

**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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**DEFENDANT'S SKELETON ARGUMENT**  
for trial on 9 – 10 June 2010

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**INTRODUCTION**

1. This is the trial of a claim for trade mark infringement and passing off. The parties are competitors in the oat milk market. The claimants, whose product is called 'OAT-LY!', objects to the defendant's use of the name 'PUREOATY'.

**PRE-READING AND ESTIMATE**

2. Two days have been allocated for the trial. The Court is invited to pre-read:
  - (1) The skeleton arguments;
  - (2) The pleadings (A/2 – A/4);
  - (3) The witness statements of Ishen Paran (C/1), Jonas Follin (C/2) and Karl Girdo (C/3) in support of the claim with references to the exhibits as necessary (Bundle D);

- (4) The witness statement of Philip Rayner (C/4) and the witness statement of Paul Mitcheson (C/5) in support of the defence with references to the exhibits as necessary (Bundle D) and references to certain disclosure documents (Bundle F) as per the annotations in the margins of the witness statements;

## **THE ISSUES**

3. An agreed list of issues is scheduled to the CMC order of Mr Recorder Douglas Campbell QC dated 26 October 2020.

## **THE CLAIMANTS' RIGHTS**

### **The trade marks**

4. The claimants rely on a total of five registered trade marks standing in the name of the first claimant<sup>1</sup>. All were EUTMs, and thus now take effect in the UK as comparable trade marks (EU)<sup>2</sup>. All are registered for oat-containing beverages in form of words or another, thus no issue arises on the specification for goods (i.e. identity of goods is accepted for all five marks<sup>3</sup>).
5. The marks are divided into two<sup>4</sup> word marks and two device marks. The word marks are as follows:
- (1) **OATLY** (“the OATLY Mark”)
  - (2) **OAT-LY!** (“the OAT-LY! Mark”)
6. The device marks (which broadly represent the front panels of two variants of the claimants’ cartons) are as follows:

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<sup>1</sup> See B/4

<sup>2</sup> See §1(1) – 1(3) of Schedule 2A to the Trade Marks Act 1994 (as amended)

<sup>3</sup> See D&CC §15(1)

<sup>4</sup> The first claimant owns two overlapping registrations for the word mark ‘OATLY’. Nothing turns on the distinction between these.



7. We shall refer to these as the ‘OATLY Carton Mark’ and the ‘OATLY Barista Carton Mark’ respectively.
8. The defendant admits that each of the word marks has acquired enhanced distinctive character and a reputation within the meaning of s.10(3) of the Trade Marks Act 1994<sup>5</sup> through use in the UK. It does not admit that any enhanced distinctive character or reputation attaches to the device marks independently of those words<sup>6</sup> (i.e. in the other elements of the device marks *per se*). The defendant also makes no admissions in relation to nature or extent of the admitted acquired distinctive character or reputation.

### **The Claimant’s goodwill**

9. The defendant admits that the claimant owns a valuable goodwill in the UK for its oat milk products attaching to the names OATLY and OAT-LY! (hereafter, collectively, “OATLY”). The claimants also assert goodwill attaching to the packaging of the claimant’s oat-based drinks as shown at B/1/2 (i.e. the uppermost nine cartons). The defendant does not admit that any goodwill attaches to these independently of the OATLY name.

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<sup>5</sup> D&CC §7

<sup>6</sup> D&CC §8

## **THE COMPLAINT**

10. The complaint relates to the defendant's use of the name 'PUREOATY' for its oat milk, both *per se* and as used specifically on the defendant's carton as follows:



## **The defendant's case in a nutshell**

### **The formal allegations of infringement**

11. On the statutory tests for infringement, as distinct from the more peripheral question of whether the defendant intended to free-ride on the reputation of OAT-LY! (which we address below), the defendant's case is summarised at §9, §13(1) and (2), §15(2) and (5) of the Defence. In short:
- (1) The words 'OAT' and 'OATY' are entirely descriptive when used in relation to oat milk. Accordingly, any inherent or enhanced distinctive character or reputation attaching to the OATLY/OAT-LY! name is necessarily associated with the presence of the 'L'/'-LY. That distinctive element of the OATLY/OAT-LY! name is entirely absent from 'PUREOATY'.
  - (2) The 'PUREOATY' name consists of the descriptive word 'PURE' and the descriptive word 'OATY' juxtaposed to create a single word that plays on the word purity. Its distinctive character is therefore necessarily associated

with that juxtaposition. That juxtaposition is entirely absent from the OATLY name.

- (3) The names are not similar in any distinctive way. The only point of similarity is in the entirely descriptive term 'OAT' (or, if it is permissible artificially to break the trade marks, 'OAT-Y'), which the average consumer will not perceive as denoting trade origin. All other points of similarity complained of are entirely generic or otherwise incapable of operating as a guarantee of origin, individually or cumulatively.
- (4) It follows that the signs and marks in issue are not similar at all, alternatively not sufficiently similar to create a likelihood of confusion (or deception for the purposes of passing off) or to call the OATLY name to mind.
- (5) If the names are similar enough to call the OATLY/OAT-LY! name to mind, there is no detriment or unfair advantage in any event. The sole point of similarity is the common element 'OAT' (or, if it is permissible to break the mark rather artificially 'OAT-Y'), which would be perceived as wholly descriptive. That similarity is incapable of harming the OATLY brand or gaining some advantage from it.
- (6) Further, the defendant's use of 'PUREOATY' is with due cause for essentially the same reason, and further still because it juxtaposes entirely descriptive terms to denote an oat milk made of gluten-free (and hence pure) oats.

### **Alleged deliberate free-riding**

12. A peripheral issue arises as whether the defendant set out deliberately to take unfair advantage of the OATLY brand<sup>7</sup>. In short, the defendant says that such similarities as there are between mark and sign provide no proper basis for drawing such an inference<sup>8</sup>.
13. For completeness, it also summarises its reasons for adopting the name at §12 of the Defence, reasons which had nothing to do with the OATLY/OAT-LY! brand. Rather, the defendant selected the PUREOATY name from among

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<sup>7</sup> See discussion of law at §41 below

<sup>8</sup> Defence §14

various options discussed because the juxtaposition of the words PURE and OATY communicated that the product was made with very pure, gluten-free oats<sup>9</sup> and, if pronounced quickly, sounds like the word 'PURITY'.

14. As discussed further below, this account is supported by the evidence of Mr Rayner and Mr Mitcheson and is consistent with the contemporaneous documents which indicate the extent to which the defendant endeavoured to develop a unique and distinctive brand identity for PUREOATY (see Bundle F and selected documents in Bundle D). We assume that the claimants will seek to support this allegation via cross-examination. We say no more about it at this juncture, save by way of the factual background set out below, but will wait to see how the point is developed in cross-examination and submissions and, if the point remains live, will respond in closing.

## **THE FACTUAL BACKGROUND**

### **The extent and nature of the claimants' use of the OATLY/OAT-LY! brand in the UK**

15. Mr Follin and Mr Girdo give overlapping evidence about the history of the first claimant's oat milk business (which originated in Sweden) and the redesign of its branding and marketing in 2014 following the appointment of a new CEO, Toni Petersson, in 2013. None of this is controversial.
16. Mr Paran became general manager of the second claimant in June 2017 and is responsible for the general management and development of operations in the UK. He describes the growth of the OATLY brand in the UK since that rebrand. Again, so far as his evidence is directed to matters of fact as regards the use of the OATLY brand in the UK, none of it is controversial.
17. One important point that emerges from this evidence of use is the remarkable consistency of the claimants' presentation of the OATLY name in both packaging and advertising. It almost always appears as follows on various different coloured backgrounds:

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<sup>9</sup> It is also additive-free. PUREOATY's only ingredients are gluten-free oats, water, sunflower oil and salt



18. The evidence suggests that most consumers will never have seen the OATLY name presented in any other way.

**The defendant's PUREOATY product<sup>10</sup>**

19. Glebe Farm Foods Limited operates a family farm in Cambridgeshire. It is run by sister and brother, Rebecca and Philip Rayner. In 2008 the business began to specialise in the production of gluten-free oats. Most oats are not gluten-free unless farmers decide to remove the wheat and barley that grows with the oats. Glebe Farm developed a process for doing so. This starts in the field and continues down the production line to ensure that by the end of the process the oats are pure.
20. Glebe Farm sells the majority of its oats in bulk to third party manufacturers and it supplies at least 50% of the oats used in the UK gluten-free market. The remaining oats are used to produce an own label range of products sold via the Glebe Farm website and third party retailers including Holland & Barrett, Co-op and Amazon.
21. In late 2016, the Rayners decided to develop an oat milk to add to Glebe Farm's range. The development process took around 18 months. The product was initially named 'Oat Drink' and packaged as follows:

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<sup>10</sup> See the accounts of Mr Rayner and Mr Mitcheson (C/4 and C/5)



22. The name and packaging were chosen without much thought. The defendant simply launched the product and waited to see how it would perform in the market. Glebe Farm 'Oat Drink' was tested at coffee festivals and trade shows in September and October 2018, including SIAL Paris where samples were handed out. It was not launched formally until January 2019.
23. In around May 2019, the defendant decided to amend the 'Oat Drink' carton design to the following:



also adding the phrase 'SHAKE ME' in a cartoon-like script to the top of the updated carton.



24. At around that time, the Rayners began exploring the idea of creating a brand name for Oat Drink, as neither particularly liked 'Oat Drink'. Mr Rayner wanted to create a brand name for the product itself and not rely only on the Glebe Farm master brand. Including 'oat' in this secondary brand name appeared to him natural because oats are what Glebe Farm does and it helps to communicate what the product is. A lot of candidate brand names were discussed, including LuvOats, Fr'Oats, BarristOats, T'oats or T'oaty.
25. By the end of May 2019, there were three contenders: Pure Oat Drink, Pure Oat and PureOaty. Mr Rayner liked PureOaty because it had a dual meaning. Specifically, he liked the emphasis and play on words with purity. As he explains at §23 – §25:

- “23. I liked PureOaty because it had a dual meaning. Specifically, I liked the emphasis and play on words with purity. The association of two words together described exactly what Glebe Farm was doing. Glebe Farm's business is all about gluten-free oats and those oats are pure. As described above, 'pure oats' is often used to describe gluten-free oats because they have to be 100% pure to be certified as gluten-free. PureOaty just sounded better than Pure Oat or Pure Oat Drink because it was softer sounding and less harsh. Using 'oaty' instead of 'oat' in the name was more rounded and seemed like a more approachable and friendly phrase. Glebe Farm was trying to forge its own identity by having a brand that people could recognise and Rebecca and I considered that PureOaty could be that brand.
24. This focus on 'pure' was not a new concept to Glebe Farm. It was a value that already existed as part of our company ethos for all products (as explained above) and was something that we had promoted in relation to Oat Drink as well (examples of this are at Exhibit PR4<sup>11</sup>). We just decided to make this attribute even clearer by including it in the brand name when we re-branded.
25. Glebe Farm had no intention of choosing a new brand name to try and associate its products with or somehow gain an advantage from Oatly, or any other brand in the market for that matter. The use of 'oaty' in PureOaty has nothing to do with Oatly. It is simply an approachable descriptive reference to 'oats' and is a key part of the brand name PureOaty that forms the play on words with 'purity'.

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<sup>11</sup> This should be a reference to PR3 (D/28): see carton side panel under 'Peace of mind'

26. §23 refers back to §8 of Mr Rayner's statement, where he explains that:

"8. The concept of purity has been part of Glebe Farm's values since it was started. For instance the packaging of our pure oats and retail cereal packs has had phrases including 'much purer than the 20ppm standard', 'total control of purity and quality' and 'using pure wholegrain oats' on the front for many years (examples of this packaging are enclosed as Exhibit PR1). The notion of providing only the purest ingredients has always been part of Glebe Farm's philosophy and has been a central part of Glebe Farm's marketing since at least 2016 when it was included in the Glebe Farm sales pitch, which I still use when presenting to potential new customers (Exhibit PR2 is a copy of the sales pitch and in particular I refer to pages 2, 3 and 7 of that document)."

27. Consistent with this evidence, the company presentation at PR2 (which predates this dispute by some years) uses the adjective 'pure' and the noun 'purity' as a means of describing the defendant's gluten-free oats (original emphasis):

(1) 'High quality oat flakes – totally pure' (p.2);

(2) 'Glebe tests all flour <5ppm per tonne – a proper test of purity for gluten free oats' (p.3); and

(3) 'Total Gluten Free Oat purity' (p.7).

28. In parallel to discussing a new brand name for Oat Drink, the Rayners also decided to further amend the packaging to better reflect a more professional grade oat milk geared to being presented in a coffee shop. They decided the way to do this was to keep the core design cues of the original Oat Drink, such as the tractor, blue colour and emphasis on Britishness, while making the packaging a bit less gaudy. In practice, these amendments involved modifications to the colour, texture, font and imagery used on the carton as to move from:



to



29. Mr Rayner confirms that none of these changes were intended to remind consumers of OATLY. On the contrary, the defendant intended to create its own identity, emphasising Britishness, and the family farm angle.

## **THE LAW**

30. A useful summary of the applicable law of trade mark infringement and passing off was provided by Daniel Alexander QC sitting as a Deputy Judge of the High Court in *Planetart v. Photobox* [2020] ETMR 35 at [14] – [80]. That case concerned rival use of the terms ‘FREEPRINTS’ and ‘FREE PRINTS’ in relation to smartphone apps which provided free photographic prints, and thus covered somewhat similar ground. For this reason, we use Mr Alexander QC’s judgment as a structure for our account of the law, picking up on additional points arising on the facts and arguments in this case.

## **Infringement pursuant to s.10(2)**

31. The Deputy Judge covered this at [15] – [29], with particular reference to Kitchen LJ’s judgment in *Comic Enterprises v Fox* [2016] EWCA Civ 41 at [26]–[34]. The fundamental principles applicable to the assessment of infringement under s.10(2) will be well familiar to the Court so we do not repeat these here.
32. However, the Deputy Judge’s discussion of the significance of commonality of descriptive signs is particularly apposite and so worth setting out in full:

## **“The significance of commonality of descriptive signs**

- 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.”

33. A particular point that arises in this case is the claimants’ argument that the defendant does not use the element ‘OATY’ of the ‘PUREOATY’ name descriptively, but rather ‘as part of its trade mark’<sup>12</sup>.

34. If the claimants intend to argue that an inherently descriptive element used ‘as part of a trade mark’ ceases to be descriptive, that argument is wrong in law. In Case C-100/02 *GERRI/KERRY*, use of the sign ‘KERRY SPRING’ as the name of a mineral water created a likelihood of confusion with an earlier mark ‘GERRI’ for mineral water. The Court of Justice was asked to consider whether such use ‘as a trade mark’ was capable of constituting honest descriptive use for the purposes of Article 6(1) of the Directive. The critical passage of the Court’s ruling was as follows:

**“The questions referred for a preliminary ruling**

12. By the questions referred for a preliminary ruling, which will be taken together, the referring court asks the Court about the scope of Article 6(1) of Directive 89/104 in a situation such as that in the main proceedings.

...

17. Article 5(1) of Directive 89/104 allows the proprietor of a trade mark to prevent all third parties from using, in the course of trade, any sign which is identical with the trade mark in relation to goods which are identical with those for which the trade mark is registered (Article 5(1)(a)) and any sign where, because of its identity with, or similarity to, the trade mark and the identity or similarity of the goods in question, there exists a likelihood of confusion on the part of the public (Article 5(1)(b)).

18. Article 6(1)(b) of Directive 89/104 provides that the proprietor of the trade mark may not prohibit a third party from using, in the course of trade, indications concerning, inter alia, the geographical origin of goods provided the third

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<sup>12</sup> Reply §6

party uses them in accordance with honest practices in industrial or commercial matters.

19. It should be noted that that provision draws no distinction between the possible uses of the indications referred to in Article 6(1)(b) of Directive 89/104. For such an indication to fall within the scope of that article, it suffices that it is an indication concerning one of the characteristics set out therein, like geographical origin.

...

27. The answer to the questions referred for a preliminary ruling must therefore be that Article 6(1)(b) of Directive 89/104 is to be interpreted as meaning that, where there exists a likelihood of aural confusion between a word mark registered in one Member State and an indication, in the course of trade, of the geographical origin of a product originating in another Member State, the proprietor of the trade mark may, pursuant to Article 5 of Directive 89/104, prevent the use of the indication of geographical origin only if that use is not in accordance with honest practices in industrial or commercial matters. It is for the national court to carry out an overall assessment of all the circumstances of the particular case in that regard.”

35. This is confirmed by the fundamental principles governing the assessment of s.10(2) infringement. 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 (see *Specsavers v Asda* [2012] EWCA Civ 24 at [52(d)]). This principle recognises that a term may be used as part of the name of a product (and thus ‘as part of a trade mark’) and yet be perceived as non-distinctive, e.g. because it is descriptive of the goods or services in issue. The cases feature countless examples of descriptive elements of trade marks being given minimal weight in the comparison because they are not (in and of themselves) capable of denoting trade origin.
36. Accordingly, the case law is clear that signs intended to denote the trade origin of goods may contain (indeed, even consist of) descriptive elements that would be perceived as descriptive by the average consumer notwithstanding their use ‘as part of a trade mark’.

### **Infringement pursuant to s.10(3)**

37. The Deputy Judge dealt with this at [30] – [46], with particular reference to the leading case of *Comic Enterprises*. Again, the Court will be familiar with the fundamental principles applicable to the assessment of infringement under this head.
38. However, the Deputy Judge’s discussion of certain facets of the test are apposite on the facts here and are worth setting out in full.

### **Link**

“30 As to infringement pursuant to s.10(3) of the Act, in *Comic Enterprises* at [110] ff Kitchin LJ 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].”

### **Detriment where the common element is descriptive**

39. At [34], having considered the scope of the principle that proof of detriment requires ‘evidence of a change in the economic behaviour of consumers is often difficult to obtain’, the Deputy Judge observed:

“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.”

40. Here, the same point applies, albeit somewhat more obliquely. In this case, it is not suggested that the term ‘OATY’ is distinctive of the claimants. This is not surprising, as the claimants make no or no significant use of the term ‘OATY’. The claimants’ case is nevertheless that the defendant’s use of the term ‘OATY’ dilutes the distinctive character of the OATLY brand. We urge the Court to treat that proposition with some scepticism for essentially the reasons given by the Deputy Judge.

### **The relevance of a defendant’s intention in a case of unfair advantage**

41. The Deputy Judge considered this at [37] – [39]:

37 This aspect was the focus of some debate. In *Sky Plc v Skykick UK Ltd* [2018] EWHC 155 (Ch) Arnold J said at [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.”

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.”

**“Without due cause”**

42. The Deputy Judge considered ‘due cause’ at [40] – [45]:

- “40 As to “due cause”, Kitchin LJ said in *Argos* at [120] that the defendant had the burden of establishing that there was due cause and continued at [122]ff:

“122. 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.

...

... [quoting from *Leidseplein Beheer BV, Hendrikus De Vries v Red Bull GmbH, Red Bull Nederland BV* (C-65/12) [2014] E.T.M.R. 24]:

‘60. ...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]).”

41 Again here, the difficulties in this area are not so much conceptual but arise in the practical application of a test of this kind to a range of cases. In my view, there are several points to bear in mind in considering whether that provision comes into play.

42 First, having regard to the general principles of trade mark law, which require consideration of marks as a whole, the question of whether (for example) there are interests of other economic operators having signs capable of denoting their products and services justifying the use of the sign must be evaluated by reference to the mark and sign taken as a whole. In the case of a mark composed of a number of elements, the court should consider whether those interests should reasonably permit the use of all of those elements in combination, not merely some of them.

- 43 Secondly, the approach should not be so strict that it is only where a defendant proves that there is no practical alternative at all to the use of the sign in question that a defendant's sign would be regarded as being used with due cause. There has to be some degree of latitude, which will depend on the circumstances of the trade. 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.
- 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 will it 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."

43. The important point to emerge from this analysis is that, while prior use of a mark may provide due cause for its continued use, this is not the only example of use being with due cause. Use of descriptive terms may also constitute due cause: see [44] in particular.

### **Passing off**

44. See [47] – [80]. Again, the Court will be well familiar with the 'classical trinity' of elements that make up the tort of passing off, i.e. goodwill misrepresentation and damage. We do not repeat these here.
45. The Deputy Judge then gave detailed consideration to the importance of actual deception (and evidence thereof) and the proper treatment of common descriptive terms in passage that are worth setting out.

## Misrepresentation

46. The Deputy Judge considered the element of misrepresentation at [49] – [51]:

“50 Secondly, as noted above, the question of likelihood of confusion in a trade mark case is as much a normative question—focusing on the reaction of a notional average consumer—as a purely factual one. However, in the law of passing off, the evidence or absence of actual confusion is more dominant in the enquiry (subject to a point about tolerable confusion, considered below). It is true that passing off cases can also succeed without actual evidence of confusion but, in cases where confusion is not prima facie likely because of all the circumstances of trade, they face an uphill battle.

...

51 ... Even if the defendant’s sign is confusingly similar to that of the claimant, if customers are not in fact confused, possibly due to the circumstances in which the mark is encountered, there will be no passing off.

### (ii) The presence and absence of evidence of confusion

52 In consequence, in a passing off case, whether and the extent to which there is in fact confusion is often the critical factual issue (see *Neutrogena v Golden* [1996] R.P.C. 473).

...

...

54 The first, straightforward, question is what approach should be taken to evaluation of putative evidence of confusion? In my view, unless the law is to act on speculation, which in general it should not, where there has been significant transparency of consumer reaction, a significant opportunity for the public to express its spontaneous reaction (thereby providing opportunity for confusion to come to light) and the best that can be shown is ambiguous, rare instances, open to being viewed in more than one way, the court should be very hesitant about treating that as sufficient for a finding of sufficient confusion to amount to a misrepresentation.”

## Common descriptive elements

47. The Deputy Judge started by analysing *Reddaway v Banham* [1896] A.C. 199 HL in some detail. In that case, it had been proven that the term ‘camel hair belting’ was understood in the trade to mean not belting made of camel hair but

belting made by the plaintiff, Reddaway. The defendant commenced selling belting made of camel hair and identified this as 'camel hair belting' without using his own trade mark 'Banham'. This was held to be passing off. As the Deputy Judge observed:

“68 That reflects a recognition that a central issue in cases of this kind is as much what is not said by a defendant as what is said. If a defendant omits use of its own brand in circumstances where a prima facie descriptive term has become distinctive of a claimant, members of the public are likely to treat the term as distinctive of the claimant in sufficient numbers to require the court’s intervention to prevent such deception.

69 However, 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.”

48. He then went on to consider subsequent cases, including *Office Cleaning Services v Westminster Window & General Cleaners Ltd* [1946] 63 RPC 39 and *Phones 4U Ltd v Phone4U.co.uk Internet Ltd* [2007] R.P.C. 5 before concluding as follows (emphasis added):

“74 Finally, the defendants rely on *Cranford Community College v Cranford College Ltd* [2014] EWHC 2999 (IPEC); [2015] E.T.M.R. 7 in which the judge discussed some of the above cases. In that case, a community college in Cranford sued to stop another college in Cranford calling itself “Cranford College”. The claimant relied largely on goodwill in “Cranford College”, but had only used that rarely, rather than “Cranford Community College” which was its primary name. The judge found that there was no relevant goodwill and no misrepresentation.

75 The claimants contend that the following passage in that case upon which the defendants rely is open to question:

“19. Thus, confusion caused solely by the common use of descriptive words (or possibly the use of a common descriptive idea, albeit in different words) in a trade name is not evidence of a misrepresentation—it’s just confusion generated by two traders describing their respective businesses in the same way. An addition to descriptive words, even a minor one, can in principle give rise to a badge of origin—a trade name which the claimant can protect. But he cannot use such a trade name to fence off to his own use the descriptive words contained within the name; he cannot rely on those descriptive words, where those words are the source of confusion, to sustain an action for passing off.”

76 The claimants originally submitted that this passage, which was said by HH Judge Hacon to be a consequence of *Office Cleaning* conflicts with the reasoning of the House of Lords in *Reddaway v Banham* since the point of the latter case was that there was common use of descriptive words, and nothing else. I do not think that HH Judge Hacon was departing from *Reddaway v Banham*. That passage, when read in the context of the case as a whole, is consistent with it and ultimately the claimants did not press that point. The judge in that case was merely emphasizing a point made in *Office Cleaning* that where descriptive words were chosen for a brand, the mere fact that there was some confusion did not mean that the defendant was making a misrepresentation as a result of the adoption of those common descriptive words.

77 However, the claimants are justified in submitting that the formulation of the law in the defendants’ skeleton, that the law of passing off does not protect a trader who chooses to include descriptive words in his or her trading name from confusion caused by other traders making descriptive use of those same words, is somewhat too general. It is true that the law will be prepared to regard a greater degree of confusion as tolerable in those circumstances. It is also true that if the use is in fact understood descriptively—and a defendant ensures that this is done by (for example) the use of its own brand—there will be no cause for complaint. But the mere fact that the words are descriptive does not immunize them from suit. The law will not as a matter of strict rule permit a defendant to smuggle in use alone of a sign which is proven to be origin-denoting in its operation under the cloak of it being ordinarily descriptive in connotation.”

## ALLEGED INFRINGEMENT OF TRADE MARK

49. The signs of which the claimants complain are<sup>13</sup>:

- (1) The name PUREOATY.
- (2) The name PUREOATY as it appears on the defendant's carton, i.e:



- (3) The entire front panel of the defendant's carton, i.e.:



50. We do not believe that (1) and (2) raise discrete issues. Indeed, no other presentation of the PUREOATY name is specifically identified, so we focus on the name as presented on the carton (although we reserve the right to make further submissions on any other presentation of the name following receipt of the claimants' skeleton argument and opening).

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<sup>13</sup> PoC §22

**Under section 10(2)**

**OATLY Mark v. PUREOATY name**

51. The average consumer is deemed to be familiar with the OATLY Mark and its use in relation to oat milk. The issue of infringement is to be assessed by considering the response of that consumer to the PUREOATY name in the context in which it is actually used (see *Photobox* at [23]), i.e. as it appears on the carton<sup>14</sup> as displayed in both retail and behind the counter in coffee shops (see PoC §23(4))

Comparison of mark and sign

52. The relevant comparison is as follows:

<b>Mark</b>	<b>Sign</b>
OATLY	PUREOATY

53. Visually, the mark is a five letter word starting with the letters O-A-T and ending with the letters L-Y. The sign is an eight letter word starting with the letters 'P-U-R-E' and ending with the letters O-A-T-Y. The only points of visual similarity are therefore in the common letters O-A-T, which appear at the beginning of the mark and after the letters P-U-R-E in the sign, and in their common final letter 'Y'.

54. Aurally, the mark is pronounced 'OAT-LEE'. The sign is pronounced 'PURE-OAT-EE'. The only points of aural similarity are in the common 'OAT' sound and common final 'EE' sound. The OAT sound comes first in the mark and only after the PURE sound in the sign.

55. Conceptually, the mark would be perceived as a fancy word created either by adding the common suffix -LY (which is often added to an adjective to make an adverb) to the noun OAT or, perhaps less naturally, by inserting the letter L into the adjective OATY. Either way, the resulting combination has no clear meaning in and of itself, although the OAT/OAT-Y element would be recognised and understood as a reference to oats/oatiness.

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<sup>14</sup> No other use is complained of in the Particulars of Claim.



56. Conceptually, the sign is a composite word made of the juxtaposition of two readily recognisable adjectives, 'PURE' and 'OATY'. Used in relation to oat milk, both would be understood as describing qualities of the product, i.e. purity and oatiness. The composite word produced by that juxtaposition may also call to mind the noun 'purity'.
57. So far as overall impression is concerned, we submit that the mark does not have a dominant sub-component, but would be perceived as a short fancy word. If we are wrong about that, the dominant sub-component can only be the word 'OAT', by virtue of its being a distinctly recognisable word element positioned at the beginning of the mark (by contrast to the subsequent element -LY, which has no inherent meaning). Whether or not dominant, the OAT component would be perceived as directly descriptive of the contents of the product. The distinctive character of the OATLY Mark, taken as a whole, therefore resides exclusively in the novel combination of the descriptive word OAT with the common suffix '-LY' (alternatively novel insertion of the letter L into the adjective OATY) to create a catchy new word with no obvious inherent meaning save for its reference to oats.
58. If the PUREOATY name has a dominant element, it is the word element PURE by virtue of its position at the beginning of the PUREOATY name and clear meaning. As the PURE element and the subsequent OATY element are both descriptive, the distinctive character of the sign resides not in either of these but in the juxtaposition of the two words to create a combination word that communicates that the product is both pure and oaty and, conceivably, alludes to the concept of 'purity' through their pronunciation in quick succession.

#### Global assessment of the likelihood of confusion

59. The modest points of visual, aural and conceptual similarity as exist between mark and sign reside exclusively in their common use of the term 'OAT' (or, if it is permissible artificially to sub-divide the OATLY mark, 'OAT-Y'). These terms would be understood as directly descriptive when used in relation to oat milk and are therefore trade origin neutral.
60. So far as their distinctive elements are concerned, mark and sign are visually, aurally and conceptually different. The novel juxtaposition of the noun OAT with the common suffix -LY (alternatively novel insertion of the letter L into the adjective OATY) to create a catchy new word with no obvious meaning in and of

itself is entirely absent (and without parallel) in the sign. Similarly, the sign's combination of two directly descriptive adjectives to create a composite word that communicates both descriptive meanings independently while together alluding to the quality of 'purity' is entirely absent (and without parallel) in the mark.

61. For these reasons, we submit that there is no likelihood of confusion between mark and sign. As they are not distinctively similar at all, there is no reason for the average consumer, who is reasonably observant and circumspect, to assume that PUREOATY oat milk comes from the same or an economically linked undertaking as OATLY oat milk. The consumer would, correctly, recognise that they are two unrelated oat milks that both contain an allusion to oats in their name.
62. As against this, the claimants argue that the 'PURE' element of the PUREOATY name would be perceived 'as a descriptor' and that the term 'OATY' is very similar to 'OATLY'<sup>15</sup>.
63. There are two fundamental problems with this argument. First, the fact that the word 'PURE' is descriptive does not mean that it will not be perceived and taken into account by the average consumer. On the contrary, only negligible elements of a mark/sign may be ignored. The 'PURE' element of the PUREOATY name is far from negligible. It is in fact dominant or at least co-dominant in the PUREOATY name and therefore forms an important part of the overall impression made by the sign.
64. Secondly, and perhaps more importantly, the claimants cannot have it both ways. Both elements of the PUREOATY name are descriptive. If the average consumer attaches no trade origin significance to the word element PURE because it is descriptive, why should they attach trade origin significance to the OATY element? As we have observed, it is not suggested in the claimants' pleadings or evidence that the descriptive term 'OATY' has acquired a secondary meaning such that, when used in relation to oat milk, it denotes the claimants' oat milk. This is confirmed by the market research commissioned by the defendant. Based on consumer workshops, it was reported that "the name

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<sup>15</sup> PoC 23(2)

PureOaty works for nearly everyone on the basis that it says what the product is...." (see Bundle F Tab 37/168).

65. Consistent with this, such similarities as there are between OATY and OATLY reside only in aspects which are descriptive (i.e. the words OAT and/or OATY) and therefore have "nothing to do with their denotation of a common trade source" (cf *Elliott v. LRC Products* cited at [26] of *Photobox*). Leaving these descriptive similarities aside, the two words are distinctively different. As we have observed, the distinctive character of the OATLY mark is intimately tied up with the presence of the letter L in the mark, whether perceived as one half of the common suffix -LY (which we submit is most natural) or as a one letter insertion into the adjective OATY. Either way, that L must form an important part of the average consumer's imperfect recollection of the OATLY mark. Were it otherwise, that recollection would be of no more than the entirely descriptive terms OAT or OATY, which are not trade marks at all. Put another way, imperfect recollection of a trade mark does not extend to forgetting the one and only thing that makes the trade mark distinctive (see discussion of the *Starbucks v Sky* case below).
66. It follows that the average consumer, who is reasonably observant and circumspect, will necessarily spot the absence of that L in the OATY element of the PUREOATY name, will therefore recognise that that element OATY is not the OATLY Mark, but simply the descriptive adjective 'oaty'. As this is not even said to have secondary meaning, the average consumer will recognise that its presence in the PUREOATY name has nothing to do with the denotation of a common trade source, but is entirely explicable by the fact that the product is an oat milk.
67. Accordingly, the claimants' complaint that the words 'OATY' and 'OATLY' are highly similar ignores entirely their descriptive and distinctive content. The two words are not in fact similar in a way that would be taken as relevant to trade origin.

*Actual use of the OATLY Mark*

68. This conclusion is strengthened by considering the use the claimants have made of the OATLY Mark in the UK<sup>16</sup>.
69. As Mr Paran's evidence shows (C/1), since 2014 the OATLY Mark has been almost exclusively in the form 'OAT-LY!' divided across two lines on the front panel of the claimants' cartons in a particular block font as follows:



70. As the advertising and purchase of oat milk is primarily done by visual means, it is relevant that consumers who are familiar with the OATLY name will be familiar with it via this very consistent usage. Importantly, this usage emphasizes the '-LY' suffix by placing it on its own line with an exclamation mark and giving it a different, more contrasting colour (as compared to the 'OAT' element).
71. The styling of the PUREOATY name is completely different:



72. As can be seen, it appears in smaller, serif capitals in a single colour on a single line across the upper part of the carton, creating a very different visual appearance. This serves to emphasise in the mind of the average consumer that there is no relationship between the two products other than that they are both oat milks.

*The context in which PUREOATY is used*

73. The absence of a likelihood of confusion is further confirmed by the context in which the PUREOATY name is used. On the carton, the PUREOATY name

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<sup>16</sup> The claimants rely on enhanced distinctive character acquired through use: PoC §15(2)

appears directly underneath the Glebe Farm logo. This has no equivalent in the OATLY Mark:



74. As we have observed, it is not even suggested that the descriptive adjective 'OATY' has acquired a secondary meaning such that, when used in relation to oat milk, it denotes the claimants' oat milk. This use of the Glebe Farm logo confirms that the defendant is the origin of the goods and confirms that the 'OATY' element of the mark is intended to bear its ordinary descriptive meaning (cf. *Photobox* at [69]).
75. The remaining features of the PUREOATY carton bear no material resemblance to the OATLY carton. The claimants point to commonalities in 'an irregular style of lettering on a background of a pale single colour with a texture overlay of white speckles', a 'stylised drawing of a coffee cup', the use of the words 'barista' and 'shake me' on the cartons and the use of a flowchart to explain how oat milk is made<sup>17</sup>.
76. As the defendant has pleaded<sup>18</sup>, and as set out more fully in its evidence, these are all entirely generic features that would not be relied on as indicators, still less guarantees of trade origin. Consistent with this, these features (at the level of generality pleaded) are not even alleged to be distinctive of the claimants. We therefore submit that they add nothing to the claimants' case on infringement.
77. A further point conveniently addressed under the heading of context is the 'confusion in coffee shops' point (see PoC §23(4)). The allegation seems to be that, when seen behind the counter in a coffee shop, confusion is more likely.
78. We simply do not understand this point. First, the claimants' 'Barista Edition' product (i.e. the edition marketed to coffee shops) is brown/grey. Thus the two cartons look entirely different at a distance.

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<sup>17</sup> PoC §19

<sup>18</sup> See D&CC §13

79. Secondly, we cannot understand why consumers are more likely to mistake the name:



for



at distance. If anything, we submit that the reverse is true.

80. Accordingly, as we currently understand it, this complaint lacks logic and merit. We will comment further as and when the point is developed by the claimants.

*Possible types of relevant confusion*

81. The absence of a likelihood of confusion is further confirmed by considering the possible types of trade origin confusion that may satisfy the s.10(2) test (see *Photobox* at [22]).
82. The first and most obvious species of trade origin confusion is where the consumer assumes that the sign *is* the mark, i.e. as a result of imperfect recollection misses the differences between mark and sign and simply assumes that the sign *is* the mark. We submit that there is no sensible suggestion of such confusion here. As we have observed, an imperfect recollection of the OATLY Mark does not extend to forgetting the one thing that makes the mark distinctive, i.e. the letter 'L'. Nor does it extend to remembering the mark completely incorrectly as 'PUREOATLY'.
83. On the facts, therefore, the claimants' only hope of establishing trade origin confusion under s.10(2) is 'another brand' confusion as explained in *LA Sugar v. Back Beat* (O-375-10) (Iain Purvis QC sitting as the Appointed Person).

84. In such cases, the consumer's thinking is as follows:

"The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark".

85. Here, the consumer's thinking would have to go broadly as follows.

"The PUREOATY name has in common with the OATLY Mark the letters 'OAT-Y'. However, they differ in that in the OATLY Mark, these letters appear as part of the fancy word 'OATLY', whereas in the PUREOATY name they appear as the adjective 'OATY' in combination with the word 'PURE'. Despite the adjective OATY being directly descriptive of the product, I nevertheless conclude from the presence of 'OATY' in the PUREOATY name that PUREOATY and OATLY have a common trade origin".

86. Such thinking contains an obvious *non-sequitur*. If we are correct that the 'L' in the OATLY mark necessarily forms part of the average consumer's imperfect recollection of that mark and the adjective 'OATY' by itself is not distinctive of the claimants (it is not even alleged to be), there is in fact no thought process on the part of the average consumer that can sensibly lead to a conclusion of common trade origin.

87. This is further reinforced by the presence of the word 'PURE' in the PUREOATY name. Even if the average consumer spots a similarity between the OATLY name OATY element of the PUREOATY name, there remains no reason why the average consumer would expect to see the word PURE attached to the beginning of the OATLY name.

88. First, since the rebrand in 2014, there is not a single example of the OATLY name being combined with any other word despite substantial diversification of the OATLY-branded product line (see B/1). Thus the average consumer familiar with the OATLY brand will know that the claimants are not in the habit of adding any other word to the OATLY name in order to create a sub-brand.

89. Secondly, the claimants don't offer a gluten-free oat milk, hence there is no rationale for a 'PURE' sub-brand (indeed, marketing a single product as 'PURE' suggests that other OATLY products are somehow impure). Thus a sub-brand composed of adding the word PURE to the OATLY brand would make no sense to the average consumer in any event.

90. For these further reasons, PUREOATY would be correctly perceived as an entirely separate brand to OATLY.

*Absence of evidence of actual confusion*

91. The absence of a likelihood of confusion is further confirmed by the absence of evidence of actual confusion. Although we of course accept that evidence of actual confusion is not necessary for a finding of a likelihood of confusion, we submit that in this case the absence of such evidence is telling.
92. The claimants' witnesses are at pains to communicate that OATLY is the best known brand of oat milk in the UK, and has been instrumental in popularising the product here. It must follow from this that practically everyone who buys oat milk will at least have heard of the OATLY Brand.
93. As Mr Rayner explains, by 31 March 2021, the defendant had sold some 500,000 units of PUREOATY. The biggest channel for those sales has been Amazon, where purchasers can leave reviews.
94. It follows from these two facts that there has therefore been ample opportunity for any actual confusion between the two brands to come to light. At the time of writing, there are 148 reviews of PUREOATY on Amazon. None indicate confusion with OATLY branded oat milk. On the contrary, where those reviews mention the OATLY brand, it is quite clear that the reviewer understands the difference (see Exhibit PM2 and PM4 at D/39 and D/41 respectively).
95. Further, as Mr Mitcheson explains, the defendant conducted consumer research on the PUREOATY name. When asked for their reactions to the name, none of the participants indicated that they considered it confusingly or even relevantly similar to the OATLY name.<sup>19</sup>
96. Further, as Mr Rayner explains, he would be aware of any example of confusion that had come to light within the defendant's organisation. He is aware of none<sup>20</sup>.

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<sup>19</sup> See C/5 §36 and F/37

<sup>20</sup> See C/4 §49 - 50



97. Accordingly, in this case the absence of any evidence of confusion is tantamount to evidence of an absence of confusion. Had there been any such confusion, there has been ample opportunity for it to come to light.
98. For completeness, in their evidence Mr Rayner and Mr Mitcheson address three instances where individuals have accidentally mixed up the PUREOATY and OATLY names. For the reasons they explain, and as is apparent from the context, in none of these cases was the individual concerned actually confused as to trade origin<sup>21</sup>.

### *Policy*

99. Finally, the absence of a likelihood of confusion is supported by the policy of the law of trade marks. Descriptive terms are and should be available for use by all unless they have acquired a secondary, distinctive meaning through use. As we have said repeatedly, it is not suggested that the descriptive term OATY has done so. It follows that the claimants could not have obtained a trade mark for that term, and cannot do so to this day. Yet the claimants seek to constrain the use of that term by the broad assertion of their OATLY mark. The Court should be extremely cautious before acceding to such an attempt. As HHJ Hacon put it in the *Cranford* case (albeit in the context of passing off but in terms more generally applicable as a matter of policy):

“An addition to descriptive words, even a minor one, can in principle give rise to a badge of origin—a trade name which the claimant can protect. But he cannot use such a trade name to fence off to his own use the descriptive words contained within the name; he cannot rely on those descriptive words, where those words are the source of confusion, to sustain an action....”

100. The same point arose in *Starbucks v Sky* [2013] F.S.R. 29. There, the claimant’s Community Trade Mark (as they were then called), registered for various broadcasting services, was as follows:

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<sup>21</sup> C/4 §47 – 48; C/5 §47 - 52



101. This was said to be infringed by the name 'NOW TV' used for Sky's TV streaming service as a word, a URL and a logo. Arnold J (as he then was) found the CTM invalid on the grounds that it was wholly descriptive and/or devoid of distinctive character (see [116]). He continued as follows (emphasis added):

117 I would comment that it appears to me that PCCW only succeeded in obtaining registration of the CTM because it included figurative elements. Yet PCCW is seeking to enforce the CTM against signs which do not include the figurative elements or anything like them. That was an entirely foreseeable consequence of permitting registration of the CTM. Trade mark registries should be astute to this consequence of registering descriptive marks under the cover of a figurative figleaf of distinctiveness, and refuse registration of such marks in the first place.

**PCCW's claim for infringement under article 9(1)(b)**

....

120 Given my conclusion that the CTM is invalid, I shall deal with this issue briefly. If the CTM is valid, in my judgment it can only be because of the contribution to distinctive character made by the figurative elements. On this basis, it would have what counsel for Sky called "needlepoint" or "eggshell" distinctive character. The signs the use of which by Sky PCCW allege to infringe are set out in [6] above. There is no dispute that these have been used in relation to services identical to those covered by the CTM. As I have already noted, none of the signs include anything like the figurative elements of the CTM. The only common element is the word NOW. As counsel for PCCW conceded, it would follow from the premise I have set out that there was no likelihood of confusion. Accordingly, even if (contrary to my previous conclusion), the CTM is valid, it has not been infringed.

102. Similarly here.

**OATLY Mark v. PUREOATY carton**

103. This allegation of infringement of the OATLY Mark by the PUREOATY carton is weaker still. Numerous additional differences serve further to distinguish mark

and sign (i.e. all the additional features on the front of the PUREOATY carton). It follows that, if the claimants cannot succeed against the PUREOATY name alone (albeit in context), they cannot succeed against the carton.

#### **OAT-LY! Mark v. PUREOATY name**

104. Similarly the allegation of infringement of the OAT-LY! Mark by the PUREOATY name. The formal sub-division of the mark into the elements 'OAT' and '-LY!' as it appears on the register also further distinguish mark and sign. It follows that, if the claimants cannot succeed on the OATLY Mark against the PUREOATY name, it is very difficult to see how they can succeed on the OAT-LY! Mark.

#### **OAT-LY! Mark v. PUREOATY carton**

105. The same points apply as for the two preceding paragraphs, only cumulatively.

#### **OATLY Carton Marks v. PUREOATY name and carton**

106. The carton marks contain yet further distinguishing features as between mark and sign, in particular the distinctive presentation of the OAT-LY! name and an entirely different set of graphic elements. They coincide only in the very general and entirely generic concepts of a blue colour (in the case of the OATLY Carton Mark only) and a coffee cup and the word Barista (in the case of the OATLY Barista Carton Mark only). None of these would be relied on as indicators of trade origin. Accordingly, if the claimants cannot succeed on the word marks, we do not believe that they can succeed on the carton marks either.

#### **Conclusion**

107. The claimants' best case under s.10(2) is the OATLY Mark v. the PUREOATY name. That case should be rejected for the reasons we have given. Accordingly, the claim for infringement under s.10(2) should be dismissed in its entirety.

#### **Validity**

108. The validity of the word marks is put in issue solely as a squeeze on infringement under s.10(2) of the Act (see §19 of the counterclaim). This squeeze only arises if the claimants seek to argue that the average consumer cannot distinguish the mark OATLY and the adjective OATY (e.g. if the claimants argue that the

average consumer will imperfectly remember the OATLY mark as OATY): see the *Starbucks v Sky* case discussed above. We therefore wait to see how the claimants develop their case before making any further submissions on the question of validity.

### **Under section 10(3)**

#### **OATLY Mark v. PUREOATY name**

109. If we are wrong about likelihood of confusion, then the defendant concedes that infringement under s.10(3) will also follow. For this reason, the following submissions assume that the s.10(2) claim has failed. In that event, the issues are (1) link, (2) detriment/unfair advantage and (3) due cause.

#### **Link**

110. We refer to our analysis of the similarities and differences between mark and sign above.

111. On that analysis, the defendant's primary submission is that the PUREOATY name does not call the OATLY Mark to mind at all. It calls to mind the concepts of purity and oatiness, both of which are brand neutral when used in relation to oat milk. This submission is supported by the fact that the word 'OATY' is not said to be distinctive of the claimant and would therefore be perceived as bearing its primary, descriptive meaning within the PUREOATY name. There is therefore no reason for that word to remind the consumer of the OATLY brand.

112. This conclusion is supported by the absence of any suggestion in either the defendant's Amazon reviews or its market research that the PUREOATY *name* calls the OATLY *name* to mind. Where the reviews mention OATLY, it is because PUREOATY is an oat milk and OATLY (being the best known oat milk on the market) is considered a natural comparator.

#### **Detriment and unfair advantage**

113. If we are wrong on link, the issue is whether any calling to mind of the OATLY brand will result in one of the species of injury necessary for 10(3) infringement to be made out.

### *Detriment*

114. Despite this case being in the IPEC, the claimants' pleading of detriment is nothing more than bare assertion (see PoC §24(6) and (7)). These bare assertions are not supported in evidence. The only thing said by any of the claimants' witnesses is this phrase in Mr Paran's witness statement:

“...we are concerned that [PUREOATY] brand simply comes too close to Oatly such that a link might be made with Oatly.”

115. This is thin gruel indeed. First, a link is necessary but not sufficient for infringement under this head. Secondly, evidence of concern at the *possibility* of a link being made comes nowhere near establishing detriment to the standard required in the authorities, i.e. evidence of an actual change in the economic behavior of consumers. Moreover, it provides no basis on which such a change can be inferred. Mr Paran does not even give evidence of any commercial response to the defendant's activities (cf. *Photobox* at [32]).

116. Accordingly, we submit that there is simply no evidence or argument before the Court on which it can base a finding of detriment.

### *Unfair advantage*

117. Under this head, the claimants make much of the defendant's subjective intention in adopting the PUREOATY name. As observed above, the allegation of deliberate freeriding is addressed comprehensively in the evidence of Mr Rayner and Mr Mitcheson: the name PUREOATY was not chosen because of any similarity to the OATLY name, but because the defendant wished to emphasise that PUREOATY is a gluten-free oat milk by juxtaposing the words PURE and OATY to create a play on the word 'purity'. Those accounts are compelling and amply supported by the contemporaneous documents. We therefore say no more about this aspect of the claimants' case pending cross-examination.

118. So far as the objective test is concerned (and that is the primary matter for the Court: see *Photobox* at [37] – [39]), the pleading here is entirely generic. It merely parrots the language of *L'Oreal v Bellure* to make a bare assertion of unfair free-riding without explaining how this is said to occur on the facts (see PoC §24(3)).

119. The assumption seems to be that, if a link is made, unfair advantage follows as a matter of course. As the authorities we have cited make clear, this is not the law.
120. On the facts of this case, a link could only be made because the defendant uses the word 'OATY' in the PUREOATY name, and this reminds the average consumer of the OATLY brand merely because the two words look and sound somewhat similar. However, this similarity arises only because both names make use of the word OAT (and/or, if the OATLY brand can be split up in this way OAT-Y). The average consumer will recognise that this has nothing to do with denoting a common trade origin, but with communicating what the product is. Thus, at most, the average consumer presented with the PUREOATY name will think 'this reminds me of another brand of oat milk that also uses the terms OAT/OAT-Y in their name to communicate what the product is'.
121. This is not objectionable 'brand transference', i.e. the calling to mind of some enticing aspect of a famous brand (e.g. a reputation for quality, glamour or value for money) that might rub off on the defendant's product by association. It is not unfair advantage at all.
122. Examples of objectionable 'brand transference' are provided by *L'Oreal v Bellure* and *Specsavers*. These are the only two cases of which we are aware in which a s.10(3) allegation succeeded where the s.10(2) case had failed.
123. In *L'Oreal*, 'smell-alike' perfumes packaged in such a way as to call to mind the packaging of the premium product they were intended to imitate were held to infringe trade marks protecting that packaging under s.10(3) on the grounds of unfair advantage. At first instance, Lewison J<sup>22</sup> (who was upheld on appeal following a reference to the Court of Justice<sup>23</sup>), expressed his reasons as follows:
- “i) The extent of the similarity is deliberate. It “winks at” the packaging of the premium brand. Although I accept that Bellure attempted to make the wink unobtrusive enough to avoid trade mark infringement they were (to change the metaphor) sailing close to the wind, and it is not surprising that on occasions they capsized.

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<sup>22</sup> [2007] RPC 14 at [151] – [152]

<sup>23</sup> See [2008] RPC 9 and [2010] RPC 23

- ii) The two fragrances chosen as comparators (Trésor and Miracle) were well promoted brands, extensively advertised. Had they not been good sellers they would not have been selected.
- iii) The degree of similarity in packaging enables Bellure and Starion to charge more for the Creation Lamis range than for the equivalent Stitch range.
- iv) As Dr Curtis accepted the Creation Lamis range benefits from the advertising and promotion of the fine fragrances.
- v) M. Robert agreed that if the packaging, name and bottle of a “smell-alike” looks like the original product, then the “smell-alike” sells because of the reputation of the original.”

124. Thus, in that case the defendants very deliberately sought to call to mind that which was distinctive in the claimant’s branding, so as to ensure that the values associated in the public mind specifically with that brand (e.g. its reputation for premium quality) rubbed off on the imitation.

125. In *Specsavers*, the marks in issue were variants on the well-known SPECSAVERS logo:



126. The defendant, Asda, deliberately targeted Specsavers by launching an optician using the logo:



accompanied by the straplines "Be a real spec saver at Asda" ("the first strapline") and "Spec savings at Asda" ("the second strapline").

127. Differing from the judge at first instance, the Court of Appeal held that all three signs called to mind the SPECSAVERS marks and that the resulting association

conferred an unfair advantage on Asda. The reason it took unfair advantage is not merely because the use called the Specsavers brand to mind, but because the association enabled Asda to benefit specifically from the reputation of the SPECSAVERS' brand for value for money (as was Asda's very deliberate intention)<sup>24</sup>.

128. There is no analogy to these cases on the facts here. As we have set out above, the sole point of similarity between sign and mark resides in descriptive elements. Thus, if these do call the mark to mind, they do not call to mind any value or reputation that is specifically and uniquely associated with the OATLY brand. All the common element does is communicate that both products contain oats. This explains why the claimants have been unable to identify any value attaching specifically to the OATLY brand that is said to be transferred to the PUREOATY product by common usage of the terms OAT/OAT-Y in either their pleading or evidence.

129. It follows that, even if a link is made (which the defendant disputes), there is no evidence or even coherent argument of unfair advantage being taken on the facts.

#### Due cause

130. We submit that the defendant's use of 'PUREOATY' is with due cause for essentially the same reason. As we have observed, it is not alleged that the descriptive adjective OATY has acquired a secondary meaning. It is used by the defendant in its primary descriptive sense. Despite the claimants' complaints about the defendant's use of such generic elements as a coffee cup and a blue colour, the defendant does not use any other element that can sensibly be said to call the claimants' branding to mind: it does not ape the claimants' font, it does not ape the claimants' graphic style, it does not ape the colour or chatty verbosity of the claimants' packaging. In short, it does not ape anything that the claimants' can fairly call their own. One only has to look at the two cartons to see how different they are.

131. In those circumstances, we submit that the defendant's use of the descriptive term OATY to communicate a quality of its product is with due cause. If some

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<sup>24</sup> See judgment of Kitchin LJ at [149] – [164]



advantage accrues to the defendant because that term is similar to the OATLY name (which the defendant strongly denies), that is not because the defendant has acted unfairly. It is because the claimant has chosen a name which is very similar to a directly descriptive term which other traders can reasonably be expected to want to use.

### **The remaining marks and signs**

132. We submit that the relative merits of the claimants' case under s.10(3) on the other marks as against the PUREOATY name and carton are as set out above under s.10(2). In short, if the claimants cannot succeed on OATLY Mark against the PUREOATY name, we do not believe that it can succeed on any of the other marks or against the carton.

### **Conclusion**

133. The allegation of infringement under s.10(3) should be dismissed.

### **PASSING OFF**

#### **The issue**

134. The issue arising on the passing off claim is misrepresentation (i.e. the defendant does not dispute goodwill nor take any separate point on damage).

135. The defendant's case on misrepresentation is essentially the same as it is for s.10(2) infringement of the trade marks. It is in fact stronger for two reasons:

136. First the Court must look at the claimants' actual usage of the OATLY name when assessing the likelihood of deception. As set out above, this has been exclusively (or almost exclusively) in the form shown on the cartons, i.e., while the word marks theoretically cover other forms of presentation, the actual recognition of the mark in the public mind is strongly conditioned by this consistent mode of graphic presentation. The distinctive differences between that presentation and the presentation of the PUREOATY name should therefore be borne firmly in mind.

137. Secondly, as the Deputy Judge pointed out in *Photobox*, evidence of actual confusion (or its absence) is likely to be more important in a passing off case. In this case, for the reasons we have given, absence of evidence of confusion does

in fact amount to evidence of the absence of confusion because there has been sufficient time and opportunity for any confusion to come to light. We submit that this weighs heavily against a finding of passing off in this case.

**Conclusion**

138. The passing off claim should be dismissed.

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Instructed by Bristows LLP

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