O/0049/23

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK REGISTRATION NO. 3445440
IN THE NAME OF OATLY AB

POST MILK GENERATION

IN CLASSES 25, 29, 30 AND 32

AND

THE APPLICATION FOR A DECLARATION OF INVALIDITY THEREOF UNDER NO. 504367 BY DAIRY UK LTD

Background

1 On 19 November 2019, Oatly AB ("Oatly") applied for the mark POST MILK GENERATION for the following goods:

Class 25: *T-Shirts.*

Class 29: *Oat-based drinks as milk substitutes; oat-based yoghurt substitute; oat-based crème fraiche; oat-based cooking cream and creamer;.*

Class 30: *Oat-based vanilla sauce and oat-based vanilla custard; oat-based ice cream; oat-based food spread.*

Class 32: *Oat-based natural energy drinks; oat-based breakfast drinks; oat-based fruit drink beverages; oat-based smoothie beverages.*

2. The trade mark application achieved registration on 23 April 2021. On 23 November 2021, Dairy UK Ltd ("Dairy") filed an application for a declaration that the registration is invalid, claiming that it offends sections 3(3)(b) and 3(4) of the Trade Marks Act 1994 ("the Act").

3. Under section 3(3)(b) of the Act, Dairy claims that the mark is deceptive because it contains the word MILK in respect of goods which do not comprise or contain milk or milk products. The additional words POST and GENERATION do not prevent the average consumer from being deceived into regarding the mark as referring to milk and the registered goods being milk or made from milk. Further, use of the term 'milk' for products not made exclusively of milk is contrary to the provisions of Part III of Annex VII of EU Regulation 1308/2013. The mark is deceptive because, in accordance with the Regulation, the term 'milk' should only be used for milk products and the mark is unlawful.

4. Under section 3(4) of the Act, Dairy claims that the registration is contrary to law because Part III of Annex VII of EU Regulation 1308/2013 specifically prohibits the use of the term 'milk' for products not made exclusively of milk. Dairy states that:

> "a) "Milk" means exclusively the normal mammary secretion [from mammals] obtained from one or more milkings without either addition thereto or extraction therefrom.
>
> (b) "Milk products" means products derived exclusively from milk, on the understanding that substances necessary for their manufacture may be added provided that those substances are not used for the purpose of replacing, in whole or in part, any milk constituent.
>
> (c) Certain terms are reserved exclusively for milk products at all stages of marketing, including the term "butter".
>
> (d) The term "milk" and the designations used for milk products (e.g. "butter" may be used in association with a word or words to designate composite products as long as no part takes or is intended to take the place of any milk constituent and of which milk or a milk product is an essential part either in terms of quantity or the characterisation of the product.
>
> (e) The designations for "milk" and "butter" (and other designated milk products) may not be used for any product that does not conform to the definition of a milk product. No label, commercial document, publicity material, advertising or form of presentation may be used which claims, implies or suggests that the product is a dairy product."

5. Oatly filed a defence and counterstatement, denying the grounds. It admits that that the goods covered by the registration are all non-milk products and claims that the structure of the mark makes it plain that the goods are all non-milk products. Oatly claims that the structure "post X generation" is understood by average consumers as referring to a public which has moved beyond "X"; e.g. post meat generation. It claims

that the prohibition in the Regulation is not as wide as alleged by Dairy; in particular, the word 'milk' may be used in relation to products that are not milk:

> "5. The designations referred to in points 1, 2 and 3 may not be used for any product other than those referred to in that point. However, this provision shall not apply to the designation of products the exact nature of which is clear from traditional usage and/or when the designations are clearly used to describe a characteristic quality of the product.
>
> 6. In respect of a product other than those described in points 1, 2 and 3 of this Part, no label, commercial document, publicity material or any form of advertising as defined in Article 2 of Council Directive 2006/114/EC or any form or presentation may be used which claims, implies or suggests that the product is a dairy product…".

6. Oatly claims that the use of the word 'milk' within the mark conforms with paragraph 6 of the Regulation in that there is no claim, implication, or suggestion that any of the goods for which the mark is registered is a dairy product.

7. Only Dairy filed evidence. A hearing took place before me on 18 November 2022 by video conference at which Oatly was represented by Mr Michael Edenborough KC, of Counsel, instructed by Boult Wade Tennant LLP, and Dairy was represented by Mr Andrew Marsden of Wilson Gunn.

The relevant sections of the Trade Marks Act 1994

8. Section 47(1) of the Act states:

> "The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration). Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has

been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

[…]

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

[…]

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made.

Provided that this shall not affect transactions past and closed."

9. Section 3(3)(b), which has application in invalidation proceedings by virtue of section 47(1) of the Act, states:

"A trade mark shall not be registered if it is:

(a) …

(b) of such a nature as to deceive the public (for instance as to the nature, quality or geographical origin of the goods or service)."

10. Section 3(4), which also has application in invalidation proceedings by virtue of section 47(1) of the Act, states:

"(4) A trade mark shall not be registered if or to the extent that its use is prohibited in the United Kingdom by any enactment or rule of law other than law relating to trade marks."

Decision

Section 3(4) of the Act

11. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Act relied upon in these proceedings are derived from an EU Directive. That is why this decision continues to refer to EU law.

12. The law said to prohibit registration of the mark under section 3(4) of the Act is Article 78(2) of Regulation (EU) No 1308/2013 of the European Parliament and of the Council and Annex VII, Part III to that Article. I will refer to the legislation as "the Regulation". Both parties accept that the Regulation is retained EU law after the withdrawal of the UK from the EU. Article 78(2) of the Regulation was amended in UK law by Statutory Instrument 2019 No 821, Common Organisation of the Markets in Agricultural Products Framework (Miscellaneous Amendments, etc.) (EU Exit) Regulations 2019, but continues to have direct affect in Northern Ireland. In UK law, the word "Union" in Article 78(2) has changed to "Great Britain" by way of the Statutory Instrument, but nothing in this decision turns upon the change.[1]

13. Andrew Marsden exhibits to his witness statement extracts of the Regulation at Exhibit AM2.[2]

> "Article 78
>
> **Definitions, designations and sales descriptions for certain sectors and products**
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> 1. In addition, where relevant, to the applicable marketing standards, the definitions, designations and sales descriptions provided for in Annex VII shall apply to the following sectors or products:

[1] "Union" was replaced by "Great Britain" in Statutory Instrument 2019 No 821, Part 2(26). "Union" applies to Northern Ireland. The 'new law' applies to invalidation proceedings launched after EU Exit day: see the decision on Professor Phillip Johnson, sitting as the Appointed Person, in BL O/054/22, *Consorzio Tutela Vini Emilia and others v Viñedos Emiliana SA*, at paragraph 26.
[2] Witness statement dated 13 June 2022.

(a) beef and veal;
(b) wine;
(c) milk and milk products intended for human consumption;
(d) poultrymeat;
(e) eggs;
(f) spreadable fats intended for human consumption; and
(g) olive oil and table olives.

2. The definitions, designations or sales descriptions provided for in Annex VII may be used in the Union only for the marketing of a product which conforms to the corresponding requirements laid down in that Annex.

3. The Commission shall be empowered to adopt delegated acts in accordance with Article 227 concerning the modifications, derogations or exemptions to the definitions and sales descriptions provided for in Annex VII. Those delegated acts shall be strictly limited to demonstrated needs resulting from evolving consumer demand, technical progress or the need for product innovation.

4. In order to ensure that operators and Member States have a clear and proper understanding of the definitions and sales descriptions provided for in Annex VII, the Commission shall be empowered to adopt delegated acts in accordance with Article 227 concerning the rules on their specification and application.

5. In order to take into account the expectations of consumers and the evolution of the milk products market, the Commission shall be empowered to adopt delegated acts in accordance with Article 227 to specify the milk products in respect of which the animal species from which the milk originates is to be stated, if it is not bovine, and to lay down the necessary rules."

"Annex VII, Part III

Milk and milk products

1. "Milk" means exclusively the normal mammary secretion obtained from one or more milkings without either addition thereto or extraction therefrom.

However, the term "milk" may be used:
(a) for milk treated without altering its composition or for milk the fat content of which is standardised under Part IV;
(b) in association with a word or words to designate the type, grade, origin and/or intended use of such milk or to describe the physical treatment or the modification in composition to which it has been subjected, provided that the modification is restricted to an addition and/or withdrawal of natural milk constituents.

2. For the purposes of this Part, "milk products" means products derived exclusively from milk, on the understanding that substances necessary for their manufacture may be added provided that those substances are not used for the purpose of replacing, in whole or in part, any milk constituent.

The following shall be reserved exclusively for milk products.
(a) the following names used at all stages of marketing:
(i) whey,
(ii) cream,
(iii) butter,
(iv) buttermilk,
(v) butteroil,
(vi) caseins,
(vii) anhydrous milk fat (AMF),
(viii) cheese,
(ix) yogurt,
(x) kephir,
(xi) koumiss,
(xii) viili/fil,
(xiii) smetana,
(xiv) fil;

(xv) rjaženka,
(xvi) rūgušpiens;

(b) names within the meaning of Article 5 of Directive 2000/13/EC or Article 17 of Regulation (EU) No 1169/2011 actually used for milk products.

3. The term 'milk' and the designations used for milk products may also be used in association with a word or words to designate composite products of which no part takes or is intended to take the place of any milk constituent and of which milk or a milk product is an essential part either in terms of quantity or for characterisation of the product.

4. As regards milk, the animal species from which the milk originates shall be stated, if it is not bovine.

5. The designations referred to in points 1, 2 and 3 may not be used for any product other than those referred to in that point.

However, this provision shall not apply to the designation of products the exact nature of which is clear from traditional usage and/or when the designations are clearly used to describe a characteristic quality of the product.

6. In respect of a product other than those described in points 1, 2 and 3 of this Part, no label, commercial document, publicity material or any form of advertising as defined in Article 2 of Council Directive 2006/114/EC (1) or any form of presentation may be used which claims, implies or suggests that the product is a dairy product.

However, in respect of a product which contains milk or milk products, the designation 'milk' or the designations referred to in the second subparagraph of points 2 of this Part may be used only to describe the basic raw materials and to list the ingredients in accordance with Directive 2000/13/EC or Regulation (EU) No 1169/2011.”

14. Mr Marsden exhibits a copy of a letter dated 4 November 2020 which was issued by the Intellectual Property Office ("IPO") in connection with an application for the trade mark UNM*LK YOUR MILK, in classes 29 and 32.[3] The letter concerns third-party observations received following the acceptance and publication of the trade mark application. The letter explains that the IPO, notwithstanding its earlier acceptance of the application, had decided to refuse it under section 40 of the Act in respect of "Coconut milk; coconut cream; coconut milk drink [beverage]". The reason given for the refusal was that, for these goods, there was an objection under section 3(4) of the Act, based upon the Regulation, the relevant parts of which I have set out above.

15. The Regulation extracts and the letter are two of the three exhibits adduced by Mr Marsden (his witness statement serves only as a vehicle to adduce the three exhibits). The other exhibit is a copy of a judgment of the Court of Justice of the European Union ("CJEU") dated 14 June 2017, in *Verband Sozialer Wettbewerb eV v TofuTown.com GmbH*.[4] This judgment concerned an action brought by a German association responsible for combatting fair competition ("VSW") against a company called TofuTown which produced and distributed vegetarian and vegan foodstuffs. Amongst the goods distributed by TofuTown were plant-based products under the designations 'Soyatoo tofu butter', 'Plant cheese', 'Veggie Cheese' and 'Cream'. The German regional court made a reference to the CJEU, essentially asking if it was acceptable to use terms such as butter and cream for non-dairy products if there are clarifying descriptions (e.g. tofu butter or soya-milk) and if excluded terms, such as butter and cheese, could be plant-based and not made from animal milk.

16. The CJEU answered:

> "Article 78(2) and Annex VII, Part III, to Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products … must be interpreted as precluding the term 'milk' and the designations reserved by that regulation exclusively for milk products from being used to designate a purely

[3] Exhibit AM3.
[4] Case C-422/16, ECLI:EU:C:2017:458.

plant based product in marketing or advertising, even if those terms are expanded upon by clarifying or descriptive terms indicating the plant origin of the product at issue, unless that product is listed in Annex I to Commission Decision 2010/791/EU of 20 December 2010 listing the products referred to in the second subparagraph of point III (1) of Annex XII to Council Regulation (EC) No 1234/2007."

17. I note from the CJEU judgment that the 'exceptions' referred to in Annex VII, Part III at point 5 (traditional usage and/or designations used to describe a characteristic quality of the product) are set out in the Commission Decision 2010/791/EU. The English language terms or product designations which are excluded from the Regulation and so constitute 'exceptions' are:

- Coconut milk
- 'Cream …' or 'Milk …'
  used in the description of a spirituous beverage not containing milk or other milk products or milk or milk product imitations (for example, cream sherry, milk sherry)
- Cream soda
- Cream filled biscuits (for example, custard cream, bourbon cream, raspberry cream biscuits, strawberry cream, etc.)
- Cream filled sweets or chocolates (for example, peppermint cream, raspberry cream, crème egg)
- Cream crackers
- Salad cream
- Creamed coconut and other similar fruit, nut and vegetable products where the term 'creamed' describes the characteristic texture of the product
- Cream of tartar
- Cream or creamed soups (for example, cream or tomato soup, cream of celery, cream of chicken, etc.)
- Horseradish cream
- Ice-cream
- Jelly cream

- Table cream
- Cocoa butter
- Shea butter
- Nut butters (for example, peanut butter)
- Butter beans
- Butter puffs
- Fruit cheese (for example, lemon cheese, Damson cheese)

18. The goods covered by the contested registration are clearly non-animal derived goods. The food goods in classes 29, 30 and 32 have all been positively limited to being oat-based. Dairy's objection is not to the descriptions of the goods: it is to the trade mark itself. The CJEU judgment specifically concerned descriptions of products, because that it what it was asked about. Nothing was said by the Court about excluded words in trade marks (or words which are in the exceptions list).

19. Article 72(2) of the Regulation states that the "definitions, designations or sales descriptions provided for in Annex VII may be used in the Union only for the marketing of a product which conforms to the corresponding requirements laid down in that annex". Trade marks are obviously used in the marketing of products, since their essential function is to distinguish the goods of one undertaking from those of other undertakings. In marketing a product, it is necessary to be able to refer to its trade origin.

20. Annex VII, Part III, point 5 provides:

> "5. The designations referred to in points 1, 2 and 3 may not be used for any product other than those referred to in that point.
>
> *However, this provision shall not apply to the designation of products the exact nature of which is clear from traditional usage and/or when the designations are clearly used to describe a characteristic quality of the product.*"

21. The exception (my italics) does not apply to the contested mark because a) the mark is not a designation the exact nature of which is clear from traditional usage and b) the mark does not clearly describe a characteristic quality of the goods.

22. The crux of Dairy's case is point 5 of Annex VII, Part III: "[the] designations referred to in points 1, 2 and 3 may not be used for any product other than those referred to in that point". Dairy takes a binary view of the matter: 'Milk' appears in the mark and 'milk' may only be used for goods falling within points 1, 2 and 3 which are: milk from animals (point 1), products derived from animal milk (point 2), and composite products in which milk is an essential part (point 3). The goods of the contested registration are not those referred to in points 1, 2 or 3. The goods are either milk or they are not. If they are not milk, the word 'milk' cannot be used in the trade mark.

23. Oatly's case that the mark is validly registered is based upon point 6 of Annex VII, Part III:

> "6. In respect of a product other than those described in points 1, 2 and 3 of this Part, no label, commercial document, publicity material or any form of advertising as defined in Article 2 of Council Directive 2006/114/EC (1) or any form of presentation may be used which claims, implies or suggests that the product is a dairy product."

24. Oatly claims that the mark does not claim, imply or suggest that the product is a dairy product and claims that point 6 is applicable because the goods are not products which are described in points 1, 2 and 3. The thrust of its case is that the mark, as a whole, will mean to the average consumer that a new generation has moved on from consuming dairy milk products. Oatly says that the mark mimics a common format for compound nouns; e.g. post oil generation, post baby-boom and post meat generation.

25. It seems to me that point 5 must be applicable because (particularly) point 1 refers to the use of the term 'milk'. It does not become inapplicable because the goods themselves are not milk: there is no distinction in the wording of point 5 between use in a trade mark (which is for marketing) and use as a description of goods. 'Milk'

appears in the trade mark and point 5 states that 'milk' may not be used for any product which is not milk or a milk product (as set out in points 1, 2 and 3).

26. Milk is a designation in points 1, 2 and 3 of the Annex. Point 5 states that 'milk' cannot be used for products which are not milk, and Article 78(2) covers use in marketing, including trade marks. Oatly's position is that for goods or products which are not milk, point 6 gets it home. That would mean that a trade mark which includes 'milk' for goods which are not milk, and contravenes point 5, might still be acceptable if the mark doesn't claim, imply or suggest that it is a dairy product. However, point 6 states "[in] respect of a product other than those described in points 1, 2 and 3 of this Part, no label, commercial document, publicity material or any form of advertising as defined in Article 2 of Council Directive 2006/114/EC (1) or any form of presentation may be used which claims, implies or suggests that the product is a dairy product." The purpose of point 5 is to catch the use of 'milk' (and other milk product terms) in the marketing of non-milk products. The purpose of point 6 must be to catch marketing for non-dairy products (i.e. which are not specified in points 1, 2 or 3) that do not use the word 'milk' or other protected names, such as 'butter', but nevertheless would be linked with dairy products (such as a device of a cow). The contested mark does not get as far as point 6 because it contravenes point 5: it contains the word 'milk' which is a designation referred to in points 1, 2 and 3 and which can only be used for goods referred to in those points.

27. Furthermore, the answer that the CJEU gave in the *TofuTown* case was that the term 'milk' was precluded from being used to designate purely plant-based products in marketing or advertising, which must include use in trade marks which are used in marketing, even where the word 'milk' is expanded upon by clarifying or descriptive terms. That could include the use of milk as part of a phrase comprising the trade mark.

28. The mark contains the word 'milk' and the goods are not milk. The wording of point 5 is strict. The use of 'milk' is prohibited for non-milk products under point 5 of the Annex, regardless of how the mark as a whole may be viewed by consumers, which is not a consideration under point 5. I find that the section 3(4) ground succeeds in relation to the goods in classes 29, 30 and 32. However, the ground fails in respect

of the class 25 goods: T-shirts. The purpose of the Regulation is stated to be establishing a common organisation of the markets in agricultural products. As this is the purpose of the Regulation, use in relation to T-shirts is manifestly outside the scope of the provisions. Protection must be linked to the reason for the Regulation.[5] Therefore, there is no basis for the section 3(4) ground as pleaded in relation to the class 25 goods.

Section 3(3)(b) of the Act

29. Professor Phillip Johnson, sitting as the Appointed Person in *TWG TEA COMPANY v MARIAGE FRÈRES SA* provided a summary of the law relating to section 3(3)(b) (and the equivalent provisions in EU law) at paragraph 84 of his decision:[6]

> "(a) it is necessary to establish that the mark will create actual deceit or a sufficiently serious risk that the consumer will be deceived: C-87/97 *Consorzio per la tutela del formaggio Gorgonzola*, ECLI:EU:C:1999:115, paragraph 41; C-259/04 *Emanuel*, ECLI:EU:C:2006:215, paragraph 47; C-689/15 *W.F. Gözze Frottierweberei*, EU:C:2017:434, paragraph 54;
>
> (b) the deception must arise from the use of the mark itself (i.e. the use per se will deceive the consumer): *Gorgonzola*, paragraph 43; *Emanuel*, paragraph 49; *Gözze Frottierweberei*, paragraph 55;
>
> (c) the assessment of whether a mark is deceptive should be made at the date of filing or priority date and so cannot be remedied by subsequent corrective statements: *Axle Associates v Gloucestershire Old Spots Pig Breeder's Club* [2010] ETMR 12, paragraph 25 and 26;

[5] CJEU in *Consorzio Tutela Aceto Balsamico di Modena v Balema GmbH*, Case C-432/18: "29 In that regard, it must be pointed out that the operative part of an act is indissociably linked to the statement of the reasons for it, so that, when it has to be interpreted, account must be taken of the reasons which led to its adoption (judgments of 27 June 2000, *Commission* v *Portugal*, C-404/97, EU:C:2000:345, paragraph 41 and the case-law cited, and of 29 April 2004, *Italy* v *Commission*, C-91/01, EU:C:2004:244, paragraph 49)."
[6] BL O/358/17.

(d) the deception must have some material effect on consumer behaviour: *CFA Institute's Application* [2007] ETMR 76, paragraph 40;

(e) where the use of a mark, in particular a collective mark, suggests certain quality requirements apply to goods sold under the mark, the failure to meet such requirements does not make use of the mark deceptive: *Gözze Frottierweberei*, paragraphs 57 and 58;

(f) Only where the targeted consumer is made to believe that the goods and services possess certain characteristics which they do not in fact possess will the consumer be deceived by the trade mark: T-248/05 *HUP Uslugi Polska v OHIM*, ECLI:EU:T:2008:396, paragraph 65;

(g) Where a mark does not convey a sufficiently specific and clear message concerning the protected goods and services or their characteristics but, at the very most, hints at them, there can be no deception in relation to those goods and services: *HUP*, paragraph 67 and 68; T-327/16 *Aldi v EUIPO* ECLI:EU:T:2017:439, paragraph 51;

(h) Once the existence of actual deceit, or a sufficiently serious risk that the consumer will be deceived, has been established, it becomes irrelevant that the mark applied for might also be perceived in a way that is not misleading: T-29/16 *Caffè Nero Group v EUIPO*, ECLI:EU:T:2016:635, paragraph 48;

(i) Where a trade mark contains information which is likely to deceive the public it is unable to perform its function of indicating the origin of goods: T41/05 *SIMS — École de ski internationale v OHIM*, EU:T:2991:200, paragraph 50; Caffè Nero, paragraph 47."

30. In *Emanuel*, the CJEU referred to the perceptions of the average consumer. In *Gut Springenheide and Tusky v Oberkreisdirektor des Kreises Steinfurt*, Case C-210/96, the CJEU stated that the average consumer is "reasonably well-informed and

reasonably observant and circumspect."[7] The caselaw states that the mark must create actual deceit or a sufficiently serious risk that the average consumer will be deceived, and the economic behaviour of the average consumer will be materially affected. In *Oatly AB v EUIPO*, Case T-253/20, concerning goods in classes 29, 30 and 32, the General Court agreed with the EUIPO Board of Appeal that the relevant public corresponded to the general public and that the level of attention during purchase was average (paragraph 33).[8] The Court also agreed with the Board of Appeal, at paragraph 47, that a "a non-negligible part of the relevant public, for ethical or physiological reasons, avoids consuming dairy products." This judgment was handed down after the UK had left the EU so is of persuasive value, rather than binding, but there is no reason to doubt that the assessment would have been the same at the relevant date in these proceedings, which is the date on which the contested mark was filed.

32. The mark is clearly not deceptive for the class 25 goods: that would be non-sensical. Nobody would buy a T-shirt expecting it to comprise or contain milk. There is no actual deceit or a sufficiently serious risk that the consumer will be deceived in relation to the class 25 goods.

33. I agree with Oatly's submissions that the average consumer will view the mark as an ironic way of saying its goods have moved on from conventional milk and are for consumers of a 'post-milk generation'; i.e. those who no longer consume dairy milk. The message is not difficult to receive for a member of the purchasing public that is reasonably well-informed and reasonably observant and circumspect, paying at least an average degree of attention to the purchase. They will not be in such a hurry that they only perceive the word 'milk', ignore the other two words, and assume they are buying dairy milk. As observed by Mr Iain Purvis QC, sitting as the Appointed Person in *Waymo LLC v Wayve Technologies Limited* "we are not concerned in trade mark cases with consumers who are unwary or careless".[9] The mark does not present

[7] See also *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited,* [2014] EWHC 439 (Ch), Birss J.
[8] The judgment concerned the mark IT'S LIKE MILK BUT MADE FOR HUMANS and the issue was one of distinctiveness, not deceptiveness.
[9] BL O/730/21, paragraph 26.

actual deceit or a sufficiently serious risk of deception so that the economic behaviour of the average consumer will be affected.

34. Even if there is no such thing as a 'post-milk generation', section 3(3)(b) is not directed at marks containing statements which, although inaccurate, have no bearing on the consumer.[10] There must be actual deceit or a sufficiently serious risk that the consumer will be deceived so that their behaviour is materially affected. The average consumer will not be made to believe that the goods contain dairy milk and thereby be deceived because they do not.

35. The section 3(3)(b) ground fails. I recognise that the opposite outcome to that for the goods in classes 29, 30 and 32 under section 3(4) may seem inconsistent. However, the assessment under section 3(3)(b) is from the perspective of the average consumer, whilst the assessment under section 3(4) is based upon the constraints of the construction of Article 78(2), Annex VII, Part III of the Regulation as adapted into UK law by Statutory Instrument 2019 No 821.

Overall outcome

36. The application for a declaration of invalidity partially succeeds under section 3(4) of the Act in relation to the goods in classes 29, 30 and 32. It fails in relation to the class 25 goods, for which the contested registration remains registered. Under section 47(6) of the Act, the registration in respect of the following goods is deemed never to have been made:

Class 29: *Oat-based drinks as milk substitutes; oat-based yoghurt substitute; oat-based crème fraiche; oat-based cooking cream and creamer.i*

Class 30: *Oat-based vanilla sauce and oat-based vanilla custard; oat-based ice cream; oat-based food spread.*

[10] *CFA Institute's Application*.

Class 32: *Oat-based natural energy drinks; oat-based breakfast drinks; oat-based fruit drink beverages; oat-based smoothie beverages.*

Costs

37. Dairy has been largely successful and is entitled to a contribution towards its costs, based upon the scale published in Tribunal Practice Notice 2/2016. With a slight offset to take into account the failure of the invalidation in relation to the class 25 goods, I award costs to Dairy as follows:

Preparing a statement and considering Oatly's statement	£400
Official fee	£200
Preparing evidence	£500
Preparing for and attending a hearing	£800
Offset	-£100
Total	£1800

38. I order Oatly AB to pay to Dairy UK Ltd the sum of **£1800**. This sum is to be paid within twenty-one days of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 17th day of January 2023

Judi Pike
For the Registrar,
the Comptroller-General