions found in various jurisdictions, as the "Technical Result Exception".

28 I accept the following propositions of law as being well-founded and applicable to s 7(3)(b) of the TMA:

(a) The grounds for refusal under s 7(3) of the TMA must be interpreted in light of the public interest underlying them. The interest underlying the Technical Result Exception is to "prevent trade mark law granting an undertaking a monopoly [which is potentially of unlimited duration] on technical solutions or functional characteristics of a product". Technical solutions are capable of protection for only a *limited period*, so that subsequently they may be *freely used* by all economic operators (*Lego Juris* at [43] to [46]).

(b) No amount of acquired distinctiveness through use can cure a trade mark which offends the Technical Result Exception, for "even if a shape of goods which is necessary to obtain a technical result has become distinctive in consequence of the use which has been made of it, it is prohibited from being registered as a trade mark" (*Lego Juris* at [47]).

(c) If all the essential characteristics of a three-dimensional sign are dictated by the technical solution to which that sign gives effect, the sign consists exclusively of the shape of goods which is necessary to obtain a technical result. However, a sign cannot be refused registration as a trade mark if "the shape of the goods at issue incorporates a major non-functional element, such as a decorative or imaginative element which plays an important role in the shape" (*Lego Juris* at [52]).

(d) A shape may still be considered necessary to obtain the technical result even if the same technical result may be achieved by various solutions, such as by alternative shapes, for the reason that a trade mark may allow its proprietor to prevent other undertakings from not only using the same shape, but other similar shapes (*Lego Juris* at [54] to [58]). This is especially where the solution incorporated in the shape in question is the “technically preferable solution” (*Lego Juris* at [60]). Accordingly, the existence of other shapes which can achieve the same technical result does not exclude this ground for refusal for registration (*Lego Juris* at [83]).

29 The CJEU in *Lego Juris* also provided some guidance on how a court ought to proceed in determining the essential characteristics of a shape mark and whether the shape is exclusively functional:

(a) The expression “essential characteristics” must be understood as referring to the most important elements of a sign (*Lego Juris* at [69]).

(b) The identification of these essential characteristics must be carried out on a case-by-case basis, and in so determining, the court may either base its assessment directly on the overall impression produced by the sign, or first examine in turn each of the components of the sign concerned (*Lego Juris* at [70]).

(c) After identifying the sign’s essential characteristics, the court must ascertain whether they *all* perform the technical function of the goods at issue (*Lego Juris* at [72]).

(d) The presumed perception of the sign by the average customer is not a decisive element but is, at most, a relevant criterion of assessment for the court when it identifies the essential characteristics of the sign (*Lego Juris* at [76]).

(e) It is only necessary to assess whether the essential characteristics perform the technical function of the product concerned. The examination must be carried out by analysing the sign filed with a view to its registration as a trade mark and not signs consisting of other shapes of goods (*Lego Juris* at [84]).

30 In James Mellor *et al*, *Kerly’s Law of Trade Marks and Trade Names* (Sweet & Maxwell, 15th Ed, 2011) (“Kerly”), the learned authors argued that it was implicit in *Philips (ECJ)* and *Lego Juris* that “[t]he test is an objective one and does not depend upon the subjective intentions of the designer of the shape” (at para 8-161). For that proposition, Kerly cited Rimer J’s decision in *Koninklijke Philips NV v Remington Consumer Products Ltd* [2005] FSR 17 (“*Philips 1 (HC)*”), where the learned judge at [32] stated:

... My instinct is that the assessment of whether or not a shape falls within the prohibition must be an objective one. Jacob J rejected the notion that the test could be a subjective one involving an inquiry as to the designer’s purpose... and I interpret the Court of Appeal as agreeing with him on this aspect of the case... Reverting to paras [79] to [84] of the ECJ’s judgment [in *Philips (ECJ)*], it appears to me that the primary lesson to be derived from them is that the question of the functionality or otherwise of the essential characteristics of a shape must be assessed objectively. That is not to say that the evidence of the designer will be irrelevant, and I do not suggest that it will be. It is just that it will not be conclusive. [emphasis added]

31 I agree with Rimer J’s observation.

*Previous decisions on the Four Fingers Shape*

32 The question of whether the registrations of the Four Fingers Shape and/or Two Fingers Shape are barred by the Technical Result Exception has been the subject of decisions before various tribunals, which I set out below:

(a) Four Fingers Shape

( i ) *Societe Des Produits Nestle SA v Cadbury UK Ltd* (Case No O-257-13) ("*Nestle v Cadbury (Opposition)*"), a decision of the UK Intellectual Property Office in opposition proceedings against the first plaintiff's application to register the Four Fingers Shape as a UK trade mark before Hearing Officer Allan James;

( i i ) *Societe des Produits Nestle SA v Cadbury Holdings Limited* (Case R 513/2011-2) [2013] ETMR 25 ("*Nestle v Cadbury (OHIM)*"), a decision of the Office for Harmonization in the Internal Market ("OHIM") Second Board of Appeal dealing with an appeal from cancellation proceedings in respect of the registration of the Four Fingers Shape as a Community Trade Mark;

(b) Two Fingers Shape

(i) The decision of the Paris Court of Appeal in Case 13/09001 ("*Nestle (Paris)*"), which was the first plaintiff's appeal against the Director of the National Industrial Property Institute's ("INPI") decision to refuse the first plaintiff's application to register the Two Fingers Mark;

(c) Four Fingers Shape and Two Fingers Shape

(i) *Societe Des Produits Nestle SA and another v International Foodstuffs Co and others* (Case Nos 33960/11, 71834/12 and 35379/13) ("*Nestle (South Africa)*"), a decision by the High Court of South Africa in trade mark infringement proceedings brought by the first plaintiff and Nestle South Africa (Pty) Ltd against the defendants for, *inter alia*, infringement of the Four Fingers Shape and Two Fingers Shape.

33 In *Nestle v Cadbury (Opposition)*, the Hearing Officer considered the essential features of the Four Fingers Shape to be as follows (at [66]):

(a) the rectangular "slab" shape of the Four Fingers Shape including the relative proportions of length, width and depth ("Feature 1");

(b) the presence, position and depth of the breaking grooves arranged along the length of the bar, which effectively divide the bar into detachable "fingers" ("Feature 2"); and

(c) the number of such grooves which, together with the width of the bar, determine the number of "fingers" ("Feature 3").

34 The Hearing Officer made the following findings (*Nestle v Cadbury (Opposition)* at [81]):

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

ii) The presence of breaking grooves is a feature which is necessary to achieve a technical result;

iii) An angle of more than 8-10 degrees for the sides of the product, and for the breaking grooves, results from the nature of moulded chocolate products and the depth of the grooves is necessary to achieve a technical result;

iv) The number of breaking grooves and fingers is determined by the desired portion size.

35 The Hearing Officer also found that the Four Fingers Shape is not an aesthetic one, for the reasons above, as well as the further following reasons (*Nestle v Cadbury (Opposition)* at [85]):

i) The fact that the goods have usually been sold wrapped in such a way that the shape cannot be seen until after purchase;

ii) The product is designed to be broken up and consumed;

iii) The emphasis given in the applicant's marketing to the breakability of the fingers of the bar.

36 Interestingly, the Hearing Officer concluded (at [89]) that the Four Fingers Shape is excluded from registration for all the goods applied for under class 30, except cakes and pastries, by s 3(2)(b) of the UK Trade Marks Act 1994 (c 26) ("the UK Act"), which is the UK equivalent of s 7(3)(b) of the TMA, when it would appear from his reasoning that he had only found that Feature 2 and Feature 3 fell under the Technical Result Exception, while Feature 1 was precluded from registration by s 3(2)(a) of the UK Act (the UK equivalent of s 7(3)(a) of the TMA), which bars from registration any shape consisting exclusively of the shape which results from the nature of the goods themselves.

37 *Nestle v Cadbury (Opposition)* was the subject of an appeal to the UK High Court before Arnold J in *Societe Des Produits Nestle SA v Cadbury UK Ltd* [2014] EWHC 16 ("*Nestle v Cadbury (HC)*"). The Hearing Officer's factual findings were not challenged, although there were legal issues which caused Arnold J to refer three questions of law to the CJEU for clarification. As of the time of the writing of this judgment, the CJEU has yet to deliver its decision.

38 The OHIM Second Board of Appeal in *Nestle v Cadbury (OHIM)* reached a different conclusion from the Hearing Officer. In identifying the essential characteristics of the Four Fingers Shape, the Second Board of Appeal found that the sign consists of "four identical trapezoidal bars aligned together on a rectangular base" (at [104]). It concluded that this shape did not fall within the Technical Result Exception, for the following reasons (at [105] to [107]):

105 First, even if the bars are aligned together and joined through a thinner base which may contribute to make the portioning of the product easier, this does not mean that this feature responds to a technical need or performs a technical function of the goods at issue, i.e. 'sweets, bakery products, pastries, biscuits, cakes and waffles' (nor does it incorporate any technical solution developed and patented by the manufacturer of the product) and therefore the objection under Article 7(1)(e)(ii) CTMR is not applicable.

106 Second, even if it were to be considered that the bars serve the purpose of facilitating the partition of the product into four portions at the moment of their consumption, such a solution is neither technical nor essential in the shape of the goods at hand.

107 Third, that solution might in any case be incorporated without difficulty by competitors in shapes which do not have the same non-functional elements as that contained in the current shape, in particular the trapezoidal shape of each bar (to which can be added the alignment of bars, the alignment into four bars, the common joining base and its rectangular shape).

39 The Hearing Officer in *Nestle v Cadbury (Opposition)* had the opportunity to refer to the latter decision, but nevertheless differed from the latter's conclusions. He distinguished the case on the following points (at [110]):

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

40 I now turn to the other two decisions. In *Nestle (Paris)*, the Paris Court of Appeal disagreed with INPI that the Two Fingers Shape was excluded from registration by the Technical Result Exception. The translation of the decision is not entirely easy to understand. It accepted the first plaintiff's description of the Two Fingers Shape, which was described as follows:

... the tridimensional form applied for to registration, is, according to the applicant, that of "*two parallel and elongated bars in trapezoid form, flat on top, with edges slightly inclined, comprising straight sides, joined to each other, a wide and flat base on which are placed the two parallel bars, a deep rib separating the bars from one another, an angle width and a very specific shape of grooves, a flat top surface*"... [emphasis in original]

41 The Paris Court of Appeal found as follows:

That in the present case the INPI considers the form applied for required by the function of the products in question and that it allows obtaining a technical result since it becomes easily breakable;

That, nevertheless, it appears from the chocolate bars on the French market that the one applied for by [the first plaintiff] of which characteristics are above-mentioned, is not required by the nature or by function of the product but on the contrary, that it is capable to identify given arbitrary choices;

That, at last if the fact that the two bars are aligned and joined by a thinner base can make the portioning of the product easier, the breakable character does not make the form filed exclusively functional since there exists other ways to make the bar breakable and this solution then, is neither technical nor necessary in the shape of the chocolate bar;

Considering the above, the sign applied for is not devoid of distinctive character as regards the goods claimed in the application hence can be adopted as a Trademark to designate such goods...

42 With all respect to the Paris Court of Appeal, the reasoning is rather terse, and insofar as the finding that the "breakable character" is not exclusively functional because there are other ways to make the bar breakable, it is inconsistent with *Lego Juris*.

43 Finally, in *Nestle (South Africa)*, J W Louw J – who was only dealing with affidavit evidence – also found that the Registered Shapes were not excluded by the Technical Result Exception. The main reason for this finding was based on a South African rule of evidence which meant that unless the

evidence of Mr Barnes (who was also a witness in that case) was so far-fetched or untenable, the court was bound to accept his evidence that the various finger wafer shapes used for the Kit Kat product must originally have been designed and used for their visual and aesthetic impact and appeal and for enjoyment when eating, and that the finger wafer shapes are not, obvious ones as they are, in fact, technically difficult and inconvenient to manufacture (at [28]).

44 Nevertheless, Louw J went on to assume the correctness of the respondents' evidence that the shape of the mould and, therefore, the ultimate trapezoidal shape, is entirely a technical requirement (*ie*, for the release of the chocolate bars from the mould). Even so he did not think the Technical Result Exception applied. He held at [30]:

The Two and Four Finger Wafer shape marks have what clearly are non-functional features. These are the fingers themselves (either two or four) and the apron around the bottom edges of the fingers. Mr Puckrin submitted, correctly in my view, that there is no need, from a functional perspective, to include more than one finger or to include an apron around the bottom of the fingers or to make the chocolate bar finger shaped. A chocolate slab obviously does not need to be in the shape of two or four fingers or have an apron. These features are not minor arbitrary elements in the three-dimensional marks. They are, in my view, important non-functional elements of the registered marks. The marks are therefore not "*solely shapes of goods which only incorporate a technical solution.*" [emphasis in original]

45 I will note however that the respondents in *Nestle (South Africa)* relied only on the trapezoidal shape of the fingers for the purposes of the Technical Result Exception (at [26]).

46 One cannot help but notice that the different tribunals dealing with similar shapes came to different conclusions or similar conclusions based on different reasons. This illustrates that the question of whether a shape is caught by the Technical Result Exception is a highly fact sensitive one in which the evidence presented, and how it is presented, plays a major role. While a judge may take some guidance from prior decisions which examined the same shapes, I am mindful that, in the end, I have to exercise my best judgment based on the material evidence that is actually before me.

#### *The relevance of the plaintiffs' reasons for choosing the Registered Shapes*

47 Mr Barnes gave evidence as to the origins of the Registered Shapes and the reasons why the shapes were chosen. In essence, he stated that the shapes were chosen for their aesthetic appeal as well as the taste and feel of the product in question. [\[note: 21\]](#)

48 To begin, as already noted at [30] above, the test is an objective one and does not depend on the subjective intentions of the designer of the shape, although they may be taken into account. I believe that the Registered Shapes were motivated at least in part by the need for the Kit Kat product to look and taste desirable to the consumer. A purely functional shape that looks unappetising will not likely be adopted by any competent manufacturer of a food product. However, if this desirable shape is achieved by putting together a number of elements, all of which are necessary for a technical result, it would nevertheless be barred from registration by the Technical Result Exception. This must be so even if, subjectively, the registrant of the shape in question chose the shape primarily for other reasons. Indeed, having regard to the policy underpinnings of s 7(3)(b) of the TMA, it is even more important that competitors should be allowed to avail themselves the use of such shapes.

#### *The essential features of the Registered Shapes*

49 The first step is to consider what the essential features of the Registered Shapes are. Unfortunately, one major difficulty that remains after *Lego Juris* relates to the criteria by which a court determines the essential characteristics of a three-dimensional sign. The essential characteristics are the most important elements of the sign, but most important to whom and in what sense? Indeed, Rimer J in *Philips 1 (HC)* at [31] had expressed that it was unfortunate that *Philips (ECJ)* “did not consider it necessary to offer any express guidance as to what it meant by an ‘essential’ feature or, perhaps more relevantly, what it impliedly had in mind as to what might amount to ‘non-essential’ features”. At [135], Rimer J decided that the answer to whether a feature is essential turned on whether it is a feature of the overall shape which has distinctive eye impact. He considered the evidence of the public to be of “primary relevance” on this issue, although in coming to a conclusion he also provided his own assessment of the sign in question (at [137] to [140]).

50 The CJEU in *Lego Juris* rejected the contention that the identification of the essential characteristics of the sign *must* be carried out from the perspective of the average consumer, since it is not the distinctive character of the sign that is in issue (*Lego Juris* at [75] to [77]). Nevertheless, considering the purpose underlying trade mark law, and the fact that in infringement proceedings the assessment of similarity between two marks is carried out from the viewpoint of the average customer (see *Hai Tong Co (Pte) Ltd v Ventree Singapore Pte Ltd and another and another appeal* [2013] 2 SLR 941 at [40(c)]), it seems to me that, in normal circumstances, the presumed perception of the average consumer will be a relevant consideration. This is consistent with the following passage from Mummery LJ’s judgment in the English Court of Appeal case of *Koninklijke Philips Electronics NV v Remington* [2006] FSR 30 (“*Philips 1 (CA)*”) (at [52]):

As in other areas of trade mark law the important factor is the impact of the mark on the eye of the average customer. The perception of the average customer for the goods in question does not depend on the dissection of the mark and on examination of each feature of the mark. It turns on the feature which contributes most to the overall impression created by the whole mark. We do not accept [counsel’s] contention that any feature which contributes to the overall impression is an essential feature of the mark. Not every feature of the mark has the same visual impact. The question of essential feature was one of fact and degree for the judge...

51 The holding above is not inconsistent with *Lego Juris*, which does not deny that there may be situations where the presumed perception of the average customer is important. In my view, the weight that ought to be given to the presumed perception of the average consumer will depend on the facts. *Philips 1 (CA)* dealt with a common consumer good, namely, electric shavers. Presently we are concerned with a trade mark registration for a chocolate confectionary product, and the reasoning set out in *Philips 1 (CA)* is applicable, if not more so. The Goods (see [5] above) are mass manufactured snacks meant for everyday consumption which are targeted at the *general public*. The average consumer of the Goods is unlikely to scrutinise the nooks and crannies of a chocolate confectionary. The *Philips 1 (CA)* approach is therefore appropriate in the present case.

52 The defendants submit that the essential features of the Registered Shapes are as follows (for avoidance of doubt, I use the phrases “essential features” and “essential characteristics” to mean the same thing): [\[note: 22\]](#)

- (a) one, the rectangular “slab” shape of the Registered Shapes as they appear on the form of the registration, including the relative proportions of length, width and depth (“the First Essential Feature”);
- (b) two, the presence, position and depth of the breaking grooves arranged along the length of the bar, which effectively divide the bar into detachable “fingers” (“the Second Essential

Feature"); and

(c) three, the number of such breaking grooves which, together with the width of the bar, determine the number of fingers ("the Third Essential Feature").

53 These are the features identified by the UK Hearing Officer in *Nestle v Cadbury (Opposition)*, except that the defendants have applied his findings to *both* the Four Fingers Shape and the Two Fingers Shape in the present proceedings.

54 The plaintiffs contend that the essential features of the Registered Shapes are instead the following: [\[note: 23\]](#)

- (a) the two/four straight fingers wherein each finger is in the shape of an elongated trapezoid;
- (b) joined on a base;
- (c) in the characteristic overall dimensions of the Registered Shapes; and
- (d) a "plinth" surrounding the base on all four sides.

55 The "characteristic overall dimensions" in feature (c) above refers to the "placement of 2 and 4 individual fingers... along the longer edge of each finger" for the Two Fingers Shape and Four Fingers Shape respectively. [\[note: 24\]](#)

56 The first three features identified by the plaintiffs are similar to the OHIM Second Board of Appeal's characterisation of the Four Fingers Shape as "four identical trapezoidal bars aligned together on a rectangular base" except that instead of *one* essential feature, there are now *three*. Another difference is that the plaintiffs characterisation emphasised that the fingers are joined "on a base" while avoiding the word "rectangular". The "plinth" was also added as an essential element.

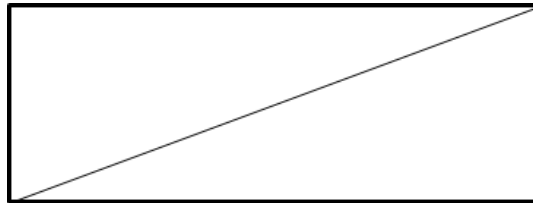
57 The defendants objected to the plaintiffs' provision of a list of essential features. This is because the plaintiffs raised these issues only very late in the day. The plaintiffs did not contest the defendants' characterisation of the essential features in the affidavits of evidence-in-chief ("AEIC") of their witnesses, or even raise the point in cross examination. They only did so in their closing submissions. The defendants argue that the plaintiffs should be taken to have accepted the defendants' list. [\[note: 25\]](#) Be that as it may, I must still decide for myself what the essential characteristics of the Registered Shapes are.

58 Considering the relative simplicity of the shape, the identification of the essential characteristics of the Registered Shapes is apt to be "carried out by means of a simple visual analysis of the sign" (*Lego Juris* at [71]). As noted above at [29(b)], when determining the essential characteristics of a sign, the court may base its assessment directly on the overall impression produced by the sign. Based on an overall impression of the striking features of the Registered Shapes when one takes a quick look at them as an average consumer might do when making a purchase of such goods, I agree with the defendants' list of essential features.

59 I deal first with the overall "rectangular slab shape" of the Registered Shapes, but I will first caveat that it seems that the word "slab" is more apt to describe the Four Fingers Shape than the Two Fingers Shape, when one considers their respective ratios of length and width, although nothing turns on this.

60 The plaintiffs argue that describing the Registered Shapes as a rectangular slab shape is effectively saying that a row of trapezoids is a large rectangle, which is as good as calling a triangle a square. [\[note: 26\]](#)

61 This argument is pitched at too abstract a level. Take this shape (a two-dimensional one, for simplicity):



62 One might describe the figure above as two triangles, joined at the hypotenuse. Another might describe it as a rectangle, with one diagonal line connecting the top right and bottom left corner of the rectangle. Does this shape contain one essential characteristic, or two? Does the shape contain two triangles or just one rectangle? Fortunately, it is rarely, if ever, that a court will have to deal with a question that is so completely devoid of context.

63 In my view, it is appropriate to describe the overall basic shape of the Registered Shapes as rectangular. The overall rectangular dimensions of the Four Fingers Shape did not escape the perception of both the Hearing Officer and the OHIM Second Board of Appeal, even if the latter only used the word rectangular to describe the base of the shape. The shapes may contain trapezoidal shaped fingers, but that does not alter the overall rectangular shape. [\[note: 27\]](#) The visual impact of this element is especially pronounced when the Registered Shapes are viewed from above, and what the average customer of a chocolate confectionary will immediately notice is the rectangular feature of the shapes. When the Registered Shapes are turned over and are viewed with its base facing upwards, it looks very much like a rectangular slab. An average consumer would not likely notice the minor feature of a plinth or a thin base on which the individual separate fingers sit or that these separate fingers are actually joined along the bottom of their entire lengths by a thin base.

64 As for the grooves, they catch the eye from every view except the views from the bottom and from the long edge of the Registered Shapes. In my view, the grooves are an essential feature. Having accepted that the grooves are an essential feature, it follows that the number of grooves which, together with the width of the bar, determine the number of fingers, is also an essential feature.

65 The plaintiffs argue that it is wrong to describe grooves as an essential feature of the Registered Shapes because grooves are in fact an empty space and are not part of the marks in that it does not contain chocolate. [\[note: 28\]](#) This submission is without merit. There is no reason that an empty space cannot be used to describe an essential feature of a shape or a sign. A half empty glass is another way of describing the shape that a half full glass of water takes. One might also think of an engraving, a hole in a doughnut, gaps in a chain, or the grooves of a tyre. Such a feature can be highly noticeable, as well as functional. The plaintiffs also assert that by describing the grooves as “breaking”, the defendants have attempted to unfairly influence the subsequent analysis of whether the essential feature is solely attributable to achieve a technical result. [\[note: 29\]](#) I have not allowed myself to be so influenced.

66 As for the plinth (which the defendants refer to as “the bumper” [\[note: 30\]](#)), the plaintiffs raise

two points which I will quickly deal with. First, they argue that the defendants do not consider the plinth an essential feature when "the evidence... is that the 'bumper' 'clearly' alters the appearance of the product". In this regard, the plaintiffs cite the defendants' own expert, Professor Peter Jonathan Fryer ("Prof Fryer"), who had said that the defendant's Take-It product in single format which does not have a bumper looked different from chocolate with a bumper. [\[note: 31\]](#) The answer to this point is contained in the passage from Mummery LJ's judgment in *Philips 1 (CA)*, cited at [50] above, which is that not every "feature which contributes to the overall impression is an essential feature of the mark".

67 Secondly, they argue that Prof Fryer had accepted during cross-examination that the plinth should be an "essential feature" but was omitted from his expert report. [\[note: 32\]](#) This is what he said: [\[note: 33\]](#)

- A. I would say paragraph 54 details the need for the slab, the need for the grooves and the number of the grooves. Perhaps after the discussion this morning I would have added a plinth, but the principles are the same.
- Q. So is it your evidence then that one essential feature of the marks in question is the plinth? That is what you have just said, right?
- A. I think that the plinth is a necessary part. I do not believe that it formed the part of the shape of the mark as discussed on page 50, number 5.

68 Prof Fryer did not exactly agree that the plinth is an essential feature. He only agreed that it was a necessary part (and I am inclined to think that he was referring to the plinth being a necessary part during the manufacturing process to serve a functional purpose as a bumper) and he immediately asserted thereafter in his answer that he did not believe that it formed a part of the shape of the mark. Even if it can be said that Prof Fryer was purporting to give his view on what he considered to be the essential features of the Registered Shapes, the opinion of a manufacturing expert is not conclusive on whether or not the plinth is an essential feature of the Registered Shapes, although expert opinion can be taken into account (see *Lego Juris* at [71]). The question of what constitutes an essential feature is an objective one. In any event, it is clear from the context that Prof Fryer meant that he was of the view that the plinth was a necessary part of the defendants' chocolate manufacturing process. In this part of the analysis, we are dealing with the essential elements of the *sign to be registered as a trade mark*, not the necessary elements of the *product for the purposes of efficient manufacturing*. The latter is only relevant *after* it has been determined that it is also an essential element of the shape. A shape feature that is a necessary element for a technical function or an efficient manufacturing process does not *ipso facto* make it into an essential visual element or characteristic of the three-dimensional shape sought to be registered as a trade mark. When determining from an impressionistic visual examination of what the essential characteristics of that shape or sign for trade mark registration are, the technical functions (if any) resulting from any part of the three-dimensional shape are to be totally ignored. It is only after a certain part of the shape has been found to be an essential characteristic, that the question whether that part of the shape as a physical form or shape is necessary to obtain a technical result is to be examined.

69 Accordingly, if the plinth is not an essential feature of the Registered Shapes, whether or not it is *also* necessary for a technical result is irrelevant. Let us say that a sign in the form of a shape has essential features A, B and C. It also contains a non-essential feature D. If A, B and C are all functional and D is non-functional, it is clear that this sign will be precluded from registration by the Technical Result Exception. It cannot make a difference if D is also independently functional since it

has been determined not to be an essential feature of the registered shape.

70 On the other hand, if A and B are non-functional essential features and are purely aesthetic in nature, but C and D are functional, the sign will not be precluded from registration because not all the essential features A, B and C are functional. This is consistent with the policy that registration of such a three-dimensional shape should not be allowed to exclude another manufacturer M from utilising the functional usefulness of characteristics C and D in the shape of M's product because characteristic D being a non-essential characteristic of the registered shape is not going to lead to M's product shape being a trade mark infringement of the registered shape with characteristic D anyway. Similarly, the incorporation by M of shape feature C into its product in order to utilise the functional usefulness of characteristic C is not likely to lead to a trade mark infringement of the registered shape because M's product only has the essential shape characteristic C but not the rest of the essential features A and B considered to constitute (together with C) the whole of the registered shape. Consequently, there will hardly be any visual similarity between M's product shape (though having essential features C and D in its shape necessary for the functional aspects but not incorporating any aesthetic features A and B) and the registered shape (having essential features A, B, C and a non-essential feature D) leading to a likelihood of confusion on the part of the public for trade mark infringement considerations. The proprietor of the registered shape has thus not gained an unfair long term monopoly through registration of its three-dimensional trade mark, that would have prevented others from using the useful functional characteristics of shapes C and/or D.

71 What if, A and D must operate in combination to provide a technical result X? In such a case, A will be considered necessary to obtain this technical result X, *ie*, assuming that A is essential, it will not be a non-functional essential feature, but a functional essential feature.

72 In determining whether the plinth is an essential feature of the Registered Shapes, I have to keep in mind that the average customer for a chocolate confectionary product is unlikely to pay the same level of scrutiny to a shape as a judge pondering over the essential characteristics of a particular shape. My view that the average consumer would not have paid it any notice is reinforced by *Nestle v Cadbury (Opposition)*, where the Hearing Officer determined (at [67]) that the plinth is unlikely to make any real impact on an average consumer. He referred to survey findings where only one of 473 respondents mentioned a "ridge" around the edge of the bar. The plaintiffs have also adduced survey evidence before me, but they did not contain such relevant details.

73 Similarly, *Nestle v Cadbury (OHIM)* did not mention the plinth at all when determining the essential features of the Four Fingers Shape. It was only mentioned in the decision of Louw J in *Nestle (South Africa)*, who described it as an "apron". After some consideration, I find that the "plinth" is merely a minor feature and not an essential characteristic of the Registered Shapes, and not "one of the most important elements of the sign".

74 Having found that the defendant's list of essential features is correct, the next issue is whether *all* the essential features are functional.

#### *Whether all the essential features of the Registered Shapes are functional*

75 The defendants' case as to why all the essential features of the Registered Shapes are functional is as follows: [\[note: 34\]](#)

- (a) First Essential Element: The rectangular slab shape of the Registered Shapes is necessary to create a shape that can be manufactured and packed at the speed required for commercial production.

(b) Second Essential Element: Although the manufacturer can choose where and how to run the grooves in the product, the presence of breaking grooves is fundamentally necessary to allow the product to be broken down for consumption, and the angle of those grooves would be dictated by the position and depth of these grooves as release angles of some kind will be required to allow the product to be efficiently removed from the mould. [\[note: 35\]](#)

(c) Third Essential Element: the number of breaking grooves and fingers is necessary to achieve the technical result of providing the customer with a desired portion size.

(1) The manufacturing issue

76 The plaintiffs contend that the Technical Result Exception has no application to the manufacturing process but is instead confined to the examination of the functional features of a shape mark from the perspective of the user of the product. [\[note: 36\]](#) If they are correct, the defendants will fail.

77 It should be recalled that the Hearing Officer in *Nestle v Cadbury (Opposition)* considered that the Second and Third Essential Features are necessary to achieve a technical result. He had found that the angle of the sides of the product, and of the grooves, in the Four Fingers Shape, is constrained by the method of manufacture (*Nestle v Cadbury (Opposition)* at [78]).

78 On appeal, the first plaintiff argued that the Hearing Officer was wrong to conclude that the Technical Result Exception applies to features which related to the manner in which the goods were manufactured, such as the angle of the grooves, as opposed to the manner in which the goods functioned (*Nestle v Cadbury (HC)* at [68]). Counsel for Cadbury, however, argued that there was nothing in the wording of Art 3(1)(e)(ii) of the European Parliament and Council Directive 2008/95/EC ("the Directive") to limit it to the function of the goods. He also argued that it would be inconsistent with the policy underlying the Technical Result Exception to limit it in that way (*Nestle v Cadbury (HC)* at [73]). Art 3(1)(e)(ii) of the Directive is *in pari materia* with s 7(3)(b) of the TMA.

79 Arnold J expressed his preference for Cadbury's submission, but did not feel like he was able to say that this interpretation of the Directive is clearly correct. As a result, he referred the question below to the CJEU for a preliminary ruling (at [75]):

Should Art 3(1)(e)(ii) of [the Directive] be interpreted as precluding registration of shapes which are necessary to obtain a technical result with regard to the manner in which the goods are manufactured as opposed to the manner in which the goods function?

80 Arnold J considered that the answer ought to be yes (at [76]).

81 The first plaintiff had submitted before Arnold J, and did so again before me, that *Philips (ECJ)* at [78] stands for the proposition that the Technical Result Exception has no application to the manufacturing process but is confined to the examination of the functional features of a shape mark from the user of the product's perspective. I reproduce the relevant paragraph:

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

offering for sale products incorporating such technical solutions or functional characteristics in competition with the proprietor of the trade mark. [emphasis added]

82 In response, the defendants cite a number of other paragraphs from *Philips (ECJ)* to show that *Philips (ECJ)* should not be read so narrowly. They emphasise that the case refers not only to “functional characteristics”, but also to “technical solutions”.

83 It seems to me that there is not much value in dissecting the precise language used in *Philips (ECJ)*. In the passages cited, the court was laying the foundation to answer a very specific question, which is essentially whether the Technical Result Exception “must be interpreted to mean that a sign consisting exclusively of the shape of a product is unregistrable by virtue of that provision if it is established that the essential functional features of the shape are attributable only to the technical result” and “whether the ground for refusal or invalidity of the registration imposed by that provision can be overcome by establishing that there are other shapes which can obtain the same technical result” (*Philips (ECJ)* at [66]). The minds of the judges were not directed to whether the words “technical result” should be interpreted in a narrow or expansive way. At best, all it can be said is that *Philips (ECJ)* did not consider whether the Technical Result Exception applies to methods of manufacture.

84 In any event, *Philips (ECJ)* is not the only case that has expounded on the policy underpinnings of the Technical Result Exception. It was described by Mummery LJ in *Philips 1 (CA)* at [19] in the following way:

The broad aim of [the Technical Result Exception] was to preserve and promote competition in the market for the relevant products in respect of which the shape mark is registered. Trade marks, unlike most other manifestations of intellectual property, are renewable and potentially of unlimited duration as indicators of the origin of goods. They are not intended, however, to confer on the proprietor of the trade mark a monopoly right in other aspects of the goods themselves. The unregistrability of certain shapes is directed *at the potential misuse of shape marks in order to combat competition from rival goods, which incorporate similar technical solutions and functional characteristics*. If such restrictions on registration did not exist, a shape mark *could be registered and used to create and conserve a monopoly in technical solutions for the goods in question*. [emphasis added]

85 Reading s 7(3)(b) of the TMA literally, there is nothing to suggest that the Technical Result Exception is only restricted to the manner in which the goods function. There is authority that it should not be read so narrowly. The defendants refer to the South African High Court case of *Triomed (Proprietary) Limited v Beecham Group Plc* [2001] FSR 34 (“*Beecham (HC)*”). The shape mark that was under attack for invalidity in that case was a bi-convex pharmaceutical tablet with a regular oval shape. It was argued that the mark should be expunged pursuant to, *inter alia*, s 10(5) of South Africa’s Trade Marks Act (No 194 of 1993) (“SA TMA”), which states that “a mark which consists exclusively of the shape, configuration, colour or pattern of goods where such shape, configuration, colour or pattern is necessary to obtain a specific technical result, or results from the nature of the goods themselves” shall be liable to be removed from the register. While the wording of s 10(5) of the SA TMA is different from s 7(3)(b) of the TMA, it appears to share the same purpose.

86 The following paragraphs of *Beecham (HC)* (at [75] and [77]) demonstrate that the judge took into account the functionality of the shape from both a *manufacturer perspective* and a *user perspective*:

75 ... The trade mark in question has a standard dictionary defined elliptical shape, having a

curvature and wall thickness, all of which are dictated by function. The bi-convex or bi-concave shaped tablet facilitates the coating of the tablet with a polymer film, which in turn aids swallowing or controls the release of the active ingredients while it is difficult to coat a flat tablet. *From a practical manufacturing perspective, the particular shape of the tablet is necessary for efficient film coating. The "band" or wall thickness is the result of compression during the manufacturing process. If the "band" or wall-thickness was not present or was too narrow this would create a sharp edge to the tablet which would create a risk of chipping or crumbling during the process of coating the tablet. The resistance to crumbling is known as "friability". The "band" or wall-thickness is a functional feature which is inherent in the nature of the tablet itself. The wall-thickness also reduces wear on the punches during the process of compression. The elliptical shape of the tablet is such that it is easy and safe to swallow, particularly in large doses, and this characteristic is inherent in the nature of the tablet itself.* The elliptical shape is neither capricious nor arbitrary but serves a functional or utilitarian purpose. If the shape is dictated by patient preference in the sense that the patient perceives the tablet in the particular shape as being easy to swallow, the shape is intrinsic to the tablet and is primarily utilitarian or functional.

...

77 The essential features of the trade mark in question are designed to achieve and do achieve a technical result and the shape of the tablet is necessary to achieve the technical result. Accordingly, in my judgment, the trade mark in question offends against the provisions of section 10(5) of the Act.

[emphasis added in italics and bold italics]

8 7 *Beecham (HC)* was upheld by the Supreme Court of Appeal of South Africa (see *Beecham Group Plc and Others v Triomed (Pty) Ltd (100/01)* [2002] ZASCA 109 ("*Beecham (SC)*") at [29] and [30]).

88 The plaintiffs argue that the Technical Result Exception cannot apply to the manufacturing process because if it were so, *all* shape marks would not be registrable because shape marks must by definition be capable of manufacture. It is very easy for any manufacturer to arbitrarily point to any feature of the shape mark in question and argue that because of his own particular way of manufacturing, he must have that particular feature in question, even though there is in fact no monopolisation of the feature in question by the proprietor of the trade mark. [\[note: 37\]](#)

89 I am unable to see how extending the Technical Result Exception to the manufacturing process would have the effect of barring shape marks arbitrarily. First, a defendant will not succeed merely because he can show that a shape is capable of manufacture. Indeed, in the present case, there is no assertion that the *presence* of the grooves in the Registered Shapes or the *number* of grooves is necessary to obtain a technical result in the *manufacture* of chocolate products whether by the plaintiffs or the defendants using their particular way of manufacturing, and I suspect that they would not be. The need for grooves and the number of grooves are not dictated by the manufacturing process. Having regard to the policy underlying the Technical Result Exception, a defendant should be allowed to show that a plaintiff's trade mark should not be registrable not only on the basis that a particular essential feature of the shape in issue is needed to create a useful functional feature in the goods for the user but also that it is necessary for the efficient manufacture of the goods in question. This is not at all *arbitrary*.

90 Secondly, even if a feature is not necessary in one party's particular way of manufacturing but

necessary in another party's particular way of manufacturing, it does not mean that the Technical Result Exception should therefore not apply to the manufacturing process. When determining whether a feature of a shape is necessary for the efficient manufacture of a good, one must take into account the fact that in the marketplace for goods, there will be players of different sizes, resources and sophistication. What may not be "necessary" for a global firm with deep pockets may be crucial for a smaller start-up that wishes to compete. Trade mark law should not be misused to unjustifiably set up additional barriers of entry and impede the freedom of competition. There is undoubtedly a deleterious effect on the efficient operation of the market if the registration of a three-dimensional sign has the effect of forcing competitors to resort to a more expensive manufacturing process, or to use a cheaper process which would result in a product that is less attractive to its intended customer. As Prof Fryer said, a production line can become very sophisticated if one were to throw enough engineers at a problem. [\[note: 38\]](#) I do not doubt that Nestle's production methods are sophisticated indeed and it may be that Nestle's sophisticated production methods do not *require* a certain product shape for efficient manufacturing. However, that does not preclude the same product shape from being a technical solution for its less sophisticated competitors. Accordingly and thirdly, the fact that the proprietor of the shape mark may not require a feature to manufacture the product efficiently (at the present time) will not be determinative of the issue of whether or not the feature is functional and therefore falls within the Technical Result Exception.

91 Upon a closer look, the plaintiffs' point regarding the absence of "monopolisation" is really just a variant of the discredited argument that a shape is not necessary for a technical result if it can be shown that other shapes can get the same result. This is reinforced by *Lego Juris* at [59] and [60] that states that the need to avoid unduly impairing the opportunity for competitors to place on the market goods whose shapes incorporate the same technical solution applies *a fortiori* in a case where the competent authority has found that "the solution incorporated in the shape of goods examined is the technically preferable solution for the category of goods concerned". For example, I think the South African courts were right in the *Beecham* cases to regard the fact that the bi-concave shape facilitates the coating of a tablet as a relevant technical result. There may be other ways of manufacturing the tablet so that the tablet may be coated without using a "bi-concave shape" but for the reasons stated in *Philips (ECJ)* and *Philips 1 (CA)* about the policy underpinnings of the Technical Result Exception, this is irrelevant.

92 Having found that the Technical Result Exception is not confined to the examination of the functional features of a shape mark from the perspective of the user of the product, but also applies to the manufacturing process, I will now examine the essential features in turn to see if they fall foul of the exception.

## (2) The First Essential Element: The rectangular slab shape

93 On the question of whether the First Essential Feature is necessary to obtain a technical result, the defendants rely on Prof Fryer's expert evidence that the rectangular slab shape, including the relative proportions of the length, width and depth are controlled by the requirements to create a shape that can be manufactured and packed at the speed required for commercial production. [\[note: 39\]](#)

94 According to Prof Fryer, mass produced chocolate is most commonly made through the methods of "enrobing" or "moulding". Enrobing is the method where the centre product (which may not be chocolate) is coated with molten chocolate when progressing along a conveyer belt. Moulding involves first depositing molten chocolate into moulds which give the chocolate its shape and later (after cooling) removing the chocolate from the moulds. [\[note: 40\]](#) Both the Kit Kat products and the

Take-It products are moulded.

95 Typically, moulding is used when a precise and particular consistent chocolate shape or detailing is required for consumer appeal or in order to fit particular packaging requirements. [\[note: 41\]](#) To be clear, the choice of enrobing or moulding can lead to goods of differing quality. Mr Barnes gave evidence that enrobing tends to be much cheaper than moulding. Enrobing results in a product that looks more generic as it will just take the shape of the product that is underneath them (as opposed to moulded chocolate, which takes the shape of the mould). Enrobing also tends to be “less premium” in terms of its finish. [\[note: 42\]](#) Mr Chuang also said that enrobed and moulded chocolate confectionary taste differently and the latter is generally perceived by consumers to be of higher quality and value. [\[note: 43\]](#)

96 To make a solid chocolate moulded product, molten tempered chocolate is poured into warm moulds. They are then vibrated to remove any air bubbles and ensure an even distribution of the chocolate in the mould. If the chocolate fills the mould, the top of the mould (which becomes the bottom of the chocolate after demoulding) may be scraped flat, unless the mould is not filled entirely (in which case it will settle into a flat base). [\[note: 44\]](#) For chocolate covered wafers, there will be certain additional steps relating to the placement of the wafers. [\[note: 45\]](#)

97 The demoulding process involves the mould being turned upside down and the underside being knocked to release the chocolates, which fall out onto a conveyor belt that usually conveys them to a hopper in a wrapping or packaging machine. [\[note: 46\]](#)

98 I accept Prof Fryer’s evidence that there are inherent limitations to the freedom of choice that a manufacturer has if it wants to make a chocolate that looks and tastes good, is cost effective to mass produce, and is sold in finger format. [\[note: 47\]](#) He said that the parameters of a moulded product are set first by the need to create a “bite-sized” product that is attractive to the consumer, and by the need to ensure efficient operation. The mould must be deep and wide enough to contain sufficient chocolate or an amount of filling while maintaining structural integrity, and to cool and set within the time parameters dictated by the machine, the rate of production and the length of the production line. The mould must be of a simple enough shape, with a wide enough opening, to easily and quickly fill it with chocolate and any fillings. It must also have a shape that allows for easy demoulding. Moreover, the mould must be designed so that the chocolate block can be readily broken by the consumer. [\[note: 48\]](#)

99 Prof Fryer said that the wafers themselves are cut from a larger shape, and the easiest and most effective way is to use parallel cuts and create a rectangular box shape, to prevent wastage. The amount of chocolate around the wafer is also constrained by the need for the product to be coated without having an excessively thick layer, because chocolate is more expensive than wafer. The constraints of cost effective manufacture thus lead to the creation of a block that has a rectangular shape. [\[note: 49\]](#)

100 Finally, Prof Fryer also stated that the base must be generally flat for placement and to allow for units to be stacked alongside each other. He said a base that is not flat would lead to technical difficulties and would make manufacturing by moulding impossible. [\[note: 50\]](#)

101 The plaintiffs argue that I should not place much weight on Prof Fryer’s evidence as it is based “entirely on academic knowledge”. [\[note: 51\]](#) I do not think that made his evidence unreliable. I have

no reason to doubt his credentials with respect to the design of moulds and the manufacture of moulded chocolates. While he is mainly a scholar, he has worked very closely with major food companies as well. [\[note: 52\]](#) For example, it is his evidence that he is familiar with a number of major Cadbury products. In my view, his evidence is compelling, credible, and accords with common sense. Thus, for the reasons he has provided, I find that the rectangular slab shape is necessary for a technical result.

102 Before I turn to the next point, I note that the Hearing Officer in *Nestle v Cadbury (Opposition)* found that the First Essential Element resulted from the nature of the goods themselves, but did not actually say that it is necessary for a technical result. This was what he said at [72] and [73]:

72. I consider that the basically rectangular 'slab' shape of goods represented by the mark is a shape which results from the nature of a bar of moulded chocolate (which may, or may not, contain wafer, or some other filing) or of a moulded chocolate biscuit sold in bar form. *It is obviously **an easy and cheap way** to provide the consumer with a given amount of chocolate product in a shape which presents **less difficulty to mould, wrap and stock than other fancier shapes** . That is no doubt why most moulded chocolate bars take the same basically rectangular 'slab' shape.*

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

[emphasis added in italics and bold italics]

103 On appeal, Arnold J did not accept Cadbury's argument that the Hearing Officer's findings supported the conclusion that the First Essential Feature was necessary to obtain a technical result, albeit without any elaboration (*Nestle v Cadbury (HC)* at [65]).

104 However, the decisions of the English courts though persuasive are not binding on me. On a separate note, I can think of why a feature dictated by the manufacturing process might be regarded as resulting from the nature of the goods. Where an essential feature presents an *obvious* technical solution that contributes significantly to the efficient and economical manufacture of the specific good in question, one would expect that particular essential feature to be commonplace among goods of the same kind and for the shape of these goods to take a somewhat similar form, which then suggests that that is the general or inherent nature of the shape of those goods. In this sense, there is a certain degree of overlap between sub-ss 7(3)(a) and (b) of the TMA.

(3) The Second Essential Element: The presence, position, and depth of the breaking grooves

105 The defendants submit that the presence of the grooves allows the product to be broken up for consumption. The depth of the grooves is a compromise between (a) the minimum depth required for the product to retain structural integrity in manufacture and transit, and (b) the maximum permissible depth before consumers would have difficulty in breaking the bar cleanly into regular shaped and conveniently consumable fingers. [\[note: 53\]](#) The grooves also have to be angled in order for the product to be effectively demoulded, even if the *precise* angle itself is not an essential feature of the shape. [\[note: 54\]](#)

106 The Hearing Officer in *Nestle v Cadbury (Opposition)* and Arnold J in *Nestle v Cadbury (HC)* both took the view that the grooves were necessary for a technical result, while the OHIM Second Board of Appeal in *Nestle v Cadbury (OHIM)* considered that the ease of portioning of a product was *not* a technical result. It seems to me that the difficulty here is, again, the drawing of boundaries. To borrow the language of *Beecham (SC)* at [30], a shape is necessary for a technical result if it is a reasonable technical solution to a problem. The problem itself does not have to be “technical” one. So in *Beecham (SC)*, the “ease of swallowing” of a pill was regarded as a specific technical result.

107 Of course, a chocolate product *can* be broken up even without the presence of breaking grooves if one accepts untidy and uneven broken pieces of chocolate instead of neat and cleanly broken smaller pieces of long fingers of chocolate. The question is whether this means that the presence of the grooves “is an unnecessary and redundant solution to begin with”, as the plaintiff has submitted. [\[note: 55\]](#) I think this argument is misguided. In the first place, even if feature X is not necessary as a technical solution to achieve outcome Y *per se*, a more *efficient or otherwise desirable method* such as having a feature X to attain outcome Y is nevertheless to be regarded as necessary to obtain that technical result Y. It is unquestionable that the presence of grooves makes a chocolate bar easier to break apart. Moreover, where there is a groove, a break will be cleaner and more aesthetically pleasing. Finally, the presence of grooves also allows for more *precise* apportionment of the chocolate product, such as in halves or quarters, with respect to the Registered Shapes (a point which overlaps with the Third Essential Feature, as we shall later see). Accordingly, I regard the use of the longitudinal grooves in the three-dimensional shape to be necessary to obtain the desirable technical result of facilitating the breaking up of a larger rectangular slab of chocolate bar into smaller neat finger like pieces of chocolate bars with the appropriate proportions of a suitable size each time for eating.

108 As for the angle of the sides of the grooves, it is constrained by the need for the chocolate product to be demoulded. Without going into details, the sides of a moulded chocolate product have to be sloped for the efficient demoulding of the product. This is called the “release angle”. According to Prof Fryer, a release angle of eight to ten degrees is considered the minimum. [\[note: 56\]](#) Of course, there are other shapes and angles (as long as they are greater than eight degrees) which can be efficiently demoulded. Mr Barnes pointed out that even a square shape can be demoulded using the appropriate technique (albeit a more complicated one). [\[note: 57\]](#) Nevertheless, it seems to me that the average consumer will not notice minor variations in the angles of the sides and the grooves of the Registered Shapes. Other considerations in determining the angle of the slope of the grooves in a chocolate wafer product is the consumer’s need to grasp the wafer and separate the fingers by hand as well as certain other manufacturing and packaging requirements. Taken together the precise angle is necessarily constrained. [\[note: 58\]](#) I regard the Second Essential Element comprising the shape of the breaking grooves with its particular release angles as being necessary to obtain a technical result that satisfies s 7(3)(b) of the TMA.

#### (4) The Third Essential Element: The number of breaking grooves and fingers

109 In this regard, Prof Fryer’s evidence is that the number of grooves, together with the width of the bar, determines the number of “fingers”, and that the number of fingers is given by the need to provide the consumer with individual pieces. [\[note: 59\]](#) Similarly, the Hearing Officer in *Nestle v Cadbury (Opposition)* at [77] found that the number of fingers for the Four Fingers Shape is determined by the size of the chosen portion. In contrast, Louw J in *Nestle (South Africa)*, the other decision which dealt squarely with the issue of the number of fingers for the Registered Shapes, considered that a “chocolate slab obviously does not need to be in the shape of two or four fingers”

(at [30]).

110 As Prof Fryer had noted, the size of a chocolate bar is constrained by handsize and convention (bars that are shorter or longer are difficult to put into shop displays). [\[note: 60\]](#) Once a chocolate bar is breakable, the next question is: What is the portion size? This will be determined by the consumers' need for more or less of the product depending on their appetite at the time of purchase (*Nestle v Cadbury (Opposition)* at [77]). Much like the story of Goldilocks and the Three Bears, the consumer wants each portion to be just right. Considering these restraints, a chocolate bar or wafer can only be apportioned in so many ways before a portion is simply too big or too small for the average consumer. Accordingly, the number of grooves and the number of fingers in the Registered Shapes is not an arbitrary one. As Arnold J put it, "it was necessary for there to be three grooves in order for there to be four fingers each of which was of the desired portion size" (*Nestle v Cadbury (HC)* at [67]).

111 For the foregoing reasons, I find that each and every one of the essential features of the Registered Shapes is necessary for a specific though different technical result, and the registrations of the Registered Shapes are therefore invalid pursuant to s 7(3)(b) read with s 23(1) of the TMA.

### ***Whether the Registered Shapes result from the nature of the goods themselves***

#### *The key legal principles*

112 The defendants argue that the registrations of the Registered Shapes are also prohibited under s 7(3)(a) of the TMA for being shapes which result from the nature of the goods themselves. Again, for simplicity, I will refer to the bar to registration under the TMA, as well as other equivalent statutory provisions found in various jurisdictions, as the "Nature Exception".

113 The Nature Exception was recently the subject of analysis in *Hauck GmbH & Co KG v Stokke A/S, Stokke Nederland BV, Peter Opsvik and Peter Opsvik A/S* (Case C-205/13) ("*Hauck*"), a decision which was handed down by the CJEU on 18 September 2014. The case was a reference for a preliminary ruling from the Netherlands and the shape in issue was that of the "Tripp Trapp" children's chair, which was registered for "chairs, especially high chairs for children". One of the questions referred to the CJEU was the following:

Does the ground for refusal or invalidity in [the Nature Exception], namely that [three-dimensional] trade marks may not consist exclusively of a shape which results from the nature of the goods themselves, refer to a shape which is indispensable to the function of the goods, or can it also refer to the presence of one or more substantial functional characteristics of goods which consumers may possibly look for in the goods of competitors?

114 The CJEU made the following findings:

- (a) The Nature Exception pursues the same objective as the other two exceptions under the European equivalent of s 7(3) TMA (at [20]).
- (b) To apply the Nature Exception, it is necessary to identify the essential characteristics of the sign on a case-by-case basis (at [21]).
- (c) The Nature Exception is not limited only to (i) "natural" products (which have no substitute) and (ii) "regulated" products (the shape of which is prescribed by legal standards) as such shapes could not be registered in any event because of their lack of distinctive character

(at [24]).

(d) The concept of a “shape which results from the nature of the goods themselves” also includes shapes with *essential characteristics* which are *inherent* to the generic function or functions of the goods. The reason for this is that it would otherwise make it difficult for competitors to give their goods a shape suited to the use to which those goods are intended. It is clear that those are essential characteristics which consumers will be looking for in the products of competitors as they are intended to perform an identical or similar function (at [25]).

115 Accordingly, the CJEU found that the Nature Exception *may* apply to a sign which “consists exclusively of the shape of a product with one or more essential characteristics which are inherent to the generic function or functions of that product and which consumers may be looking for in the products of competitors” (*Hauck* at [27]).

116 To be clear, I do not think the CJEU is saying that the Nature Exception applies only by reference to the function of a good. This would not be sensible in situations where the goods involved have a naturally occurring shape, like flowers or fish. In a sense, these shapes are also functional from the perspective of the flower or the fish, but in trade mark law, we do not concern ourselves with the needs of plants or marine life (except insofar as they further our own ends). In such cases the Nature Exception can be applied quite straightforwardly.

117 I illustrate this by referring to the written Opinions of the Advocate General for *Hauck*, where Mr Maciej Szpunar gave a number of examples which would be excluded from registration under the Nature Exception (at paras 46, 49 and 59):

- (a) natural goods, *eg*, the shape of a banana for bananas (being a natural good);
- (b) standardised shapes, *eg*, a rugby ball;
- (c) a shape consisting exclusively of characteristics ordinarily attributed to the goods in question, *eg*, the shape of a parallelepiped for a brick, the shape of a container with a spout, a lid and a handle for a teapot, or the shape of fork tines for a fork; and
- (d) shapes which essential characteristics derive from the function of the goods in question, *eg*, feet attached to a horizontal plate with regard to a table.

118 It is apparent that the Nature Exception *does* apply to man-made goods of which the shape is not pre-determined and which may have alternative shapes. Take the example of the table, which Mr Szpunar described as a horizontal plate with legs. There may be other possible shapes, for example, a horizontal plate that is suspended from the ceiling. Such a legless shape may still function as a table, but that does not mean that it is not natural for a table to have legs.

119 Moreover, the clarification from the CJEU indicates that there will be a degree of overlap between the Technical Result Exception and Nature Exception. A key difference is the perspective from which the question is approached. Under the Nature Exception, one might ask: Considering that the generic function of the goods is X, would it therefore be “natural” that a shape for such a good would have essential element Y? Under the Technical Result Exception, one would instead ask whether the essential shape element Y will enable a *specific* good to have a technical function X. But the overlap is partial only.

120 While *Hauck* clarified a number of issues, there remains the problem of how one might define

the “goods themselves” for the purpose of construing s 7(3)(a) of the TMA. Jacob J (as he then was) grappled with that issue in *Philips Electronics NV v Remington Consumer Products* [1998] RPC 283 (“*Philips 2 (HC)*”). As he put it at 304 of his judgment:

... What are the “goods themselves”? A shape will define part or the whole appearance of a given object. If that object is regarded as the goods then the shape will always result from the nature of the goods. ...

121 He rejected the contention that one should regard “the goods” as the goods for which the mark is registered as it will be “partly adventitious”. Instead, he proposed the following test:

How then does one define what ‘the goods’ are? It was suggested at one point that one should take the specification of goods for which the mark is registered. But that specification will be partly adventitious. Philips’ registration is for ‘electric shavers’. It could have been wider, for ‘mechanical shavers’ and possibly even for ‘shavers’, for instance. So I do not think one can simply go by the specification of goods. I think the correct answer is partly one of degree. The nature of the goods is not an academic question. One is here considering the goods as articles of commerce, for this is a provision about trade marks. I think one must ask what the goods are as a *practical business matter*. The answer depends on how they are viewed in practice as *articles of commerce*. The answer here, I think, is as ‘electric shavers’. By and large, such shavers are seen as a single type of commercial article. True it is there are subsets (the various sorts of vibra and the two and three headed rotaries of Philips) *but as a generality they are one sort of commercial article*. [emphasis added]

122 However, the English Court of Appeal in *Philips Electronics NV v Remington Consumer Products Ltd* [1999] RPC 809 (“*Philips 2 (CA)*”) placed greater emphasis on the specification of the goods, rather than how the goods are viewed as an article of commerce. Aldous LJ stated as follows (at 820):

*In my judgment the words “the goods” refer to the goods in respect of which the trade mark is registered.* Those are the goods which it must be capable of distinguishing and in respect of which the proprietor obtains, on registration, the exclusive right to use the trade mark. The words are used to refer to any of the goods falling within the class for which the trade mark is registered. *For example, registration of a picture of a banana in respect of “fruit” would be just as objectionable as registration of that word would be in respect of “bananas”.* The purpose of the subsection is to prevent traders monopolising shapes of particular goods and that cannot be defeated by the skill of the applicant when selecting the class of goods for which registration is sought. Subsection 2(a) has to be construed in the context of subss.(b) and (c). It is intended to exclude from registration basic shapes that should be available for use by the public at large. It is difficult to envisage such shapes, except those that are produced in nature such as bananas. ... [emphasis added]

123 I agree with Aldous LJ that “the goods” must mean the goods in respect of which the trade mark is registered. So one should begin by considering whether the shape results from any of these goods. In practice, it will not always be necessary to go through each and every one of the goods for which the shape is registered, but this is the theoretical starting point. So if a shape is registered for goods A, B, and C, the court will look at A, B and C individually. If it is found that the shape results from the nature of C, but not A and B, then the registration in respect of C is invalid, without necessarily invalidating A and B as well. For completeness, I note that s 23(9) of the TMA provides as follows:

(9) Where the ground of invalidity exists in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

124 Where none of the goods for which the trade mark is registered is too widely described, the test can be straightforwardly applied. Thus in *Philips 2 (CA)*, where the trade mark was registered in respect of “electric shavers”, Aldous LJ simply took the goods to be those specified in the registration. In the present case, the Registered Shapes are registered in Class 30 for “Chocolate confectionery being chocolate coated confectionery blocks or bars and chocolate wafer biscuits”, which is already a fairly narrow specification of goods. In such circumstances, I can apply Aldous LJ’s test in a straightforward way – the goods are simply the goods for which the shape is registered as a trade mark.

125 Nevertheless, for the purposes of argument, I will go on to consider the situation where the registrant has registered the shape trade mark for a wide variety of goods which fall within a single description, such as “fruits”. According to Aldous LJ, “the goods” are used to refer to any of the goods falling within that description. To illustrate this, imagine that a shape is registered in respect of goods A only. Goods A also encompass three other goods, namely, A1, A2 and A3. If the shape results from any one of A1, A2 or A3, the registration for A is invalid. Taken to the logical conclusion, where the goods are widely described, a court may need to embark on the rather tedious process of considering a large variety of goods answering to that description to ensure that the shape is not the natural one for any of them. This might in practice be avoided where the shape *obviously* results from the nature of one of the goods, such as in case of the shape of a “banana” for “fruits”. I think the average person will be able to recognise a banana when he sees one.

126 What if, however, the result is not so obvious because there are so many levels of categorisation and what is regarded as the nature (or the natural function) of the goods depends on the definition of “the goods”, which itself can be set at a very general category or a very specific category? Take for example “vehicles”. The single description “vehicles” comprises boats, trucks, buses, motor cars, *etc.* If one were to drill down, each individual good could again comprise a variety of distinct goods. For example, a motor car also describes sports cars, sedans, sport utility vehicles, *etc.* In other words, goods A may comprise goods A1, A2 and A3, and goods A1 may further comprise goods A1(i), A1(ii) and A1(iii), and so on. This is a process that could potentially go on to the point where “the goods” become synonymous with the product that is described by the registered shape. This was partly Jacob J’s concern in *Philips 2 (HC)* where it was essentially noted that shavers comprise electric shavers which in turn comprise three headed rotary shavers. When the specificity of the definition of “the goods” is taken to an extreme and “the goods” is defined to mean only the product that is the subject of the litigation, Jacob J observed that shape will *always* result from the nature of “the goods”. The necessary result is that the corresponding shape mark will *always* fall foul of the Nature Exception as well. But this cannot be correct. A shape might be said to result from the nature of A1(i), but whether or not the registration in respect of A should be invalidated depends on whether A1(i) should even be properly regarded as “the goods” in the first place. Aldous LJ’s test does not assist in this respect. It seems to me that he did not give this issue much consideration as he had considered that the Nature Exception is unlikely to apply except in the case of natural goods.

127 When faced with the difficulty outlined in the preceding paragraph, I think Jacob J’s test may be usefully employed in a way that is not inconsistent with Aldous LJ’s test. Thus, the court may consider how the products represented by the shape “are viewed in practice as articles of commerce”. The court will approach this question in a practical and business-like manner. To some extent, this will be a matter of common sense. So in *Philips 2 (HC)*, Jacob J came to the conclusion that “the goods” were “electric shavers”, even if there are “subsets” such as two and three headed

rotary shavers, because “electric shavers” are seen as a single type of commercial article. For example, using the illustration in the preceding paragraph, the court may find that “the goods” are A1 and *not* A1(i). The court also determines that the shape results from the nature of A1. Since goods A1 fall within goods A, the registration of the shape as a trade mark in respect of A is invalid. On the other hand, the registration of the shape as a trade mark in respect of goods A is not invalidated if the shape only results from the nature of goods A1(i) but not goods A1. This is because the shape does not in fact result from the nature of “the goods”, which has been defined by the court as A1.

#### *Application to the facts*

128 As stated at [124] above, “the goods” in the present case are simply the goods for which the Registered Shapes are registered. For convenience, I will refer to the relevant “goods” as “chocolate coated bars and wafers”.

129 Chocolate coated bars and wafers are not natural goods and are also not standardised products. With the exception of the First Essential Element, I also do not think that they are shapes that consist exclusively of characteristics ordinarily attributed to chocolate coated bars and wafers.

130 The question then, is whether the Registered Shapes are excluded by the functional test set out in *Hauck*. I have already determined the essential characteristics of the shape, which are listed at [52] above. Accordingly, I only need to consider whether the Registered Shapes consist exclusively of the shape of chocolate coated bars and wafers with one or more essential characteristics which are inherent to the generic function or functions of that product and which consumers may be looking for in the products of competitors.

131 Chocolate coated bars and wafers are meant to be eaten, and the generic function of that product, I think, is simply that it must taste good and look appetising. To achieve this function, the chocolate coated bar or wafer can conceivably take any shape, subject to manufacturing restraints. I am hard-pressed to imagine a natural shape for a chocolate coated bar or wafer. I accept that the First Essential Feature could well be regarded as part of the “natural” shape of a chocolate coated wafer or bar. However, I do not see how the particular configuration of grooves of the Registered Shapes can be said to be inherent to the generic function of such chocolate coated products. While the Registered Shapes are relatively basic and simple, I am not prepared to say they *result* from the *nature* of these chocolate coated products.

132 For the foregoing reasons, I do not find that the registrations of the Registered Shapes are precluded by s 7(3)(a) of the TMA.

#### ***Whether the Registered Shapes consist exclusively of the shape which gives substantial value to the goods***

133 Alternatively, the defendants also argue that the Registered Shapes fall foul of s 7(3)(c) of the TMA, which prohibits the registration of trade marks that consist exclusively of the shape of goods which gives substantial value to the goods. I will refer to this ground as the “Substantial Value Exception”.

134 When considering whether a shape gives substantial value to the goods, the court does not take into account the value added to the goods as a result of the shape enabling a customer to recognise that it originates from one undertaking as opposed to another. In *Philips 2 (HC)* at 309, Jacob J stated:

Good trade marks add value to goods—that is one of the things they are for. So one must not take this exclusion too literally. I think what is meant is an exclusion of shapes which exclusively add some sort of value (design or functional appearance or perhaps something else though I cannot think of anything) to the goods *disregarding* any value attributable to a trade mark (*i.e.* source identification) function. A question of degree is obviously involved. For instance the Rolls-Royce grille adds value to a Rolls-Royce. But it does so primarily because it signifies Rolls-Royce and not because of its inherent shape.

135 Jacob J considered that the three-headed shape of the Philips rotary shaver in question was excluded from registration on this ground primarily because it enabled the public to recognise it as “having an engineering function and for that reason it adds substantial value to the product”. On appeal, Aldous LJ in *Philips 2 (CA)* disagreed. He took the view that Jacob J’s construction of the Substantial Value Exception was incorrect. He stated at 822 of the judgment that the provision was intended to exclude “aesthetic-type shapes” which, in “relative terms” as a shape, adds substantial value, unlike the Technical Result Exception, which was intended to exclude functional shapes.

136 Aldous LJ held that, to determine whether the value provided by a shape is substantial, the court must compare the shape sought to be registered and shapes of equivalent articles, and that it “is only if the shape sought to be registered has, in relative terms, substantial value that it will be excluded from registration”. What has to be considered is “the shape as a shape”. In this regard, he considered it irrelevant that a shape has a substantial reputation built up by, *inter alia*, advertising. However, the ruling in *Hauck* indicates that the effort put into promoting the shape is not irrelevant (see [141(e)] below). Other than that, I think Aldous LJ’s approach is sensible. As applied to the present case, it is not sufficient that the Registered Shapes add to the eye appeal of the plaintiffs’ Kit Kat products. The defendants’ own evidence indicates that a successful chocolate product has to look pleasing. It is therefore highly unlikely that a trader in the confectionary market will choose for its goods a shape without any aesthetic merit whatsoever. Therefore, the shape must be one that gives the goods a higher value relative to competing products.

137 The interplay between the functionality and the aesthetic appeal of a shape under the Substantial Value Exception was considered by the CJEU in *Hauck*. One of the questions referred to the CJEU for a preliminary ruling was as follows:

Does a “shape which gives substantial value to the goods” within the meaning of the aforementioned provision exist only if that shape must be considered to constitute the main or predominant value in comparison with other values (such as, in the case of high chairs for children, safety, comfort and reliability) or can it also exist if, in addition to that value, other values of the goods exist which are also to be considered substantial?

138 The CJEU held at [30] to [32]:

30 ... the fact that the shape of a product is regarded as giving substantial value to that product *does not mean that other characteristics may not also give the product significant value.*

31 Thus, the aim of preventing the exclusive and permanent right which a trade mark confers from serving to extend indefinitely the life of other rights which the EU legislature has sought to make subject to limited periods requires — as the Advocate General observed in point 85 of his Opinion — that *the possibility of applying the third indent of Article 3(1)(e) of the trade marks directive not be automatically ruled out when, in addition to its aesthetic function, the product concerned also performs other essential functions.*

32 Indeed, the concept of a 'shape which gives substantial value to the goods' *cannot be limited purely to the shape of products having only artistic or ornamental value, as there is otherwise a risk that products which have essential functional characteristics as well as a significant aesthetic element will not be covered*. In that case, the right conferred by the trade mark on its proprietor would grant that proprietor a monopoly on the essential characteristics of such products, which would not allow the objective of that ground for refusal to be fully realised.

[emphasis added]

139 The CJEU concluded that the Substantial Value Exception "may apply to a sign which consists exclusively of the shape of a product with several characteristics each of which may give that product substantial value" (*Hauck* at [36]).

140 At the very least, this indicates that the Technical Result Exception and the Substantial Value Exception can and do overlap.

141 As for when the value is "substantial", *Hauck* clarified that the "target public's perception of the shape of that product is only one of the assessment criteria which may be used to determine whether that ground for refusal [*ie*, Substantial Value Exception] is applicable" (at [36]). Other criteria (at [35]) which may be taken into account in assessing whether there is "substantial value" added to the goods on account of the shape are:

- (a) the nature of the category of goods concerned;
- (b) the artistic value of the shape in question;
- (c) its dissimilarity from other shapes in common use on the market concerned;
- (d) a substantial price difference in relation to similar products; and
- (e) the development of a promotion strategy which focuses on accentuating the aesthetic characteristics of the product in question.

142 It is clear that none of the above criteria are in themselves decisive. For criterion (b) in the preceding paragraph, it is pertinent to note that in *George Hensher Ltd v Restawile Upholstery (Lancs) Ltd* [1976] 1 AC 64, Lord Simon of Glaisdale at [94] had cautioned that the "evaluation of artistic merit is not a task for which judges have any training or general aptitude". A judge is not generally well placed to be an arbiter of beauty. A purely subjective assessment of aesthetics should therefore be avoided. The question should not be about whether an individual judge likes the shape as such, but whether the shape is of such appeal that it would be improper for a trader to monopolise it for an indefinite amount of time. As Mr Szpunar put it at para 93 of his Opinion, the considerations in the preceding paragraph are intended to form the factual basis of whether:

... the aesthetic characteristics of the shape in question exert such a significant influence over the attractiveness of the goods that the act of reserving the benefit of this influence for a single company would distort the conditions of competition on the market in question.

143 In the present case, the evidence as to the aesthetic appeal of the Registered Shapes is lacking. The defendants dispute the evidence of Mr Barnes, who had made laudatory remarks on the genesis of the Registered Shapes. Nevertheless, the defendants argue that if the court were to nevertheless accept Mr Barnes' evidence, it would mean that the Registered Shapes would be barred

from registration by the Substantial Value Exception. Mr Barnes had said the Registered Shapes were dictated primarily by the positive response derived from statistically based consumer research. He said the Registered Shapes have “high aesthetic appeal” and that they were influenced by the prevailing visual arts design style of the 1930s, namely Art Deco. [\[note: 61\]](#) In addition, the shape of the Registered Shapes was also designed to “strike that perfect balance of chocolate and wafer”. [\[note: 62\]](#) This is because the Registered Shapes (by which Mr Barnes meant the trapezoidal shape of the fingers with the plinth) is the “primary determinative factor and consideration” in achieving the ratio of chocolate to wafer in a Kit Kat bar. [\[note: 63\]](#)

144 With respect to the aesthetic appeal of the Registered Shapes, I am unable to give much weight to consumer research made in the 1930s, when the Kit Kat product was launched. Tastes change and a shape that stood out for its aesthetic quality decades ago might be considered merely ordinary when the Registered Shapes were registered in Singapore on 3 January 2000. I do not think that the evidence shows that the Registered Shapes are particularly eye catching in relation to other competing products in the market as of the relevant date to have given it substantial value over the others on account of their aesthetic design. The Hearing Officer in *Nestle v Cadbury (Opposition)* at [85] found that the Four Fingers Shape is a functional one, rather than an aesthetic design. I agree.

145 Further, I can accept that in choosing the Registered Shapes the original designers took into account the impact of the shape on the taste of the product as well. Nevertheless, I must assume that the taste and feel of the Kit Kat product depends on many factors, and the shape is but one consideration. Even if the concept of “substantial value” extends to the economic value added by the shape to the Kit Kat product by enhancing its taste and feel, there is insufficient evidence for such a finding.

146 For the foregoing reasons, I do not find that the registrations of the Registered Shapes are precluded by s 7(3)(c) of the TMA.

### **Hybrid argument?**

147 Before I leave s 7(3) of the TMA, there is the question of whether the three exceptions (*ie*, the Technical Result Exception, the Nature Exception and the Substantial Value Exception) may be applied in combination, or whether they must be applied independently of the others. As noted at [36] above, the Hearing Officer in *Nestle v Cadbury (Opposition)* seemed to have, without saying so explicitly, applied the Nature Exception and the Technical Result Exception in combination. This was noted by Arnold J in *Nestle v Cadbury (HC)*. He took the view (at [70], [71], [75] and [76] of his judgment) that a trade mark would be precluded from registration if it consisted of three essential features, one of which results from the nature of the goods themselves and two of which are necessary to obtain a technical result. However, as he could not be certain that this was correct, he referred a question to the CJEU for a determination.

148 This question was referred before *Hauck* was handed down. *Hauck* appears to have settled the law in Europe in this regard. It found that the wording of Art 3(1)(e) of the Directive was clear that the three grounds for refusal for registration must be applied independently of the others. It also stated that the public interest objective underlying the application precludes the refusal of registration where none of the three grounds is fully applicable.

149 Having found that all the conditions of the Technical Result Exception are fulfilled, I do not need to decide on this point. Like the court in *Hauck*, I am also constrained by the words of the provision. The way that s 7(3) of the TMA is drafted appears to rule out the cumulative application of

the three grounds. Nevertheless, by giving a wide and purposive interpretation to each of the three grounds, it would not be unduly restrictive to apply them separately from each other. The approach in *Hauck* is therefore justifiable.

### ***Whether the Registered Shapes are capable of distinguishing***

150 The defendants also submit that the Registered Shapes were registered in breach of s 7(1)(a) of the TMA as they are signs which do not satisfy the definition of a trade mark in s 2(1) of the TMA, being not capable of distinguishing the goods for which they are registered. I set out the relevant provisions below:

2. —(1) In this Act, unless the context otherwise requires —

...

“sign” includes any letter, word, name, signature, numeral, device, brand, heading, label, ticket, shape, colour, aspect of packaging or any combination thereof;

...

“trade mark” means any sign capable of being represented graphically and which *is capable of distinguishing goods or services* dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person;

...

7. —(1) The following shall not be registered:

(a) signs which do not satisfy the definition of a trade mark in section 2(1)...

151 The question here is a simple one: Were the Registered Shapes *capable* of distinguishing the Goods at the time it was registered?

152 The principles as to how a court will apply this ground have been set out in *Wing Joo Loong Ginseng Hong (Singapore) Co Pte Ltd v Qinghai Xinyuan Foreign Trade Co Ltd and another and another appeal* [2009] 2 SLR(R) 814 (“*Wing Joo Loong*”) and *Love & Co Pte Ltd v The Carat Club Pte Ltd* [2009] 1 SLR(R) 561 (“*Love & Co*”). Essentially, it is clear from the aforementioned cases that the s 7(1)(a) threshold is a low one. Moreover, “in assessing whether a sign or mark possesses the requisite capacity to distinguish so as to constitute a trade mark, one should look only at the inherent features or characteristics of that sign or mark, and not at its use” (*Wing Joo Loong* at [96]). Of course, the more descriptive and generic the sign, the more difficult it is to pass even the relatively low threshold criterion set out in s 7(1)(a) of the TMA (see *Love & Co* at [42]).

153 To begin, I agree with the plaintiffs that the fact that a shape mark which comprises the shape of the goods themselves would not *per se* render the mark “incapable of distinguishing”. Nevertheless, a shape mark may be so commonplace or descriptive of the functionality of the goods that it is indeed “incapable of distinguishing”. However, it seems to me that this is not the case here. I do not think that the Registered Shapes are so descriptive of the Goods that they fail right at the threshold in that they are *entirely incapable* of operating as badges of origin.

154 For completeness, I note that in *Societe Des Produits Nestle SA v Horizon Biscuit Company Limited and Cadbury Confectionary Limited* [2002] NZIPOTM 45, the Intellectual Property Office of

New Zealand also concluded, albeit *obiter*, that the Registered Shapes were not incapable of distinguishing.

### ***Whether the Registered Shapes are inherently distinctive***

155 Section 7(1)(b) of the TMA states that trade marks which are devoid of any distinctive character shall not be registered. However, under s 7(2) of the TMA, such a trade mark shall not be refused registration if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it. Further, under s 23(2) of the TMA, a trade mark that was registered in breach of, *inter alia*, s 7(1)(b) of the TMA, shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

156 In considering whether the Registered Shapes are devoid of any distinctive character, the question to be asked is whether it is the sort of sign “which cannot do the job of distinguishing without first educating the public that it is a trade mark” (*British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 281 at 306).

157 The principles as to how a court should approach the question of whether a three-dimensional shape is devoid of distinctive character was carefully explained by Jacob LJ in the English Court of Appeal case of *Bongrain SA's Trade Mark Application* [2005] RPC 14 (“*Bongrain*”). That case was concerned with the registrability of the shape of a cheese. Jacob LJ considered a number of cases that had been decided by the ECJ. The following principles can be discerned from his judgment (at [8]):

- (a) For a mark to have distinctive character, it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus distinguish that product from the products of other undertakings.
- (b) The trade mark’s distinctiveness must be assessed by reference to:
  - (i) first, the goods or services in respect of which registration is sought; and
  - (ii) secondly, the perception of the relevant persons, namely the consumers of the goods or services (*ie*, 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).
- (c) The criteria used when assessing the distinctiveness of a three-dimensional shape of product mark is no stricter than those used for other categories of trade mark.
- (d) However, it may in practice be more difficult for a three-dimensional mark to pass the test as “average consumers” are not in the habit of making assumptions about the origins of products on the basis of their shape in the absence of any graphic or word element.
- (e) Only a trade mark which departs *significantly* from the norm or customs of the sector is not devoid of any distinctive character.

158 However, just because a shape is unusual for its kind does not mean that the public will automatically take it as denoting trade origin. The perception of the average consumer is what matters. Accordingly, the mere fact that a shape is fanciful or attractive will not enable it to be

registered as a trade mark (*Bongrain* at [25] to [27]; see also *Nation Fittings (M) Sdn Bhd v Oystertec plc and another suit* [2006] 1 SLR(R) 712 ("*Nation Fittings*") at [30])). What must be shown is that the average consumer would regard the putative shape *alone* as a badge of origin. As stated in *Bongrain* at [28]:

28 As far as cheese is concerned Mr Malynicz accepts that no other cheese shape is, or is said to be, a trade mark. So an average consumer, surveying the myriad of cheeses on display in a good supermarket or on a restaurant cheese platter, would, I think, be astonished to be told that one of the shapes was a trade mark. *Consumers do not expect to eat trade marks or part of them.* A consumer may indeed, when looking for a cheese he has had before, recognise the shape. He might even say: "this looks like the one I had before. I suppose it could be what I want." *But, without established use and recognition it cannot be said that he would, without more, regard shape alone as giving him a guarantee of origin – the essence of what a trade mark is.* Even within established use, the supposition may be somewhat unrealistic *if the cheese he saw was of a different colour or bore a very different label or wrapping.* [emphasis added]

159 As for the Registered Shapes themselves, numerous courts around the world have considered whether they are inherently distinctive, and it is again the case that there is a schism in opinion:

(a) The German Federal Patent Court in *In the appellate matter of Societe des Produits Nestle SA, Vevey (Switzerland) Concerning the Trademark Application No 39982445.6* Case No 32 W (pat) 129/02 and *Trademark Application No 39982444.8* Case No 32 W (pat) 128/02: The court in two separate decisions found that the Two Fingers Shape and Four Fingers Shape were not devoid of distinctive character (for goods in class 30 including, among others, chocolate products).

(b) The Paris Court of Appeal in *Nestle (Paris)* found that the Two Fingers Shape was not devoid of distinctive character (for chocolate bars in class 30).

(c) The OHIM Second Board of Appeal in *Nestle v Cadbury (OHIM)* found that the Four Fingers Shape was devoid of distinctive character (in relation to "sweets; bakery products, pastries, biscuits; cakes, waffles" in class 30).

(d) The Hearing Officer in *Nestle v Cadbury (Opposition)* found that the Four Fingers Shape was devoid of distinctive character for chocolate bars and biscuits but not for cakes and pastries (see [97] of the decision). However, on appeal, Arnold J found that the Four Fingers Shape also lacked distinctive character in relation to cakes and pastries (see *Nestle v Cadbury (HC)* at [37]).

160 On this issue, we have the French and German authorities on one side, and the English and OHIM authorities on another. I fall on the side of the English and OHIM on this matter. I agree with them that the average consumer of chocolate products would not pay particular attention to the various specific details of the Registered Shapes. I accept that they look different from other chocolate products in the Singapore market. But, as we have seen, an unusual or attractive shape is not enough. The shapes must depart *significantly* from the norms and customs of the sector. At best, the Registered Shapes are a variant on the common shapes for the Goods. Whether one considers the Registered Shapes to be rectangular bars with breaking grooves or trapezoidal fingers conjoined at the base, they are simple shapes. The average consumer would not assume that they indicate trade origin without being educated that they are, in fact, of trade mark significance.

161 In other words, the Registered Shapes do not have any "intrinsic or inherent features or characteristics that are sufficiently unique to enable the intended mark to immediately function... as a

readily obvious and reliable badge of origin in the eyes of the average discerning consumer” (Love & Co at [53], emphasis in original removed). I am fortified in my decision by the fact that the mark clauses for the registrations state that the signs proceeded to registration “because of acquired distinctiveness through use since 1970s”, and not on the basis of inherent distinctiveness.

162 Even if I am wrong about this, and the Registered Shapes do depart significantly from the norm, it would still not be enough. This was where the Hearing Officer had fallen into error, as held by Arnold J on appeal. Arnold J referred to *Bongrain*, which stated at [27] that “there are real differences between creating a fancy shape to sell as such and a fancy shape which truly in itself will denote trade origin if used”.

### ***Whether the Registered Shapes have acquired distinctiveness through use***

#### *Association or reliance?*

163 Even if the Registered Shapes are not inherently distinctive as I have so determined, they can acquire distinctive character through use, whether at the time of application or by the date of the invalidity challenge. However, there is a preliminary question to be answered, *ie*, what exactly is required of the plaintiffs to prove to show that the Registered Shapes have acquired *de facto* distinctiveness?

164 The test for acquired distinctiveness was stated as follows in *Windsurfing Chiemsee Produktions- und Vertriebs GmbH v Boots- und Segelzubehor Walter Huber and Franz Attenberger* [1999] ETMR 585 (ECJ) (“*Windsurfing Chiemsee*”) at [54]:

...

a trade mark acquires distinctive character following the use which has been made of it *where the mark has come to identify the product in respect of which registration is applied for as originating from a particular undertaking* and thus to *distinguish that product from goods of other undertakings*;

...

if the competent authority finds that *a significant proportion* of the relevant class of persons identify goods as originating from a particular undertaking *because of the trade mark*, it must hold the requirement for registering the mark to be satisfied;

...

[emphasis added]

165 Notwithstanding the above, there is some controversy as to what exactly is meant by “identify goods as originating from a particular undertaking *because of the trade mark*”. Is it sufficient for the average consumer to *associate* the goods with a particular manufacturer? Kerly at para 8-024 suggested that it “depends on the meaning one gives to ‘associate’ but in general terms the answer is ‘no’”. The learned authors of Kerly also made the following propositions at para 8-027:

(1) Mere association with a particular manufacturer is not enough.

(2) The use of the sign must establish, in the perception of the average consumer, that the product originates from a particular undertaking.

(3) That perception must result from the use of the sign as a trade mark — in other words, the proprietor must have done something in his use to identify the sign as a trade mark, and mere extensive use during a period of monopoly, without more, is most unlikely to have achieved this.

166 This issue was considered in *Vibe Technologies Ltd's Trade Mark Application (No.2390030)* [2009] ETMR 12 ("*Vibe*") by Richard Jacob QC (sitting as the Appointed Person) at [75] and [76], where he stated as follows:

75 The difference between the parties can be highlighted in the following way. Is it enough for the applicant to show that at the relevant date a significant proportion of the relevant class of persons: (i) recognise the sign; and (ii) associate it with the applicant's goods *in the sense that*, if they were to be asked who marketed goods bearing that sign, they would say the applicant? The applicant's case is that this is sufficient to show that the sign has acquired a distinctive character. The Registrar's case is that it is not.

76 This issue is particularly important in a case such the present, where: (i) the applicant is seeking to demonstrate that **a sign of a kind that consumers are not accustomed to regarding as a trade mark** (here, a decorative surface finish) has acquired a distinctive character through use; and (ii) the **sign is used together with a distinctive conventional trade mark**.

[emphasis in original in italics; emphasis added in bold]

167 The issue stated above is also particularly important in this case as we are dealing with (a) a three-dimensional mark in the shape of the goods, and (b) the Registered Shapes sold as Kit Kat chocolate covered wafers which are embossed with the words Kit Kat.

168 Arnold J's opinion in *Vibe* at [90] was that association, even in the sense he defined it (see [166] above), is not enough. I do not need to cite all the UK cases that led him to this conclusion. I instead refer to *Vibe* at [77] to [89] for a summary of the relevant statements of law in the UK cases.

169 Having considered the relevant authorities and having regard to the fact that the essential function of a trade mark is to act as guarantee of trade origin, I find that it is not sufficient to show that the average consumer *associates* the shape of a good with a particular manufacturer. Something more than mere association is necessary before the trade mark can effectively and immediately serve its essential function, which is, as I stated in *Love & Co* at [36], to allow the average discerning consumer to immediately and readily perceive, recognise or identify the goods or services in question to originate from a particular trader and from no other.

170 What more must be shown? The defendants submit that the test is this: It must be established that a significant proportion of the relevant class of persons rely upon the trade mark (as opposed to any other trade marks which may also be present) as indicating the origin of the goods. While it is not essential for the trader to have explicitly promoted the sign in question as a trade mark, what the trader must show is that he has used the sign in such a way that consumers have in fact come to rely on it as indicating the origin of the goods. [\[note: 64\]](#) This is essentially what was proposed by Arnold J in *Vibe* at [90] (and repeated in *Nestle v Cadbury (HC)* at [55]). I will therefore refer to it as Arnold J's test.

171 The plaintiffs have strongly disputed this. They refer to *Love & Co* at [92], where I had cited *Windsurfing Chiemsee* at [54] (see [164] above) for the argument that "identification" or

“recognition” is enough. However, I did not make any conclusion as to whether reliance is necessary for the purposes of determining whether a sign has acquired distinctiveness or not. Moreover, while *Windsurfing Chiemsee* did not use the word “reliance”, this does not mean that it is the last word on the matter.

172 The plaintiffs also made the argument that a single product may feature numerous trade marks, and it will be difficult to show which mark the average consumer relied on when making a purchase. [\[note: 65\]](#) However, the plaintiffs’ “identification” or “recognition” test would have the same issue. It is also difficult to say whether a customer has identified or recognised a product as originating from a particular undertaking *because of the trade mark* if at the same time the product is affixed with other trade marks as well.

173 Nevertheless, I accept the plaintiffs’ submission that a sign can acquire distinctiveness even if the use of that sign is always accompanied by other trade marks. [\[note: 66\]](#) There is no requirement that a sign has to be used in isolation for it to become distinctive in its own right. Of course, the fact that the sign has never been used solely as a badge of origin is an important factor to be taken into account: see *City Chain Stores (S) Pte Ltd v Louis Vuitton Malletier* [2012] 1 SLR 382 at [98]. Such use may also indicate that the trader does not really trust the mark to exist alone as a trade mark to denote its goods: *Love & Co* at [109]. While the fact that the sign has never been used solely is not decisive, it must nevertheless be proven that the sign has become a badge of origin *in its own right*. The difficulty does not arise from Arnold J’s test itself, which must apply to *all* kinds of signs, but from the fact that consumers do not usually view shapes of products as indicia of trade origin but simply *as the goods in themselves*. It is therefore in the nature of shape-of-goods marks that it will be difficult to show that it is the shape, as opposed to the other marks, that is doing the work of distinguishing. Any possible trade mark significance of the shape is easily drowned out by the use of these other distinctive marks.

174 The plaintiffs also say that Arnold J’s test would sound the death knell for non-traditional trade marks insofar as such trade marks are not immediately perceptible. [\[note: 67\]](#) This submission is overblown, to put it mildly. Indeed, Arnold J addressed this *very point* in *Nestle v Cadbury (HC)* at [51], where he stated that “a sign may come to be relied upon by consumers as indicating the origin of goods, and thus acquire a distinctive character, even though the sign is not visible to the consumer at the time of purchase”. Nevertheless, it is also true that the average consumer exhibits the highest level of attention at the time of purchase, so whether or not the average consumer perceives the mark at the time of purchase is especially important in determining whether the mark has acquired distinctive character through use (see *August Storck KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) (C-24/05)* [2006] ECR I-5677 (“*August Storck*”) at [72]).

175 Finally, the plaintiffs also argue that, bearing in mind the objective of trade mark law, it is not necessary for the plaintiffs to show that consumers rely on the Registered Marks as indicating origin. [\[note: 68\]](#) This entails more discussion.

176 I begin with Jacob J’s judgment in *Societe de Produits Nestle SA v Unilever Plc* [2003] RPC 35 (“*Unilever*”). The case dealt with two three-dimensional trade marks for ice-cream dessert products which were sold under the word mark VIENNETTA. Jacob J refused both applications. One of the grounds was that, while the products had achieved considerable recognition, it had not been proved that the public rely upon the shape to denote trade origin. The following paragraphs of the judgment (at [31] to [33] and [38]) are apposite:

31. Putting the other products on one side for the moment, there can be no doubt that the product appearance has achieved considerable recognition on its own as denoting Walls' Viennetta — the product of a particular manufacturer. Is that enough to give it a 'distinctive character' within the meaning of Art.3(3)? **For what has not been proved is that any member of the public would rely upon the appearance alone to identify the goods.** They recognise it but do not treat it as a trade mark.

32. **There is a bit of sleight of hand going on here** and in other cases of this sort. The trick works like this. The manufacturer sells and advertises his product widely and under a well-known trade mark. After some while the product appearance becomes well-known. **He then says the appearance alone will serve as a trade mark, even though he himself never relied on the appearance alone to designate origin and would not dare to do so.** He then gets registration of the shape alone. Now he is in a position to stop other parties, using their own word trade marks, from selling the product, even though no-one is deceived or misled.

33. I do not think that is what the European Trade Mark system is for. It is a system about trade marks, badges of trade origin. For that reason I think that in the case of marks consisting of product shapes **it is not enough to prove the public recognises them as the product of a particular manufacturer. It must be proved that consumers regard the shape alone as a badge of trade origin in the sense that they would rely upon that shape alone as an indication of trade origin, particularly to buy the goods.** If that cannot be proved, then the shape is not properly a trade mark, it does not have a 'distinctive character' for the purposes of trade mark law.

...

38. Thus I think there is a real difference between mere product recognition and 'distinctive character' in the case of three-dimensional signs. **For the latter to qualify for registration they must be more than recognised, they must be taken and relied on as trade marks.** That will require proof under Art.3(3).

[emphasis in italics in original; emphasis added in bold]

177 The bolded portion of *Unilever* at [33] was cited with approval by Andrew Phang J (as he then was) in *Nation Fittings* at [133].

178 Jacob J provided additional reasons as to why it is necessary that it must be shown that the public has come to recognise the shape as a badge of origin (*Unilever* at [44] and [45]):

44 I believe this is a matter of significance. Many traders can show they have sold a product which is more or less recognised by the public. ... If, once the public recognises the shape and knows it comes from a particular trader, the trader can, for that reason alone, register the shape as a trade mark, the trade mark registers of Europe will become registers of permanent monopolies in designs as well as registers of trade marks.

45 Now it might be said the answer to this point lies simply in the three heads of Art.3(1)(e) (nature of goods, technical result and substantial value). But I see no reason to bring any of these into play if the shape has never been used as a trade mark and, although recognised, is not taken by the public as a trade mark.

179 Jacob LJ returned to the topic in *Bongrain*. His opinion had not changed. Reliance remained the

yardstick by which acquired distinctiveness was to be assessed. This much is clear from the judgment at [27]:

... In so holding I am not saying... that a shape of goods... cannot become a trade mark by acceptance as such by the public. Mere use may not be enough, but if it can be shown that, following such use, the average consumer has come to say: "by this shape I know I can *rely* upon getting goods from the same maker as before", then the design of goods will also have become a trade mark. Registration pursuant to Art.3(3) would then be permissible because the shape would have acquired a distinctive character *in the trade mark sense*. [emphasis added]

180 Arnold J agreed with Jacob LJ's judgments in *Unilever* and *Bongrain* when formulating his test in *Vibe*.

181 Similarly, in the Federal Court of Australia case of *Chocolaterie Guylian NV v Registrar of Trade Marks* [2009] FCA 891 ("*Guylian*") at [100], a case which dealt with three-dimensional seahorse shaped chocolates, Sundberg J accepted that association is not enough. He held that "the evidence must establish that the public has been educated to understand the sign as an identifier of the origin of the goods". In the same paragraph, he also accepted reliance is what must be proved.

182 I also note the Hearing Officer's reasons in *Nestle v Cadbury (Opposition)* for following *Vibe*. The Hearing Officer stated at [108]:

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

[emphasis in underline in original; emphasis added in italics]

183 I have noted that Andrew Phang J had indicated his approval for the necessity of reliance in *Nation Fittings* (see [177] above). There is at least one other case, at the Intellectual Property Office of Singapore ("IPOS") level, that also adopted the reliance standard. In *Re Societe des Produits Nestle SA* [2011] SGIPOS 6, an IPOS decision dealing with the three-dimensional shape of a bottle for liquid seasoning, it was stated at [34]:

Applying the case law to the case at hand, it seems to me that the evidence must show that the sign is taken by the average consumer as a guarantee that the goods originate from a particular undertaking because of the use of the sign for that purpose.

184 Subsequently, at [45], it was expressly stated:

... to establish acquired distinctiveness, the Applicants are required to show that Application Mark

had been used distinctively, as a trade mark *and by virtue of this use, there was consequent reliance on the shape by consumers as a trade mark*. [emphasis added]

185 Having thought through the matter carefully, I accept Arnold J's test as the correct one. I also do not have much more to add to Jacob LJ's judgments in *Unilever* and *Bongrain*. What I will say is this. If this is a matter in relation to a more conventional trade mark, such as a word or a device, or even a three-dimensional shape that does not consist of the shape of the goods in themselves, I do not think that the requirements posited by Arnold J and Jacob LJ would be considered unfair or unreasonable. Clearly, Arnold J's test must apply to all trade marks, whether conventional or unconventional. It would be wrong in principle to impose stricter criteria for the registration of shape-of-product signs. The converse is also true. It would also be wrong to relax the standard required merely because the sign to be registered as a trade mark is a product shape.

186 I accept that it will be difficult, even very difficult, for a trader to show that the shape of his product, which is not inherently distinctive (and one must never lose sight of the fact that we are referring to distinctiveness *in the trade mark sense*), has acquired distinctiveness through use. Yet, if he decides to use a highly unusual and attractive shape, he runs the risk of it being caught by the Substantial Value Exception (although in such situations it may be more appropriate for him to register it as a design). Nevertheless, it is for the trader who wishes to obtain a permanent monopoly in the shape of his goods to chart a safe course between Scylla and Charybdis.

#### *Application to the facts*

##### (1) Identification of the average consumer

187 The distinctive character of a mark must be assessed by reference to (a) the goods or services in respect of which registration is applied for, and (b) the perception of the average consumer of those goods or services, who is deemed to be reasonably well informed and reasonably observant and circumspect (see *Vibe* at [62]). In the present case, the average consumer of the Goods is the *general public*, as I have noted at [166] above.

##### (2) Assessment of the evidence of acquired distinctiveness

188 Whether a sign has acquired distinctive character through use is a question of fact. The court must make an overall assessment of all the relevant evidence. It was stated in *Love & Co* at [93] (following *Windsurfing Chiemsee*) that the factors that may be taken into account include the following:

- (a) the market share held by the mark;
- (b) how intensive, geographically widespread and long-standing use of the mark has been;
- (c) the amount invested by the undertaking in promoting the mark;
- (d) the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; and
- (e) statements from chambers of commerce and industry or other trade and professional associations.

189 It was also explained in *Love & Co* at [94] that the following must also be taken into

consideration:

(a) all the relevant facts and circumstances, including the prevalence of the wide variety of actual trade mark and non-trade mark use, promotion and advertising by other traders of the same mark or similar marks with similar attributes by other traders, and all other relevant actions by other traders of similar goods and services, which have the effect of eroding the general perception of the average discerning consumer linking the inherently non-distinctive trade mark in question to the identity of the originator of the goods or services on the one hand; and

(b) on the other hand, all the relevant actions by the promoter of the trade mark in using the trade mark in question constantly as its badge of commercial origin, by inscribing the mark invariably on all their goods, by extensively and intensively promoting, advertising and educating the average discerning consumer of the promoter's trade mark, in taking relevant enforcement action for passing off and in taking enforcement action against infringers to protect its registered trade mark (whether or not registered correctly or erroneously), all of which have the opposite effect of shoring up the perception in the eyes of the average discerning consumer that the inherently non-distinctive trade mark in question must be associated with and must have originated from that trader who has been intensively and extensively using, promoting and advertising the trade mark in question in relation to those goods or services of his.

### (3) Evidence of acquired distinctiveness

190 The plaintiffs submit that the market research surveys they conducted "unequivocally demonstrated" that the Registered Shapes have acquired distinctiveness. [\[note: 69\]](#) I will refer to the survey conducted for the Two Fingers Shape on 3 and 4 March 2012 as "the Two Fingers Shape Survey" and the survey conducted for the Four Fingers Shape on 6 to 12 July 2013 as the "Four Fingers Shape Survey".

191 In *Ferrero SPA v Sarika Connoisseur Cafe Pte Ltd* [2011] SGHC 176 at [134], I summarised Whitford J's guidelines in *Imperial Group Ltd v Philip Morris & Co* [1984] RPC 293 in determining the weight to be given for survey evidence (in the context of establishing likelihood of confusion in trade mark cases) as follows:

- (a) the interviewees in the survey must be selected so as to represent the relevant cross-section of the public;
- (b) the size of the survey must be statistically significant;
- (c) the survey must be conducted fairly;
- (d) all the surveys carried out must be disclosed, including the number of surveys carried out, how they were conducted and the totality of the persons involved;
- (e) the totality of the answers given must be disclosed and made available to the defendant;
- (f) the questions must neither be leading, nor should they lead the person answering into a field of speculation he would never have embarked upon had the question not been put;
- (g) the exact answers and not some abbreviated form should be recorded;
- (h) the instructions to the interviewers as to how to carry out the survey must be disclosed;

and

- (i) where the answers are coded for computer input, the coding instructions must be disclosed.

192 For convenience, I will refer to the guidelines in the preceding paragraph as guideline (a), (b) or (c) and so on.

193 To see if I should accord the surveys much weight, I will set out in detail the methodology used by the plaintiffs.

194 In both surveys, 300 Singaporeans were interviewed. [\[note: 701\]](#) The respondent had to be:

- (a) a resident of Singapore;
- (b) aged 15 to 64; and
- (c) *ate chocolate covered **wafer** in the past week and also at least on a weekly basis.*

195 In both cases, the interviews were structured as follows:

(a) Part One (which was supposed to test for confusion): First, the respondents were shown the Delfi Take-It product (*ie*, the actual chocolate product) and were asked the questions in the following order:

- (i) Q1: "I would like to show you a product. Could you please tell me what this product makes you think of?"
- (ii) Q2: "And, still looking at this product, apart from [mention answer to Q1], is there anything else that comes to mind?"
- (iii) Q3: The respondents who said KIT KAT or Nestle were then asked: "You said that when you saw this product, you thought of KIT KAT/Nestle. Can you tell me why?"
- (iv) Q4: "What brand or company comes to mind when you see this product?"

(b) Part Two (which was supposed to establish distinctiveness): After this was done, the respondents were shown a mock up of the Two Fingers Shape / Four Fingers Shape (without the words KIT KAT on it). The following questions were asked:

- (i) Q5: "I would like to show you another product. Could you please tell me what this product makes you think of?"
- (ii) Q6: "And, still looking at this product, apart from (mention answer to Q5), is there anything else that comes to mind?"
- (iii) Q7: The respondents who mentioned KIT KAT/Nestle were asked: "You said that when you saw this product, you thought of KIT KAT/Nestle. Can you tell me why?"
- (iv) Q8: "What brand or company comes to mind when you see this product?"

(c) A number of other questions followed, but they are irrelevant for present purposes.

196 The plaintiffs claim that the results indicate the following:

- (a) Two Fingers Shape Survey: 76% of the respondents identified the Two Fingers Shape as Nestle or Kit Kat.
- (b) Four Fingers Shape Survey: 87% identified the Four Fingers Shape as Nestle or Kit Kat.

197 The numbers were derived as follows:

- (a) For the Two Fingers Shape:
  - (i) For Q5: 66% mentioned KIT KAT and 3% mentioned Nestle, for a combined 69%.
  - (ii) For Q6: The recognition "rose" to 71% for KIT KAT and 5% for Nestle (by "rose" I assume they meant the proportion of respondents who mentioned Kit Kat or Nestle to either Q5 or Q6), for a combined 76%.
- (b) For the Four Fingers Shape:
  - (i) For Q5: 82% mentioned KIT KAT and 5% mentioned Nestle, for a combined 87%.
  - (ii) For Q6: The recognition "remained" at 86% for KIT KAT.

198 The first and fatal problem is that the sample was not properly defined. The average consumer for the Goods is *the general public*. It is not a person who likes chocolate so much that he *eats it on a weekly basis*. Obviously an aficionado of chocolate covered wafers will be more familiar with chocolate products and brands than the average consumer. Such a person is probably more likely to have seen the Kit Kat products on shop shelves recently as well. Even if it was proper for the plaintiffs to have restricted the survey to those who have consumed the Goods recently, it is important to remember what the Goods are. They are "Chocolate confectionery being *chocolate coated confectionery blocks or bars* and *chocolate wafer biscuits*". There was therefore no reason to restrict the target respondent to only a *frequent* consumer of "chocolate covered wafer". I have no doubt the flawed screening process had an impact on the results. This breaches guideline (a).

199 To determine who ate chocolate covered wafers in the past week, the respondents were asked which of the following he or she ate in the last week and how often: instant noodles, chocolate covered wafer, then chocolate bars and potato chips. [\[note: 71\]](#) Of the four options, half of them related to chocolate. This would in all likelihood have planted the idea of *chocolate* in their respondents' minds. While screening questions are often necessary, the drafter of the survey must take great care to ensure that they do not have a leading effect. Nevertheless, this in itself would not weaken the survey, since the plaintiffs only had to establish the distinctiveness of the Registered Shapes in respect of the Goods, and not for all possible products.

200 However, the market survey was conducted with regard to the confusion element first. This meant that the respondents were shown the actual unwrapped Take-It product, which was in *fact*, a chocolate covered wafer, and asked *twice* what they thought about it. To compound matters, Q4 asked what "brand or company" came to mind. Moreover, those who mentioned Nestle or Kit Kat in the first part of the survey would *already have those very names in mind*.

201 So by the time Q5 came around, the respondent would already be thinking of chocolate

covered wafers, the idea of brands and companies, and even Nestle or Kit Kat itself. If that was not enough, the plaintiffs ensured there was one more bite of the cherry with Q6. Recall that the plaintiffs had taken the number of mentions of KIT KAT/Nestle in Q5 and Q6 cumulatively. I will show why it is inappropriate. Take the Two Fingers Shape Survey. There were three other sets of answers to Q5: 21% said "don't know", 2% said Delfi, and 8% said "others". I do not know what the "others" are. For the 21% who said "don't know", we can take it they were not sure or at least that the Two Fingers Shape did not evoke anything meaningful in their minds. Asking them again as to what they think would *obviously* lead to guesswork. But how about those who said Delfi or another brand like Cadbury? A person who has already mentioned one brand and only talks about KIT KAT/Nestle on the second try does not believe that the shape is a badge of origin of KIT KAT/Nestle. In fact, it is quite the *opposite*. It means "I think this is a Delfi or Cadbury or other product but it could also be a Kit Kat or Nestle product too".

202 Taken together, the way the surveys were structured seriously offends guideline (f).

203 In *Nestle v Cadbury (Opposition)*, the Hearing Officer criticised the first survey conducted by the first plaintiff. It was an omnibus type market research survey, and the relevant questions were as follows:

(a) The first question asked in the section of the survey relating to chocolate was: "I would like to show you a sweet or biscuit product. Could you please tell me what this product makes you think of?"

(b) The second question was "And still looking at this picture [of an unwrapped 4 finger Kit Kat], can you think of anything else it makes you think of?"

204 Unsurprisingly, the Hearing Officer concluded that this survey fell foul of guideline (f) as "the questions could hardly have been more leading or inviting of speculation" (*Nestle v Cadbury (Opposition)* at [22]).

205 The plaintiffs assert that if one were to say that their questions were leading or speculative, *all* questions would be speculative or leading. [\[note: 72\]](#) Yet in *Nestle v Cadbury (Opposition)*, the first plaintiff actually voluntarily adduced a *second survey* which was not criticised by the Hearing Officer for being leading or inviting of guesswork. In that case, the follow up question was posed *only* to those who mentioned "sweet" or "chocolate" to the first question *without mentioning a brand name*. Clearly, that would be the *bona fide* use of a follow up question for clarification. I do not know how the plaintiffs can make the submission that this was the best they could have done when the first plaintiff actually did provide a better survey in the UK (even if, in the end, it also turned out to be insufficient). Indeed, the flaws in the present survey were *considerably* more serious than the first survey before the Hearing Officer.

206 Another flaw with the survey, in my view, is that the plaintiffs used a *brown* wax model of the Registered Shapes [\[note: 73\]](#), which is of the same colour as the picture of the chocolate wafers used on the paper packaging for the plaintiffs' wafer products. The Registered Shapes are however not restricted by colour. Chocolate also comes in other colours, such as white. As noted in *Guylian* in [100], where an applicant "seeks registration of the shape alone, it must be able to demonstrate that the shape, regardless of its colour for example, has become distinctive of its goods". Here, the influence of *colour* on the minds of the respondents is demonstrated in the surveys themselves. Of the persons who mentioned KIT KAT and/or Nestle in Q5 and Q6, 26% said this was because of the colour for the Two Fingers Shape [\[note: 74\]](#) and 22% for the Four Fingers Shape. [\[note: 75\]](#) This is a

significant proportion. It seems to me that there is a real likelihood that even those who answered "shape" would have been influenced in some significant way by the colour as well. If the plaintiffs had used a blue coloured wax model of the Registered Shapes for the survey, then perhaps the influence of the brown colour is removed and the responses received identifying the shape as a KIT KAT trade mark is better attributed to effect of the shape alone.

207 Crucially, the plaintiffs' survey evidence also do not comply with guidelines (d), (e) and (g) as the underlying documents and responses of the survey respondents were not disclosed. All I have is a report. This is not a minor or inconsequential defect. It creates *serious difficulties* when I have to determine the veracity and usefulness of the survey results. In *Nestle v Cadbury (Opposition)*, the Hearing Officer had the advantage of being able to go through all 473 completed questionnaires (for the second UK survey) to enable him to come to "reliable conclusions" as to what it shows. As he stated at [34] of his decision:

... it seemed to me that one had to examine each respondent's answers as a whole and assess whether they indicated that the respondent thought that the shape shown to them was a KIT KAT or whether the shape *just suggested or reminded them* of the KIT KAT shape. [emphasis added]

208 In the second survey in the UK, about 90% of the respondents had mentioned Kit Kat (see *Nestle v Cadbury (Opposition)* at [26]). However, after going through the actual answers, the Hearing Officer was able to conclude at [38] in his decision that, although he was unable to say exactly how many of the respondents were sure that the shape shown to them was a Kit Kat, at least *half* the respondents seemed to think so. Similarly, if I have the "raw data", as the Hearing Officer put it, I will certainly have taken the time to scrutinise them. I am not able to determine whether the results are as conclusive as the plaintiffs make it out to be.

209 This problem is especially evident when I am trying to make sense of the part of the surveys dealing with the proportion of those who mentioned KIT KAT/Nestle in Q5 and Q6. Recall that Q7 asked these respondents why they thought of KIT KAT/Nestle. For Q7, the survey reports stated that 67% said it was the shape of the product for the Two Fingers Shape and 66% for the Four Fingers Shape. This is an unhelpful classification without a breakdown of the answers. For example, if a respondent says that "It looks like a Kit Kat", does the surveyor classify this answer under "shape"? What if someone says "I think so because it is brown and has four fingers"? Without the evidence being presented to me, I have no way of assessing the validity of the classifications made.

210 For the above reasons, I would place little weight on the plaintiffs' surveys. In any event, even if the surveys are taken at face value, they only show a degree of *association* amongst the public. This is not enough. While it *might* be possible for a survey, which does not explicitly test for reliance, to find association that is so extremely strong that it may be inferred that a significant segment of the market *do* in fact rely on the shape as a badge of origin, the flawed surveys from the plaintiffs are insufficient to establish this.

211 Even without the survey results, I am not surprised that the KIT KAT products enjoy a high degree of recognition. The plaintiffs have no doubt spent substantially on advertisements and put in a good deal of effort on the promotion of the products over the years. [\[note: 76\]](#) They are consumed widely, [\[note: 77\]](#) but of course, use does not equal distinctiveness. Quite a number of documents relating to the promotion and advertisement for the Kit Kat products were disclosed in the AEIC dated 15 January 2014 of Ms Magdalene Tan, the former Group Brand Manager Confectionary with the second plaintiff. [\[note: 78\]](#) However, Ms Tan accepted that there is nothing in her AEIC that indicated

that the Kit Kat product had ever been advertised [\[note: 79\]](#) or sold [\[note: 80\]](#) without the KIT KAT word mark.

212 Most of the advertisements that were disclosed do not show the Registered Shapes as such. Some of them only show *individual* fingers being snapped in the middle, or the product in unusual configurations. These differences are important. For example, the CJEU held in *August Storck* at [61] and [62] that the acquisition of distinctiveness through use must be the result of the use of the mark *as a trade mark*, and that not every use of the mark necessarily amounts to use as a mark. Use as a trade mark refers to the “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”. *August Storck* dealt with a three-dimensional mark consisting of the shape of a light-brown sweet. In that case, the CJEU upheld the decision of the Board of Appeal that the advertising material submitted by the applicant did not contain any proof of use of the mark as it was applied for, as the representation on the packaging *did not show the “shape of the sweet in respect of which registration as a trade mark is sought*, but a realistic picture of a pile of sweets and is not intended to emphasise the characteristics which the applicant considers confer a distinctive character of the mark applied for” (at [56] and [64]).

213 Subsequently, Ms Tan filed a supplementary AEIC containing various promotions and advertisements that display the Registered Shapes without the use of the Kit Kat packaging. The defendants submit that all the documents fell under one of three categories: [\[note: 81\]](#)

- (a) they do not show the use of the shapes as they appear on the form of the registrations;
- (b) the words “KIT KAT” are present to educate the consumer that the shapes are a representation of the Kit Kat product; and
- (c) they are dated long after the plaintiffs’ filing of their statement of claim (20 December 2012). I will add however that this is a relevant factor, not only because this was done after the plaintiffs were already aware of the weakness of the case, but also because the more recent the advertising, the less likely it would have contributed to the Registered Shapes acquiring distinctiveness, if at all.

214 I agree with the defendants that the documents disclosed by the plaintiffs do not show that the Registered Shapes have acquired distinctiveness. As I have found, recognition or association *per se* is not enough. Such recognition or association must be referable to the Registered Shapes as trade marks, rather than to sale of the chocolates under the banner of more distinctive trade mark KIT KAT (see *eg, Guylian* at [100]). In *Unilever*, even the “massive use” of the shape of the Viennetta ice-cream was insufficient to prove that the shape had acquired distinctiveness in the trade mark sense. As Jacob J put in in *Unilever* at [46]:

... I do not think it has been proved that the public use the shape as a badge of trade origin. Yes, a substantial proportion recognise the product as Viennetta, a Walls product. But no, it is not shown they regard the shape alone as a trade mark. An acid test may be, what would happen in real life? Suppose another trader sold a product identical to Viennetta but using his own very different word trade mark. I do not actually know what the result would be. But the most likely reaction would seem to be no more than that “Oh X are doing a Viennetta-like ice cream too” That is competition, not trade mark infringement.

215 In *Unilever* at [47] and [49], Jacob J found that there was no evidence that the average consumer relied upon the shape or a picture of it as an indication of trade origin, whether pre-sale or

post-sale. The Viennetta shape failed Jacob J's acid test. So do the Registered Shapes.

216 Accordingly, the Registered Shapes may be invalidated for being devoid of any inherent distinctiveness and acquired/de facto distinctiveness.

***Whether the Registered Shapes should be revoked on the ground of non-use under sub-ss 22(1)(a) and/or (b) of the TMA***

217 Having made the preceding findings, it is not necessary for me to decide whether the Registered Shapes should be revoked under sub-ss 22(1)(a) and/or (b) of the TMA for not being put to genuine use in the course of trade in Singapore. However, I will briefly address the issue.

218 The relevant sections of the TMA are set out below:

22. —(1) The registration of a trade mark may be revoked on any of the following grounds:

(a) that, within the period of 5 years following the date of completion of the registration procedure, it has not been put to genuine use in the course of trade in Singapore, by the proprietor or with his consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use;

(b) that such use has been suspended for an uninterrupted period of 5 years, and there are no proper reasons for non-use;

...

(2) For the purposes of subsection (1), use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and use in Singapore includes applying the trade mark to goods or to materials for the labelling or packaging of goods in Singapore solely for export purposes.

(3) The registration of a trade mark shall not be revoked on the ground mentioned in paragraph (a) or (b) of subsection (1) if such use as is referred to in that paragraph is commenced or resumed after the expiry of the 5 year period and before the application for revocation is made.

219 The plaintiffs assert that where the shape mark is the shape of goods, the commercial exploitation of the goods themselves is use of the shape mark. [\[note: 82\]](#) The real question in the present case, I think, is whether for the purposes of sub-ss 22(1) and (2) of the TMA, the use of the Registered Shapes must be in a "trade mark sense".

220 In *Stichting BDO v BDO Unibank Inc* [2013] FSR 35 at [51], Arnold J approved the summary of the jurisprudence of the CJEU on revocation for non-use by Anna Carboni (sitting as the Appointed Person) in *Pasticceria e Confetteria Sant Ambroeus Srl v G & D Restaurant Associates Ltd (SANT AMBROEUS Trade Mark)* [2010] RPC 28 at [42]. I set out the summary below, with the references omitted:

(1) Genuine use means actual use of the mark by the proprietor or a third party with authority to use the mark.

(2) The use must be more than merely 'token', which means in this context that it must not serve solely to preserve the rights conferred by the registration.

(3) *The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin.*

(4) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, i.e. exploitation that is aimed at maintaining or creating an outlet for the goods or services or a share in that market.

(a) Example that meets this criterion: preparations to put goods or services on the market, such as advertising campaigns.

(b) Examples that do not meet this criterion: (i) internal use by the proprietor; (ii) the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter.

(3) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including in particular, the nature of the goods or services at issue, the characteristics of the market concerned, the scale and frequency of use of the mark, whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them, and the evidence that the proprietor is able to provide.

(4) Use of the mark need not always be quantitatively significant for it to be deemed genuine. There is no de minimis rule. Even minimal use may qualify as genuine use if it is the sort of use that is appropriate in the economic sector concerned for preserving or creating market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor.

[emphasis added]

221 In my view, the defendants are right to say that, if the Registered Shapes are not used as indicators of origin, then they were never put into genuine use as shape marks. [\[note: 83\]](#) At least one scholar has argued it must be so (Susanna HS Leong, *Intellectual Property Law of Singapore* (Academy Publishing, 2013) ("Susanna Leong") at para 31.013(B)(c)). This interpretation can be substantiated by *Weir Warman Ltd v Research & Development Pty Ltd* [2007] 2 SLR(R) 1073 at [99] where V K Rajah JA noted that "the requirement of 'genuine use' is closely intertwined with the function of a trade mark and the purpose of registration".

222 It seems to me that the question of whether or not a shape-of-goods mark has been used in a trade mark sense is a matter of fact. In the first place, I do not see how the *mere* commercial exploitation of the Kit Kat products, without more, can be considered trade mark use. The Kit Kat products are sold in opaque wrappers, which would mean that the actual shapes of the product have no trade mark significance at the point of sale. As for the portrayal of the Registered Shapes (albeit in a highly modified form) on the packaging, it merely illustrated the goods that are being merchandised by the plaintiffs and served to attract customers. This is simply a descriptive use. It is commonplace for traders in chocolate confectionaries to show in pictorial format what the goods look like, on both their packaging and their advertising materials. Similarly, even in advertising and promotion the Registered Shapes are never used *simpliciter*. Even when the Kit Kat products are actually unwrapped for consumption, the KIT KAT word features prominently. Having regard to the totality of the

evidence before me, I am not persuaded that the plaintiffs have used the Registered Shapes in a manner “consistent with the essential function of a trade mark”. Accordingly, the defendants also succeed on this ground.

## **Registered Trade Mark Infringement**

223 Having made the foregoing findings, there is no possibility of registered trade mark infringement.

## **Contravention of Well Known Trade Marks**

### ***The Registered Shapes***

224 The next issue is whether, notwithstanding the fact that the Registered Shapes could not be registered pursuant to ss 7(3)(b) and 7(1)(b) of the TMA (*ie*, because they are prohibited by the Technical Result Exception and for being devoid of distinctiveness respectively), they could nevertheless be enforced as well known trade marks under sub-ss 55(2) and (3) of the TMA. The plaintiffs submit that a trade mark that is prohibited from registration under s 7(3) may nevertheless get trade mark protection if it is simply well known. The plaintiffs made no submissions on the effect of s 7(1)(b) and where a distinctive character has also not been acquired through use under s 7(2), but as their arguments could apply to both, I shall consider them together.

225 The plaintiffs’ argument is a simple one, all told. They point to the structure of the TMA. The protection of well known trade marks is categorised under a separate part of the TMA from the registration of trade marks. Moreover, s 7(3) of the TMA only says that a sign “shall not be registered as a trade mark” under certain specified circumstances. Since a well known trade mark includes an “unregistered trade mark”, s 7(3) of the TMA has no application. [\[note: 84\]](#)

226 They submit that this is intentional as there are in fact different policies underlying “ordinary” trade marks and “well known” trade marks. [\[note: 85\]](#) They cite *Novelty Pte Ltd v Amanresorts Ltd and another* [2009] 3 SLR(R) 216 (“*Amanresorts*”) at [143] for the Court of Appeal’s comments on why well known trade marks should be given greater protection than trade marks which are not well known. To summarise:

(a) From the perspective of the manufacturer, well known trade marks deserve to be protected because of the time, effort and money which have been expended on their development and promotion.

(b) From a consumer welfare perspective, “such trade marks perform crucial signalling, symbolic and even myth-making roles in society”.

227 However, I note that the paragraph must be read in context. It cannot and should not be read to justify granting protections to well known trade marks that go above and beyond what the drafters of the TMA could possibly have intended. Indeed, in the very next paragraph, the Court of Appeal noted the “strong economic and social reasons” as to why giving well known trade marks any better protection than ordinary trade marks may be unjustified in view of the monopolies and barriers to entry created by strong trade marks. I had to give regard to *both* sets of policy considerations when deciding this point.

228 The relevant part of s 2(1) of the TMA defines a well known trade mark as follows:

(a) any registered trade mark that is well known in Singapore; or

(b) *any unregistered trade mark* that is well known in Singapore and that belongs to a person who —

(i) is a national of a Convention country; or

(ii) is domiciled in, or has a real and effective industrial or commercial establishment in, a Convention country, whether or not that person carries on business, or has any goodwill, in Singapore...

[emphasis added]

229 It seems to me that the entire issue turns around the interpretation of one very simple phrase – the words “any *unregistered* trade mark”. Unfortunately, simple phrases often pose the most difficulty. However, if one narrows it down, the question to be answered can be simply stated: Do the words “unregistered trade mark” as used in the definition of a “well known trade mark” in s 2(1) of the TMA refer to any trade mark that is not registered in Singapore, including trade marks which shall not be registered in Singapore under s 7 of the TMA, or must it by necessary implication exclude trade marks that Parliament has deemed to be unregistrable?

230 It was noted by the Court of Appeal (*Amanresorts* at [135]) that the definition of a well known trade mark was adopted in order for Singapore to comply with its obligations under the Paris Convention for the Protection of Industrial Property of 20 March 1883 and the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPS”). I agree with the defendants that there is nothing in TRIPS that indicate that the signatories intended to create a class of well known trade marks that are unregistrable but nevertheless enforceable. [\[note: 86\]](#) Nuno Pires de Carvalho, *The TRIPS Regime of Trademarks and Designs* (Kluwer Law International, 3rd Ed, 2014) (“Nuno”) at para 16.42 also gives support to this proposition. As the author, who is the Acting Director of the Intellectual Property and Competition Policy Division of the World Intellectual Property Organization, stated: “No registrability, no availability of protection.”

231 I am of the view that there is a fundamental difference between “unregistered” and “unregistrable”. The reason why there is a special class of trade marks which do not have to be registered in order to be accorded protection under the TMA even though the proprietor has no business or goodwill in Singapore, was explained in *Amanresorts* at [135]. It is a “workaround” for the “foreign business problem” in the context of the tort of passing off, and a representation of the erosion of the principle of territoriality of trade marks (albeit not entirely). This does not indicate that Parliament intended for *unregistrable* (as opposed to merely *unregistered*) trade marks to be protected also, simply because they are well known.

232 In my view, Parliament could not have intended this. It would lead to absurdity. The policy considerations underpinning s 7(3) of the TMA, which is to prevent any one trader from monopolising shapes which should be freely available for use by its competitors and to prevent “the exclusive and permanent right which a trade mark confers from serving to extend indefinitely the life of other rights” which legislature has sought to make subject to limited periods (see *Hauck* at [18] to [20]), applies to all trade marks. I cannot see how the fact that they are well known makes a difference. Take a patented product. It has a highly functional shape and it subsequently acquires a high degree of fame during the period of monopoly. Finally, the patent expires. The trader attempts to register the shape as a trade mark, but the trade mark registry rightly refuses him because s 7(3)(b) applies. Another manufacturer steps into the market, to sell a good bearing an identical shape, as it is entitled to do. The original trader says the competitor cannot do so, because the shape is identical to that of his well known but unregistered trade mark. This cannot be correct.

233 The indefensibility of the plaintiffs' position can be further illustrated by the other absolute grounds for refusal of registration under s 7 of the TMA. For example, s 7(4) of the TMA bars the registration of a trade mark that is contrary to *public policy, morality* or is such a nature as to *deceive* the public. Surely immoral and deceptive marks (well known or otherwise) can *never* be given protection of any sort under the TMA. The plaintiffs' submission would also, by parity of reasoning, allow for the protection of marks as well known trade marks that are devoid of any distinctive character or acquired distinctive character (which I have found to be the case here). It is obvious that an unregistered mark, though well known, but does not fulfil the essential function of a trade mark of distinguishing a trader's goods or services as originating from that trader, is not capable of being protected as a well known trade mark. Accordingly, a shape that has not been registered as a trade mark and is also unregistrable under s 7(1)(b) – because the shape is devoid of any inherent distinctive character and has also not acquired a distinctive character under s 7(2) – simply cannot enjoy protection merely on account of the fact that it has become well known in Singapore.

234 For the above reasons, the answer to the question I pose at [229] above is that the words "unregistered trade mark" as used in the definition of a "well known trade mark" in s 2(1) of the TMA must by necessary implication exclude trade marks that Parliament has deemed to be unregistrable under s 7 of the TMA. This means that the objections to registration under s 7 of TMA may also be raised as grounds against the enforcement of well known trade marks under s 55 of the TMA. The defendants have succeeded in showing that the Registered Shapes have no inherent or acquired distinctive character and are invalid pursuant to ss 7(3)(b) and 7(1)(b) of the TMA. Accordingly, I dismiss the plaintiffs' claims in relation to contravention of well known trade marks with respect to the Registered Shapes in Singapore. I venture to add that the fact that the plaintiffs may have succeeded in obtaining registration of their shape marks in some other Convention countries will make no difference. Section 55 will still not afford them protection as well known trade marks if those marks are inherently unregistrable under the TMA in Singapore.

### ***The Two Fingers Composite Mark***

235 The plaintiffs also submit that the Two Fingers Composite Mark is well known and/or well known to the public at large in Singapore and that the defendants should be restrained by injunction from using the Representation of the 2-Fingers Take-It under ss 55(2), 55(3)(a) and/or 55(3)(b) of the TMA. [\[note: 87\]](#)

236 The defendants submit that the Two Fingers Composite Mark *ie*, the two dimensional shape of the plaintiffs' packaging, in the colour red, with a cross-sectional illustration of the two-finger Kit Kat, does not function as a trade mark to indicate origin. If it does not do so, the plaintiffs will not be able to show that they are well known trade marks in Singapore. The defendants also submit that as there has been no trade mark use of the Two Fingers Composite Mark in Singapore, the plaintiffs cannot show that it is well known in Singapore. [\[note: 88\]](#) An image of the Two Fingers Composite Mark can be found at [7] above.

237 There is merit in the defendants' submissions that, before a trade mark can be considered to be well known, it must first function as a trade mark.

238 However, I am not quite sure what the defendants mean when they say that without trade mark use in Singapore, the mark cannot be well known in Singapore. [\[note: 89\]](#) If they are saying that this is *always* a requirement, I do not agree. I do not think that trade mark use in Singapore is a prerequisite to the finding that a trade mark is well known in Singapore. It seems to me that this

would unjustifiably undermine the scope of s 55 of the TMA. This can be seen from s 2(7) of the TMA itself, which states as follows:

(7) Subject to subsection (8), in deciding, for the purposes of this Act, whether a trade mark is well known in Singapore, it shall be relevant to take into account any matter from which it may be inferred that the trade mark is well known, including such of the following matters as may be relevant:

- (a) the degree to which the trade mark is known to or recognised by any relevant sector of the public in Singapore;
- (b) the duration, extent and geographical area of —
  - (i) any use of the trade mark; or
  - (ii) any promotion of the trade mark, including any advertising of, any publicity given to, or any presentation at any fair or exhibition of, the goods or services to which the trade mark is applied;
- (c) any registration or application for the registration of the trade mark in any country or territory in which the trade mark is used or recognised, and the duration of such registration or application;
- (d) any successful enforcement of any right in the trade mark in any country or territory, and the extent to which the trade mark was recognised as well known by the competent authorities of that country or territory;
- (e) any value associated with the trade mark.

239 The use and promotion of the trade mark is only a factor among several to be considered when deciding whether a trade mark is “well known in Singapore.” Moreover, sub-ss 2(7)(b)(i) and (ii) of the TMA refer to “any use of the trade mark” and “any promotion of the trade mark”. This implies that use of the trade mark is not mandatory, and, in any event, the aforementioned sub-sections do not say that it must necessarily be limited only to use or promotion *in Singapore* before the trade mark can become well known in Singapore. Many in Singapore travel overseas for business or pleasure and with the internet, they are readily exposed to products not sold or promoted within Singapore. A trade mark may be well known in Singapore though products bearing the trade mark may not be sold or promoted locally and the trade mark has not been used as a trade mark in Singapore. It was also stated in *Amanresorts* at [137] that the court is “ordinarily free to disregard any or all of the factors listed in s 2(7) as the case requires”. Of all the factors enumerated in s 2(7) of the TMA, it is factor (a) that is crucial, which cannot be ignored, and indeed the Court of Appeal even went on to say that “it appears that all the other factors listed in s 2(7) are irrelevant once it is determined that the trade mark in question is well known to ‘any relevant sector of the public in Singapore’” (*Amanresorts* at [139] and [140]). This must mean that a trade mark can become well known in Singapore even if the proprietor makes no use of it in this country, whether in a trade mark sense or not.

240 So if the trade mark is inherently distinctive or *de facto* distinctive though acquisition of distinctiveness, a requirement of use cannot be read as a requirement before making the finding that it is well known. However, I think what the defendants mean is that a mark, not inherently distinctive, but capable of distinguishing a trader’s goods or services as originating from that trader must first be factually distinctive through acquisition of a distinctive character under s 7(2) before it can be

considered to be well known. If the mark is not inherently distinctive but is capable of distinguishing a trader's goods, it can only acquire distinctiveness through use. So if there is no evidence of trade mark use for such marks to be at least distinctive enough to be registrable in Singapore as a trade mark, then the question of whether they are well known cannot arise. This I will accept.

241 In the present case, I do not think that the average consumer would rely on the Two Fingers Composite Mark as indicating the origin of the goods. The plaintiffs referred to a survey they conducted on 6 to 12 July 2013. They claim that it shows that 93% of the respondents surveyed recognised the Two Fingers Composite Mark as Nestle/KIT Kat. While the questions asked were different, its flaws were largely similar to those of the Two Fingers Shape Survey and Four Fingers Shape Survey, including the fact that the survey only polled persons who ate chocolate covered wafer in the past week and at least on a weekly basis. Moreover, the survey does not demonstrate that the average consumer would *rely* on the Two Fingers Composite Mark as indicating the origin of the goods. Accordingly, it does not serve as a badge of origin, and the question of whether it is well known does not arise.

242 Even if I am wrong about this, it has not been demonstrated that the Two Fingers Composite Mark is well known in Singapore, much less well known to the public at large in Singapore. A mark is well known in Singapore under s 2(8) of the TMA if it is "well known to any relevant sector of the public in Singapore". Section 2(9)(a) of the TMA defines "relevant sector of the public in Singapore" to include "all actual consumers and potential consumers in Singapore of the goods or services to which the trade mark is applied". By this it means the *actual and/or potential* consumers of the plaintiff's goods and services (see *Amanresorts* at [154]). The basis for the sample in the survey is therefore *far* too narrow. Thus, I give little weight to the survey results. I therefore have no basis to find that the Two Fingers Composite Mark is well known in Singapore.

243 For the above reasons, I dismiss the plaintiffs' claims on this ground as well.

## Copyright

244 I now turn to the plaintiffs' claim that the Representation of the 2-Fingers Take-It infringes the Artistic Work under ss 32 and/or 33 of the Copyright Act.

### ***Is the first plaintiff the owner of the copyright in the Artistic Work?***

245 The first plaintiff claims to be the owner of the copyright in the Artistic Work (reproduced at [8] above), which the plaintiffs say was created in or about the late 1990s [\[note: 90\]](#) and used on the packaging of the Kit Kat products in South East Asia until the end of 2005. [\[note: 91\]](#) The defendants submit that the first plaintiff has not shown, on the evidence, that it owns the copyright in the Artistic Work. [\[note: 92\]](#) The plaintiffs' evidence on the how the first plaintiff came to acquire the copyright in the Artistic Work can be summarised as follows: [\[note: 93\]](#)

(a) On 31 March 1998, Nestle Products Sdn Bhd ("Nestle Malaysia") entered into an agreement with Ammirati Puris Lintas (M) Sdn Bhd ("Lintas"). Lintas is an advertising agency which was engaged to prepare, *inter alia*, artwork for Nestle. Article 11 of this agreement ("the 1998 Agreement") stated that all rights belong to Nestle Malaysia, although it excluded third party materials that Lintas did not own. The scope of the 1998 Agreement was limited to sugar confectionary and VITTEL. There is no mention of Kit Kat in the 1998 Agreement. [\[note: 94\]](#)

(b) On 13 January 1999, Nestle Malaysia issued a letter to Lintas to expand the scope of work

under the aforesaid agreement to include, amongst others, chocolate confectionary, which was stated to take effect from 1 January 1999 ("the 1999 Letter"). It also stated that Lintas will have an account manager/executive exclusively for "chocolate confectionary". [\[note: 95\]](#) Lintas hired Ms Chia Wee Leng ("Ms Chia") in 1999 as an account manager to handle the Nestle account, and she was in charge of Nestle's chocolate and pet care business. She left Lintas in 2003. [\[note: 96\]](#) Ms Chia is presently the Group Brand Manager for Nestle Infant Nutrition with the second plaintiff. [\[note: 97\]](#)

(c) Lintas was engaged by Nestle Malaysia to prepare the artwork *pertaining* to the two fingers Kit Kat product. In turn, Lintas appointed an independent freelance illustrator, Mr Stan Lee, to create the artwork of the image of the two fingers Kit Kat bar (which can be seen in the middle right part of the Artistic Work). [\[note: 98\]](#) I will refer to that part of the Artistic Work as the "Two Fingers Illustration".

(d) Mr Lee assigned the copyright in the Two Fingers Illustration to Lintas.

(e) It has always been Nestle's policy to require all intellectual property rights to reside with the first plaintiff only. To do so, it is always a condition to the contract that all intellectual property rights created as a result of an engagement are assigned to the local Nestle entity (in this case, Nestle Malaysia). The local Nestle entity will thereafter execute an assignment to transfer ownership of all intellectual property rights acquired to the first plaintiff. [\[note: 99\]](#)

246 Under s 30(2) of the Copyright Act, the author of an artistic work is normally the first owner of the copyright in it, although it is not always the case. For example, this default position can be excluded or modified by agreement under s 30(3) of the Copyright Act. It has not been argued that any of these exceptions apply. Accordingly, in order for the first plaintiff to own the copyright in the Artistic Work (or at minimum, the Two Fingers Illustration), what must be proved is a chain of title from Mr Lee (the purported author), to Lintas, to Nestle Malaysia, and finally to the first plaintiff. If any link in this chain is broken, the first plaintiff is not the owner of the copyright, and has no standing to sue.

247 Before I go on to consider the matter in substance, I first need to consider the various presumptions as to ownership of copyright in the Copyright Act. In the present case, the relevant section is s 130 of the Copyright Act. I set it out in its entirety as follows:

### **Presumptions as to subsistence and ownership of copyright**

130. —(1) In an action brought by virtue of this Part —

(a) copyright shall be presumed to subsist in the work or other subject-matter to which the action relates if the defendant does not put in issue the question whether copyright subsists in the work or other subject-matter; and

(b) where the subsistence of the copyright is established — the plaintiff shall be presumed to be the owner of the copyright if he claims to be the owner of the copyright and the defendant does not put in issue the question of his ownership.

(1A) Where the defendant puts in issue the question of whether copyright subsists in the work or other subject-matter or whether the plaintiff is the owner of the copyright, but does not satisfy the court that he does so in good faith, the presumption as to the subsistence or

ownership of copyright under subsection (1)(a) or (b), as the case may be, shall apply notwithstanding that the defendant puts that question in issue.

(1B) Where the defendant, in good faith, puts in issue the question of whether copyright subsists in the work or other subject-matter or whether the plaintiff is the owner of the copyright, an affidavit made on behalf of the plaintiff in which the plaintiff makes assertions of facts relevant to showing —

(a) that copyright subsists in the work or other subject-matter; and

(b) that he is the owner of the copyright, shall be admitted in evidence and shall be *prima facie* proof of the matters stated therein until the contrary is proved, unless the court directs that oral evidence be adduced to prove those matters.

(2) Where a defendant, without good faith, puts in issue the questions of whether copyright subsists in a work or other subject-matter to which the action relates, or the ownership of copyright in such work or subject-matter, thereby occasioning unnecessary costs or delay in the proceedings, the court may direct that any costs to the defendant in respect of the action shall not be allowed to him and that any costs occasioned by the defendant to other parties shall be paid by him to such other parties.

248 The defendants have put the issues of the authorship as well as ownership of the copyright of the Artistic Work into issue, which means that s 130(1) of the Copyright Act does not apply, unless the defendants do not satisfy the court that they do so in good faith, in which the s 130(1) presumption is brought back into play by way of s 130(1A).

249 The plaintiffs submit that the defendant did not put into issue the question of the plaintiffs' ownership in good faith. The core of the plaintiffs' argument is that the defendants were acting in bad faith by trying to "avoid their flagrant infringement of the Artistic Work". [\[note: 100\]](#) It seems to me that this does not *ipso facto* demonstrate bad faith. Bad faith in copying the work is different from bad faith in asserting that the plaintiff is not the owner of the copyright in the work. Even if a defendant *admits* that he has deliberately breached the copyright (which is not the case here), he can still say in perfectly good faith that "I may be liable to somebody else, but I am not liable to you". I also agree with the defendants that as the plaintiffs have not pleaded as to the author or authors of the work, they are fully justified to put ownership into issue. [\[note: 101\]](#) As it turns out, the defendants' doubts as to the first plaintiff's title are not unfounded. It cannot be said that the defendants have raised the issue without good faith.

250 This leaves s 130(1B) of the Copyright Act. The plaintiffs made no mention of this section in their submissions and I take it that they do not intend to rely on it. However, since the defendants have raised the point, I will examine it.

251 To begin, it is clear that if the defendant, in good faith, puts the question of whether the plaintiff is the copyright owner of the work in issue, sub-ss 130(1), (1A) and (2) of the Copyright Act no longer apply. However, s 130(1B) allows the plaintiff to assert facts in relation to the subsistence of the copyright in the work and his ownership of the copyright in the form of an affidavit, which shall be admitted in evidence and shall be *prima facie* proof of those facts asserted until the contrary is proved, provided no oral evidence is directed by the court.

252 The affidavit may be made "on behalf of the plaintiff". I think this can be reasonably read to mean that the plaintiff or someone in a representative capacity (such as an authorised employee)

may make the affidavit. It must be in substance the plaintiff who asserts the facts in the affidavit. Similarly, as this is an affidavit, the rules governing the contents of affidavits must also apply (for instance, O 41 r 5 of the Rules of Court (Cap 322, R 5, 2006 Rev Ed)) in so far as they are not inconsistent with s 130(1B).

253 The defendants refer to the case of *Singapore Land Authority v Virtual Map (Singapore) Pte Ltd* [2007] SGDC 216 at [22] and [23] where District Judge Thian Yee Sze, after referring to the parliamentary debates, took the view that nothing in s 130(1B) shifts the ultimate *legal* burden on the plaintiff to prove on a balance of probabilities that he owns the copyright in the works. The effect of s 130(1B) is to make it easier for the plaintiff to satisfy his *evidential* burden by putting in place the presumption of *prima facie* proof of the facts stated in his affidavit. The District Judge also said that the words “until the contrary is proved” mean that the defendant must disprove the presumption on a balance of probabilities. I agree that the plaintiff always bears the legal burden.

254 I will add that it is possible that the assertions of relevant facts which are admitted and presumed to be proved initially may still be insufficient to discharge the plaintiff’s legal burden when the defendant adduces sufficient evidence to the contrary. For example, if the chain of title requires the plaintiff to show that ownership has passed from A to B and then to the plaintiff, and the plaintiff is only able to assert facts showing that title passed from A to B but not from B to the plaintiff, the plaintiff would still have failed to prove that he is the copyright owner.

255 Finally, the final line of the provision, “unless the court directs that oral evidence be adduced to prove those matters”, indicates that the court is not required in all situations to accept the affidavit evidence made on behalf of the plaintiff. The court retains the discretion to call for oral evidence to be adduced as proof.

*Preliminary point: The admissibility of secondary evidence*

256 It is not disputed that the plaintiffs have not adduced the assignment documents that show the chain of title to the first plaintiff and that the first plaintiff will have to rely on secondary evidence to prove that it is the owner of the Artistic Work. [\[note: 102\]](#)

257 Copyright can be assigned, but such assignments must be in writing signed by or on behalf of the *assignor*. The relevant provisions dealing with assignment are found in sub-ss 194(1) and (3) of the Copyright Act, which are as follows:

194. — (1) Subject to this section, copyright shall be transmissible by assignment, by testamentary disposition, or by operation of law as personal or movable property.

...

(3) No assignment of copyright (whether total or partial) shall have effect unless it is in writing signed by or on behalf of the assignor.

258 The plaintiffs submit that secondary evidence can be adduced to prove that the first plaintiff owns the copyright in the Artistic Work on the basis of the English Court of Appeal case of *Masquerade Music Ltd and others v Mr Bruce Springsteen* [2001] EWCA Civ 513 where the Court of Appeal found at [87] that the trial judge was perfectly justified to admit secondary evidence of the assignments of copyright.

259 The defendants do not dispute that secondary evidence is admissible, but argue that the

secondary evidence adduced in this case is insufficient to establish the plaintiffs' case. [\[note: 103\]](#)

260 For completeness, I think it will be useful to examine the Evidence Act itself. I reproduce the relevant parts of ss 66 and 67 of the Evidence Act:

**Proof of documents by primary evidence**

66. Documents must be proved by primary evidence except in the cases mentioned in section 67.

**Cases in which secondary evidence relating to documents may be given**

67.—(1) Secondary evidence may be given of the existence, condition or contents of a document admissible in evidence in the following cases:

...

(c) when the original has been destroyed or lost, or when the party offering evidence of its contents cannot for any other reason not arising from his own default or neglect produce it in reasonable time;

...

(2) In cases (a), (c) and (d), any secondary evidence of the contents of the document is admissible.

...

261 In *Mycitydeal Ltd (trading as Groupon UK) and others v Villas International Property Pte Ltd and others* [2014] SGHC 196, where Steven Chong J considered the effect of s 66 of the Evidence Act, it was stated as follows (at [55] to [56]):

... Section 66 of the Evidence Act (Cap 97, 1997 Rev Ed) is material in this regard. Its mandatory language clearly prescribes that documents *must* be proved by primary evidence except where the circumstances in s 67, which permit proof by way of secondary evidence, are applicable.

That the evidential rule in s 66 of the Evidence Act is of great practical importance in the proper conduct of disputes is not in doubt. As the Court of Appeal noted in *Jet Holding Ltd and others v Cooper Cameron (Singapore) Pte Ltd and another and other appeals* [2006] 3 SLR(R) 769 ("*Jet Holding*") at [36], this rule is "*intended to ensure that only the best evidence is admitted into evidence*" [original emphasis]. While the Court of Appeal in *Jet Holding* did also go on to observe that an "overly punctilious insistence" on compliance with provisions in the Evidence Act for its own sake was "undesirable" (see [50]) and that the "modern approach" in other jurisdictions was generally to admit all evidence and focus on issues of weight instead (see [57]–[62]), it must be stressed that these remarks were being proffered by way of "preliminary observations" only (see [47]). Certainly they were not intended to diminish the evidential rule in s 66. Indeed, the following passage from *Jet Holding* at [48] dispels such notions entirely and bears mention in the present case:

Firstly, we must begin with the general principle that the party who wishes to introduce the documents concerned into evidence must comply with the salient provisions of the Evidence Act ... To begin with, any other premise would ignore the clear provisions of the Act. Worse still, it

would be a signal to parties to be disciplined in so far as the introduction of documents is concerned. It would then be the thin end of the procedural wedge and might even lead to the fraudulent introduction of documents. The fact that there is another legal barrier in the form of testing the truth of the contents of documents is no excuse for lowering the barrier in relation to the authenticity of documents under the salient provisions of the Evidence Act, and which would itself constitute an important threshold safeguard.

262 Having regard to the above evidential constraints imposed under the law, I turn now to the facts. An assignment of copyright must be by way of writing and signed by the assignor. To establish the chain of title, the plaintiffs must therefore prove that these documents of assignment exist. Section 66 of the Evidence Act requires that these documents be proved by primary evidence, unless one of the exceptions in s 67 applies.

263 According to Ms Jennifer Cheng ("Ms Cheng"), the plaintiffs' in-house legal counsel, the plaintiffs were not able to locate the assignment documents because they were lost or destroyed. [\[note: 104\]](#) This then falls under the exception in s 67(1)(c) of the Evidence Act. However, while none of the other documents were produced, Ms Chia was able to adduce the 1998 Agreement between Lintas and Nestle Malaysia. Unsurprisingly, the defendants' counsel quizzed Ms Chia as to how she was able to get hold of just this document, but not the others. She had no real answer. [\[note: 105\]](#)

264 Nevertheless, I do not make the inference that the plaintiffs had deliberately withheld the relevant documents. So secondary evidence can be adduced. Section 65(e) of the Evidence Act states that secondary evidence "means and includes", amongst other things, "oral accounts of the contents of a document given by some person *who has himself seen it*" [emphasis added]. Illustration (e) explains that "neither an oral account of a copy compared with the original nor an oral account of a photograph or machine-copy of the original is secondary evidence of the original."

265 I now turn to the various links in the chain to decide if the secondary evidence provided by the plaintiffs show that copyright has been validly assigned to the first plaintiff.

*First link: Mr Stan Lee to Lintas*

266 For the proposition that Mr Lee is the author of the Two Fingers Illustration (but not the entire Artistic Work [\[note: 106\]](#)) and that he had assigned the copyright in the Two Fingers Illustration to Lintas, the plaintiffs rely on the contents of two letters that Mr Lee had written to the second plaintiff, which were dated 14 January 2014 [\[note: 107\]](#) and 29 March 2014 [\[note: 108\]](#) respectively. To be clear, the plaintiffs do not rely on these letters (which were written long after the commencement of these proceedings) as the assignments in themselves, but only as evidence that Mr Lee has previously assigned the copyright to Lintas.

267 In the letter of 14 January 2014, Mr Lee states that he was engaged by Lintas between "2009 and 2011" as a freelance illustrator (the 29 March 2014 letter corrects the dates to "1995 to 2002"). He also states that, to the best of his knowledge and belief, he is the author of the Two Fingers Illustration and that he does not own any copyright in the "artwork" as he had already assigned ownership of the copyright to Lintas which in turn assigned the same to Nestle. [\[note: 109\]](#)

268 Mr Lee did not file an affidavit and was not called as a witness. The plaintiffs submit that Mr Lee's letters are admissible pursuant to s 32(1)(j)(iii) of the Evidence Act and the Notice to Admit Documentary Evidence filed on 21 February 2014 and 7 April 2014 as he is outside Singapore and it is not practicable to secure his attendance. [\[note: 110\]](#)

269 Section 32(1)(j)(iii) of the Evidence Act states:

**Cases in which statement of relevant fact by person who is dead or cannot be found, etc., is relevant**

32. — (1) Subject to subsections (2) and (3), statements of relevant facts made by a person (whether orally, in a document or otherwise), are themselves relevant facts in the following cases:

...

(j) when the statement is made by a person in respect of whom it is shown —

(iii) that he is outside Singapore and it is not practicable to secure his attendance...

...

(3) A statement which is otherwise relevant under subsection (1) shall not be relevant if the court is of the view that it would not be in the interests of justice to treat it as relevant.

...

(5) Where a statement is admitted in evidence under subsection (1), the court shall assign such weight as it deems fit to the statement.

270 Mr Lee is based in Toronto, Canada. [\[note: 111\]](#) The fact that he is overseas is not enough to show that “it is not practicable to secure his attendance”. In Jeffrey Pinsler SC, *Evidence and the Litigation Process* (LexisNexis, 4th Ed, 2013) at para 6.030, the learned author proposed that this can be shown if the “costs of securing the person’s attendance would be out of all proportion to the claim and significance of his evidence”. Another example is where the person is unwilling to come to Singapore. Considering that he is alleged to be the author and his purported assignment of the copyright forms the *very basis* of the first plaintiff’s claim to ownership, clearly the costs of getting him to come to Singapore cannot be said to be disproportionate. There is also no evidence that he is unwilling to come to Singapore to testify or for that matter to give evidence from Canada with leave of the court by way of live video-link under s 62A of the Evidence Act. I find that s 32(1)(j)(iii) is not satisfied. Accordingly, Mr Lee’s letters are inadmissible as evidence.

271 In any event, even if I do accept that the letters are admissible, little weight can be put on them. Mr Lee’s letters were short and unhelpful. The first letter only said he assigned the copyright to Lintas. He gave very few details. His letters say nothing about whether the purported assignment was *in writing* and signed *by him or by someone on his behalf*, which are necessary facts required under s 194(3) of the Copyright Act to be additionally proved in order to establish that the assignment of copyright to Lintas by Mr Lee has legal effect.

272 For completeness, I note that the defendants have also raised the additional point that even if Mr Lee’s letters are taken at face value, they only prove (at best) that he authored the Two Fingers Illustration and assigned the copyright in it, when the plaintiffs have pleaded that the first plaintiff is the owner of the copyright in the *whole* Artistic Work, and not merely a part of it. In other words, the plaintiffs cannot prove that the first plaintiff is the owner of the copyright in the whole work by proving that it owns the copyright in only one part of the work. This is however not fatal to the

plaintiffs' case as their assertion that the defendants' Representation of the 2-Fingers Take-It is substantially similar to the Artistic Work is premised primarily on the purported copying of the Two Fingers Illustration (see [286] below). So if the plaintiffs can show that they own the copyright in the Two Fingers Illustration, it may still suffice for the purposes of establishing copyright infringement on the part of the defendants in respect of the Two Fingers Illustration.

*Second link: Lintas to Nestle Malaysia*

273 As noted at [245] above, the plaintiffs rely on two documents to establish the link from Lintas to Nestle Malaysia, *ie*, the 1998 Agreement and the 1999 Letter. The 1998 Agreement does not cover Kit Kat. The 1999 Letter was only disclosed on 10 April 2014, in the Plaintiffs' Further Supplementary Bundle of Documents at p 81, one day after Ms Chia had been cross examined. The plaintiffs' counsel confirmed that his instructions were that the Artistic Work was designed under the particular agency appointment set out in the 1999 Letter. [\[note: 112\]](#) I note that the 1999 Letter was signed by a representative of Nestle Malaysia (the purported assignee), and not by a representative from Lintas (the purported assignor), and therefore does not stand on its own as a valid assignment.

274 The plaintiffs submit that the 1999 Letter expanded the scope of work under the 1998 Agreement. [\[note: 113\]](#) However, cl 24 of the 1998 Agreement did not permit such unilateral variation. There is no evidence before me that indicates that this discrepancy was subsequently rectified or whether Lintas did in fact reply to the 1999 Letter with a signed acceptance or whether the 1999 Letter was in itself an acceptance letter to a signed offer of variation by Lintas, although the first line that says "we are pleased to confirm we are appointing [Lintas] to handle Total Confectionary, covering Chocolates and Sugars" hints at this.

275 Accordingly, there is insufficient evidence produced to establish this link.

*Final link: Nestle Malaysia to the first plaintiff*

276 Finally, even if Lintas did validly assign copyright in the Artistic Work to Nestle Malaysia, the plaintiffs must prove that Nestle Malaysia, in turn, assigned the copyright to the first plaintiff.

277 There is no primary evidence of the purported assignment at all. Indeed, there is not even secondary evidence of this. Ms Cheng gave evidence that it is Nestle's policy that all intellectual property rights will reside with the first plaintiff only. She also said that the local Nestle entity will execute an assignment to transfer ownership of all intellectual property rights acquired to the first plaintiff. [\[note: 114\]](#) However, I note that Ms Cheng is the employee of the *second plaintiff*. [\[note: 115\]](#) Section 65(e) of the Evidence Act allows for "oral accounts of the contents of a document given by some person *who has himself seen it*". Ms Cheng's evidence that the Nestle group has always had such a policy is a matter of fact but her assertion that "there is no doubt that the [first plaintiff] is the copyright owner of the Artistic Work" as a result is simply an opinion. As the defendants have submitted, the fact that such a company policy existed does not mean that it was complied with [\[note: 116\]](#) in the sense that the assignment of the copyright in the whole Artistic Work or in the Two Fingers Illustration from Nestle Malaysia to the first plaintiff was in writing and signed by a representative from Nestle Malaysia. There is no evidence from the first plaintiff or Nestle Malaysia on this at all.

278 The last link in the chain is therefore also not established.

*Conclusion*

279 As a result, the plaintiffs have not shown that the first plaintiff is the owner of the copyright in the Artistic Work or, for that matter, in the Two Fingers Illustration. The plaintiffs' claim in copyright is therefore dismissed.

### **Copyright infringement**

280 While there is no need for me to address the remaining points regarding copyright infringement, I will address them as the parties have made comprehensive submissions about them.

281 The plaintiffs claim that the second defendant has infringed the Artistic Work by importing into Singapore the 2-Fingers Take-It with the Representation of 2-Fingers Take-It for the purposes of sale without the licence of the first plaintiff pursuant to s 32(a) of the Copyright Act. [\[note: 117\]](#) Further, or in the alternative, the second defendant has also infringed the Artistic Work by selling, *etc*, the 2-Fingers Take-It with the Representation of 2-Fingers Take-It pursuant to s 33(1) of the Copyright Act. [\[note: 118\]](#) They also claim that the first defendant is a joint tortfeasor with the second defendant on the basis that the first defendant authorised, directed and/or procured the second defendant to infringe the Artistic Work. [\[note: 119\]](#)

282 Sections 32 and 33 of the Copyright Act state as follows:

#### **Infringement by importation for sale or hire**

32. The copyright in a literary, dramatic, musical or artistic work is infringed by a person who, without the licence of the owner of the copyright, imports an article into Singapore for the purpose of —

- (a) selling, letting for hire, or by way of trade offering or exposing for sale or hire, the article;
- (b) distributing the article —
  - (i) for the purpose of trade; or
  - (ii) for any other purpose to an extent that will affect prejudicially the owner of the copyright; or
- (c) by way of trade exhibiting the article in public, where he knows, or ought reasonably to know, that the making of the article was carried out without the consent of the owner of the copyright.

#### **Infringement by sale and other dealings**

33.—(1) The copyright in a literary, dramatic, musical or artistic work is infringed by a person who, in Singapore, and without the licence of the owner of the copyright —

- (a) sells, lets for hire, or by way of trade offers or exposes for sale or hire, an article; or
- (b) by way of trade exhibits an article in public, where he knows, or ought reasonably to know, that the making of the article constituted an infringement of the copyright or, in the case of an imported article, the making of the article was carried out without the consent of the owner of the copyright.

(2) For the purposes of subsection (1), the distribution of any articles —

(a) for the purpose of trade; or

(b) for any other purpose to an extent that affects prejudicially the owner of the copyright concerned, shall be taken to be the sale of those articles.

283 There is no dispute that the second defendant had imported the said products with the allegedly infringing packaging, for the purposes of sale. It is also not disputed that the second defendant did proceed to sell the products. I also accept that the first defendant had authorised, directed and/or procured the second defendant to import and sell the said products. The main question is whether the defendants' product packaging has *in fact* infringed the first plaintiff's claimed Artistic Work. For convenience, I set out the claimed Artistic Work and the relevant packaging below:

| Artistic Work of the first plaintiff                                               | Representation of the 2-Fingers Take-It on the defendants' actual packaging       | Defendants' actual packaging                                                        |
|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
|  |  |  |

284 Although the plaintiffs' claim is that the Representation of the 2-Fingers Take-It infringes the Artistic Work, I agree with the defendants that the real comparison ought to be between the Artistic Work and the defendants' actual packaging rather than the Representation of the 2-Fingers Take-It, although nothing really turns on this point. In this case, the only similarities between the Artistic Work and the defendants' packaging are that they both depict a chocolate wafer broken into two fingers with the cross section of one finger showing the wafer inside, and the colour red. Indeed, the plaintiffs use the actual packaging as the relevant comparator in their submissions. [\[note: 120\]](#)

285 On this point, the defendants raised only one issue, which is that as a result of the lack of substantial similarities and the simplicity of the Artistic Work, there cannot have been infringement of copyright. [\[note: 121\]](#)

286 The plaintiffs submit that the image of the two chocolate fingers (*ie*, the Two Fingers Illustration) and the "striking red livery" are the most important parts of the Artistic Work, and these elements have been "faithfully reproduced", which means that substantial similarity is made out. [\[note: 122\]](#) It seems to me the stylised "Nestle Kit Kat" that can be found in the middle of the Artistic Work is also very eye-catching, but I would generally agree that the Two Fingers Illustration is an important part of the work.

287 On the basis of *Flamelite (S) Pte Ltd and others v Lam Heng Chung and others* [2001] 3 SLR(R) 610 ("*Flamelite*") (at [35]), the plaintiffs made the argument that the court must consider the quality of the works *rather* than the quantity that was taken. I think this is an over-simplification of what the Court of Appeal was saying. Undoubtedly the courts have placed the greatest weight on the *quality* of what has been taken (see *Susanna Leong* at para 08.080) but this is not to say the

quantity of what is taken is irrelevant.

288 Similarly, the simplicity of the work copied is a relevant factor. As noted in George Wei, *The Law of Copyright in Singapore* (SNP Editions, 2nd Edition, 2000) at p 474:

... Mere simplicity is not in itself a bar to copyright. The relative “simplicity” of a work cannot, however, be ignored in deciding the question of infringement. The more simplistic the work, the smaller the amount of effort and skill expended in creating the work, then the higher the degree of exactitude in copying that will be necessary in order to find infringement. If the amount of skill and effort expended only just barely qualified the work for protection, then it may be that nothing short of exact reproduction will constitute infringement.

289 It is also trite that copyright protects expressions of ideas, not the ideas themselves (*Flamelite* at [22]). It was also noted in *Flamelite* at [47] that:

... Where the work is simple, the idea embodied in the work becomes so closely identified with its expression that it is hard to separate the form of expression from the idea. In such a case there should be a much closer degree of copying before infringement can occur.

290 I now turn to the Two Fingers Illustration, which forms a significant part of the Artistic Work. In my view, it is not a complicated drawing, although it is also not wholly simplistic. The defendants highlight that the depiction of the chocolate wafer on the Take-It packaging is not exactly reproduced. They face different directions and the two are angled differently. [\[note: 123\]](#) The defendants also argue that manufacturers of food products “invariably include some sort of depiction of the product on the packaging”. The defendants have to show a cross section of the product to prevent consumers from being misled into thinking that the product is a wholly chocolate bar instead of a two-finger chocolate wafer. [\[note: 124\]](#)

291 So how many ways are there of representing a two fingers wafer? Certainly the general shape of each finger cannot be changed. Nor can the colour, as that would no longer be a faithful representation of the contents of the chocolate bar. So what can be done is that it can be angled differently, made to face different directions, or be broken in other ways. There are also other ways of showing that it is a chocolate wafer other than showing the frontal cross-section of one finger of the product. It seems to me that it is not as restrictive as the defendants put it. The defendants and their related companies had marketed earlier products, eg, the Windmolen products, without using imagery that closely emulate the Two Fingers Illustration or the colour red in accompaniment. The fact that they also use the colour red reinforces my view that a substantial part of the Artistic Work is reproduced on the defendants’ packaging. However, the use of the colour red is not essential to my finding on this point.

292 Accordingly, if not for the finding that the first plaintiff has not proved that it is the owner of the Artistic Work (or, for that matter, the Two Fingers Illustration), I would have been prepared to find that the defendants are in fact liable on this ground. This is of course, subject to any defences that they may have, and to this I now turn.

### ***Whether section 40A of the Copyright Act is a defence to copyright infringement***

293 The defendants submit that s 40A of the Copyright Act operates to exclude the plaintiffs’ copyright claim in its entirety. Section 40A states:

#### **Accessories to imported articles**

40A.—(1) The copyright in a work embodied in an accessory to an article is not infringed by a person who, without the licence of the owner of the copyright, imports the article into Singapore for a purpose mentioned in section 32(a), (b) or (c) unless the article is an infringing copy.

(2) The operation of this Act in relation to a work embodied in an article shall not be affected by the operation of this section in relation to a work embodied in an accessory to the article.

(3) If an article is imported into Singapore for a purpose mentioned in section 32(a), (b) or (c) and the importation is not, by reason of this section, an infringement of the copyright in a work embodied in an accessory to the article, the use of the accessory with the article for any such purpose shall not be an infringement of the copyright in the work, and section 33 shall not apply to the accessory.

294 Section 7(1) of the Copyright Act defines “accessory” and “infringing copy” as follows:

“accessory”, in relation to an article, means one or more of the following:

- (a) a label affixed to, or displayed on, the article;
- (b) the packaging or container in which the article is packaged or contained;
- (c) a label affixed to, or displayed on, the packaging or container in which the article is packaged or contained;

...

“infringing copy” —

- (a) in relation to a work, means a reproduction of the work, or of an adaptation of the work, not being a copy of a cinematograph film of the work or adaptation;
- (b) in relation to a sound recording, means a copy of the sound recording not being a sound-track associated with visual images forming part of a cinematograph film;
- (c) in relation to a cinematograph film, means a copy of the film;
- (d) in relation to a television broadcast, sound broadcast or cable programme, means a copy of a cinematograph film of the broadcast or programme or a record embodying a sound recording of the broadcast or programme; and
- (e) in relation to a published edition of a work, means a reproduction of the edition, being an article the making of which constituted an infringement of the copyright in the work, recording, film, broadcast, programme or edition or, in the case of an article imported without the licence of the owner of the copyright, the making of which was carried out without the consent of the owner of the copyright;

295 The defendants argue that, unless the plaintiffs are able to show that the defendants’ underlying product or article is an infringing copy, the accessory (*ie*, the packaging) does not infringe the copyright in the claimed Artistic Work. Since there is no allegation that the underlying article infringes any copyright, s 40A applies to exclude the plaintiffs’ entire copyright claim. [\[note: 1251\]](#)

296 Section 40A was introduced by way of s 5 of the Copyright (Amendment) Act 1994 (No 14 of 1994). The defendants cite extensively from the Second Reading of the Copyright Amendment Bill on 25 August 1994, which indicates that the purpose of this amendment is to make it clear that parallel imports may be legitimately brought into Singapore and distributed, and copyright owners are prevented from using copyright in product packaging as a ground to repel otherwise legitimate products. [\[note: 126\]](#)

297 Accordingly, the plaintiffs argue that s 40A of the Copyright Act is only intended to exonerate parallel importers. Bearing in mind the statutory intent behind the amendment, the words “unless the article is an infringing copy” must be interpreted to mean an article that is not manufactured with the consent of the copyright owner in the country of manufacture. [\[note: 127\]](#) Section 40A is simply not applicable to a situation which is not a parallel import.

298 I agree with the plaintiffs’ arguments. It also seems to me that in certain cases the “packaging” is in fact the relevant “article” to be considered. By the same token, it cannot be regarded as “an accessory to the article” within the meaning of s 40A. Take the following example. Assume that the plaintiff is a cartoonist who makes a drawing of a cartoon character. Assume also that the cartoon character has no trade mark significance. A foreign manufacturer of a product, say, peanuts, reproduces the cartoon character on his packaging. The defendant imports the product with the packaging for the purposes of distribution knowing that the manufacturer has infringed the plaintiff’s copyright in the cartoon character. I do not think that he should be able to rely on s 40A of the Copyright Act to defeat the plaintiff cartoonist’s claim in copyright. The cartoonist’s only interest is the reproduction of his cartoon character on the packaging. He has no interest whatsoever in the peanuts and, indeed, he has no power to “consent” to the making of the underlying product. It seems to me that in such circumstances, the relevant article is the *packaging* itself, in which case s 40A of the Copyright Act is simply not applicable. The facts of this case have nothing to do with any genuine parallel importing of the plaintiffs’ chocolate products into Singapore by the defendants who have used plastic wrappings (to be regarded as the “accessory” to plaintiffs’ chocolate products under s 40A), which are printed with the Representation of the 2-Finger Take-It on a red livery background. As such, I do not think that s 40A is at all applicable to assist the defendants.

### ***Whether section 70 of the Copyright Act is a defence to copyright infringement***

299 The defendants also contend that by virtue of the operation of s 70 of the Copyright Act, there is no infringement of the Artistic Work. Section 70 of the Copyright Act provides:

70.—(1) Notwithstanding section 69, the making of *any useful article in 3 dimensions* (including a reproduction in 2 dimensions reasonably required for the making of the article) *does not infringe the copyright in an artistic work* if, when the useful article or reproduction is made, the artistic work has been *industrially applied* in Singapore or in any other country at any time before the useful article or reproduction is made.

(2) For the purposes of subsection (1), *an artistic work is applied industrially if —*

- (a) more than 50 *reproductions in 3 dimensions are made of it*, for the purposes of sale or hire;
- (b) it is reproduced in 3 dimensions in one or more articles manufactured in lengths, for the purposes of sale or hire; or
- (c) it is reproduced as a plate which has been used to produce —

(i) more than 50 reproductions of an object in 3 dimensions for the purposes of sale or hire; or

(ii) one or more articles in 3 dimensions manufactured in lengths for the purposes of sale or hire.

(3) For the purposes of subsection (2), 2 or more *reproductions in 3 dimensions* which are of the same general character and intended for use together are a single reproduction.

(4) In this section, "*useful article*" means an article having an *intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information*.

(5) For the purposes of this section, an article that is normally part of a useful article is considered a useful article.

[emphasis added]

300 The defendants submit that the defendants' Take-It wrapper is a useful article (as defined in s 70(4) of the Copyright Act) that has been made in three dimensions. The wrapper is utilitarian since it is used to pack and preserve chocolate. More than 50 reproductions in three dimensions of the Artistic Work have been made for sale by the plaintiffs in the form of the plaintiffs' Kit Kat products. The Artistic Work has therefore been "industrially applied" (as defined in s 70(2) of the Copyright Act).

301 The defendants also argue that a chocolate wrapper is a three-dimensional article which can only fulfil its function if it is three-dimensional in nature. [\[note: 128\]](#) The plaintiffs do not dispute that wrappers are three-dimensional articles. [\[note: 129\]](#) But I find it unintuitive that a plastic wrapper becomes a three-dimensional article simply because it is wrapped around a product. Nevertheless, as the parties do not disagree, I will proceed on the basis that a chocolate wrapper is a three-dimensional article.

302 Assuming that the Kit Kat wrapper is a three-dimensional article, does the fact that the Artistic Work is adorned on the wrapper mean that the Artistic Work has been reproduced in three dimensions by the plaintiffs, such that the Artistic Work can be considered to have been industrially applied by the plaintiffs? The defendants assert that this is so. They cite *Vicplas Holdings Pte Ltd v Allfit International Market Pte Ltd and others* [2011] 2 SLR 739 ("*Vicplas*"). In that case, the plaintiff was the purported copyright owner of the artistic work comprised in the get-up for the plaintiff's brand of solvent cement, which the plaintiff described as a white cylindrical metal can with two orange stripes at the top and bottom, certain literary works on its curved surface and a cap with ridges. The defendants sought to strike out Vicplas's copyright infringement claim on the basis of, *inter alia*, ss 70 and 74 of the Copyright Act. It was held in *Vicplas* at [52] that s 70 provided an "unassailable defence" to copyright infringement on the basis that more than 50 reproductions in three dimensions (*viz*, the can) of the "artistic work" had been made by the plaintiff in the Bangladesh market.

303 The basis of the decision is not entirely clear, but to the extent that *Vicplas* stands for the proposition that an artistic work such as a painting of a candle that is adorned on the surface of a container is a three-dimensional reproduction of the candle shown in the painting, I would respectfully disagree. I agree with the comments made in George Wei Sze Shun, *Industrial Design Law in Singapore* (Academy Publishing, 2012) at para 3.146, which are as follows:

... Section 70(2)(a) explains that an artistic work is applied industrially if more than 50 reproductions in three dimensions are made of the artistic work for the purpose of sale or hire. If the artistic work is a drawing that depicts an exhaust pipe or a container, the making of exhaust pipes or containers to that design will be a 3-dimensional reproduction of what was depicted in the drawing. However, let us suppose that the artistic work is an abstract painting or a photograph of a sunset and that the painting or photograph has been reproduced into labels or even painted directly onto the surface of containers by way of decoration (get-up). The container is, of course, a 3-dimensional article, but has the artistic work been reproduced in three dimensions? This seems rather improbable although much may depend on what was actually meant by get-up.

304 The defendants also submit that the Artistic Work has been industrially applied because more than 50 reproductions in three dimensions have been made of the Two Fingers Illustration, *ie*, in the manufacture of the two fingers Kit Kat products themselves. I am prepared to accept that the Two Fingers Illustration has therefore been industrially applied by the plaintiffs, which brings s 70 into operation and provides the defendants a defence against copyright infringement of the Two Fingers Illustration given my finding at [286] that the Two Fingers Illustration is an important part of the Artistic Work. The Take-It wrappers would appear to be “useful articles” made in three dimensions by the defendants having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information.

305 However, I am not persuaded that the defendants’ *adorning* a copy of the Two Fingers Illustration on a chocolate wrapper falls under the ambit of “making of any useful article in 3 dimensions” by the defendants or “a reproduction in 2 dimensions reasonably required for the making of the article”. While the making of a useful article in three dimensions *per se* is not an act of copyright infringement pursuant to s 70, I would not consider the copying of an artistic work to decorate the *surface* of the useful article (or for that matter, to convey information on the appearance of the two finger chocolate wafer and its cross-section) to be part of the making of the useful article as such, particularly when s 70(4) provides that “useful article” means “an article having an intrinsic utilitarian function that is *not merely* to portray the appearance of the article or *to convey information*”. Take a manufacturer of a car. A customer says he wants a picture of a cow on the top of the car. The manufacturer takes a completed car and spray paints a picture of the cow on it. Is the latter act part of the process of “making” a car, which is the “useful article in 3 dimensions”? For the purposes of s 70, I think not. I also do not think it would make any difference if the cow was spray painted on the car at an earlier stage of the manufacturing process, *eg*, before the wheels are added to the car. In my view, not every act that takes place during the process of manufacture is to be equated with the making of the useful article under s 70.

306 This can be illustrated using a three party scenario. X makes a drawing of a plain wrapper and he owns the copyright in the drawing. Y owns the copyright in a drawing of a cow. For present purposes, assume that both drawings have been industrially applied. Z decides to manufacture wrappers bearing the drawing of the cow. Section 70 will no doubt apply to give Z a defence against X’s claim in copyright infringement if Z’s wrappers are three-dimensional reproductions of X’s drawing of a wrapper. However, it would *not* operate as a defence against Y’s claim for copyright infringement of the drawing of the cow. This is even if Z prints the picture of the cow on sheets of plastic (which would be in two dimensions) before using those sheets of plastic to manufacture his wrappers, because the two dimensional reproduction of the picture of the cow is not reasonably necessary for the making of the useful article in three dimensions, which is the *wrapper* itself.

### ***Whether section 74 of the Copyright Act is a complete defence to copyright infringement***

307 Finally, the defendants submit that s 74 of the Copyright Act is a complete defence to the plaintiffs' copyright claim.

308 Section 74 of the Copyright Act provides:

74. — (1) Where copyright subsists in an artistic work and a corresponding design is registered or deemed registered under the Registered Designs Act, it shall not be an infringement of the copyright in the work —

(a) to do anything, during the subsistence of the copyright in the registered design, which is within the scope of the copyright in the design; or

(b) to do anything, after the copyright in the registered design has come to an end, which, if it had been done while the copyright in the design subsisted, would have been within the scope of that copyright as extended to all associated designs and articles.

...

(2) Where copyright subsists in an artistic work, and —

(a) a corresponding design is applied industrially (whether in Singapore or elsewhere) by or with the licence of the owner of the copyright in the work;

(b) articles to which the design has been so applied are sold, let for hire, or offered for sale or hire whether in Singapore or elsewhere; and

(c) at the time when those articles are sold, let for hire or offered or exposed for sale or hire, they are not articles in respect of which the corresponding design has been registered or, is deemed registered under the Registered Designs Act (Cap. 266), subsections (3), (4), (5) and (6) shall apply.

(3) Subject to subsection (5) —

(a) during the relevant period of 15 years, it shall not be an infringement of the copyright in the work to do anything which, at the time when it is done, would have been within the scope of the copyright in the design if the design had, immediately before that time, been registered in respect of all relevant articles; and

(b) after the end of the relevant period of 15 years, it shall not be an infringement of the copyright in the work to do anything which, at the time when it is done, would, if the design had been registered immediately before that time, have been within the scope of the copyright in the design as extended to all associated designs and articles.

(4) In subsection (3), "the relevant period of 15 years" means the period of 15 years beginning with the date on which articles, such as are mentioned in subsection (2)(b), were first sold, let for hire or offered for sale or hire, whether in Singapore or elsewhere.

(5) For the purposes of subsections (2) and (3), no account shall be taken of any articles in respect of which, at the time when they were sold, let for hire, or offered for sale or hire, the design in question was excluded from registration under the provisions of the Registered Designs Act or the Registered Designs Act 1949 of the United Kingdom (U.K. 1949, c. 88) (as the case

may be), by rules made under the applicable Act (which relates to the exclusion of designs for articles which are primarily literary or artistic in character).

309 Regulation 12 of the Copyright Regulations (Cap 63, Rg 4, 2009 Rev Ed) provides that:

12. —(1) For the purposes of section 74 of the Act, a design shall be deemed to be applied industrially if it is applied —

(a) to more than 50 articles; or

(b) to one or more articles (other than hand-made articles) manufactured in lengths or pieces.

...

(3) For the purposes of this regulation, a design shall be deemed to be applied to an article if —

(a) the design is applied to the article by a process (whether a process of printing, embossing or otherwise)...

...

310 Rule 9(c) of the Registered Designs Rules (Cap 266, R 1, 2002 Rev Ed) ("RDR") states:

9. The Registrar shall refuse to register a design intended to be applied to any of the following articles:

...

(c) **printed matter primarily of a literary or artistic character**, including book jackets, calendars, certificates, coupons, dress-making patterns, greeting cards, labels, leaflets, maps, plans, playing cards, postcards, stamps, **trade advertisements**, trade forms and cards, transfers and similar articles.

311 The words "article" and "design" are defined in s 2(1) of the RDA as follows:

"article" means any article of manufacture and includes —

(a) any part of an article if that part is made and sold separately; and

(b) any set of articles

...

"design" means features of shape, configuration, pattern or ornament applied to an article by any industrial process, but does not include —

(a) a method or principle of construction; or

(b) features of shape or configuration of an article which —

(i) are dictated solely by the function which the article has to perform;

- (ii) are dependent upon the appearance of another article of which the article is intended by the designer to form an integral part; or
- (iii) enable the article to be connected to, or placed in, around or against, another article so that either article may perform its function...

312 Essentially, the effect of the above provisions is to prevent the unintended overlap of copyright protection in what is properly the domain of design. There are three possible scenarios. One, where the copyright subsists in an artistic work and a corresponding design has been registered under the Registered Designs Act (Cap 266, 2005 Rev Ed) ("RDA"). Two, where copyright subsists in an artistic work and a corresponding design is registrable under the RDA but has not been so registered. Three, where copyright subsists in an artistic work and a corresponding design is excluded from registration under the RDA because it is for articles that are primarily literary or artistic in character. To put it at its simplest, copyright protection in the artistic work is unavailable in the first two scenarios, but it would be available in the third scenario (see generally Susanna Leong at para 25.090).

313 The defendants argue that in the late 1990s when the products bearing the Artistic Work were first applied industrially, the UK Registered Designs Act 1949 (c 88) ("UK RDA") was applicable, yet the Artistic Work was not registered although it was registrable under the UK RDA. As a result, there is no infringement of the Artistic Work pursuant to s 74 of the Copyright Act. [\[note: 130\]](#)

314 The plaintiffs' case is that s 74 of the Copyright Act does not apply on the basis that it is not a registrable design. This is because the Artistic Work is intended to be applied to printed matter primarily of artistic character, *ie*, a trade advertisement, which is excluded from protection as a registered design pursuant to r 9(c) of the RDR. The plaintiffs rely on the case of *Klarmann (H.) Ltd v Henshaw Linen Supplies* [1960] RPC 150 ("*Klarmann*"). That case dealt with a plastic container for cushions. It was essentially "temporary packing or wrapping". Printed on it was a drawing and some advertising literature. Roxburgh J, when considering the interplay between the UK Copyright Act 1956 (c 74) and the UK RDA 1949 and the UK Design Rules 1949 (SI 1949/2368), considered that the cover had a useful function but it was nevertheless "printed matter". I think he is quite right to say that "printed matter" is not limited to "printers' ink applied to printing paper". He had more difficulty with the words "primarily of a literary or artistic character". While the cover would serve the purpose of "protecting the inside", he considered that the purpose or character of the printed matter is that of a trade advertisement and the reproduction of a drawing. Accordingly, the plaintiff in that case had not lost his copyright. Christine Fellner, *Industrial Design Law* (Sweet & Maxwell, 1995) at para 2.085 suggested that this means that packaging designs in general are probably not registrable, but the absence of any element of advertising on the packaging may indicate to the contrary.

315 The defendants refer to the case of *Gary Fearn's t/a Autopaint International v Anglo-Dutch Paint* [2007] EWHC 955 ("*Autopaint*"). One of the issues was whether s 52 of the UK Copyright Designs and Patents Act 1988 (c 48) applied to the design and logo appearing on the plaintiff's tins. The question was whether lithographed tins were "printed matter primarily of a literary or artistic character". Christopher Floyd QC (sitting as a deputy judge of the Chancery Division) stated at [83] of the judgment:

... difficulties arise because much surface decoration on articles of a wide variety of design is or can be applied by printing. A printed artistic design on the surface of a teapot should be registrable. If one gives the provision a wide construction so as to extend copyright protection, one is cutting down the scope for registering designs beyond what I would consider to be reasonable.

316 The defendants also refer me to *Vicplas*, which also dealt with s 74 of the Copyright Act. As the judge in that case did not appear to have considered the effect of r 9(c) of the RDR, it is of little assistance in the present circumstances.

317 In the present case, the article in question is clearly printed matter. In my view, it can also be properly regarded as a trade advertisement since it serves to both entice the potential customer as well as to inform him of the trade source of the product and the contents within the wrapper. Rule 9(c) appears to have a deeming effect insofar as the listed items are concerned. Therefore, if the article is a trade advertisement or a map, there is no need to further consider whether it is also "primarily of a literary or artistic character". The rule will simply apply by virtue of it being a trade advertisement or a map. However if the article does not fall within the enumerated categories, then it is necessary to examine further as to whether the article can still fall within r 9(c) because it is printed matter primarily of a literary or artistic character. It is easy to see the difficulties that may arise in trying to evaluate whether an article is primarily of a literary or artistic character when it also has other useful functions. The categories listed in r 9(c) do not provide any clear guidance on how that evaluation might be done and there does not appear to be any consistent concept which may be distilled from the categories listed in r 9(c). As Roxburgh J described it in *Klarmann* at 152, the definition contained "a most extraordinary jumble of conceptions". At the very least, different people can have very different views as to the primary character of the listed items, such as for example, playing cards. It is much easier to determine whether the articles are playing cards or not. If I am right about the fact that the Artistic Work printed on the wrapper is a trade advertisement (which on balance I think it is), then the Artistic Work is not registrable as a design and copyright exists, which would mean that s 74 of the Copyright Act is not a defence to the plaintiffs' copyright claim.

318 In case I am wrong about it being a trade advertisement, then the next question is whether the wrapper bearing the Artistic Work is printed matter primarily of a literary or artistic character. The difficulties in interpreting what, exactly, is an article of "printed matter primarily of literary or artistic character" were also noted in Kevin Garnett QC *et al*, *Copinger and Skone James on Copyright* (Sweet & Maxwell, 16th Ed, 2011) ("Copinger"). The older editions of Copinger contain somewhat more analysis on this point. The 12th edition of Copinger at p 85 raised the following argument:

... It is submitted, however, that the fundamental distinction between a "design" and a simple "artistic work" lies in the applicability of the former to another article. That is to say, whereas an artistic work is bought purely and simply for its artistic properties, an article to which a design has been applied is bought, not simply because of the artistic qualities of the design, but because of the utility of the article apart from the design...

319 So an engraving that is applied to wallpaper falls under the law of designs since wallpaper is only bought to be used for covering walls and the wallpaper is not meant to display the engraving primarily as an artistic work like a framed painting of a well known artist adorning a wall. However, the learned authors also proposed that a picture on a postcard is protected by copyright even though the picture postcard is a means for carrying on a correspondence, because the limited correspondence utility provided by the postcard (unlike that provided by a letter) is subsidiary to the picture put on it. This is understandably so since most purchasers and senders of postcards, I think, would like their recipients to appreciate the beautiful picture appearing on the postcard. The short message on the postcard is likely to be secondary. That may be a reason why it is included as one of the listed items in rule 9(c) so that the difficult balancing act is avoided. It is immediately apparent how fine these distinctions are. It is further argued that the test that was rejected in *Klarmann*, ie, whether the "combination of article and words or picture superimposed had a primarily literary or artistic purpose" is in fact the right one. I am of the same view as the learned authors that this is the correct test to

be applied for articles of printed matter that do not fall within the categories enumerated in r 9(c). The test is simply not needed for those articles falling within the specified categories.

320 In the present case (and assuming that the Artistic Work is not a trade advertisement), the article itself has a utilitarian function as a wrapper, though the wrapper also displays an artistic design. This is undeniable. However, as the example of the picture postcard demonstrates, that is not critical. After all, r 9 of the RDR uses the word "*primarily*", not "*exclusively*". Nevertheless, it is a difficult test to apply. This is akin to the tussle between wallpapers and printed picture posters, which are not in one of the specified categories. Does this wrapper have what is primarily a utilitarian function (namely to protect the chocolate wafer within) or is it primarily meant to display the Artistic Work? From this perspective, it appears to me that the article serves the primary purpose of being a wrapper, rather than as a means to display the Artistic Work as such. Hence, it is a registrable design like wallpaper. Therefore, s 74 of the Copyright Act is available as a defence to the plaintiffs' copyright claim. It is quite different from a printed picture poster, which is printed matter primarily of an artistic character. However, this finding that the Artistic Work is a registrable design applies only if I am wrong in my primary finding that it is a trade advertisement.

## Conclusion

321 For the above reasons, the plaintiffs' claims fail in their entirety and the defendants' counterclaims to invalidate the registrations for the Registered Shapes and for groundless threats of trade mark infringement succeed. Accordingly, I grant the following orders:

- (a) A declaration that the first plaintiffs' registrations for the Registered Shapes are invalid and an order that the registrations are to be removed from the Register of Trade marks.
- (b) A declaration that the threats made in the first plaintiffs' solicitors letters of 3 November 2010 and 2 December 2011 are unjustifiable.
- (c) An injunction to restrain the first plaintiff (whether by its directors, officers, servants and agents or otherwise) from making or continuing to make (whether orally or in writing) any threat in the same or similar terms as those made in the said letters of 3 November 2010 and 2 December 2011.
- (d) Damages to be assessed by the Registrar in respect of the claim for groundless threats of trade mark infringement.

322 If parties do not wish to address the court on costs, I award costs to the defendants, to be taxed if not agreed.

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[\[note: 1\]](#) Defendants' Closing Submissions ("DCS"), para 20; see also Statement of Claim ("SOC"), para 20; 1AB, pp 36 – 37 and 42 – 43.

[\[note: 2\]](#) DCS, para 22; Plaintiffs' Closing Submissions ("PCS"), para 2(i).

[\[note: 3\]](#) DCS, para 21; PCS, para 6.

[\[note: 4\]](#) PCS, para 8; DCS, paras 25 – 27.

[\[note: 5\]](#) Clive Barnes' AEIC, para 42.

[\[note: 6\]](#) Clive Barnes' AEIC, para 12.

[\[note: 7\]](#) Clive Barnes' AEIC, para 22; see also p 88.

[\[note: 8\]](#) Clive Barnes' AEIC, p 90.

[\[note: 9\]](#) Clive Barnes' AEIC, para 24.

[\[note: 10\]](#) Clive Barnes' AEIC, p 95.

[\[note: 11\]](#) Chuang Tiong Liep's AIEC, para 33.

[\[note: 12\]](#) Chuang Tiong Liep's AIEC, para 34.

[\[note: 13\]](#) Chuang Tiong Liep's AIEC, para 44.

[\[note: 14\]](#) Chuang Tiong Liep's AIEC, para 43.

[\[note: 15\]](#) Chuang Tiong Liep's AIEC, para 50.

[\[note: 16\]](#) Chuang Tiong Liep's AIEC, para 56.

[\[note: 17\]](#) Chuang Tiong Liep's AIEC, para 61.

[\[note: 18\]](#) Plaintiffs' Reply Submissions ("PRS"), para 5.

[\[note: 19\]](#) DCS, para 18.

[\[note: 20\]](#) PRS, para 10.

[\[note: 21\]](#) Mr Barnes' AEIC, paras 26 and 27.

[\[note: 22\]](#) DCS, para 42; DRS, para 205.

[\[note: 23\]](#) PCS, para 178.

[\[note: 24\]](#) PCS, para 187.

[\[note: 25\]](#) Defendants' Reply Submissions ("DRS"), paras 139 – 144.

[\[note: 26\]](#) PCS, para 150.

[\[note: 27\]](#) DRS, para 146.

[\[note: 28\]](#) PCS, para 150b.

[\[note: 29\]](#) PCS, para 150(b).

[\[note: 30\]](#) DRS, para 165.

[\[note: 31\]](#) PCS, para 150(c).

[\[note: 32\]](#) PCS, para 150(d).

[\[note: 33\]](#) NE, 15 Apr 2014, p 21, lines 6 – 15.

[\[note: 34\]](#) Defendants' Opening Statement, para 48.

[\[note: 35\]](#) See DCS, paras 63 to 65.

[\[note: 36\]](#) PCS, para 155.

[\[note: 37\]](#) PCS, para 156.

[\[note: 38\]](#) NE, 15 Apr 2014, p 24, lines 4 to 23.

[\[note: 39\]](#) DCS, para 61; Prof Fryer's Expert Report, at para 54(a)

[\[note: 40\]](#) Prof Fryer's Expert Report, para 15

[\[note: 41\]](#) Prof Fryer's Expert Report, para 16.

[\[note: 42\]](#) NE, 9 Apr 2014, p 52 line 6 to p 53 line 9.

[\[note: 43\]](#) Chuang Tiong Liep's AEIC, para 26.

[\[note: 44\]](#) Prof Fryer's Expert Report, para 18.

[\[note: 45\]](#) Prof Fryer's Expert Report, para 19.

[\[note: 46\]](#) Prof Fryer's Expert Report, at para 21.

[\[note: 47\]](#) Prof Fryer's Expert Report, at para 23.

[\[note: 48\]](#) Prof Fryer's Expert Report, at para 24.

[\[note: 49\]](#) Prof Fryer's Expert Report, at paras 28 – 30.

[\[note: 50\]](#) Prof Fryer's Expert Report, at para 38.

[\[note: 51\]](#) PRS, para 21.

[\[note: 52\]](#) NE, 15 Apr 2014, p 19, lines 10 to 19.

[\[note: 53\]](#) DCS, para 63.

[\[note: 54\]](#) DCS, paras 64 and 65.

[\[note: 55\]](#) PRS, para 29.

[\[note: 56\]](#) Prof Fryer's Expert Report, para 43.

[\[note: 57\]](#) NE, 9 Apr 2014, p 57 line 10 to p 61 line 10.

[\[note: 58\]](#) Prof Fryer's Expert Report, paras 44 to 49.

[\[note: 59\]](#) Prof Fryer's Expert Report, para 54(c).

[\[note: 60\]](#) Prof Fryer's Expert Report, para 32.

[\[note: 61\]](#) Clive Barnes' AEIC, paras 26 to 28.

[\[note: 62\]](#) Clive Barnes' AEIC, para 30.

[\[note: 63\]](#) Clive Barnes' AEIC, para 31.

[\[note: 64\]](#) DRS, para 79.

[\[note: 65\]](#) PCS, para 111.

[\[note: 66\]](#) PRS, paras 74 and 75.

[\[note: 67\]](#) PCS, para 111.

[\[note: 68\]](#) PCS, para 112.

[\[note: 69\]](#) PCS, para 53.

[\[note: 70\]](#) Ng Seong Fai's Expert Report, pp 11 and 32.

[\[note: 71\]](#) Ng Seong Fai's Expert Report, p 40.

[\[note: 72\]](#) PRS, para 84.

[\[note: 73\]](#) Ng Seong Fai's Expert Report, p 46.

[\[note: 74\]](#) Ng Seong Fai's Expert Report, p 16.

[\[note: 75\]](#) Ng Seong Fai's Expert Report, p 36.

[\[note: 76\]](#) Magdalene Tan's AEIC, paras 8 to 10.

[\[note: 77\]](#) Magdalene Tan's AEIC, para 11.

[\[note: 78\]](#) Magdalene Tan's AEIC, at exhibit marked MT-3.

[\[note: 79\]](#) NE, 9 April 2014, p 14 line 14 to p 15 line 13.

[\[note: 80\]](#) NE, 9 April 2014, p 18 lines 18 to 24.

[\[note: 81\]](#) DCS, para 153.

[\[note: 82\]](#) PCS, para 79.

[\[note: 83\]](#) DRS, para 131.

[\[note: 84\]](#) PCS, paras 266 to 268.

[\[note: 85\]](#) PCS, para 266.

[\[note: 86\]](#) DRS, para 311.

[\[note: 87\]](#) PCS, para 333.

[\[note: 88\]](#) DCS, paras 217 to 222.

[\[note: 89\]](#) DCS, para 220.

[\[note: 90\]](#) SOC, para 32.

[\[note: 91\]](#) SOC, para 34.

[\[note: 92\]](#) DCS, para 243.

[\[note: 93\]](#) PCS, para 355(b).

[\[note: 94\]](#) Chia Wee Leng's AEIC, pp 6 to 22.

[\[note: 95\]](#) Plaintiffs' Further Supplementary Bundle of Documents, p 81.

[\[note: 96\]](#) Chia Wee Leng's AEIC, para 4.

[\[note: 97\]](#) Chia Wee Leng's AEIC, para 1.

[\[note: 98\]](#) Jennifer Cheng's AEIC, para 51; see also Chia Wee Leng's AEIC, para 5.

[\[note: 99\]](#) Chia Wee Leng's AEIC, paras 6 to 7.

[\[note: 100\]](#) PCS, para 357.

[\[note: 101\]](#) DRS, para 381.

[\[note: 102\]](#) PCS, para 352; see also NE, 9 Apr 2014, p 11 line 19 to p 12 line 1.

[\[note: 103\]](#) DRS, para 337.

[\[note: 104\]](#) Jennifer Cheng's AEIC, para 52.

[\[note: 105\]](#) NE, 9 April 2014, p 9 line 4 to p 10 line 7.

[\[note: 106\]](#) NE, 9 Apr 2014, p 4 line 6 to p 5 line 7.

[\[note: 107\]](#) Chia Wee Leng's AEIC, p 25.

[\[note: 108\]](#) Plaintiffs' Supplementary Bundle of Documents, p 4.

[\[note: 109\]](#) Chia Wee Leng's AEIC, p 25.

[\[note: 110\]](#) PRS, para 113(a).

[\[note: 111\]](#) Chia Wee Leng's AEIC, para 7.

[\[note: 112\]](#) NE, 10 April 2014, lines 22 to 25.

[\[note: 113\]](#) PCS, para 355(iv) and (v).

[\[note: 114\]](#) Jennifer Cheng's AEIC, para 51.

[\[note: 115\]](#) NE, 9 April 2014, p 98 lines 3 to 7.

[\[note: 116\]](#) DRS, para 372.

[\[note: 117\]](#) SOC, para 110.

[\[note: 118\]](#) SOC, para 111

[\[note: 119\]](#) SOC, para 112.

[\[note: 120\]](#) PCS, p 209.

[\[note: 121\]](#) DCS, para 264.

[\[note: 122\]](#) PCS, para 365(c).

[\[note: 123\]](#) DCS, para 257.

[\[note: 124\]](#) DCS, para 260.

[\[note: 125\]](#) DCS, para 306.

[\[note: 126\]](#) PCS, paras 373 to 374 and 381.

[\[note: 127\]](#) PCS, para 383.

[\[note: 128\]](#) DCS, paras 294 and 295.

[\[note: 129\]](#) PRS, para 121.

[\[note: 130\]](#) DCS, para 274.

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