

**IN THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**  
**INTELLECTUAL PROPERTY LIST (ChD)**  
**INTELLECTUAL PROPERTY ENTERPRISE COURT**

**B E T W E E N:**

- (1) OATLY AB  
(2) OATLY UK LIMITED

*Claimants*

- and -

**GLEBE FARM FOODS LIMITED**

*Defendant*

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**CLAIMANTS' SKELETON ARGUMENT FOR TRIAL**

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## **A. Preliminaries**

1. The first claimant (“C1”) is the Swedish parent company of the second claimant (“C2”) which distributes C1’s products in the UK. The claimants will be referred to collectively as “Oatly”. The defendant will be referred to as “Glebe Farm”.
2. Bundle references will be in the form [bundle]/[tab]/[page] or [bundle]/[tab] where no page number is needed.
3. An (agreed) suggested guide for pre-reading accompanies this skeleton. The parties are currently discussing the trial timetable and a draft will be provided as soon as possible. The aim is that the parties should have an equal amount of time at trial, and it will be a matter for a party to determine how that time is split between opening, cross-examination and closing submissions.

## **B. Outline of the case**

4. This case concerns oat-based drinks which may be used (for example) as an alternative to cow’s milk. Oatly was the pioneer in this field. It was founded following research undertaken at Lund University which discovered that oats could be processed to provide a nutritional alternative to cow’s milk.

Although Oatly's products have been on the market since the 1990s and sold under the Oatly branding since about 2001, it experienced explosive growth from about 2014 when, under new leadership, it undertook a rebrand, relaunch and repositioning in the market. Oatly has been and remains the market leader for these oat-based drinks and a significant player in the overall market for alternatives to dairy drinks.

5. Examples of Oatly's products are shown at PoC/Annex 1 [B/1] and under paragraphs 17 and 18 of the statement of Mr Paran at [C/1/6-8]. Some examples dating from 2018 are shown below—

## THE OATLY FAMILY



6. The “Barista Edition”, shown on the right, is a specific version intended for use with coffee which foams as well, if not better than, milk (Girdo/24 [C/3/60]). The packaging has been used since early 2017 (Paran/6 [C/1/3]). As explained in Oatly's evidence it was a key part of Oatly's marketing strategy which included an intention to position the product as the barista's choice of plant-based alternative to dairy products.
7. The other significant player in the market is Alpro, which produces a range of drinks intended as alternatives to cow's milk based on (for example) almonds, soya, oats and coconut: see e.g., the tables under Paran/65 at [C/1/33-35]. Some examples of Alpro's products are shown below. Alpro brands its products “Alpro” and includes a descriptor on the pack to indicate

the crop the drink is made from, together with colourful images of the ingredients—



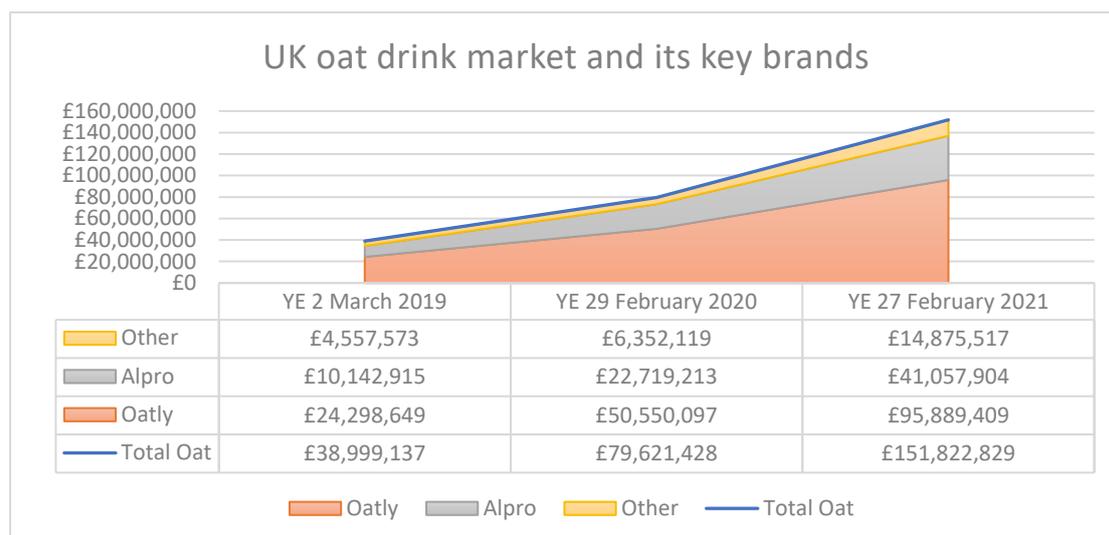
8. Oatly’s oat-based drinks have been extraordinarily successful since their re-launch in 2014. Oatly’s sales, marketing and other promotional efforts are dealt with in detail in Oatly’s evidence for this trial. The following tables provide some examples from which it can be seen that Oatly is the largest player in the sector by a considerable margin—

*Annual sales in the years 2014 to 2018<sup>1</sup>*

Year	UK units	UK value (SEK)	EU units (ex UK)	EU value (ex UK) (SEK)
2014	779,152	7,807,783	3,003,196	37,407,885
2015	5,430,459	61,505,732	29,101,454	362,514,912
2016	6,847,499	70,124,258	37,861,736	475,201,792
2017	11,494,654	117,789,697	50,678,913	636,951,847
2018	18,970,879	216,292,523	72,693,704	954,190,208

<sup>1</sup> PoC/16(4) [A/2/10]. The SEK/GBP exchange rate is between about 10.3 and 13.

UK oat drink market<sup>2</sup>



9. Oatly’s evidence also explains the importance and high profile of the Barista Edition. It is the best-selling SKU (stock keeping unit) in the entire dairy alternatives market with sales to year ending 27 February 2021 of over £38 million. The next best-selling SKU was Alpro’s chilled almond product. (Paran/62 [C/1/33]).
  
10. Oatly estimates that between December 2014 and October 2019 it spent over 62 million SEK (about £5.4 million) on advertising, promoting and marketing the Oatly brand in the UK and considerably more in the EU: see Girdo/34 [C/3/63].
  
11. Glebe Farm (or those controlling it) operates an arable farm. Since 2008 Glebe Farm has sold a range of gluten free goods, such as bread, breakfast cereals and flour under the GLEBE FARM branding. Images of some of these products are shown below (see also exhibit PR1 at [D/26] and PoC/Annex 2 at [B/2]). It will be seen that Glebe Farm adopted the approach of using the “Glebe Farm” branding with colourful images and a descriptor such as “Gluten Free Porridge Oats”—

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<sup>2</sup> Paran/58 [C/1/30]

# Gluten Free Cereals

Click an image below for more information



Gluten Free Porridge Oats



Gluten Free Oat Fruit Muesli



Gluten Free Maple and Banana Oat Granola



Gluten Free Strawberry Oat Granola



Gluten Free Oat Granola



Organic Gluten Free Porridge Oats



Organic Gluten Free Oat Granola

12. In about January 2019, Glebe Farm launched an “oat drink” under the Glebe Farm branding. A modified version of the pack was used from about May 2019 onwards. Images of parts of the packs are shown below—

<p>Jan. 2019 Exhibit PR4 [D/29]</p>	<p>As sold – PoC/8 [A/2/5]</p>	<p>May 2019 Def/Annex 1 [B/9]</p>

13. It will be noted that the style differs radically from the style of Glebe Farm's existing products and those of Alpro. Instead, it adopts the informal and simple style of packaging and irregular lettering used by Oatly.
14. Later in 2019, Glebe Farm decided to undertake a rebrand. It worked on this during the second half of 2019, culminating in a launch on or about 15 January 2020<sup>3</sup>. Whereas up until now all its products had been sold under the GLEBE FARM brand with a descriptor such as "oat drink", the product was now sold under the brand name PUREOATY. The packaging was revised to bring it even closer to that of Oatly. Images are shown below. (The colour reproduction in these images may not be accurate. The product as sold has a textured appearance with white flecks or speckles as does the Oatly packaging).

	
<p>Exhibit PR7 [D/32]</p>	<p>Image of pack (taken from D's website)</p>

15. It is not unusual for a brand leader which has established a market to encounter competitors that introduce a similar product and then seek to gain a share of the market. Sometimes the competitor seeks to adopt a similar marketing and branding strategy. But in doing so the competitor must take care to avoid crossing the line between acceptable and unfair branding practices.

<sup>3</sup> PoC/8 admitted in DCC/4.

16. The packaging for the two 2019 versions of the Glebe Farm product were approaching that line. Oatly's complaint in this case is that in adopting the name PUREOATY and its new packaging Glebe Farm has overstepped this line by a considerable margin. As a result, Glebe Farm has infringed a number of Oatly's trade mark registrations and has passed off.
17. Details of the registered trade marks relied upon by Oatly in this case are set out in PoC/10 [A/1/5-7] and paragraph 24 below. In summary they consist of the following<sup>4</sup>—
- (1) Two registrations for the word mark OATLY (mark first used in 2001).
  - (2) A registration for the word mark OAT-LY! (mark first used in 2014).
  - (3) Registrations for the front of the packs shown below (first used in 2017)—



18. In each case the registrations are for goods including goods identical with the oat drinks in issue.
19. In summary, Oatly's case is as follows—
- (1) Glebe Farm has used signs, namely PUREOATY (both as a word and also as a word in the style used on its packaging) and the get up of its packaging, which are similar to Oatly's registered trade marks (see paragraphs 20 and 21 below).

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<sup>4</sup> Dates of first use taken from Paran/6 [C/1/2,3]

- (2) These similarities and some of Glebe Farm’s documents produced on disclosure give rise to a strong inference that the presence of the similarities was deliberate, and that Glebe Farm’s intention was to bring Oatly’s products to mind and thereby to benefit from the huge power of attraction and reputation of Oatly’s branding.
  - (3) Furthermore, the link created in the minds of consumers between Glebe Farm’s PUREOATY drink and Oatly’s trade marks as a result of the similarities damages the reputation of Oatly’s trade marks and dilutes their distinctiveness.
  - (4) In these circumstances, whether or not consumers are confused, Glebe Farm has infringed Oatly’s trade marks contrary to section 10(3) Trade Marks Act 1994 (“**TMA**”) and previously Article 9(2)(c) of the EUTM regulation (“**EUTMR**”)<sup>5</sup>. While Oatly contends that Glebe Farm’s intention was to gain a free ride on Oatly’s reputation, even if that was not Glebe Farm’s intention, the similarity in signs has the effects complained of and that is enough for infringement to be established.
  - (5) Moreover, the similarities between Oatly’s trade marks and the signs used by Glebe Farm are calculated to give rise to confusion and deception, including a likelihood of association with Oatly. It follows that there is infringement of Oatly’s trade marks contrary to section 10(2) TMA (and previously Article 9(2)(b) EUTMR).
  - (6) In addition, the similarities between Oatly’s branding and the get up of its products and those of Glebe Farm’s PUREOATY product give rise to passing off.
20. Oatly makes the following observations with regard to the similarities between Oatly’s word marks OATLY and OAT-LY! and Glebe Farm’s PUREOATY sign—

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<sup>5</sup> Brexit is the reason for the change in relevant legislation as considered later in this skeleton.

- (1) The consistent capitalisation of the “P” and the “O” in PUREOATY indicates that the sign is intended to be perceived as two words. Documents disclosed by Glebe Farm show that third parties write the name as two words (see e.g., the emails at [F/40/191], [F/43/199], [F/44/202] and [F/45/207]) which is a strong indication that this is how the name is perceived. Moreover, when spoken the name will be pronounced as two words rather one. (While Glebe Farm suggests that the mark would be seen as a play on the word “purity”, there is no evidence that consumers in fact perceive the mark in that way, no reason to infer that will happen and no evidence of any marketing by Glebe Farm to educate consumers that the name is a play on words).
  - (2) The OATY part of the sign is highly similar, visually, orally and conceptually to “Oatly”. The PURE part of the sign will be seen as a mere descriptor or laudatory word.
  - (3) As will be seen, a number of instances of persons confusing and associating PUREOATY with Oatly have been identified.
21. There are the following similarities in respect of the two figurative trade marks for the front of the packs —
- (1) The similarities between the words OAT-LY! and PUREOATY.
  - (2) Both figurative marks use an informal and irregular style of lettering on a background of a pale single colour with a textured overlay showing white speckles or flecks. Glebe Farm’s packaging also has these features.
  - (3) With regard to Oatly’s “BARISTA EDITION” figurative trade mark, moving from the top of the pack downwards, there are the following additional similarities (a) the name in large lettering (b) below that the word “barista” in smaller lettering – “barista edition” in the case of Oatly and “Ideal for Barista Coffee” in the case of Glebe Farm (c) below that a coffee cup drawn in an informal and stylised way.

### C. Brexit

22. Oatly’s particulars of claim rely on 5 EU Trade Marks (“EUTMs”): see PoC/paragraph 10 [A/2/5-7]. It is now convenient and necessary to deal with the changes to EUTMs which arose as a result of Brexit. These changes do not affect the substance of the case, but do affect the terms used and the details of the relevant trade mark registrations.
23. The following changes were made as a result of Brexit<sup>6</sup> —

#### **SCHEDULE 2A - EUROPEAN UNION TRADE MARKS**

Existing European Union trade marks

*A trade mark registered as an existing EUTM to be treated as registered under this Act*

1. – (1) A trade mark which is registered in the EUTM Register immediately before IP completion day (an “existing EUTM”) is to be treated on and after IP completion day as if an application had been made, and the trade mark had been registered, under this Act in respect of the same goods or services as the existing EUTM is registered in the EUTM Register.

(2) A registered trade mark which comes into being by virtue of subparagraph (1) is referred to in this Act as a comparable trade mark (EU).

(3) This Act applies to a comparable trade mark (EU) as it applies to other registered trade marks except as otherwise provided in this Schedule.

(4) A comparable trade mark (EU) is deemed for the purposes of this Act to be registered as of the filing date accorded pursuant to Article 32 to the application which resulted in the registration of the corresponding EUTM and that date is deemed for the purposes of this Act to be the date of registration.

24. Comparable trade marks (EU) were automatically entered on the UK register of trade marks with the same number as the “existing EUTM” but with the prefix “009”. Thus, the relevant trade marks in this case are now as follows (with links to the relevant entries on the UK IPO website)—

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<sup>6</sup> Schedule 2A of TMA 1994 as amended by (a) The Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/269) and (b) The Intellectual Property (Amendment etc.) (EU Exit) Regulations 2020 (SI 2020/1050).

Trade Mark	Application date	EUTM	Comparable trade mark (EU)
OATLY	26 Apr 2000	001626233	00901626233 <sup>7</sup>
OAT-LY!	01 Oct 2013	012185311	00912185311 <sup>8</sup>
OATLY	13 Feb 2017	016364441	00916364441 <sup>9</sup>
	20 Dec 2018	018002978	00918002978 <sup>10</sup>
	20 Dec 2018	018002991	00918002991 <sup>11</sup>

25. Paragraph 20 of Schedule 2A TMA (as amended) provides as follows—

*Existing EUTM: pending proceedings*

20.—(1) This paragraph applies where on IP completion day an existing EUTM is the subject of proceedings which are pending (“pending proceedings”) before a court in the United Kingdom designated for the purposes of Article 123 (“EU trade mark court”).

(2) Subject to sub-paragraphs (3) and (4), the provisions contained or referred to in Chapter 10 of the European Union Trade Mark Regulation (with the exception of Articles 128(2), (4), (6) and (7) and 132) continue to apply to the pending proceedings as if the United Kingdom were still a Member State with effect from IP completion day.

(3) Where the pending proceedings involve a claim for infringement of an existing EUTM, without prejudice to any other relief by way of

<sup>7</sup> <https://trademarks.ipo.gov.uk/ipo-tmcase/page/Results/1/UK00901626233>

<sup>8</sup> <https://trademarks.ipo.gov.uk/ipo-tmcase/page/Results/1/UK00912185311>

<sup>9</sup> <https://trademarks.ipo.gov.uk/ipo-tmcase/page/Results/1/UK00916364441>

<sup>10</sup> <https://trademarks.ipo.gov.uk/ipo-tmcase/page/Results/1/UK00918002978>

<sup>11</sup> <https://trademarks.ipo.gov.uk/ipo-tmcase/page/Results/1/UK00918002991>

damages, accounts or otherwise available to the proprietor of the existing EUTM, the EU trade mark court may grant an injunction to prohibit unauthorised use of the comparable trade mark (EU) which derives from the existing EUTM.

(4) Where the pending proceedings involve a counterclaim for the revocation of, or a declaration of invalidity in relation to, an existing EUTM, the EU trade mark court may revoke the registration of the comparable trade mark (EU) which derives from the existing EUTM or declare the registration of the comparable trade mark (EU) which derives from the existing EUTM to be invalid.

(5) Where the grounds for revocation or invalidity exist in respect of only some of the goods or services for which the existing EUTM is registered, the revocation or declaration of invalidity in respect of the registration of the comparable trade mark (EU) which derives from the existing EUTM relates to those goods or services only.

(6) Where (by virtue of sub-paragraph (4)) the registration of a comparable trade mark (EU) is revoked to any extent, the rights of the proprietor are deemed to have ceased to that extent as from— (a) the date of the counterclaim for revocation, or (b) if the court is satisfied that the grounds for revocation existed at an earlier date, that date.

(7) Where (by virtue of sub-paragraph (4)) the registration of a comparable trade mark (EU) is declared invalid to any extent, the registration is to that extent to be deemed never to have been made, provided that this does not affect transactions past and closed.

(8) For the purposes of this paragraph proceedings are treated as pending on IP completion day if they were instituted but not finally determined before IP completion day.

26. The consequences of these changes are—

- (1) From 1 January 2021 the claim for infringement is in respect of the comparable trade marks (EU).
- (2) This court no longer has jurisdiction to declare EUTMs invalid, but it can deal with validity challenges to the comparable trade marks (EU).

27. In light of the provisions identified above, the effects of Brexit on this case are automatic. Oatly suggests that a convenient approach is for the court to treat the claim for infringement and the counterclaim for invalidity as being in respect of the comparable trade marks (EU) post 1 January 2021.

## **D. Trade Marks Act 1994**

28. In these circumstances, although the statements of case and the list of issues in the CMC order refer to provisions of the EUTMR, this skeleton will refer to the corresponding provisions of the TMA. There is no material difference between the TMA and the EUTMR in respect of the provisions relevant to his case.

29. Oatly complains of infringement contrary to sections 10(2) and 10(3) TMA<sup>12</sup> which provide, so far as material, as follows—

### **10 Infringement of registered trade mark.**

...

(2) A person infringes a registered trade mark if he uses in the course of trade a sign where because—

...

(b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.

(3) A person infringes a registered trade mark if he uses in the course of trade, in relation to goods ... a sign which—

(a) is identical with or similar to the trade mark ...

where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

30. Section 47 TMA<sup>13</sup> provides so far as material as follows—

### **47 Grounds for invalidity of registration.**

(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it 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.

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<sup>12</sup> Corresponding to Articles 9(2)(b) and (c) EUTMR

<sup>13</sup> Corresponding to Article 59 EUTMR

31. The relevant provisions of section 3 TMA<sup>14</sup> are as follows—

**3 Absolute grounds for refusal of registration.**

(1) The following shall not be registered—

...

- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,

...

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above 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.

**E. The Issues**

32. The issues in the case were summarised in the CMC order [A/5] as follows (with references to the EUTMs and the EUTMR modified to refer to the comparable trade marks (EU) and the corresponding provisions of the TMA)—

**Trade Mark**

1. Whether in the circumstances pleaded at paragraph 19 of the Counterclaim each of [*comparable trade marks (EU) nos. 00901626266, 00912185311 and 00916364441*] is invalid and should be removed from the [UK] register of trade marks. In particular:
  - (1) Whether such trade marks consist exclusively of signs which may serve, in trade, to designate the kind, quality or other characteristics of the goods covered by those marks.
  - (2) Whether, if such is the case, such trade mark registrations are not liable to be declared invalid having regard to the provisions of [*the proviso to section 47(1) TMA*].
2. Whether the Registered Trade Marks have acquired through use:
  - (1) a reputation in the UK and the EU within the meaning of [*section 10(3) TMA*]; and
  - (2) an enhanced distinctive characterand if so the extent of such reputation and enhanced distinctive character (it not being in issue that the words OATLY and OAT-

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<sup>14</sup> Corresponding to Article 7 EUTMR

LY! have acquired some reputation in the UK in relation to milk substitutes containing oats and a degree of enhanced distinctive character in the UK amongst consumers who purchase such goods).

3. Whether the signs complained of are similar to the Registered Trade Marks (it not being in issue that (a) the signs complained of are used in relation to goods which are identical with the goods for which each of the Registered Trade Marks is registered or (b) that the defendant uses such signs in the course of trade).
4. Whether, if there is a similarity of signs, by reason such similarity and the identity of the goods in issue there exists a likelihood of confusion on the part of the public including a likelihood of association within the meaning of [section 10(2) TMA].
5. Whether use of the signs complained of takes unfair advantage of or is detrimental to the distinctive character or repute of the Registered Trade Marks.
6. Whether the defendant had an intention to gain an unfair advantage from its use of the signs complained of.
7. Whether the defendant's use of the signs complained of is without due cause.

#### **Passing Off**

8. Whether the claimants own goodwill in the words OATLY and OAT-LY! and the packaging of the claimants' oat-based drinks shown in Annex 1 to the particulars of claim (it not being in issue that the claimants own a valuable goodwill in the UK attached to the words OATLY and OAT-LY! in relation to oat-based drinks intended as a substitute for milk among members of the public who purchase such goods).
9. Whether the defendant has misrepresented that its goods are the manufacture or merchandise of the claimants or goods which are licensed by or in some other way authorised or approved of by the claimants.
10. If so, whether such misrepresentation has caused the claimants damage.

#### **F. Witnesses**

33. Oatly's witnesses are—

- (1) Mr Ishen Paran, General Manager of Oatly UK Limited (C2). Statement at [C/1].
- (2) Mr Jonas Persson Follin, Oatly's Vice-President of Sales for the Nordic region. He is employed by a subsidiary of C1 and previously, from September 2011, by C1 itself where he was responsible for

exports of Oatly's products to Europe including the UK. Statement at [C/2].

(3) Mr Karl Johan Girdo (known as Johan Girdo), President of Oatly EMEA AB which is a wholly owned subsidiary of C1. He is responsible for Oatly's strategy, budgets, sales and marketing plans in the EMEA region (Europe, Middle East and Africa). Statement at [C/3].

34. Mr Follin and Mr Girdo will give evidence by video link: order of 4 May 2021 at [A/7]. Sweden has given permission for evidence to be taken remotely pursuant to a letter of request lodged by Oatly via the Foreign Process Office: see [A/8]. Both witnesses speak excellent English and do not need interpreters.

35. Glebe Farm's witnesses are—

(1) Mr Philip Rayner, MD of Glebe Farm. Statement at [C/4].

(2) Mr Paul Mitcheson, currently Glebe Farm's Marketing Manager and before June 2019 an informal ad hoc external advisor to Glebe Farm. Statement at [C/5].

36. Rebecca Rayner (Mr Rayner's sister) is mentioned in a number of the documents and is responsible for Glebe Farm's sales and marketing (see [D/27/197]). She has not been called as a witness. It must be inferred that she has nothing *helpful* to add to Glebe Farm's case. Moreover, adverse inferences may be drawn from her absence where evidence points in a direction against Glebe Farm which could have been dealt with by her<sup>15</sup>.

## **G. Law**

### Sources of law

37. To keep citation of authorities to a reasonable minimum, references to *Kerly*<sup>16</sup> will be used for some basic points of principle.

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<sup>15</sup> See *Jaffray v Society of Lloyd's* [2002] EWCA Civ 1101, [406]–[407].

<sup>16</sup> *Kerly's Law of Trade Marks and Trade Names*, 16<sup>th</sup> Edition, 2018, Sweet & Maxwell.

38. The relevant authorities include references to EU legislation, which can at times be confusing especially because the numbering of some of the articles has changed over time. In summary—

(1) The TMA implemented the provisions of the Trade Marks Directive<sup>17</sup> (the “**Directive**”) into UK law. The most recent version of the Directive (recast Directive (EU) 2015/2436) is a recast version of Directive 2008/95/EC which was a codified version of Directive 89/104/EEC. The Act has been and at present continues to be interpreted in accordance with existing authorities concerning the Directive<sup>18</sup>. Accordingly, in some of the authorities mentioned below, the judgment has been written by reference to the provisions of the Directive rather than the TMA.

(2) The TMA is also to be interpreted in accordance with the EUTMR<sup>19</sup>. Some of the authorities concern the EUTMR rather than the Act or the Directive. They are relevant because the EUTMR and the Directive set up parallel systems of national and EU registered trade marks, and the law regarding infringement and validity of each should be interpreted in the same way. The current version of the EUTMR is a codified version of regulation 207/2009 (“**CTMR**”) which itself was a codified version of regulation 40/94.

(3) Some of the older authorities refer to European Trade Marks or EUTMs as Community Trade Marks or CTMs, because this is what they were called in earlier versions of the regulation.

39. The following table provides a cross-reference between the legislation mentioned above—

<b>TMA 1994</b>	<b>Directive 2008/95/EC</b>	<b>Directive 2015/2436)</b>	<b>CTMR (207/2009)</b>	<b>EUTMR (2017/1001)</b>
s. 3(1)(c)	Art. 3(1)(c)	Art. 4(1)(c)	Art. 7(1)(c)	Art. 7(1)(c)
s. 3 proviso	Art. 3(3)	Art. 4(4)	Art. 7(3)	Art. 7(3)

<sup>17</sup> Directive (EU) 2015/2436 of the European Parliament and of the Council of 16 December 2015 to approximate the laws of the Member States relating to trade marks.

<sup>18</sup> European Union (Withdrawal) Act 2018.

<sup>19</sup> Regulation (EU) 2017/1001 of 14 June 2017 on the European Union trade mark.

s. 10(2)	Art. 5(1)(b)	Art. 10(2)(b)	Art. 9(1)(b)	Art. 9(2)(b)
s. 10(3)	Art. 5(2)	Art. 10(2)(c)	Art. 9(1)(c)	Art. 9(2)(c)
s. 47	Art. 45(3)(a)	Art. 45(3)(a)	Art. 52(1)(a)	Art. 52

Notional person for the purposes trade mark law and passing off

40. Questions of validity and infringement of registered trade marks are to be judged through the eyes of the legal construct of the average consumer who is reasonably well informed and reasonably observant and circumspect: see generally chapter 3 of *Kerly* (entitled “Average Consumer”) and the approach taken to likelihood of confusion below.
41. As regards passing off, the class of persons to be considered is those who are likely to become purchasers of the goods on which the marks are used, provided that such persons use ordinary care and intelligence: *Kerly* paragraph 20-189. The degree of care to be expected depends on the nature of the goods: *Kerly* 20-188.
42. Therefore, in both the case of registered trade marks and passing off the consumers to be considered in this case are normal members of the public who consume or shop for milk or alternatives to milk or who may do so.
43. Furthermore, in both the case of registered trade marks and passing off it is to be borne in mind that consumers have imperfect recollection. In this case when they see the goods and advertising and promotional materials which bear the sign(s) complained of that will not normally be side by side with Oatly’s goods or advertising materials which bear the trade mark(s) relied upon. Moreover, the goods are relatively low value and therefore extreme care will not necessarily be taken when they are purchased. Finally, products of this kind are often purchased by someone on behalf of other members of a household on a visit to a supermarket or other retailer, and that may often be done as a result of an oral request by another member of the household.

Law: dates of assessment

44. The relevant dates for assessing the issues in this case are as follows—

- (1) Infringement under sections 10(2) and 10(3) TMA is to be determined at the date the use of the sign complained of was commenced: *London Taxi Corp Ltd v Fraser-Nash* [2016] EWHC 52 (Ch); [2016] E.T.M.R. 18 at [241] citing *Case C-145/05 — Levi Strauss & Co v Casucci SpA* [2006] E.C.R. I-3703.

Therefore, in this case, the relevant date is 15 January 2020, when Glebe Farm launched its rebranded PUREOATY product.

- (2) The date for assessing passing off is the same: *Cadbury Schweppes v The Pub Squash Co Pty Ltd* [1981] R.P.C. 429, 494.
- (3) The date for assessing whether the provisions of section 3(1)(c) TMA apply is the date of application of the trade marks (as is apparent from the proviso to section 3). The date for assessing whether the proviso to section 47 applies (distinctive character acquired after registration) is the date of the counterclaim: *London Taxi Corp Ltd v Fraser-Nash* [2016] EWHC 52 (Ch); [2016] E.T.M.R. 18 at [178].

Law: infringement contrary to section 10(3) TMA

45. It is convenient to begin with infringement contrary to section 10(3) TMA since this reflects Oatly's case as to Glebe Farm's intentions. Infringement under section 10(2) and passing off arise as a consequence of the implementation of those intentions. An important difference between section 10(2) and section 10(3) type infringement is that it is not necessary to show a likelihood of confusion for there to be 10(3) type infringement.

46. In *Comic Enterprises Ltd v Twentieth Century Fox Film Corp* [2016] EWCA Civ 41; [2016] E.T.M.R. 22 Kitchin LJ (as he then was) said:

[110] ... infringement under this provision requires a degree of similarity between the mark and the sign such that the average consumer makes a connection between them. It is not necessary that the degree of similarity be such as to create a likelihood of confusion, but it must be such that the average consumer establishes a link

between the mark and the sign; and this is to be assessed globally having regard to all of the circumstances of the case: *Specsavers* at [120]; *Adidas-Salomon* at [29] to [30]. The fact that for the average consumer the sign would call the mark to mind is tantamount to the existence of such a link: *Specsavers* at [122]; *Intel Corp Inc v CPM United Kingdom Ltd* (C-252/07) [2008] ECR I-8823; [2009] RPC 15 at [60].

[111] In *Interflora* this court explained (at [69]) that a proprietor of a registered trade mark alleging infringement under Article 5(2) must therefore show that the following requirements are satisfied: (i) the registered trade mark must have a reputation in the relevant territory; (ii) there must be use of a sign by a third party in the relevant territory; (iii) the use must be in the course of trade; (iv) it must be without the consent of the proprietor; (v) it must be of a sign which is identical with or similar to the trade mark; (vi) it must be in relation to goods or services; (vii) it must give rise to a link between the sign and the trade mark in the mind of the average consumer; (viii) it must give rise to one of three types of injury, that is to say, (a) detriment to the distinctive character of the trade mark, (b) detriment to the repute of the trade mark, or (c) unfair advantage being taken of the distinctive character or repute of the trade mark; and (ix) it must be without due cause.

47. The 9 requirements set out in paragraph [111] will now be considered in turn.

(i) reputation in the relevant territory

48. This is not a particularly onerous requirement: see, for example, Arnold J (as he then was) at [70] in *Jack Wills v House of Fraser* [2014] EWHC 110 (Ch); [2014] E.T.M.R. 28 citing *Case C-375/97 General Motors Corp v Yplon SA* [1999] ECR I-5421.

49. It cannot realistically be disputed that Oatly's trade marks have a reputation given their extensive use and promotion. The subject is considered further at paragraph 79 below.

(ii) use in the UK; (iii) in the course of trade; (iv) without consent and (vi) in relation to goods.

50. These elements are clearly present.

(v) identical or similar sign

51. The signs used by Glebe Farm are similar to the Oatly trade marks as discussed above.

(vii) link

52. As already mentioned, it is not necessary that the degree of similarity is such as to create a likelihood of confusion. All that is required is that the defendant's sign would "call the registered trade mark to mind". In paragraphs [120] and [121] of *Specsavers International Healthcare Ltd v Asda Stores Ltd*<sup>20</sup> ("*Specsavers*") Kitchin LJ said—

[120] Infringement under this provision requires a certain degree of similarity between the registered mark and the sign, such that the average consumer makes a connection between them. It is not necessary that the degree of similarity is such as to create a likelihood of confusion, but it must be such that the average consumer establishes a link between the registered mark and the sign; and this is to be assessed having regard to all the circumstances of the case, as the Court of Justice explained in *Adidas-Salomon AG* [2003] ECR I-2537 at [29]-[30]:

“29 The infringements referred to in Art.5(2) of [Directive 89/104], where they occur, are the consequence of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public makes a connection between the sign and the mark, that is to say, establishes a link between them even though it does not confuse them (see, to that effect, Case C-375/97 *General Motors* [1999] ECR I-5421, para.23).

30. The existence of such a link must, just like a likelihood of confusion in the context of Art.5(1)(b) of Directive [89/104], be appreciated globally, taking into account all factors relevant to the circumstances of the case (see, in respect of the likelihood of confusion, [Case C-251/95] *SABEL* [[1997] ECR I-6191], para.22, and [Case C-425/98] *Marca Mode* [[2000] ECR I-4861], para.40).”

[121] The fact that, for the average consumer, who is reasonably well informed and reasonably circumspect, the sign would call the registered mark to mind is tantamount to the existence of such a link: Case C-252/07 *Intel Corporation Inc v CPM United Kingdom Ltd* [2008] ECR I-8823 at [60].

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<sup>20</sup> [2014] EWCA Civ 1294; [2015] E.T.M.R. 4

(vii) it must give rise to one of three types of injury

53. In paragraphs [122] to [124] of *Specsavers* Kitchin LJ said—

[122] In addition, it must be shown that the use of the sign without due cause takes or would take advantage of, or is or would be detrimental to, the distinctive character or repute of the registered mark. Thus the three types of injury against which Article 9(1)(c) ensures protection are first, detriment to the distinctive character of the registered mark; second, detriment to the repute of the mark; and third, unfair advantage being taken of the distinctive character or repute of the mark: *Intel Corporation* at [27].

[123] Importantly, in the absence of such a link in the mind of the public, the use of the sign is not likely to cause one of these three types of injury. But nor is the existence of such a link sufficient, in itself, to establish that there is such an injury: *Intel Corporation* at [31]-[32]; and [67]-[71].

[124] The Court of Justice elaborated upon the nature of these three types of injury in Case C-487/07 *L'Oreal v Bellure NV* [2009] ECR I-5185 at [39]-[42]:

“39. As regards detriment to the distinctive character of the mark, also referred to as ‘dilution’, ‘whittling away’ or ‘blurring’, such detriment is caused when that mark’s ability to identify the goods or services for which it is registered is weakened, since use of an identical or similar sign by a third party leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is particularly the case when the mark, which at one time aroused immediate association with the goods or services for which it is registered, is no longer capable of doing so (see, to that effect, *Intel Corporation*, para.29).

40. As regards detriment to the repute of the mark, also referred to as ‘tarnishment’ or ‘degradation’, such detriment is caused when the goods or services for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the trade mark’s power of attraction is reduced. The likelihood of such detriment may arise in particular from the fact that the goods or services offered by the third party possess a characteristic or a quality which is liable to have a negative impact on the image of the mark.

41. As regards the concept of ‘taking unfair advantage of the distinctive character or the repute of the trade mark’, also referred to as ‘parasitism’ or ‘free-riding’, that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation.

42. Just one of those three types of injury suffices for Art.5(2) of Directive 89/104 to apply (see, to that effect, *Intel Corporation*, para.28).”

(viii)(c) unfair advantage

54. This represents Oatly’s primary case under section 10(3) and is therefore dealt with first. The law was set out by Kitchin LJ in paragraphs [125] to [127] of *Specsavers*—

[125] The present case is concerned with the third type of injury, namely unfair advantage being taken of the distinctive character or repute of the mark or, as it was called in *L’Oreal*, ‘parasitism’ or ‘free-riding’. The Court proceeded to explain (at [44]) that in order to determine whether such unfair advantage is being taken, it is necessary to carry out a global assessment, taking into account all the circumstances of the case:

“44. In order to determine whether the use of a sign takes unfair advantage of the distinctive character or the repute of the mark, it is necessary to undertake a global assessment, taking into account all factors relevant to the circumstances of the case, which include the strength of the mark's reputation and the degree of distinctive character of the mark, the degree of similarity between the marks at issue and the nature and degree of proximity of the goods or services concerned. As regards the strength of the reputation and the degree of distinctive character of the mark, the Court has already held that, the stronger that mark's distinctive character and reputation are, the easier it will be to accept that detriment has been caused to it. It is also clear from the case-law that, the more immediately and strongly the mark is brought to mind by the sign, the greater the likelihood that the current or future use of the sign is taking, or will take, unfair advantage of the distinctive character or the repute of the mark or is, or will be, detrimental to them (see, to that effect, *Intel Corporation*, paras.67 to 69).”

[126] The Court then gave guidance as to the relevance of the defendant’s intention in determining whether an advantage is unfair at [47]-[50]:

“47. In that regard, the referring court has held that there is a link between certain packaging used by Malaika and Starion, on the one hand, and certain marks relating to packaging and bottles belonging to L’Oreal and Others, on the other. In addition, it is apparent from the order for reference that that link confers a commercial advantage on the defendants in the main proceedings. It is also apparent from the order for reference that the similarity between those marks and the products marketed by Malaika and Starion was created intentionally in order to create an association in the mind of the

public between fine fragrances and their imitations, with the aim of facilitating the marketing of those imitations.

48. In the general assessment which the referring court will have to undertake in order to determine whether, in those circumstances, it can be held that unfair advantage is being taken of the distinctive character or the repute of the mark, that court will, in particular, have to take account of the fact that the use of packaging and bottles similar to those of the fragrances that are being imitated is intended to take advantage, for promotional purposes, of the distinctive character and the repute of the marks under which those fragrances are marketed.

49. In that regard, where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark.

50. In the light of the above, the answer to the fifth question is that Art.5(2) of Directive 89/104 must be interpreted as meaning that the taking of unfair advantage of the distinctive character or the repute of a mark, within the meaning of that provision, does not require that there be a likelihood of confusion or a likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor. The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or the repute of the mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image.”

[127] The Court may reasonably be thought to have declared, in substance, that an advantage gained by a trader from the use of a sign which is similar to a mark with a reputation will be unfair where the sign has been adopted in an attempt to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, and without making efforts of his own, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. ...

55. While intention, if present, is important, it is not *necessary* to show an intention to gain an unfair advantage in order establish infringement. In *Sky v SkyKick* [2018] EWHC 155 (Ch) Arnold J said at [315]—

[315] It is clear both from the wording of art.9(2)(c) of the Regulation/ art.10(2)(c) of the Directive and from the case law of the Court of Justice interpreting these provisions that this aspect of the legislation is directed at a particular form of unfair competition. It is also clear from the case law both of the Court of Justice and of the Court of Appeal in this country that the defendant's conduct is most likely to be regarded as unfair where he intends to take advantage of the reputation and goodwill of the trade mark. Nevertheless, in *Jack Wills Ltd v House of Fraser (Stores) Ltd* [2014] EWHC 110 (Ch); [2014] F.S.R. 39 at [80] I concluded that there is nothing in the case law to preclude the court from holding in an appropriate case that the use of a sign the objective effect of which is to enable the defendant to benefit from the reputation and goodwill of the trade mark amounts to unfair advantage even if it is not proved that the defendant subjectively intended to exploit that reputation and goodwill. Counsel for SkyKick did not challenge that conclusion.

(viii)(a) detriment to the distinctive character of the mark

56. In paragraphs [113] to [117] of *Comic Enterprises Kitchen LJ* said—

[113] The Court of Justice explained what is meant by detriment to the distinctive character of a mark in *Intel* at [29]:

“As regards, in particular, detriment to the distinctive character of the earlier mark, also referred to as ‘dilution’, ‘whittling away’ or ‘blurring’, such detriment is caused when that mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is notably the case when the earlier mark, which used to arouse immediate association with the goods and services for which it is registered, is no longer capable of doing so.”

[114] The Court then went on (at [72] to [76]) to explain how such injury might be established. In summary, it is not necessary for the earlier mark to be unique, although the more ‘unique’ it appears, the greater the likelihood that a later identical or similar mark will be detrimental to its distinctive character; second, the use of an identical or similar mark may suffice, in some circumstances, to cause actual and present detriment to the distinctive character of the earlier mark or to give rise to a serious likelihood that such detriment will occur in the future; and third, detriment to the distinctive character of the earlier mark is caused when that mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened. There followed at [77] this important explanation of what is needed by way of proof:

“77. It follows that proof that the use of the later mark is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the

earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future.”

[115] Then, at [78], the Court emphasised that it is immaterial for the purposes of assessing whether the use of the later mark is or would be detrimental to the distinctive character of the earlier mark, whether or not the proprietor of the later mark draws real commercial benefit from the distinctive character of the earlier mark.

[116] The need for evidence of a change in the economic behaviour of the average consumer, or a real likelihood that such a change will occur in the future, was considered by the Court of Justice once again in *Environmental Manufacturing LLP v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-383/12) given on 14 November 2013 at [34] to [43] in considering the similar provisions in Regulation No 207/2009. The Court said this:

“34. According to the Court's case-law, proof that the use of the later mark is, or would be, detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered, consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future (*Intel Corp*, paragraphs 77 and 81, and also paragraph 6 of the operative part of the judgment).

35. Admittedly, paragraph 77 of the *Intel Corp* judgment, which begins with the words ‘[i]t follows that’, immediately follows the assessment of the weakening of the ability to identify and the dispersion of the identity of the earlier mark; it could thus be considered to be merely an explanation of the previous paragraph. However, the same wording, reproduced in paragraph 81 and in the operative part of that judgment, is autonomous. The fact that it appears in the operative part of the judgment makes its importance clear.

36. The wording of the above case-law is explicit. It follows that, without adducing evidence that the condition is met, the detriment or the risk of detriment to the distinctive character of the earlier mark provided for in Article 8(5) of Regulation No 207/2009 cannot be established.”

[117] A little later, it continued:

“42. Admittedly, Regulation No 207/2009 and the Court's case-law do not require evidence to be adduced of actual detriment, but also admit the serious risk of such detriment, allowing the use of logical deductions.

43. None the less, such deductions must not be the result of mere suppositions but, as the General Court itself noted at paragraph 52 of the judgment under appeal, in citing an earlier judgment of the General Court, must be founded on ‘an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case’.”

[118] Here the Court of Justice has explained that a serious risk of detriment may be established by deduction, but any such deduction cannot be supposition and must instead be founded properly on all the circumstances of the case and the nature of the trade in issue.”

57. Mr Daniel Alexander QC sitting as a deputy High Court Judge commented on the concluding statement in *Planetart LLC v Photobox Lid* [2020] EWHC 713 (Ch) as follows—

[32] That is important because it highlights a difficulty in application of these provisions. Actual evidence of a change in the economic behaviour of consumers is often difficult to obtain. Moreover, where the distinctiveness of a mark is whittled away, the detrimental impact can, in some circumstances, be reflected just as much in the evasive action that a proprietor needs to take to re-establish distinctiveness. Where a rival creeps up on a brand, a proprietor is sometimes forced to edge away from the new-comer at some cost or devote resources to amplifying its brand message to avoid its original distinctiveness being drowned out by the alleged infringer. In my judgment where the evidence, taken as a whole, shows that damage of that kind is sufficiently likely, it is a corollary of the statement of principle of the Court of Appeal that it is not invariably necessary for there to be actual evidence that consumers have changed their behaviour as a result of the adoption of the rival mark.

(viii)(b) detriment to repute

58. This provision is explained in paragraph [40] of *L’Oreal v Bellure NV* cited in paragraph [124] of *Specsavers* which is set out under paragraph 53 above.

(ix) without due cause

59. The burden of showing “due cause” lies on the defendant: see Kitchin LJ at paragraph [120] of *Comic Enterprises*—

[120] The use must also be ‘without due cause’. As the Court of Justice made clear in *Intel* at [39], where the proprietor of a registered mark has shown that there is either actual and present injury to its mark for the purposes of Article 4(4)(a) of the Directive (the ground for refusal corresponding to Article 5(2)), or failing that, a serious risk that such injury will occur in the future then it is for the proprietor of the later mark to establish there is due cause for the use of the later mark.

60. The question of “due cause” is considered in some detail in paragraphs 16-121 to 16-127 of *Kerly*. The authorities were summarised in *Comic Enterprises* as follows—

[121] The issue of what constitutes due cause was considered by the Court of Justice on a preliminary reference in *Interflora Inc v Marks & Spencer plc* (C-323/09) [2012] FSR 3, [2012] ETMR 13, in the context of keyword advertising. It explained (at [91]) that the use of a trade mark as a keyword in order to advertise goods which were an alternative to but not mere imitations of the goods of the proprietor and in a way which did not cause dilution or tarnishment and which did not adversely affect the functions of the trade mark must be regarded as fair competition and could not be prohibited.

[122] More recently, the Court of Justice again considered this issue in *Leidseplein Beheer BV, Hendrikus De Vries v Red Bull GmbH, Red Bull Nederland BV* (C-65/12) [2014] ETMR 24. Red Bull owned the trade mark 'Red Bull Krating-Daeng' which was registered for non-alcoholic drinks in class 32 as of 1983. In these proceedings it complained of the use by Mr De Vries of the sign 'The Bulldog' in respect of a high energy drink. This use began after the date of registration. However, Mr De Vries had used the mark 'The Bulldog' as a trade mark for hotel, restaurant and café services since 1975. Having regard to the circumstances of the case the Court explained that the concept of due cause should be interpreted in the following way:

“60. Consequently, it follows from all of the foregoing considerations that the answer to the question referred is that art.5(2) of Directive 89/104 must be interpreted as meaning that the proprietor of a trade mark with a reputation may be obliged, pursuant to the concept of "due cause" within the meaning of that provision, to tolerate the use by a third party of a sign similar to that mark in relation to a product which is identical to that for which that mark was registered, if it is demonstrated that that sign was being used before that mark was filed and that the use of that sign in relation to the identical product is in good faith. In order to determine whether that is so, the national court must take account, in particular, of:

- how that sign has been accepted by, and what its reputation is with, the relevant public;
- the degree of proximity between the goods and services for which that sign was originally used and the product for which the mark with a reputation was registered; and
- the economic and commercial significance of the use for that product of the sign which is similar to that mark.”

[123] More broadly the Court has explained that the concept of due cause involves a balancing between, on the one hand, the interests which the proprietor of a trade mark has in safeguarding its essential function and, on the other hand, the interests of other economic operators in having signs capable of denoting their products and services (see, in particular, *Leidseplein* at [41] to [46]).

Law: infringement contrary to section 10(2) TMA

61. Kitchin LJ set out the 6 requirements for there to be infringement contrary to section 10(2) TMA by reference to Art 5(1)(b) of the Directive in paragraph [29] of *Comix Enterprises*—

[28] A proprietor of a registered trade mark alleging infringement under Article 5(1)(b) of the Directive must satisfy six conditions, namely (i) there must be use of a sign by a third party within the relevant territory; (ii) the use must be in the course of trade; (iii) it must be without the consent of the proprietor; (iv) it must be of a sign which is identical with or similar to the trade mark; (v) it must be in relation to goods or services which are identical with or similar to those for which the trade mark is registered; and (vi) it must give rise to a likelihood of confusion.

62. In this case the dispute centres around conditions (iv) and (vi).

63. In paragraph [52] of *Specsavers* the Court of Appeal endorsed the following summary of the key principles with regard to condition (vi)—

(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;

(f) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks causes the public to wrongly believe that the respective goods [or services] come from the same or economically-linked undertakings, there is a likelihood of confusion.

64. In *Comic Enterprises Kitchen LJ* elaborated as follows—

[32] In *Maier* we explained (at [76]) that to this summary should be added the further guidance provided by the Court of Justice in *Canon* (at [29]) that the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion for the purposes of the provision.

65. It is not necessary for a claimant to show actual confusion in order to establish 10(2) infringement (or passing off for that matter). Thus, in *Planetart* Mr Alexander QC said—

[19] ... it is common ground that, in a case of trade mark infringement, there is no need to show actual confusion: see *Och-Ziff Management Europe Ltd & Anor v OCH Capital LLP & Ors* [2010] EWHC 2599 (Ch), at para [117]:

“In any event, it is not necessary for the claimant in an Article 9(1)(b) claim to prove any actual confusion at all in order to succeed. What matters is whether the court considers that there is a likelihood of confusion;”

[20] Especially in cases involving ordinary consumer goods or services, the court is able to make its own determination without assistance from evidence of confusion. It is clear from the summary in *Comic Enterprises* and the more recent case law discussing it that the concept of the average consumer provides a “normative benchmark” (to use the language of Arnold J in *Jack Wills*). Like a standard of negligence, the question of whether there is a likelihood of confusion involves evaluation of what can reasonably be expected of such a consumer, not what actual consumers perceive. If it is reasonable to expect that such a consumer would distinguish the respective marks, there will be no likelihood of confusion. If not, there is likely to be.

66. Nevertheless, as noted by *Kerly* at paragraph 16-095—

Where the use of the offending sign results in actual confusion then this is likely to be very persuasive but there is no requirement to prove confusion. In fact, what needs to be established is a likelihood of confusion.

Law: validity

67. It is convenient to consider the law and the facts concerning the allegation of invalidity of Oatly's word marks later in this skeleton.

Passing off

68. This can be dealt with relatively briefly since it will only add to Oatly's case if the court were to conclude either that the trade marks are not infringed or, in the case of the word trade marks, that they are invalid.

69. For passing off to be established three elements must be shown (1) goodwill or reputation (2) a misrepresentation by the defendant that its goods or services are those of the claimant (that would include a misrepresentation that the defendant's goods are made or supplied under licence from the claimant) and (3) damage or the likelihood thereof. See paragraph 20-005 of *Kerly* referring to the *Jif Lemon* case.

70. Here there can be no doubt that Oatly has a goodwill and a reputation in the names OATLY and OAT-LY! and in the packaging used for its range of products given the extensive sales and use of such branding. Moreover, if a misrepresentation is shown in this kind of case, it is inevitable that there will be relevant damage: see *Kerly* paragraph 20-031.

71. Damage is not limited to cases of direct loss of sales. In *Chelsea Man v. Chelsea Girl* [1987] RPC 189 at 202, Slade LJ summarised the kind of damage which, if caused by misrepresentation, is actionable:

(a) by diverting trade from the plaintiffs to the defendants;

(b) by injuring the trade reputation of the plaintiffs whose men's clothing is admittedly superior in quality to that of the defendants;  
and

(c) by the injury which is inherently likely to be suffered by any business when on frequent occasions it is confused by customers or

potential customers with a business owned by another proprietor or is wrongly connected with that business.

72. In that case the claimant used the mark “Chelsea Man” for high quality jackets. The defendants intended to use it for cheap and ephemeral fashion garments for the teenage market. This would cause damage to the claimant quite apart from a direct loss of sales.
73. Passing off therefore turns on the question of misrepresentation, which raises similar questions to those which arise in relation to likelihood of confusion under section 10(2).

#### **H. Instances of confusion and of consumers forming a link**

74. While it is not necessary for a claimant to produce evidence of individuals being confused or forming a link in order to succeed, in this case there is evidence of that kind. In particular—
  - (1) Glebe Farm conducted a promotional interview in December 2019 (shortly before the launch of PUREOATY) with Mr Drew Wilkinson, the proprietor of the “Shelford Deli”. He repeatedly said “Pure Oatly” rather than “Pure Oaty” when referring to the Glebe Farm product until corrected by the interviewer. See the transcript of the interview at [F/46, 209 at 219 to 221] and the corresponding section of the audio file itself which is in the electronic bundle.
  - (2) In an email to Glebe Farm of 20 February 2020 from Anya Zervudachi, a representative of the “Natural Food Show”, the subject line was “*Pure Oatly at Natural Products London April 2020*”. Rebecca Rayner forwarded the email the same day and corrected the subject line to “Pure Oaty” but spelt as two words rather than one, again emphasising that the name would be perceived in this way rather than run together as a single word. See [F/44] for the chain of emails.
  - (3) “Lola’s Bakery” was sent a sample of Glebe Farm’s product in or about March 2020 and responded in an email with the subject “Oatly drink”: see [F/43/201]. Glebe Farm forwarded the email internally

with the same subject line: [F/43/200 and 199]. It was eventually corrected in 2 later emails on the subject [F/43/199], but it will be noted that in the email of 19 March 2020 at 11:12, Daniel Shaw referred to the product as “Pure Oaty” (2 words).

- (4) In an email to Glebe Farm of 21 October 2020, Susanne Austin repeatedly spelt the name as “Pure Oaty” (2 words): [F/45/206]. At [F/45/207] she also said: “... *They use Pure Oatly and Alpro. Trying Pure Oaty, the unanimous feedback was that it was too sweet, left a bitter after taste and lost body ...*”. It seems probable that the reference to “Pure Oatly” was intended to be a reference to “Oatly”, but this mistake indicates how the two names can be confused, and how the “Pure” is perceived as a mere descriptor or laudatory word. (Incidentally, it also shows how the reputation of Oatly can be damaged if the product is associated with PUREOATY).
- (5) In a series of reviews for Glebe Farm’s product, a member of the public using the name “Mr\_T84” reported on 23 March 2021 “*I’ve bought many variations of Barista Oatley and found this one to be the only one I’ve disliked.*” [D/39/260]. This seems to indicate that the individual thought that PUREOATY was a product in the Oatly range. At the very least it shows a linkage with Oatly.
- (6) In the same series of reviews, “Kat” said on 13 March 2021 “*A British version of Oatly*”. This again indicates either confusion or at the very least that Kat formed a link with Oatly [D/39/261] by suggesting an equivalence. Many of the other reviews in this exhibit make reference to Oatly, further confirming that members of the public are forming links between the Glebe Farm product and Oatly.

75. Glebe Farm tries to explain some of these instances away as mere “typographical errors or mistakes”: see Rayner/47, 48 [C/4/76, 77]. But this does not deal with the problem faced by Glebe Farm. “Oatly” is not a word which is likely to be typed or spoken “by mistake” in the sense of a typing error (requiring the addition of the letter “l”) or a mispronunciation. The reason the individuals in question used the wrong word is that Oatly and OATY or PUREOATY are highly similar.

76. Glebe Farm made email contact with Susanne Austin and Anya Zervudachi: see exhibit PR11 at [D/36]. Susanne Austin said that the use of “Pure Oatly” was a “typo” [D/36/240]. As she stated, she meant to say “Oatly”. Her error stemmed from the similarities in the names and the fact that “pure” is a mere descriptor.
77. Anya Zervudachi said in response to an email from Glebe Farm asking why she referred to the product as “Pure Oatly”: “... *do you mean that I added an ‘L’ in? In which case probably because I have been drinking Oatly for years, so it is quite strongly ingrained, and I am dyslexic so make mistakes like this quite easily*” [D/36/243]. It is to be noted that the content of her emails do not show obvious signs of dyslexia, so she may simply have been trying to give a potential customer a reason for her mistake which actually stemmed from her confusion between the two names. Importantly, however, her answer reinforces rather than detracts from Oatly’s case. As noted in paragraph [52(h)] of *Specsavers* (see paragraph 63 above) “there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it”. The fact of the matter is that she must have perceived PUREOATY to be “Pure Oatly” which is why she wrote it that way.

### **I. Submissions - infringement contrary to section 10(3) TMA**

78. Of the 9 requirements for infringement under section 10(3) listed in paragraph [111] of *Comic Enterprises* (see paragraph 46 above), the following require consideration: (i) reputation in the relevant territory; (v) identical or similar sign; (vi) link between the sign and the trade mark in the mind of the average consumer and (viii) the three type of injury.

#### **(i) reputation in the relevant territory**

79. As indicated in paragraph 48 above, this is not a particularly onerous requirement. In summary—
- (1) Given the significant sales and promotion of Oatly’s products, it is clear that the word marks OATLY and OAT-LY! have a significant

reputation. (Reputation but not its extent is admitted in Defence/8 at [A/3/21]).

- (2) As regards trade mark no. 00918002991, the Barista Edition product has been extremely successful and has been extensively promoted. It is the best-selling SKU for all non-dairy drinks: see Paran/62 [C/1/31] and the tables under Paran/65 [C/1/33-35]. The front of packaging is highly distinctive. It is specifically depicted on many of Oatly's advertisements: see e.g., Paran/21-33 [C/1/9-17]. It will be seen by visitors to the numerous coffee shops throughout the UK where it is stocked. It clearly has an extensive reputation.
- (3) The tables under Paran/65 also show that packaging bearing trade mark no. 00918002978 is the 8<sup>th</sup> best-selling SKU in all non-dairy drinks and ranks 4<sup>th</sup> in the oat drink market. It will be seen by visitors to the numerous retail outlets where it is stocked.
- (4) The table under Paran/65 shows the extensive sales of these products. By the relevant date millions of units of the products had been sold and consumed—

	<b>Oatly Non-organic Plain 1L ambient oat drink</b>	<b>Oatly Barista Edition 1L ambient oat drink</b>
<b>52 weeks to 2 March 2019</b>	£6,849,278	£7,151,536
<b>52 weeks to 29 February 2020</b>	£8,552,948	£19,067,358
<b>52 weeks to 27 February 2021</b>	£13,222,123	£38,316,572

80. Further evidence that Oatly's trade marks have a strong reputation comes from the fact that Glebe Farm took elements of Oatly's branding. It would not have done so if it had not appreciated the strong reputation attaching to Oatly's trade marks.

(v) similarity

81. The similarities have been discussed in paragraphs 20 and 21 above.

(vi) a link between the sign and the trade mark

82. Oatly's case as to link is supported by two strands of evidence.
83. First, Oatly will contend that it is apparent that Glebe Farm *wanted* to bring Oatly's products to mind by its choice of branding. Glebe Farm's intentions are a question of fact which will need to be explored with Glebe Farm's witnesses at trial. The advantage to Glebe Farm of forming such a link is that it would enable its products to be easier to sell. Oatly is the market leader. If consumers form a link between the Glebe Farm product and Oatly, then this will enable Glebe Farm to benefit from the marketing efforts and reputation of Oatly. It would be a surprising result if in these circumstances Glebe Farm were to be found not to have succeeded in its intention.
84. Secondly, there is clear evidence persons forming such link (see above).

(viii) one of the three types of injury

Unfair advantage

85. As Kitchin LJ observed in paragraph [127] of *Specsavers* (see paragraph 53 above for the full context), the CJEU

may reasonably be thought to have declared, in substance, that an advantage gained by a trader from the use of a sign which is similar to a mark with a reputation will be unfair where the sign has been adopted in an attempt to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, and without making efforts of his own, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. ...

86. It will be submitted that the evidence will show that Glebe Farm has acted in this way.

Detriment to repute and distinctive character

87. It is convenient to deal with both these kinds of damage together.

88. Paragraph [40] of *L’Oreal v Bellure* (cited in paragraph [124] of *Specsavers* — see paragraph 53 above) makes it clear that detriment, tarnishment or degradation of a mark is caused when the defendant’s use of a similar sign reduces the power of attraction of the trade mark. That is likely where the defendant’s goods possess a characteristic or a quality which is liable to have a negative impact on the image of the mark.
89. There are a several documents which indicate that this is the case with Glebe Farm’s oat drink: see, for example, the negative comments at [F/45/207] and the results of the “Tasting Workshops” at [F/37].
90. So far as loss of distinctive character is concerned, if Glebe Farm’s product continues to be sold, that is bound to diminish the ability of Oatly’s trade marks to act as a designation of origin. The marks which “at one time aroused immediate association” with the goods for which they are registered because of their unique and distinctive characteristics, will have that ability reduced (*L’Oreal* paragraph [40]).
91. In respect of both kinds of damage the observations of Birss J in the *Thomas Pink* case, when making a finding of detriment to distinctive character or repute are relevant—

[205] The link to the CTM caused by the defendant's use of PINK in this case will cause a detriment to the repute of the claimant's mark. I will not use the term tarnishment since it is unduly pejorative. The defendant's overall business is a legitimate one. Nevertheless it is one which has been associated with some controversy, no doubt because “sexy sells”. Examples were in the evidence of goods which had to be withdrawn by the defendant after complaints. The defendant’s business aims to have a sexy, mass market appeal. The link between the CTM and the defendant's PINK brand will cause consumers to associate the two.

[206] This is bound to cause a change in the economic behaviour of the claimant's customers. They will not see the CTM in the same way as before. The claimant’s trade mark will be associated with a mass market offering, reducing its luxurious reputation. There is every risk that this will lead consumers not to buy products from the claimant when they otherwise would have done.

[207] Furthermore the link to the CTM will inevitably cause a detriment to the distinctive character of the claimant's mark. The defendant is not using PINK in a descriptive sense, it is using PINK as an indication of trade origin for its articles of clothing and other articles. Over time, if it is not stopped, it is bound to cause the

claimant's clothing trade mark to begin to lose its ability to act as a designation of the claimant as the origin of its goods. The defendant is backed by a huge business and is in a position to saturate the market with its conflicting origin message in a very short space of time. A key element in the claimant's mark, the word PINK, will not serve as an exclusive designation of the claimant. ...

(ix) without due cause

92. Glebe Farm had no due cause to adopt the branding complained of. This is not a case where it was continuing to follow existing branding which it had used elsewhere. To the contrary its branding was a departure from its previous approach.
93. Any suggestion that the name can be justified on the basis that it is a play on the word "purity" can be dismissed because there is no evidence that consumers perceive the name as a play on words or of any attempts by Glebe Farm in its marketing materials to educate users that it is a play on words.

**J. Submissions – infringement contrary to section 10(2)**

94. Infringement in this case turns on condition (vi)—likelihood of confusion—in the list of conditions set out by Kitchin LJ in *Comic Enterprises*. The principles relevant to condition (vi) have been set out in paragraphs 63 to 65 above.
95. Confusion could arise in a number of ways. For example, some members of the public will be confused into the belief that because of the similarities in name and packaging PUREOATY is a version, perhaps a version made with British oats or a gluten free version, of Oatly. Or someone who is asked to buy some "Oatly" may, when they go to purchase the product, think that PUREOATY was the product which was wanted and purchase that instead. In a coffee shop, a person asking for an oat drink with their coffee may believe that the PUREOATY pack on the shelf is something in the Oatly range.

96. Glebe Farm may point to the fact that Oatly has not called any witnesses who have been confused. This does not provide Glebe Farm with an answer to the claim for the following reasons—

(1) First, it is not necessary for a claimant to show actual confusion. What matters is whether the court considers that there is a likelihood of confusion: see *Planetart* [19] and [20] cited at paragraph 65 above.

(2) Secondly, confusion of the kind likely to occur in this case is unlikely to be reported or if reported, come to the attention of relevant individuals. Confused people remain confused. They are only likely to report confusion if they stop being confused and then realise that they have previously been confused. If that happens, in the circumstances of this case there is no particular reason for them to act in a way which will bring that confusion to the attention of the parties. With low value goods of the kind in question, they are unlikely to waste time reporting their confusion. The likelihood of actual confusion being detected is low.

(3) Thirdly, there is evidence of instances of actual confusion: see paragraph 74 above.

#### **K. Passing off**

97. The same points arise in relation to passing off, as arise in relation to section 10(2) infringement. Consumers will be misled by the similarity of PUREOATY to Oatly and the similarity of packaging.

#### **L. Submissions – validity of Oatly’s word marks**

98. The allegation of invalidity is hopeless because it requires Glebe Farm to demonstrate that the word marks OATLY and OAT-LY! are marks which consist “exclusively of signs or other indications which may serve, in trade, to designate the kind, quality ... intended purposes ... or other characteristics of goods”. They are obviously not. The words are inherently distinctive invented words.

99. Even if when applied for the marks fell within the scope of section 3(1)(a) TMA (which they did not), the marks clearly have acquired a distinctive character as a result of their extensive use. Accordingly, the proviso to section 47 TMA applies.
100. The mere fact that PUREOATY is confusingly similar to these word marks demonstrates nothing of relevance to section 3(1)(a).

### **M. Conclusion**

101. Oatly will therefore contend that the conclusions to be reached in this case are as follows—
- (1) The attack on validity of its word trade marks should be dismissed.
  - (2) The infringement claim under section 10(2) should be upheld.
  - (3) If the infringement claim under section 10(2) is upheld, a finding of section 10(3) infringement is inevitable.
  - (4) In any event, irrespective of the likelihood of confusion, infringement under section 10(3) is established because Glebe Farm has (whether intentionally or not) adopted branding which creates a link with Oatly and its trade marks, and has caused each of the three relevant types of injury (although only one is necessary for there to be infringement).
  - (5) For similar reasons as apply in relation to the section 10(2) claim the passing off claim should be upheld.

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