



Neutral Citation Number: [2021] EWHC 2189 (IPEC)

Claim No. IP-2020-000059

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

Rolls Building
Fetter Lane
London
EC4A 1NL
(Judgment handed down email)

Date 5th August 2021

Before:

MR NICHOLAS CADDICK Q.C.
(Sitting as a Deputy High Court Judge)

B E T W E E N:

(1) OATLY AB
(2) OATLY UK LIMITED

Claimants

and

GLEBE FARM FOODS LIMITED

Defendant

MICHAEL HICKS (instructed by **Gowling WLG**) for the Claimant

TOM ALKIN (instructed by **Bristows LLP**) for the Defendant

Hearing dates: 9th and 10th June 2021

JUDGMENT Approved by the court for handing down

Nicholas Caddick Q.C.

Introduction

1. This is an action by the Claimants for infringement of five registered trade marks and for passing off. There was a counterclaim by the Defendant for a declaration of invalidity in respect of the Claimant’s word marks shown below but, given the way that the Claimant put its case at trial, the Defendant did not pursue that counterclaim.
2. The First Claimant is a Swedish company whose business involves the manufacture and sale of oat-based drinks which are a plant-based alternative to dairy products, such as cow’s milk. It sells those products under the brand name “OATLY” and does so in the UK through the Second Claimant, its wholly owned subsidiary. Save where it is necessary to distinguish between them, I will refer to the Claimants collectively as “Oatly”.
3. The trade marks relied on in the Particulars of Claim were European Union Trade Marks (“EUTMs”). As a result of the UK’s withdrawal from the European Union, they now take effect in the UK as “comparable trade marks (EU)”. This means that they are treated as if they had been registered under the Trade Marks Act 1994 in respect of the same goods and services for which they had been registered as EUTMs. They also retain the same registration number, save for the addition of a “009” prefix.
4. On this basis, the registered marks relied on (and which are all registered in the name of the First Claimant) include three word marks (OATLY, OAT-LY! and OATLY) and two device marks (the Blue OAT-LY! Carton Mark and the Grey OAT-LY! Carton Mark). The marks are as follows:

Trade Mark	App. date	Number	Goods relied on
OATLY	26 Apr 2000	009001626233	Class 29: oat-based food beverages used as a milk substitute; milk substitutes containing oats. Class 32: oat-based beverages
OAT-LY!	01 Oct 2013	009012185311	Class 29: oat-based food beverages used as a milk substitute; milk substitutes containing oats. Class 30: food preparations made from cereals: oat-based foodstuffs. Class 32: oat-based beverages

Trade Mark	App. date	Number	Goods relied on
OATLY	13 Feb 2017	009016364441	Class 29: dairy substitutes; dairy product substitutes; milk substitutes; milk substitutes containing oats; oat milk [milk substitute]; oat-based beverages and drinks for use as a milk substitute. Class 30: oat-based food and food-stuffs. Class 32: oat-based beverages
	20 Dec 2018	009018002978	Class 29: dairy substitutes; milk substitutes; oat-based drinks for use as milk substitute; milk substitutes containing oats.
	20 Dec 2018	009018002991	Class 29: dairy substitutes; milk substitutes; oat-based drinks for use as milk substitute; milk substitutes containing oats.

- The Defendant is a company incorporated in England and Wales. As described in more detail below, in January 2019 it launched an oat drink called, simply, “Oat Drink”. Later that same year, it decided to re-brand and to re-design the packaging of this product. After discussions and a number of drafts, it fixed on the name “PUREOATY” and on packaging featuring a front panel as shown below. The re-branded product was released on around 15 January 2020:



6. Oatly's case, in summary, is that the Defendant's use of the "PUREOATY" name (both in itself and as depicted on the above packaging) and the front panel of the packaging shown above infringe Oatly's trade marks under s.10(2) and 10(3) of the Trade Marks Act 1994 and also amount to passing off.

The witnesses

7. Turning to the witnesses. Oatly relied on the witness statements of Ishen Paran (the General Manager of the Second Claimant) and of Jonas Follin and Karl (Johan) Girdo (senior employees of Oatly EMEA AB, a wholly owned subsidiary of the First Claimant). Mr Follin and Mr Girdo gave overlapping evidence as to the development of the Oatly business and, in particular, about the re-branding exercise that Oatly underwent in 2014. They were not cross examined and I accept the contents of their statements. Mr Paran's evidence related to his activities developing the Oatly brand in the UK after his recruitment in June 2017. He was cross examined and, whilst there were aspects of his evidence which it emerged were based on speculation rather than on personal knowledge, I find that he was an honest witness and was seeking to assist the court.
8. The Defendant relied on the witness statements of Philip Rayner (its managing director) and Paul Mitcheson (its marketing consultant) both of whom were cross examined. Mr Hicks (for Oatly) did not criticise Mr Mitcheson as a witness and I find that Mr Mitcheson was a very good and clearly honest witness who gave clear and credible evidence and was doing his best to assist the court.
9. Criticism was, however, levelled at Mr Rayner and it was suggested that I should not accept his evidence without corroboration. One reason for this was Mr Rayner's tendency to give long responses which did not answer the questions that he had been asked. Whilst that was a feature of Mr Rayner's evidence, I do not accept Mr Hicks' suggestion that it was done in order to divert attention from difficult questions. Indeed, it was a tendency apparent in some of Mr Rayner's responses to innocuous questions.
10. Mr Hicks' principal criticism of Mr Rayner was that he had suggested that his sister, Rebecca Rayner, had had little to do with the matters in issue when, in fact, she had had a close involvement. He referred in particular to Mr Rayner's statement that Rebecca Rayner had semi-retired "about two or three years ago". However, I do not

see this as a reason to doubt Mr Rayner's evidence. The statement may have been imprecise, but I did not see it as an attempt to argue that his sister had not played any role in the Defendant's decision to re-brand its product as "PureOaty". Indeed, in describing the "Transition to PureOaty", Mr Rayner's witness statement refers constantly to "Rebecca and I" as having discussions and making decisions. For the same reason, I do not accept Mr Hicks' criticism of Mr Rayner for saying that an organisational chart for the Defendant (showing Rebecca Rayner as having a marketing role) was out of date when in other evidence he had said that it was still in use. In my judgment, this was a simple and minor mistake. I do not see it as an attempt to mislead the court as to Rebecca Rayner's role or as a reason to doubt Mr Rayner's evidence as a whole.

11. Mr Hicks' criticism of Mr Rayner in this regard tied in with a wider criticism of the Defendant for not calling Rebecca Rayner as a witness. In this regard, Mr Hicks referred me to the comments of the Court of Appeal in *Jaffray v Society of Lloyds* [2002] EWCA Civ 1101 at [406]-[407] and invited me to draw adverse inferences on matters on which Rebecca Rayner could have provided evidence. In this regard, it is clear that Rebecca Rayner was more involved than Mr Rayner in the initial branding and marketing of the Defendant's "Oat Drink" (including the design of the initial version of its packaging). However, Oatly's pleaded case (see paragraphs 8, 9 and 19 of its Particulars of Claim) and the disclosure that the Defendant was ordered to provide was not focussed on those early decisions or on the initial version of the packaging but rather on the Defendant's re-branding of its oat drink as "PureOaty" and the decisions regarding the re-design of the packaging leading to the products re-launch in January 2020. That re-branding and that re-design were matters in relation to which Mr Rayner did play an active and, indeed, a leading role and on which, for the most part, he and Mr Mitcheson were able to give evidence.
12. Accordingly, I will bear in mind that there were specific matters in respect of which Mr Rayner and Mr Mitcheson had no personal knowledge and where evidence from Rebecca Rayner might have been of assistance. However, I do not think that the failure to call Rebecca Rayner is a reason to doubt Mr Rayner's evidence or to draw any particularly adverse inferences against the Defendant in respect of those matters.

Oatly's brand, reputation and goodwill

13. Oatly's evidence deals at great length with its trading history and the development of the Oatly brand. The business was founded in the mid-1990s by Swedish researchers using patented enzyme technology to turn oats into a liquid that could be used as a milk or dairy substitute. The Oatly name was adopted in around 2001 but Mr Follin's evidence is that, when he joined the business in 2011, the business was still relatively small and targeted, for the most part, consumers with a lactose intolerance or an allergy to milk proteins. It was, he said, "pretty unknown", being a niche player in a niche market using packaging that was bland and "very clinical looking".

14. In around 2012 and 2013, Oatly started a strategic repositioning and rebranding exercise driven by a new Chief Executive Officer, Toni Petersson. This resulted in the adoption in 2014 of a new style of packaging. Mr Follin’s statement showed a 2016 example of this packaging in a light blue colour with a white “speckled texture” intended to give it a homemade and authentic feel. In 2017, a version in grey (also speckled) was introduced for Oatly’s new “Barista Edition” oat drink – a product intended for use in coffee because (according to Oatly) it foams as well if not better than milk. By 2018, the Oatly family of products was packaged as follows:

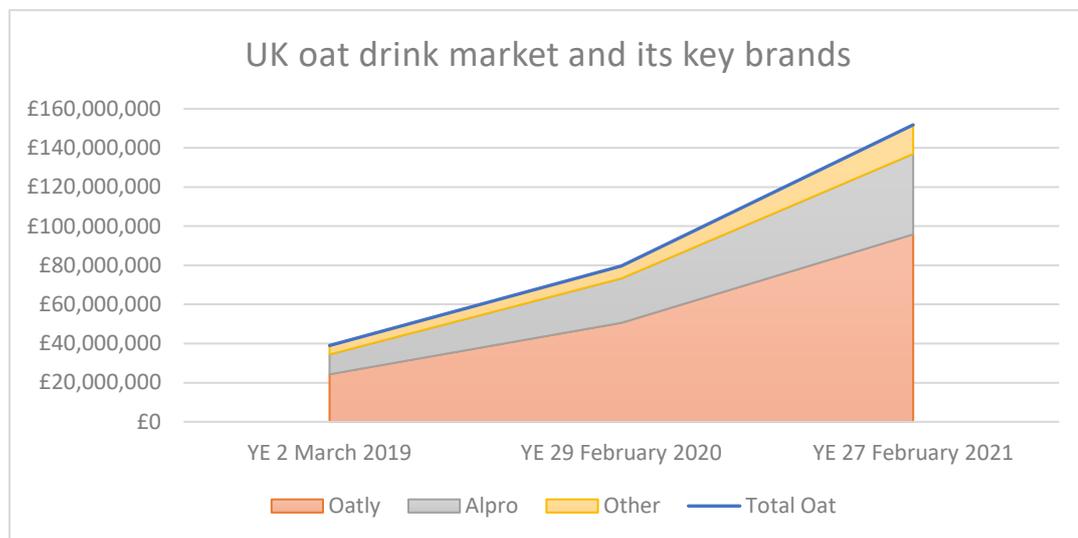
THE OATLY FAMILY



15. The aim of Oatly’s new approach was to make its brand stand out as somehow speaking to and connecting with its customers (an idea, not invented by Oatly, that is sometimes referred to as “wackaging”) and presenting an informal and less corporate image with a focus on a healthier and more sustainable lifestyle. For example, the new packaging included the words “SHAKE ME!” on the top and featured various lifestyle focussed messages delivered in an informal chatty way on its sides and rear.
16. As the Defendant’s evidence shows, not everyone likes wackaging. Nonetheless, after these changes were made, Oatly’s sales increased dramatically both in the UK and across the EU as set out in the table below (the figures being shown in Swedish Krona (“SEK”), which has an exchange rate of 10.3 to 13 SEK to 1 GBP).

Year	UK units	UK value	EU units (ex UK)	EU value (ex UK)
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

17. Oatly’s continuing success in the UK is also apparent from the following table taken from Mr Paran’s statement comparing Oatly’s oat drink sales in the UK in the 3 years to 27 February 2021 with the sales of its main rival (Alpro) and of others:

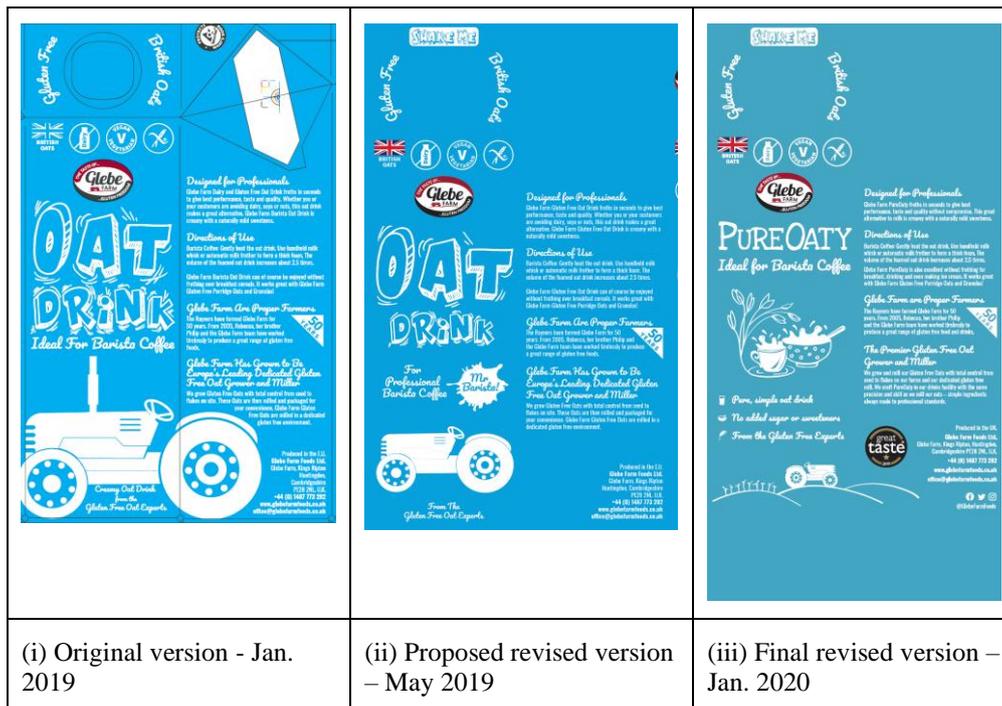


18. Of these sales, the evidence is that Oatly’s Barista Edition product (in the grey packaging) was by far the best-selling oat drink (with sales in the UK of over £38m) with Oatly’s other oat milk products (in various shades of blue packaging) occupying second, third and fourth places. Indeed, Oatly’s Barista Edition product was also the top selling product in the wider dairy alternative product category (where second spot was taken by Alpro’s almond drink product, which had sales of £28m). It is also clear that Oatly’s products are widely exposed to the public as, according to Mr Paran, some 80% of Oatly’s sales are via grocery accounts (i.e. to the main supermarkets) and the Oatly products are stocked in over 20,000 retail outlets.
19. As appears from Oatly’s evidence, these successes followed a number of marketing campaigns. So far as the UK is concerned, these were described by Mr Paran. They included a major campaign in 2017 focussing on the Shoreditch area and targeting the UK coffee market with the aim of presenting the Oatly “Barista Edition” product as a barista’s milk alternative product of choice. The campaign made extensive use of images of Oatly’s packaging but also some (albeit more limited) use of the word “Oatly” (for example on Twitter, on T-shirts and on Boxpark pop-up coffee bars) and, on occasions, of the word “OAT-LY! (depicted over two lines in the same way that it appears on Oatly’s packaging). There was a further campaign in October 2018 using the headline “It’s like milk but made for humans” and featuring (inter alia) advertisements on the London Underground, on streets and digitally as well as a video of Toni Petersson singing his own song “Wow, no cow!” (which apparently had some 2 million impressions video on demand and cinema). Mr Paran’s evidence is that the October 2018 campaign led to an increase in sales of 71.4% to £18.5m on volume. There were further campaigns in March 2019 (using the headline “Ditch Milk”), in January 2020 (“Not Milk! Is So Hot Right Now”) and in January 2021 (“Help Dad”).

20. Mr Girdo gives evidence that, between December 2014 and October 2019, Oatly spent a total of around 62 million SEK (around £4.5m) advertising its brand in the UK as well as very substantial sums in Sweden and in the rest of the EU.
21. Finally, Oatly’s successes have been recognised in a number of industry awards, details of which were provided in Mr Paran’s witness statement. Mr Paran also exhibits an article in the Guardian dated 20 July 2020 tracing Oatly’s success and the celebrity investors it had attracted and a further article entitled “Oat drinks oat drinks mega mega white thing” in Campaign Live. In this latter article, John Shaw, the Chief Strategy and Innovation Officer at the brand agency “Superunion”, identified “anything vegan” as being the era-defining category of 2020 and stated that “I wasn’t quite sure about this until one name exploded into my not yet Covid-fogged brain. If vegan is a category, then Oatly is its poster child”.

The activities of the Defendant

22. I will now deal with the activities of the Defendant about which Oatly complains. It is necessary to do this in some detail because it is Oatly’s case that the Defendant’s choice of the new name (“PUREOATY”) for its oat drink and the re-design of its packaging was intended to take unfair advantage of the distinctive character or repute of the Oatly trade marks.
23. For these purposes, it is worth setting out side by side pictures of (i) the packaging used by the Defendant when its “Oat Drink” when first launched in January 2019, (ii) a draft re-design produced by the Defendant in around May 2019 (but never released) and (iii) the final version about which the complaint is made in this action as used from around January 2020. Although, as appears below, other drafts were produced in the course of 2019, these three versions serve to show most of the relevant features.



24. The Defendant operates the Rayner family farm in Cambridgeshire where it has grown oats since 2008. It specialises in the production of gluten-free oats and has set up systems to guarantee that its oats are, and can be certified to be, 100% gluten-free. This gluten-free status is subject to audit by the supermarkets and manufacturers that the Defendant supplies (including Kellogs, Nairns and Unilever) and Mr Rayner's evidence is that the Defendant is proud of this status and of the purity of its oats and that it is the only farm in the UK growing and processing gluten-free oats for use in porridge flakes, oat flour and oat drinks.
25. Around 50% of the Defendant's oat production is used by the Defendant for a range of own label products which it sells via its website and through retailers such as Holland & Barrett, the Co-op and Amazon. As Mr Hicks points out, the packaging used by the Defendant for the majority of its own label products (as shown below) is very different to that which it has adopted for its PureOaty drink:

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](#)

26. Mr Rayner's evidence is that in late 2016 the Defendant decided to develop its own oat drink. After spending around 18 months in development, the product was released in January 2019. At this stage, the Defendant's product was simply labelled "OAT DRINK" and was packaged as shown in paragraph 23(i) above. It was unclear whether Mr Rayner or (given the lack of evidence from Rebecca Rayner) anyone else at the Defendant was aware of the Oatly product in 2016. However, Mr Rayner accepted that he was aware of it by 2018.
27. There are some similarities between the initial version of the Defendant's packaging and the packaging used by Oatly for its oat drink. First, the use of the colour blue;

Oatly also used blue, in three different shades, for three of its oat drinks products (although not for its best-selling Barista's Edition product). Second, the use of a somewhat irregular font for the product name. However, these similarities are at a very general level and I do not agree with Mr Hicks' suggestion that the Defendant's initial packaging was anywhere near approaching the line between what was and what was not acceptable.

28. By late April 2019, the Defendant was contemplating changes to this packaging. In an email dated 26 April 2019, Rebecca Rayner asked the Defendant's team to "add Kosher logo and Shake Well on top near white plastic opening". She went on to comment that "Sam told me re complaints of little lumps if don't shake – this is why Oatly has it on top". The discussions as to changes continued into May 2019 and, after exchanges between Rebecca Rayner and Lisa De Girolamo ("Lisa", a graphic designer used by the Defendant), some revised concept carton fronts were produced. These retained the existing blue colour and the name "Oat Drink". However, the words "SHAKE ME" had been added to the top of the carton, the size of the lettering used for the word "Drink" had been reduced, the words "Ideal for Barista Coffee" had been replaced by the words "For Professional Barista Coffee" and the words "Mr Barista!" had been added in a splash mark all as shown in the picture at paragraph 23(ii) above.
29. In an email dated 19 May, Mr Rayner commented that "It is looking better already" although he suggested some further changes to the packaging. More importantly, he also set out a number of suggested new names for the product, including "LuvOats", "Fr'Oats", "BarristOats", T'oats or T'Oaty". The Defendant's reason for seeking a new name is apparent from an email dated 22 May from Mr Mitcheson (who was at this point providing the Defendant with unpaid advice with regard to the branding of its oat drink). It was that "Oat Drink" was not a brand name and a brand name was needed given that the Defendant's mother brand had not yet built up the sort of presence "that brands like Alpro and Oatly will have built up". Mr Mitcheson went on to comment on Mr Rayner's suggested names and to suggest some of his own, including "Oats Unlimited" (his favourite), "Wholly Oats (pun on holy, with a halo?)" and "Oaty Oats".
30. At some point shortly after this, the idea of using the word "Pure" as part of the product name was raised. As mentioned above, the purity of its oats was of importance to the Defendant. It had, for example, been emphasised in a Company Presentation exhibited by Mr Rayner dating from 2016 (before the matters in issue in this action). Similarly, the initial packaging for the Defendant's Oat Drink had stated (albeit on the side of the carton and without particular emphasis) that the product was "much purer" than the regulatory requirement and referred to "Total control of purity and quality for you – it's all we do!". However, by 2019 the Defendant had decided to make this concept of purity central to the marketing of its oat drink and, in a paper entitled "2019 Trade PR for Glebe Farm Foods" dated 29th April 2019, the Defendant set out a programme with a focus on "Oat Drink/Purest Oats" and, in "Guidelines to

- be incorporated”, stated that “In addition, I will use the ‘purest oats’ as a recurring theme as it can be used across the business and will resonate with consumers too”.
31. It is not clear exactly who chose the name “PureOaty”. Mr Rayner could not recall, although Mr Mitcheson believed it had been one of Mr Rayner’s suggestions. In any event, the documents show that, on 30 May, Rebecca Rayner sent Lisa further suggested designs to the packaging featuring the words “PURE OAT” with the word “Drink” in smaller text or, simply the words “PURE OATY”. Then, in an email to Lisa on 2 June, Rebecca Rayner suggested using either the name “PUREOATY” (i.e. as one word rather than two), with the word “purity” underneath, or the word “PUROATY”. She also asked “..can we change to a different blue – my brief is more sophisticated!/less harsh... err – pls can we try a softer perhaps lighter blue?”.
 32. It was Mr Rayner who followed up on this. In an email to Lisa on 4 June, he noted: “Brand name PureOat or PureOaty” seems to be the favourite”. He also made various comments on the design of the packaging including a suggestion that there should be a “stylised oat logo” and attached a further draft of the packaging reflecting his comments and using the name “PureOaty”. As regards the colour, he commented that the blue looked clean but had been said to be “a little ‘domestos’ colour”. He asked “Is there a more sophisticated blue – dark sky blue or duck egg? Or the Oatly one uses a speckled colour to give the illusion of a rustic rough cardboard effect”.
 33. On 4 June, Lisa provided a revised draft of the packaging to reflect these comments and using a new textured colour for the background. Mr Rayner responded on 5 June suggesting the use of larger capitals for the letters “P” and “O” in PureOaty and the inclusion of some text including the following - “PureOaty stands for Purity: Only 4 ingredients – no added sugar, stabilisers and not from oat syrup ... Total control of purity and quality for you – it’s all we do!”.
 34. At some point after this, the draft packaging was again revised so that the name was written as “PUREOATY” (i.e. all in capitals but with larger capitals for the letters “P” and “O”) in a new font and, below that, a cup and saucer surrounded by a stylised oat device. Then, on 24 June, Mr Rayner asked Lisa to make further changes to reflect feedback from Holland & Barrett (one of the Defendant’s customers) that customers were looking for ‘Barista’ and ‘no added sugar’. This resulted in a reduction in the size of the tractor to provide space for 3 bullet points describing the product (“Pure, simple oat drink”, “No added sugar or sweeteners” and “From the Gluten Free Experts”). Subsequently, the decision was made to revert to the words “Ideal for Barista Coffee” immediately below the name and, below that, to add a picture of a cereal bowl next to the cup and saucer. This resulted in the final version of the packaging which is shown at paragraph 23(iii) above and about which Oatly complains.

Sections 10(2) and s.10(3) of the Trade Marks Act 1994

35. Oatly’s case is that the Defendant’s use of the “PUREOATY” sign (both as a word and as a word in the style used in its current packaging, “PUREOATY”) and the sign

comprising the entire front-side of the Defendant’s current packaging for the “PUREOATY” product constitute infringements of Oatly’s trade marks under sections 10(2) and 10(3) of the Trade Marks Act 1994.

36. So far as material, s.10(2) and (3) provide that:

“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.”

The average consumer

37. The test for infringement under s.10(2) and s.10(3) is conducted through the eyes of the average consumer. It appears to be common ground that such person is deemed to be a normal member of the public who buys and/or consumes oat drinks or, possibly, milk or milk alternatives more generally, or who might do so. More guidance as to the characteristics of the average consumer was provided by Kitchin LJ in the passage quoted in paragraph 40 below.

The date of assessment

38. It also appears to be common ground that the relevant date for assessing whether there has been an infringement under s.10 (2) or (3) is the date when the use of the sign complained of commenced. This was said by Mr Hicks to be 15 January 2020, when the Defendant launched its rebranded “PUREOATY” product.

The law relating to infringement under s.10(2)

39. The conditions for infringement under s.10(2) are not in dispute and were summarised by Kitchin LJ in *Comic Enterprises v Twentieth Century Fox Film Corp* [2016] EWCA Civ 41 at [28] where he said in relation to Article 5(1)(b) of the Directive (the provision implemented in the UK by s.10(2)):

“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.”

40. Further guidance with regard to the approach to assessing infringement under s.10(2) was provided by Kitchin LJ in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ 24 at [52] as follows:

“(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.”

41. I will refer below to further points made by the parties in relation to the test for infringement under s.10(2) and, in particular, the significance of confusion arising where the mark/sign in question share features that are descriptive.

The law relating to infringement under s.10(3)

42. The test for infringement under s.10(3) was also considered in *Comic Enterprises* where Kitchin LJ, at [110]-[111], stated that:

“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.”

43. Again, I will refer below to further points made by the parties as regards the approach to infringement under s.10(3) and, in particular, as to how the test is applied in a case where the mark/sign in issue share features that are descriptive and the effect that that might have on conditions (vii) (the existence of a link), (viii) (detriment to the distinctive character or repute of a mark or unfair advantage) and (ix) (due cause).

Was there an infringement under s.10(2)

44. I will deal first with Oatly’s claims under s.10(2).
45. There is no issue as regards conditions (i), (ii), (iii) and (v) referred to in paragraph 39 above. The Defendant’s use of the signs complained of was clearly use within the

relevant territory, in the course of trade, without Oatly's consent and in relation to goods that are identical or similar to those for which Oatly's trade marks are registered.

46. The issues, therefore, are whether conditions (iv) and (vi) are satisfied – namely whether the Defendant has used a sign that is identical or similar to one or more of Oatly's registered marks and whether that gives rise to a likelihood of confusion. On the basis of Oatly's pleaded case, this needs to be considered in relation to:
- a. The PUREOATY sign as against the two OATLY marks;
 - b. The PUREOATY carton as against the two OATLY marks;
 - c. The PUREOATY sign as against the OAT-LY! mark;
 - d. The PUREOATY carton as against the OAT-LY! mark;
 - e. The PUREOATY sign and carton as against the two OAT-LY! Carton Marks;

PUREOATY sign v the OATLY marks

47. The claim that the PUREOATY sign (whether used as a word or as depicted on the carton) infringes the OATLY marks is likely to be Oatly's strongest case. The starting point is to assess whether in the eyes of the average consumer the sign and the marks are similar.

Visual similarity

48. Visually, there is some similarity due to the presence of the letters "OAT". However, it seems to me that this is a very modest level of similarity. The sign is 8 letters long; the marks are 5 letters and it seems to me that the addition of the letters PURE at the start of the sign and the absence of the letter "L" detract significantly from the visual similarity that would be perceived by the average consumer.

Aural similarity

49. The level of aural similarity depends in part on whether the average consumer sees the sign as one word with the emphasis on the first syllable ("PURE"), in which case there is a limited similarity, or as two words or with the emphasis on the second part ("OATY"), which would increase the similarity somewhat.

Conceptual similarity

50. Mr Hicks argues that, conceptually, the average consumer would see the PUREOATY sign as two separate words, would see the word "PURE" being a mere descriptor or laudatory and would focus, instead, on the word "OATY" which is highly similar to the "OATLY" marks. I do not agree. It seems to me that, for the reasons set out by Mr Alkin, the average consumer would see the degree of conceptual similarity as being low to moderate at best and as deriving from the presence in both the sign and the marks of the descriptive word "OAT".

51. Mr Alkin argues that the average consumer would regard the sign as being a composite word made up of a juxtaposition of two words – “PURE” and “OATY”. Both words would be seen as descriptive with, if anything, the emphasis being on the word “PURE” as it comes before the word “OATY”. The Defendant’s evidence was that the juxtaposition was also intended to work as a play on words (“PUREOATY” sounding like “PURITY”) and, whilst I suspect that the majority of people would not notice this, it is likely that some reasonably observant consumers would do so. Be that as it may, it seems to me that the sign would be seen conceptually by the average consumer as two descriptive words put together to form a single word (or, possibly, two words read in rapid succession) that is doubly descriptive of the Defendant’s oat drink. This contrasts with the position as regards the OATLY marks. In this regard, I agree with Mr Alkin that the average consumer would perceive the OATLY marks as involving the addition of the common suffix “LY” (meaningless in itself) to a single well-known descriptive word “OAT” (or, possibly, as the insertion of the letter “L” into the descriptive adjective “OATY”) to create a made-up word with no inherent meaning in itself but containing (through the letters OAT/OAT_Y) a reference to oats or oatiness. In effect, what makes the OATLY marks distinctive is the transformation of a word with a meaning into a fancy word with no inherent meaning by the addition of the letters “LY” to the word OAT (or, possibly, the insertion on the letter “L” in the word OATY). On this basis, any conceptual similarity between the sign and the marks is the based on their common reference to OAT.

The likelihood of confusion

52. Turning to the issue of the likelihood of confusion; Oatly’s case is that the Defendant’s use of its sign gives rise to a likelihood of confusion because, for example, some members of the public will be confused into believing that PUREOATY/ PUREOATY is a version of an Oatly product (possibly one made using British oats), or if asked to buy some Oatly may, on arriving at the shops, assume that the Defendant’s PUREOATY product was what they had been asked to buy.
53. Oatly has not itself produced any evidence of actual confusion. Indeed, Mr Paran very frankly admitted that he was not aware of Oatly having a single document to suggest that a customer had even made a link between PUREOATY and Oatly, this was despite Oatly having some 300,000 followers on social media. He also admitted that Oatly has not sought consumer feedback in this regard. However, as Mr Hicks points out, s.10(2) does not require actual confusion but merely a likelihood of confusion and that the sort of confusion that might arise in a case of this type is unlikely to be reported and would be difficult for Oatly to detect. Despite this, there was, he argues, evidence of actual confusion in certain documents disclosed by the Defendant.
54. Against this, Mr Alkin argues that the sole similarity between the sign and the marks lies in the presence of the letters “OAT”, which the average consumer would see as being descriptive and of no significance in relation to the trade origin of the goods in question. He argues that there is no similarity in respect of those aspects that give the sign and the marks their distinctive quality (as to which see paragraph 51 above). If,

in the case of the marks, it is the addition of the letters “LY” or “L” that gives them distinctiveness then, notwithstanding the risk of imperfect recollection, it is the presence of those letters in the OATLY marks (and, equally, their absence from the Defendant’s sign) that would be of significance to the average consumer. Mr Alkin concluded that “...imperfect recollection of a trade mark does not extend to forgetting the one and only thing that makes the trade mark distinctive...” and that there is, therefore, no likelihood of confusion.

55. Mr Alkin also points out that Oatly cannot argue that, for these purposes, the Defendant’s use of the word “PURE” should be ignored as being descriptive whilst still attaching trade mark significance to the word “OAT” or “OATY”. Those words are equally descriptive, as is apparent from the evidence adduced by the Defendant and showing various other goods using such words (e.g. McVities’ Oaty Flapjacks, Tesco’s Oaty Flapjacks, Organix’ Banana Oaty Bars, Quaker’s Oatie Mix-Up cereal).
56. I agree with Mr Alkin’s assessment of this issue which seems to me to be consistent with what Kitchin LJ said in *Specsavers* at [52(d)] (quoted at paragraph 40 above), namely that the issue of the likelihood of confusion 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 a comparison solely on the basis of the dominant elements.”

Here the distinctive elements of the marks and of the sign are very different and the only other component of the marks and the sign is the word “OAT” which is entirely descriptive.

57. I also bear in mind the comments of Mr Daniel Alexander Q.C., sitting as a Deputy High Court Judge, in *Planetart LLC v Photobox Ltd* [2020] EWHC 713 at [26]-[29]. *Planetart* concerned a claim that the claimant’s registered trade mark for “FreePrints” was infringed by the defendant’s use of the sign “PHOTOBOX FREE PRINTS”. Under the heading “The significance of commonality of descriptive signs”, Mr Alexander said:

“26 One aspect of the approach to determining whether there is a likelihood of confusion which is important to this case is the significance of the adoption of common descriptive elements. In *Reed Executive Plc v Reed Business Information Ltd* [2004] EWCA Civ 159 at [83]-[84] the Court of Appeal said:

“...where you have something largely descriptive the average consumer will recognize that to be so, expect others to use similar descriptive marks and thus be alert for detail which would differentiate one provider from another.”

See also *Elliott v LRC Products* (O/255/13 at [57]) where the Appointed Person, Daniel Alexander QC, observed that consumers are less likely to think that two descriptive marks denote businesses that

are connected with one another because a credible and dominant alternative explanation exists for the similarity in marks which has nothing to do with their denotation of a common trade source, namely that the similarity is attributable to their descriptiveness.

- 27 The case law does not suggest that there are general rules as to how descriptiveness should be taken into account but it is clear that it should be done. The fact sensitivity of such is illustrated in a number of cases. For, example, one concerning registration of a figurative mark incorporating “VAPE & Co” for e-cigarettes which was opposed by the proprietor of a prior registration for a figurative mark including the words “The Vape Co” (*Nicoventures Holdings Ltd v The London Vape Company Ltd* [2017] EWHC 3393 (Ch)). Birss J said (see [31]–[36]):

“The nature of the common elements needs to be considered and in a case like this, in which the common elements are elements which themselves are descriptive and non-distinctive ... it is necessary somewhere to focus on the impact of this aspect on the likelihood of confusion. As has been said already it does not preclude a likelihood of confusion but it does weigh against it. There may still be a likelihood of confusion having regard to the distinctiveness and visual impact of the other components and the overall impression but the matter needs to be addressed.”

- 28 That approach drew on the analysis by Arnold J of the case law of the European courts in *Whyte and Mackay v Origin* [2015] EWHC 1271 (Ch) where he said at [44]:

“...what can be said with confidence is that, if the only similarity between the respective marks is a common element which has low distinctiveness, that points against there being a likelihood of confusion”.

- 29 These cases show that there is no hard rule that use of a descriptive term cannot lead to a finding that there is confusion but they also show that such a case is harder to establish. It also has the impact of somewhat downgrading the significance of conceptual similarity in the evaluation of the likelihood of confusion at least in so far as the mark is descriptive of the goods and services in question.”

58. These comments highlight the difficulty in establishing any likelihood of confusion in a case where the similarity lies in a commonality of descriptive elements. However, as Mr Alexander in *Planetart* says and as the *Specsavers* guidance shows, the issue of a likelihood of confusion is highly fact sensitive and has to be assessed globally, taking into account all relevant factors, including the context in which the marks and the sign are used.

How Oatly uses its marks

59. In this regard, Mr Alkin argued that Oatly’s use of its marks had been “almost exclusively in the form of ‘OAT-LY’ divided across two lines on the front panel of its cartons in a particular block font” and that consumers would be familiar with this “very consistent image” which is very different to how the Defendant uses the word “PUREOATY” on its carton. In my judgment, this overstates the position. Whilst it is correct that Oatly has made very extensive use of the “OAT-LY” mark so divided, and whilst this would reduce the likelihood of confusion, the evidence also shows that Oatly has used its marks written as “OATLY” or “Oatly” much more widely than Mr Alkin suggests. Such use is apparent from, for example, Oatly’s website and social media addresses. The evidence of Oatly’s advertising campaigns also provides clear examples of such use. Further, as Mr Hicks points out anyone reading the word would read it as “Oatly” and anyone saying the name would say “Oatly”. Indeed, where people (including representatives of the Defendant) refer to Oatly in documents, they almost invariably write the name as “Oatly”.

How the Defendant uses its sign

60. Of more significance is Mr Alkin’s point as to how the Defendant has used its PUREOATY sign. For the most part, the average consumer would see that sign used in the setting of the PUREOATY carton. In that setting, it appears directly below the Defendant’s clearly distinctive main logo shown below:



As Mr Alexander said in *Planetart* at [69] (albeit in the context of a passing off claim):

“... where a defendant also prominently uses its own brand that has two effects. First, it signals to the consumer that the defendant is the origin of the goods. Secondly, it has the effect of “descriptivising” the term which has both a primary (descriptive) and secondary (origin-denoting) connotation. It pushes the understanding of the term back to its primary meaning. Put another way, addition of a defendant’s brand not only brands the goods or services as those of the defendant but also “unbrands” the term (in the sense of making the word cease to bear the secondary meaning) which has become distinctive of the claimant when used alone. That is not, I should emphasise, a proposition of law although it has an element of legal policy behind it. Were it otherwise, a defendant—and the public—could never claim the use of a descriptive term which a claimant has sought to make its own

brand, no matter how prominent the use of the defendant's own brand."

61. There are other aspects of the carton that also serve to assert the Defendant's own identity as the trade mark origin of the PUREOATY product or, at least, to dissociate it from Oatly and the Oatly brand; namely the Union flag, the emphasis placed on the purity and gluten free qualities of the product and the use of the tractor device.
62. In its Particulars of Claim (at paragraph 23(3)), Oatly argues that its s.10(2) claim is supported by the fact that the PUREOATY carton features an irregular style of lettering for the product name, a pale single colour with a texture overlay of white speckles, a stylised picture of a cup and, on top of the carton near the cap, the words "SHAKE ME" in an irregular style and with motion lines. However, in my judgment, such similarities exist at a very high level and, particularly in the context of the carton taken as a whole, I do not accept that they give rise to any likelihood of confusion with the OATLY marks. The overall impressions are very different. As regards the words "SHAKE ME", I do not see that these are of any trade mark significance at all. They would be perceived as an instruction and, as the evidence shows, such instructions appear on other products and are in no way distinctive of Oatly or its products.
63. At paragraph 23(4) of its Particulars of Claim, Oatly asserts that, when used by baristas in coffee shops, the parties' rival cartons will be seen by customers who will be confused. I cannot see any basis for this. The rival cartons look entirely different, particularly given that the Oatly product in this context is likely to be its "Barista Edition" which has a grey carton as opposed to the blue of the PUREOATY carton.
64. For all these reasons, in the setting of the Defendant's carton taken as a whole, it is hard to see how any relevant confusion would arise from the Defendant's use of the sign "PUREOATY". In particular, the use of "PURE" as a prefix to the word "OATY" and the appearance of the carton as a whole seem to me to preclude any likelihood of the PUREOATY product being seen as some sort of sub-brand of Oatly.

The evidence of actual confusion relied on by Oatly

65. As I have mentioned, in support of its argument that there was a likelihood of confusion, Oatly relies on certain documents disclosed by the Defendant which it says demonstrate actual confusion in the minds of consumers.
66. The first document was a transcript of a promotional interview conducted on behalf of the Defendant in December 2019 (shortly before the launch of PureOaty). In it, Mr Drew Wilkinson, the proprietor of the "Shelford Deli" referred on several occasions to "Pure Oatly" when he meant "Pure Oaty". One difficulty with this evidence is that, on reading the transcript as a whole, the interview was subject to constant interruptions by guests, children, a telephone, banging in the background, music in the background, kitchen noise, people laughing and talking and camera problems. Indeed, the interviewer at an early stage refers jokingly to "Take 24" and Mr Wilkinson says

“It’s really quite hard to concentrate”. In the circumstances (and without evidence from Mr Wilkinson), it is difficult to take much from this interview. Mr Wilkinson clearly confused the names (which certainly suggests a link in his mind between two oat drinks) but it is also clear that he knew full well that he was talking about the Defendant’s product. I am not satisfied that, of itself, this is evidence of the sort of confusion that is relevant to s.10(2), namely confusion as to the trade origin of the relevant goods.

67. The second document was an email sent to the Defendant on 20 February 2020 by Anya Zervudachi, a representative of the “Natural Food Show”. The subject line of the email was “Pure Oatly at Natural Products London April 2020”. Again, I note that Ms Zervudachi clearly associated the product that she misnamed “Pure Oatly” with the Defendant (to whom she sent the email) and not as being in any way connected with Oatly with whose products, as she confirmed in a subsequent email of 25 March 2021, she was very familiar. Again, it seems clear that this was not evidence of actual confusion regarding the original of the PureOaty product.
68. Much the same can be said regarding the third document relied on by Oatly – an email from “Lola’s Bakery” to the Defendant dated 9 March 2020. The email concerned a sample oat drink that it had been sent by the Defendant but the subject line read “Oatly drink”. Again, the sender knew that the product in question came from the Defendant. There was no relevant confusion.
69. The fourth document was an email to the Defendant of 21 October 2020 from Susanne Austin in which she wrote that Jericho Coffee Traders “... 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 ...”. As Mr Hicks argues, it seems likely that the reference to “Pure Oatly” was intended to be a reference to “Oatly” and so this, once again, shows how the names can be confused. However, once again, it is also clear from the email that the sender was well aware of the two different products derived from two different entities. I do not see this as evidence of relevant confusion.
70. The next document is a series of reviews for the Defendant’s product posted between February and March 2021. One of these, posted on 13 March 2021, was headed “Nice enough but its no Oatly” and went on to say that “I really wanted to love this. A british version of Oatly would have been brilliant”. The other, a review posted on 23 March 2021 stated “I’ve bought many variations of Barista oatley and found this one to be the only one I’ve disliked.” It is absolutely clear that the writer of the first of these reviews was not confused. She was well aware that the Defendant’s product was “no Oatly”. As to the second review, there is no reason to assume that the writer thought that a “variant of Barista oatley” must have come from Oatly. Indeed, the fact that the writer had tried “many variations” suggests the contrary. Again, I do not see these reviews as evidence of relevant confusion.
71. It is also worth noting that these are all instances of the PureOaty product being misnamed PureOatly – and they clearly show that people are capable of using the

wrong name for the Defendant's product. But it does not seem to me that that is relevant confusion as to trade origin. Rather the mistake lies in the closeness of the Oatly name to the descriptive word "Oat" or "Oaty". Moreover, there is no evidence of the reverse happening – i.e. of anyone referring to the Oatly product as PureOaty or PureOatly and I am not satisfied that such confusion is likely. In this regard, I note:

- a. Oatly did not call any witnesses to support its claim as regards confusion.
- b. As accepted by Mr Paran, Oatly has not received any evidence of actual confusion. This is despite the Defendant having sold some 500,000 units of PUREOATY to outlets including to Holland & Barrett which had previously been supplied by Oatly.
- c. The Defendant's evidence is that it too is unaware of any actual confusion despite there being 148 Amazon reviews of its product and despite its having carried out the consumer research referred to by Mr Mitcheson with regard to its proposal to use the PUREOATY name.

PUREOATY carton v the OATLY marks

72. The next question is whether the Defendant's PUREOATY carton infringes the "OATLY" marks pursuant to s.10(2). In my judgment, Oatly's claim in this regard must be weaker than its claim in respect of the PUREOATY sign considered above. The carton includes numerous features that serve to reduce any similarity between this sign and the OATLY marks and to remove any likelihood of confusion. Mr Hicks points out that the PUREOATY carton features the words "Ideal for Barista Coffee" and a drawing of a cup and saucer, whilst the OATLY marks are used on a carton that includes the words "BARISTA EDITION" and also a cup and saucer. However, as I have already found, these are only similarities when viewed at a very high level and they are unlikely to be seen as having any relevance as regards the trade origin of the relevant products. Moreover, in this case, the colouring of the packaging is different (blue for PUREOATY and grey for the Oatly Barista Edition). As Mr Alkin submitted, if Oatly cannot establish a likelihood of confusion in its s.10(2) claim in respect of the PUREOATY name alone, it clearly cannot do so in its s.10(2) claim in respect of the PUREOATY carton.

PUREOATY sign v the OAT-LY! mark;

73. I agree with Mr Alkin that the insertion of the hyphen and of the exclamation mark in the OAT-LY! mark serves further to distinguish the PUREOATY sign from the OAT-LY! mark. In my judgment, if Oatly cannot establish a likelihood of confusion in its s.10(2) claim on the basis of the OATLY mark, then it cannot do so on the basis of the "OAT-LY!" mark.

PUREOATY carton v the OAT-LY! mark

74. The same points apply to the comparison between the PUREOATY carton and the OAT-LY! mark. If there is no likelihood of confusion between the PUREOATY

carton and the OATLY mark, then there is none between the PUREOATY carton and the OAT-LY! mark either.

PUREOATY sign and carton v the OAT-LY! Carton Marks

75. The final comparison is between the PUREOATY sign and carton and two OAT-LY! Carton Marks. In my judgment, if there is no likelihood of confusion between the PUREOATY sign and the OATLY and OAT-LY! marks, then it is hard to see how there could be a likelihood of confusion between that sign and either of the OAT-LY! Carton Marks.
76. As regards the comparison between the cartons, aside from the similarities arising from the common use of the letters “OAT” and the letter “Y” (which on the Cartons in contrast with the sign, is shown on a different line), the only similarities between the PUREOATY carton and the Blue OAT-LY! Carton Mark lies in the use of a blue colour and the use of an illustration (a cup on the PUREOATY carton, a glass on the Blue OAT-LY! carton Mark). As regards the comparison between the PUREOATY carton and the Grey OAT-LY! Carton Mark, the sole similarities (beyond the letters “OAT”) are the presence of an illustration of a cup and saucer and the word “Barista/BARISTA”. In both cases, these represent a very low degree of similarity and, in my judgment, there is no likelihood that these similarities would give rise to relevant confusion – particularly in view of the matters to which I have referred in paragraphs 60 to 63 above.

Conclusion on s.10(2)

77. For these reasons, I find that there is no likelihood of confusion between the PUREOATY sign and carton and any of the Oatly trade marks and, accordingly, I reject Oatly’s s.10(2) claim against the Defendant.

Was there an infringement under s.10(3)?

78. Turning now to Oatly’s claims under s.10(3).
79. There is no issue as regards conditions (ii), (iii), (iv) and (vi) referred to in paragraph 42 above. The Defendant’s use of the sign about which Oatly complains was clearly use that was within the relevant territory, in the course of trade, without Oatly’s consent and in relation to goods or services. The issues, therefore, are whether conditions (i), (v), (vii), (viii) and (ix) are satisfied.

Condition (i) - reputation

80. The Defendant admits that the OATLY and OAT-LY! marks have a distinctive character and reputation. However, it makes no admissions as to the extent or nature of that distinctive character and reputation and it does not admit that OAT-LY! Carton Marks have any independent distinctive character or reputation.
81. As Mr Hicks submits, the task of showing that a mark has a reputation in the UK is not intended to be particularly onerous and, in my judgment, the evidence clearly establishes that a significant and extensive distinctive character and reputation

attaches not only to Oatly’s word marks (OATLY and OAT-LY!) but also to the two OAT-LY! Carton Marks. A great deal of Oatly’s marketing featured pictures of its cartons and I agree with Mr Hicks that those cartons are highly distinctive and would be very recognisable to customers accustomed to seeing them on shelves in, for example, supermarkets or coffee shops. It will be borne in mind that, in the year to 27 February 2021, there were sales of over £38m of the product packaged using the Grey OAT-LY! Carton Mark and very substantial sales of products sold in cartons using the Blue OAT-LY! Carton Mark including, for example, sales of over £13m of Oatly’s Non-organic Plain 1L ambient oat drink.

Condition (v) - similarity of sign/mark

82. I have dealt with the level of similarity between the PUREOATY sign and the Oatly marks when dealing with Oatly’s s.10(2) claim. As set out there, there is a low or, at best, very modest level of similarity based largely on their common use of the letters “OAT” which would be seen as descriptive.

Condition (vii) – a link

83. There is an issue as to whether, in the mind of the average consumer, use of the PUREOATY sign gives rise to a link between that sign and any of Oatly’s marks.
84. What constitutes a link for these purposes was considered in the Specsavers case where Kitchen LJ stated, at [120]-[121]:

“[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].”

85. Mr Hicks argues that there are two strands of evidence that establish the existence of a link. The first strand is the evidence that (he submits) shows that the Defendant wanted to bring Oatly’s products to mind in order to benefit from Oatly’s marketing efforts and reputation. I can see that the Defendant’s intentions are relevant for conditions (viii(c)) and (ix) (i.e. whether its actions took unfair advantage of Oatly’s mark and/or were without due cause) but it does not seem to me that they are relevant to the issue whether the PUREOATY sign calls the Oatly Marks to the mind of the average consumer (save that it is easier to find that a link has been created if a person intends to create one). Ultimately the issue is more simple; has a link been created.
86. In this regard, it seems to me that Mr Hick’s second strand of evidence (which consists of the various documents that I have already considered in paragraphs 66 to 71 above), whilst not showing relevant confusion, clearly suggest that use of the PUREOATY sign is likely to bring the Oatly marks to the mind of the average consumer. Where that evidence shows that people, when referring to the PUREOATY product, mistakenly referred to Oatly, that must suggest that those persons had made a link in their minds with the Oatly marks. There would be no other reason for them to have used the word Oatly which, as Mr Alkin submits, is a made-up word. Similarly, the evidence of persons posting reviews referred to in paragraph 70 above is clearly evidence that such persons were comparing the PUREOATY product with the Oatly product showing that a link had been made in their minds.

Condition (viii) – the three types of injury

87. Under s.10(3), liability can arise in respect of any of three types of injury, namely (a) detriment to the distinctive character of the mark, (b) detriment to the repute of the mark and (c) unfair advantage being taken of the distinctive character or repute of the mark.
88. Guidance as to these three types of injury was provided by the Court of Justice in Case C-487/07 *L’Oreal v Bellure NV* 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."
89. Although Oatly's principal case is that it has suffered injury of the third type (unfair advantage), it also asserts that it has suffered injuries of the first and second types (to the distinctive character and repute of its marks).

Condition (viii)(a) - injury to distinctive character

90. As regards injury to distinctive character, further guidance was provided by Kitchin LJ in the *Comic Enterprises* case where he pointed out (at [114]) that the more unique the mark in question, the greater the likelihood that its distinctive character would be diminished by use of a similar sign. Kitchin LJ also emphasised that in order to succeed in showing injury to the distinctive character of a mark, it is necessary to show (with relevant evidence) that use of the sign complained of would lead to a change in the economic behaviour of the average consumer or, at least, is likely to lead to such a change (see at [116]-[118]).
91. In this regard, Mr Hicks argued that continued sales of the PUREOATY product is bound to diminish the ability of Oatly's marks to act as a designation of origin. However, it is hard to see any basis for this assertion. Whilst (as also set out above) use of the sign might create a link to Oatly in the mind of the average consumer, that of itself is not enough to show injury or the risk of injury (see *Specsavers* per Kitchin LJ at [123]). Further, whilst (as set out above) there is a relatively low or, at best, very modest level of similarity between the sign and (in particular) the OATLY mark, that similarity is largely referable to their common use of the descriptive letters "OAT". The significance of this was explained by Mr Daniel Alexander Q.C. in *Planetart* at [34]:

"Just as in a case of infringement under s.10(2), so under s.10(3), descriptiveness of the respective marks is a key element. A trader has less right to complain that its brand is being diluted if it has chosen a mark which is of limited distinctiveness in the first place. Nor can a trader complain that precisely because its brand is so vulnerable to loss of distinctiveness and swamping by a newcomer using it descriptively that this gives rise to a claim

for dilution. Nonetheless, these propositions must have regard to the precise marks in issue and the extent to which they only consist of descriptive terms.”

92. On the facts of this case, I do not see that there is any risk of injury to the distinctive character of Oatly’s marks. If Oatly loses sales, then it seems to me that that would be the result of there being a rival oat drink product on the market and not because the attractiveness of its brand as a badge of origin has been in any way diminished by the Defendant’s use of the PUREOATY sign.

Condition (viii)(b) - injury to repute

93. Oatly’s claim that the repute of its marks has suffered or might suffer seems to be based solely on some negative feedback with regard to the PUREOATY product. In my judgment, this does not satisfy condition (viii). In the absence of any likelihood of confusion between the rival products, it is hard to see how the fact that some (but not all) people did not like a product that they know is the PUREOATY product would affect the reputation of the Oatly product. Certainly, there is no evidence to support an argument that the economic behaviour of the average consumer would be affected in such a way.

Condition (viii)(c) - unfair advantage

94. As mentioned above, Oatly’s primary case under s.10(3) is that use of the PUREOATY sign takes unfair advantage of the distinctive character or repute of the Oatly marks.
95. Guidance as to what constitutes an unfair advantage was given by the Court of Justice in Case C-487/07, *L’Oreal v Bellure NV*:

“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).

...

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. the taking of unfair advantage of the distinctive character or the repute of a mark ... 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.”
96. In *Specsavers* at [127], Kitchin LJ summarised his understanding of what the Court of Justice had said in *L’Oreal*, namely that:
- “[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. ...”
97. Finally, as regards the law on s.10(3), a defendant’s conduct is most likely to be found to be unfair where that defendant intended to take advantage of the reputation of a trade mark. However, such an intention is not a necessary element for liability under s.10(3). As Arnold J pointed out in *Sky Plc v SkyKick UK Ltd* [2018] EWHC 155 (Ch) at [315]—
- “[315] ... 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.”

98. Applying these principles, I accept that Oatly’s marks have a strong reputation and that there is an identity of the parties’ goods. I also accept that use of the PUREOATY sign is likely to bring the Oatly marks to the minds of many average consumers (if only because the product is an oat drink and an average consumer would be well aware of Oatly’s importance in that market). On the other hand, there is a relatively low or, at best, very modest level of similarity between the sign and the marks and that similarity is due to the presence in both the sign and the mark of the letters “OAT” that are descriptive of the relevant products. In these circumstances, it seems to me that Oatly’s unfair advantage claim is a difficult one. Without more, it does not seem to me that the Defendant is taking unfair advantage of Oatly’s marks simply by using elements of those marks that are descriptive (unless, which is not the case here, those elements had acquired distinctiveness).
99. In support of its unfair advantage claim, Oatly asserts that the Defendant intended to take advantage of the distinctive character or repute of the Oatly marks and intended to cause consumers to make a link between the products. Before considering the evidence on which Oatly relies in support of this assertion, it is worth noting the following passage from the judgment of Mr Alexander Q.C. in *Planetart* at [38], namely:

“38 The difficulty with this aspect of law is not conceptual but arises because it is sometimes hard evidentially to disentangle a defendant’s intention to copy a claimant’s business from an intention to benefit from the claimant’s reputation and goodwill. In one sense any rival trader who is adopting similarities in approach and presentation of a business is intending to benefit from that but a court must be astute not to confuse that with the more specific intention to benefit from the reputation and goodwill of the registered trade mark. It is also necessary to bear in mind the observations of Kitchin LJ as he then was in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ 24 at [115]:

“In my judgment it is important to distinguish between a defendant who takes a conscious decision to live dangerously and one who intends to cause deception and deliberately seeks to take the benefit of another trader’s goodwill. It has long been established that if it is shown that a defendant has deliberately sought to take the benefit of a claimant’s goodwill for himself the court will not “be astute to say that he cannot succeed in doing that which he is straining every nerve to do”: see *Slazenger & Sons v Feltham & Co* (1889) 6 RPC 531 at p.538 per Lindley LJ. A trader who has taken the decision to live dangerously is in a different position, however. He has appreciated the risk of confusion and has endeavoured to adopt a sign which is a safe distance away. All must depend upon the facts of the particular case. Further, it must be kept firmly in mind that the ultimate question whether or not the similarity between the trade

mark and the sign is such that there exists a likelihood of confusion is one for the court to determine in the light of its global assessment of all material factors, of which the intention of the defendant, as a person who knows the market in which he is offering his goods or services, is only one.”

- 39 Although that was said primarily of a case under s.10(2), it is equally applicable to a case under s.10(3): it is one thing to live dangerously, in the sense of pushing the boundaries of legitimate creep up on an incumbent. It is another to intend to deceive.”
100. It seems to me that this passage underlines the important point that the concept of unfair advantage under s.10(3) does not seek to prevent a business learning from its competitors, even to the extent of “adopting similarities in approach and presentation”.
101. The first matter relied on by Oatly is that the packaging used by the Defendant for its PUREOATY product was a significant departure from its existing packaging. Factually, this is correct (as can be seen by comparing the PUREOATY packaging with the other packaging shown at paragraph 25 above). Mr Hicks points out that it was Rebecca Rayner who proposed this departure before the initial launch in January 2019. However, for the reasons I have already stated, I do not draw any adverse inferences from the fact she has not been called to explain her proposal and it seems to me that this fact, taken by itself, does not suggest any intention by the Defendant to take advantage of the distinctive character or reputation of Oatly’s marks.
102. As to the second matter, it seems likely that Oatly is correct in asserting that the Defendant had little knowledge of the market but would have been aware that Oatly had been able to generate publicity by targeting the coffee shop market. However, I cannot see that taking note of that rival’s marketing strategy and targeting the same market amounts to taking unfair advantage of the distinctive character or repute of the trade marks of that rival. Such action seems to me clearly to fall on the legitimate (fair) side of the line as explained by Mr Alexander Q.C. in the passage quoted in paragraph 99 above.
103. The same applies to Oatly’s argument that the Defendant saw the oat drink as an opportunity to move from the specialist gluten free market into the mass market. The Defendant may well have been motivated to act in this way by reason of Oatly’s successes. However, merely to note the market in which a rival operates and to target that market oneself does not amount to not taking unfair advantage of the distinctive character or repute of that rival’s mark.
104. Oatly also relies on the fact that the disclosed documents show that, on a number of occasions during the re-naming and re-packaging process, reference was made to Oatly. I have identified those occasions in paragraphs 28 to 32 above. There was also an occasion on 25 June 2019 when Rebecca Rayner emailed Lisa asking for an oat

milk page to be added to the Defendant's website "a bit like the Oatly website". In my judgment, these occasions (whether taken individually or together) do not show that the Defendant has crossed to the wrong (unfair advantage) side of the line as explained by Mr Alexander Q.C. For example, the references to Oatly leading up to the addition of the instruction "Shake Me" to the packaging and to the inclusion of the oat milk chart on the Defendant's website are clearly examples of a business learning from a rival's approach. They do not suggest an intention to take advantage of the distinctive character or repute of that rival's marks. Indeed, Oatly does not (and could not) assert that the words "Shake Me" or the idea of an oat milk chart were part of the distinctive character or reputation of its marks. The high point of Oatly's case in this regard is that the Defendant adopted a textured finish to the colour of its packaging following Mr Rayner's email of 4 June 2019 in which he noted that the Oatly carton "uses a speckled colour to give the illusion of a rustic rough cardboard effect". However, Mr Rayner's aim was to solve the problem that the Defendant's existing carton had a "domestos" look. It was not, per se, an attempt to mimic Oatly's carton and I do not accept that this evidences an intention to take unfair advantage of the distinctive character or repute of Oatly's marks.

105. Oatly also relies on the fact that the Defendant decided to give its Oat Drink its own name (in contrast with other products in its own label range). However, in my judgment, the documentary evidence clearly supports the evidence of Mr Rayner and Mr Mitcheson that the name was not chosen with any intention of getting close to Oatly's marks. Various names were considered (e.g. Luv'Oats, Fr'Oats, T'Oaty) and these included until very late in the day, PureOat. This has all the hallmarks of a genuine debate over a suitable name featuring the descriptive word "OAT" and I have no hesitation in accepting Mr Rayner's evidence that the name PUREOATY also appealed to him because of its play on the word "Purity". I do not accept that this was something made up by Mr Rayner to seek to justify the selection of this name. Indeed, the intention to make this play on words is apparent from the documents at the time and I also note that Mr Mitcheson had earlier suggested "Wholly Oats" as a name because it too involved a play on words.
106. Finally, I have dealt with Oatly's complaint that Rebecca Rayner was not called to explain decisions that she had made. I do not see this as a basis to infer that the Defendant had intended to take unfair advantage of the distinctive character or repute of Oatly's marks. Similarly, I do not see that Oatly's claim is assisted by the fact that Mr Rayner was unable to explain who made the decision regarding the inclusion of a picture of coffee cup on the PUREOATY carton. It seems to me that that decision (and the later decision to add a picture of a cereal bowl) was perfectly understandable because the Defendant wished to provide an illustration of the nature of the product. That is not something unique to or distinctive of Oatly. Indeed, the Defendant's other packaging used pictures (albeit not stylised) of the relevant products (see paragraph 25 above). Much the same can be said regarding the Defendant's use of the words "Ideal for Barista Coffee". It is true that the Oatly Barista Edition uses the words

“BARISTA EDITION” and that the Defendant could have used alternative wording. But Oatly has no monopoly on the word “Barista” and the fact that the Defendant’s carton includes these words is merely indicative of a market at which its product is aimed (albeit in competition with Oatly). I can see no sensible reason to infer that the reason for these decisions was that the Defendant was trying to take advantage of the distinctive character or repute of Oatly’s marks.

107. Ultimately, it is in my judgment significant that the Defendant’s documents, despite mentioning Oatly, show no suggestion of a wish or intention to get close to let alone to take advantage of the distinctive character or repute of the Oatly marks or brand. If that had been the intention, then it seems to me that (unless the Defendant was engaged in a very deliberate and elaborate coverup, which was not suggested in cross examination) that intention would have been apparent from the documents. As it was, the documents supported the evidence of Mr Rayner and Mr Mitcheson. Having heard the evidence of Mr Rayner and Mr Mitcheson and having carefully considered the contemporaneous documents, I am fully satisfied that the Defendant did not have that intention attributed to it by Oatly.
108. For these reasons, I find that the Defendant has not taken unfair advantage of the distinctive character or repute of the Oatly marks.

Condition (ix) – without due cause

109. The final condition in relation to a potential liability under s.10(3) is whether the Defendant’s use of the PUREOATY sign was without due cause. It is common ground that the onus would be on the Defendant to establish due cause and, of course, the issue only arises if my conclusions regarding condition (viii) above are wrong.
110. The concept underlying this condition was considered by Kitchin LJ in *Comic Enterprises* at [123] where, commenting on the decision of the Court of Justice in *Leidseplein Beheer BV, Henrikus De Vries v Red Bull GmbH* (Case C-65/12), he said that:
- “[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]).”
111. In *Planetart*, Mr Alexander Q.C., having pointed out (at [43]) that the approach to the issue of due cause should not be so strict that it only applied where a defendant had no practical alternative to the use complained of, went on to note that:

“..... However, it must be borne in mind that this provision only comes into play after it has been found that there is not only a link between the registered trade mark and the sign but also that it has taken

unfair advantage or is detrimental to the distinctive character of the trade mark in the sense that the case law has required. That does raise the bar for a defendant to show that the use of the sign is nonetheless with due cause.”

And (at [44]-[45]) that:

“44 Thirdly, where the registered mark includes descriptive elements (or other elements which are less likely to have trade mark significance—such as a colour or design) and the case for application of s.10(3) is largely based on the common use of such elements, the easier it will be for a defendant to show that the use of those elements is with due cause. That approach gives effect to the purpose of the law articulated in *Leidesplein* and *Argos*.

45 Fourthly, cases are highly fact dependent but the court should seek a proportionate response. The greater the intrusion into the trade mark proprietor’s legitimate interests in the ways that the law seeks to protect against, the stronger will need to be the defendant’s justification for nonetheless using the sign in question.”

112. On this basis, it seems to me that if, contrary to my finding above, the facts showed that the Defendant had taken unfair advantage of the distinctive character or repute of its marks, then the Defendant would not have been able to show that its conduct was nevertheless with due cause. It seems to me that in a case such as the present, the issues of unfairness and due cause involve the same considerations.

113. The position is different as regards the other types of injury (detriment to the distinctive character or repute of marks) as the test for these does not involve the concept of unfairness. If, therefore (and again contrary to my findings above), Oatly had succeeded in its claim that the Defendant’s actions had been detrimental to the distinctive character or repute of its marks, then it seems to me that the issue of due cause could arise and, for the reasons that I concluded that the Defendant’s actions had not taken unfair advantage of the distinctive character and repute of the Oatly marks, it seems to me that the Defendant’s actions leading to these types of injury would not have been without due cause.

Conclusion on s.10(3)

114. Given my conclusions above, I reject Oatly’s s.10(3) claim against the Defendant.

Passing off

115. I turn, finally, to the issue of passing off which, like the parties, I will deal with briefly. Both parties set out something of the law as to what needs to be established in order to succeed in a passing off claim, i.e. goodwill, misrepresentation and damage. However, on the facts of this case, the parties were agreed that the only real issue was

as regards the issue of misrepresentation which, they also agreed, raised the same or similar issues to those that I have already considered when dealing with Oatly's s.10(2) claim.

116. Accordingly for the reasons that I have given in dismissing Oatly's s.10(2) claim, I reject Oatly's claim that the Defendant's conduct amounted to a misrepresentation that its goods were those of or were licensed by Oatly. Accordingly, Oatly's passing off claim must fail.

Conclusion

117. For these reasons, I dismiss Oatly's claims against the Defendant under s.10(2) and 10(3) of the Trade Marks Act 1994 and also its claim for passing off.