

JONES DAY
COMMENTARY

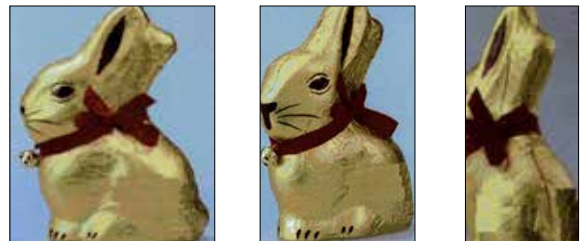
THE ENDLESS BUNNY HUNT: COURT OF JUSTICE OF THE EUROPEAN UNION RULES ON TRADEMARK PROTECTION FOR SHAPE OF CHOCOLATE BUNNIES

With its recent *Lindt & Sprüngli* decision, the Court of Justice of the European Union (“CJEU”) confirmed its earlier decisions that tighten the threshold for the inherent distinctiveness of three-dimensional trademarks. The decision relates to the shape and outer appearance of chocolate bunnies and it has far-reaching effects for the protection of the shape and outer appearance of products in the EU.

On May 24, 2012, the CJEU handed down its judgment on the registrability of the shape of chocolate bunnies as a trademark (Case C-98/11 P). Chocoladefabriken Lindt & Sprüngli AG (“Lindt”), a Swiss producer of fine chocolates, ultimately failed to obtain trademark protection throughout the EU for the shape and outer appearance of its chocolate bunnies offered during the Easter holiday season. Lindt has marketed these products, called “Lindt GOLDHASE” (“Lindt Gold Bunny”), primarily in Germany since 1952.

THE *LINDT & SPRÜNGLI* CASE

In 2004, Lindt filed a Community trademark (“CTM”) application seeking protection for a three-dimensional trademark encompassing the goods “chocolate and chocolate products.” The mark represents the shape of a chocolate bunny wrapped in a gold foil with a red ribbon and a small bell and, according to the applicant’s description, consists of the colors red, gold, and brown:



Lindt's application encountered distinctiveness objections from the Office for Harmonization in the Internal Market ("OHIM"), which is responsible for administering CTMs. Lindt claimed two grounds for protection: First, Lindt argued inherent registrability of the shape of chocolate bunnies for a variety of European countries in which the shape is allegedly unknown. Second, Lindt relied on acquired distinctiveness though extensive use in the EU countries Germany, Austria, and the United Kingdom.

Lindt's application was rejected, however, and so was Lindt's appeal before the Boards of Appeal. On action, the General Court ("GC") confirmed the Appeal Board finding. Lindt appealed further to the CJEU.

The CJEU assessed the distinctive properties of the applied-for mark both by reference to the claimed goods and the perception of the mark by the relevant public. It upheld its case law whereby only a mark that departs significantly from the norm or customs of the industry in question fulfills its essential function of indicating the origin of the goods from a certain business undertaking.

The CJEU fully approved the finding of the GC whereby three essential elements of the applied-for mark itself lacked distinctiveness: (i) the shape of a sitting or crouching bunny must be considered to be a typical shape for chocolate bunnies, (ii) the gold foil wrapping could be found on competing chocolate bunnies on the market and that possible originality was not sufficient to back the claim of distinctiveness, and (iii) the pleated red ribbon, tied to form a bow and carrying a small bell, did not add to the distinctiveness because bows, ribbons, and small bells were common elements to decorate chocolate animals.

The CJEU also approved the finding of the GC with regard to the global assessment of the mark. It held that the characteristics of the combination of these three elements were not sufficiently different from those of the basic shapes commonly used for chocolate and chocolate products and, in particular, chocolate bunnies; in fact, they were viewed as a typical form of wrapper for those goods. Also, the graphic elements used by the applicant—in particular, the eyes, whiskers, and paws—could not add to an overall distinctive character as these were everyday elements of chocolate

bunnies and did not reach an artistic level sufficient to serve as an indicator of the source of origin. In that respect, the CJEU stated that it would not substitute its own assessment of the facts for that of the GC. A new evaluation of the distinctive character of the mark would call into question the accuracy of the GC's findings of the factual nature and would go beyond the scope of a review by the CJEU in the context of an appeal.

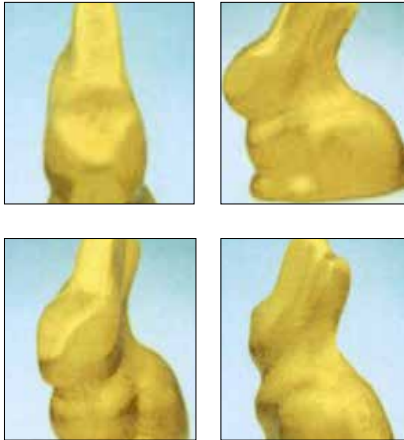
With regard to the claim of acquired distinctiveness by means of use, Lindt argued that the lack of inherent distinctive character had to be overcome only in relation to the chocolate bunny market in certain areas, in particular in Germany. As chocolate bunnies were mostly unknown outside Germany, according to Lindt, Lindt was required to show acquired distinctiveness only in Germany. However, the GC concluded that there was no concrete evidence that the impression created in the mind of the consumers would differ between those in Germany and in other territories in the EU. Thus, the impression had to be evaluated in the same manner throughout the entire EU, with the consequence that the mark was viewed as devoid of any inherent distinctive character throughout the EU.

Lindt was also unsuccessful with these arguments in the CJEU decision. The CJEU concluded that Lindt was not released from actually showing distinctive character by means of substantial use because it was accurate to say that the mark lacked distinctiveness in all EU countries *ab initio*. Although it might be unreasonable to require the applicant to show acquired distinctiveness throughout the entire EU (meaning in each of the 27 Member States), instead of just that part of the EU in which the mark, *ab initio*, had no distinctiveness, this exception could not be applied in the present case, where the applicant relied on evidence for only three Member States, which proved to be insufficient.

EARLIER PROSECUTION HISTORY

The proceedings before OHIM that led to the *Lindt & Sprüngli* case before the CJEU were certainly not the first attempts of Lindt to secure trademark protection for its Easter treats.

Lindt was successful in obtaining registered trademarks for the shape of the chocolate bunny in 15 Member States of the EU, including Germany, where the product is marketed to a considerable extent. In Germany, Lindt was even successful in registering the mere shape of the chocolate bunny without the ribbon and the bell by means of acquired distinctiveness:



However, these previous records did not influence proceedings before OHIM, although the trademark law provisions with regards to lack of distinctiveness are harmonized across the EU. The present case is a fine example of the different outcome a case may have before any of the trademark offices across the EU. In fact, the CJEU in the *Lindt & Sprüngli* case upheld its settled case law that OHIM is under no obligation to follow the assessment of the competent national trademark offices or to register the mark at issue as a CTM on the basis of such considerations.

Lindt had also obtained an earlier CTM for the shape of the chocolate bunny, but this showed the imprint “Lindt GOLDHASE,” thus adding distinctive matter (Community Trademark Registration 001698885). However, even this registration has been attacked with invalidity proceedings by a French confectionary shop, as well as the Austrian company Hauswirth. Both proceedings are still pending.

INFRINGEMENT PROCEEDINGS

Chocolate bunnies are also the subject of infringement proceedings initiated by Lindt against its competitors.

THE *RIEGELEIN* CASE

In Germany, Lindt sued its German competitor Riegelein, which offers chocolate bunnies in a sitting position, wrapped in gold foil printed with a brown bow:



In two decisions, the Higher Regional Court of Frankfurt dismissed Lindt’s claims, but the Federal Supreme Court lifted these decisions and referred the matter back. The Higher Regional Court of Frankfurt (decision of October 27, 2011, case 6 U 10/03) dismissed the claims again. The reasoning was that the existence of a variety of chocolate bunnies will not make the relevant public believe that the shape of a sitting chocolate bunny refers to products from one specific manufacturer. Since Lindt’s high level of recognition on the German market for chocolate products relates to its actual product, which shows the imprint “Lindt GOLDHASE,” the Court concluded that the major part of the distinctive character has to be attributed to the verbal element—the written words—rather than the shape and color of the chocolate bunny. Since the Riegelein products showed the house mark of the defendant, the Court negated a likelihood of confusion. Once again, Lindt appealed this decision to the Federal Supreme Court.

THE *HAUSWIRTH* CASE

However, Lindt was more successful in Austria against its competitor Hauswirth. Lindt sued Hauswirth for trademark infringement and unfair competition due to its product offering of a sitting bunny wrapped in a gold foil and originally decorated with a ribbon, which was later removed:



Hauswirth claimed that it had been producing the product in an uncontested manner in Austria since 1962, whereas Lindt's chocolate bunny did not enter the Austrian market until 1994. Therefore, Hauswirth requested the cancellation of Lindt's Community Trademark Registration on the grounds of bad faith by way of a counterclaim. The Austrian Supreme Court, by decision of March 26, 2012, confirmed the cease and desist claims of Lindt and affirmed a risk of confusion between the respective chocolate bunnies.

CONSEQUENCES FOR THE PROTECTION REGARDING THE SHAPE OF GOODS

In sum, the recent *Lindt* decision of the CJEU does not contain anything essentially new. Prior to this decision, it was well established that the protection of a three-dimensional trademark is generally only possible by relying on acquired distinctiveness. Aside from this, only a mark that departs significantly from the norm or customs of the industry and thereby fulfills its essential function of indicating origin is not devoid of any inherent distinctive character for the purposes of Article 7(1)(b) Council Regulation (EC) No. 207/2009 on the Community trademark ("CTMR").

Furthermore, the CJEU pointed out that registrations already existing in EU Member States are only one factor that may be taken into account, since the CTM for which registration is sought has to be assessed on the basis of the relevant European Union rules. Consequently, OHIM is under no obligation to follow the assessment of the competent national authorities or to register a CTM solely on the basis of those considerations. As a result, while an existing trademark registration has to be respected by the national courts in the course of infringement proceedings, such findings by the CJEU limit the scope of protection for the existing national three-dimensional marks.

The decision taken by the CJEU underlines that IP owners face practical difficulties when trying to register a three-dimensional trademark as a CTM. OHIM's practice is rather strict when it comes to accepting inherent distinctiveness.

The CJEU supports this approach. Furthermore, acquired distinctiveness has to be shown to exist throughout the entire EU.

In 2009, the Court of First Instance (case T-28/08) held in the *Mars Bounty Bar* decision that a survey carried out by Mars in six of the then 15 Member States—United Kingdom, Belgium, France, Germany, Italy, and The Netherlands—did not necessarily mean the Bounty Bar's shape was regarded as a unique selling point throughout the EU. This country-by-country approach makes it difficult, document-heavy, and expensive for IP owners to reach the threshold in each country.

The recent *Lindt* decision of the CJEU is a further step on the long road for Community trademark law, as well as the trademark law of the Member States, to find the right balance between three-dimensional trademarks on one hand and design rights on the other. The importance of this distinction is vital: Registered trademarks perpetuate the rights for their owners upon proper prolongation, while design rights offer only a limited 25-year period of protection. Admittedly, the Trademarks Directive, and in consequence the CTMR and the national trademark laws of the Member States, explicitly mention three-dimensional trademarks as a possible form of protection. However, this does not negate that unusual trademark forms struggle to serve as an indication for the source of origin. As a result, the endeavor to seek formal trademark protection for three-dimensional objects should follow only careful deliberation and preparation, including consideration of whether a registered design right might not better serve a company's needs.

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