



Neutral Citation Number: [2023] EWHC 3204 (Ch)

Case No: CH-2023-000036

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

**ON APPEAL FROM THE INTELLECTUAL PROPERTY OFFICE**

7 Rolls Building  
Fetter Lane,  
London, EC4A 1NL

Date: 14 December 2023

**BETWEEN:-**

**OATLY AB**

**Appellant**

and

**DAIRY UK LTD**

**Respondent**

**Before:**

**THE HONOURABLE MR JUSTICE RICHARD SMITH**

**Michael Edenborough KC** of Counsel (instructed by **Gowling WLG (UK) LLP**) appeared  
for the **Appellant**

**Andrew Stuart Marsden**, Chartered Trade Mark Attorney (instructed by **DWF LLP**)  
appeared for the **Respondent**

Hearing date: 5 October 2023

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**APPROVED JUDGMENT**

**Mr Justice Richard Smith:**

**Introduction**

1. This judgment arises from an appeal against a decision of the Intellectual Property Office (the **IPO**) dated 17 January 2023 (the **Decision**) that the UK trade mark registration no. 3 445 440 for the word mark POST MILK GENERATION (the **Mark**) ought to be declared invalid for the goods registered in classes 29, 30 and 32 of the specification on the grounds that the Mark offended against section 3(4) of the Trade Marks Act 1994 (the **Act**). Specifically, the Hearing Officer found that the Mark was prohibited by reason of Article 78(2) of 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 (the **Regulation**) and Part III of Annex VII thereto addressing the use of the term “*milk*” in relation to products that are not mammary secretions.

**Background**

2. On 19 November 2019, the Appellant filed an application (**Application**) for what became the Mark for a variety of goods in different classes, namely:-

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.

3. On 25 November 2019, the IPO examined the Application, finding it to be inherently registrable, being distinctive, not descriptive, of the relevant goods. The IPO raised one issue *viz* the transfer of the specific goods “*oat-based food spread*” from Class 29 to Class 30. That issue was addressed and the Application accepted by the IPO and published in the Trade Marks Journal on 31 January 2020 for the purpose of the two months opposition period. No opposition was lodged and the registration certificate was issued on 8 August 2020. In the meantime, however, the Respondent’s solicitors, DWF Law LLP (**DWF**), had written to the IPO on 24 March 2020 with observations on the Application, albeit the letter was apparently mislaid at that time. DWF raised objections based upon sections 3(3)(b) and (4) of the Act which provide that:-

“3(3) 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).

3(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.”

4. The relevant enactment relied on by the Respondent as prohibiting the use of the Mark is the Regulation which defines “*milk*” in point 1 of Part III of Annex VII as “*the normal mammary secretion*” and continues at points 5 and 6 in the following terms:-

“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 point 2 of this Part may be used only to describe the basic raw materials and to list the ingredients in accordance with Directive 2003/13/EC or Regulation (EU) No 1169/2011.”

5. After the DWF letter re-surfaced, the IPO indicated in a letter dated 21 October 2020 that it was minded to “*rescind*” the registration pursuant to Rule 74(2)(b) of the Trade Mark Rules 2008 and to refuse the Application under section 3(4) of the Act for the majority of the goods in classes 29, 20 and 32.<sup>1</sup> Despite written submissions filed by the Appellant on 18 December 2020, this objection was provisionally upheld in a letter dated 4 January 2021.

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<sup>1</sup> Save for “*oat-based ice cream*” in class 30 that was included in the list of exceptions to the Regulation.

6. After an *ex parte* hearing on 28 January 2021, the provisional refusal was confirmed. However, after a request by the Appellant for full written reasons, the objection was waived in a letter from the IPO dated 19 April 2021 and the Mark therefore proceeded to registration for a second time on 23 April 2021. The Respondent then filed an application for a declaration of invalidity on 23 November 2021 based on both ss.3(3)(b) and (4) of the Act against all the goods for which the Mark had been registered.

### **The IPO's decision**

7. In the Decision (at [32]-[34]), the Hearing Officer dismissed the objection based on s.3(3)(b) on the ground that the Mark did not deceive, nor create a sufficiently serious risk of deception of, members of the general public. The Appellant places reliance on this appeal on this aspect of the Decision, noting that, as a consequence, it has been found that the use of the Mark will not mislead consumers, either directly or indirectly, into believing that any product in relation to which the Mark is used is a dairy product. No appeal has been made against that finding.
8. The Appellant also places reliance in this context on the Hearing Officer's finding (at [33]) 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 Appellant says that the Mark therefore alludes to the attitudes of a potential consumer rather than containing any direct or indirect allusion to any characteristic of the goods themselves and, as such, the Mark is distinctive of, indicates a unique trade source for, and is not descriptive of, the goods for which it is registered.
9. Despite these findings related to the consumer's perception of the Mark, the Hearing Officer upheld (at [28]) the objection based on s.3(4) against all the goods in classes 29, 30 and 32,<sup>2</sup> her key findings (at [25]-[28]) being:-
  - "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).

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<sup>2</sup> The Hearing Officer dismissed the objection in respect of the class 25 goods "*T-shirts*" on the basis the Regulation was concerned with agricultural products and the class 25 goods were "*manifestly outside the scope of the provisions*".

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. Therefore, there is no basis for the section 3(4) ground as pleaded in relation to the class 25 goods.”
10. The Appellant now appeals the IPO’s declaration of invalidity under s.3(4) of the Act in relation to the goods in classes 29, 30 and 32.

## The EU legislative regime

11. The Regulation underpins the EU’s Common Agricultural Policy and is concerned with “the organisation of the markets in agricultural products”. In broad terms, the relevant aspect of the Regulation arising in this case concerns the fair and consistent presentation of agricultural products to the market by the adoption of marketing standards enabling consumers to know, and have confidence in, the products they buy if labelled in a particular way. The Regulation has continuing effect in the UK as retained EU law. The Appellant took me in some detail through the Regulation (and related EU provisions) which I summarise below, together with the Appellant’s related arguments on their meaning and effect, before then considering the Respondent’s arguments.

### Regulation (EU) 1308/2013

12. Article 78 of the Regulation is entitled “definitions, designations and sales descriptions for certain sectors and products” and provides:-
- “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:-
- .....
- (c) milk and milk products intended for human consumption;
- .....
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.”
13. Annex VII to the Regulation is entitled “definitions, designations and sales description of products referred to in Article 78” and provides at the outset that:-
- “For the purposes of this Annex, the “sale description” means the name under which a foodstuff is sold, within the meaning of Article 5(1) of Directive 2000/13/EC, or the name of the food, within the meaning of Article 17 of Regulation (EU) No 1169/2011...”.
14. According to the Appellant, a sales description is a generic term for a product. So, for example, bread is bought under the name bread or sourdough bread or cream is bought under the name cream. As such, it is a generic descriptor for the relevant foodstuff. However, it does not appear that the term ‘sale description’ arises in Part III of Annex VII, specifically concerned with milk and milk products. Part III provides that:-
- “1. “Milk” means exclusively the normal mammary secretion obtained from one or more milkings without either addition thereto or extraction therefrom.”

15. Point 1 therefore contains a definition of ‘milk’, albeit this is then developed in the following terms:-

“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.”

16. The Appellant says that point 1 is concerned with the use of the term “milk” *per se* and also by way of “designation” where it describes something additional not contained in that definition such as ‘semi-skimmed’ milk for which the fat content has been modified or ‘pasteurised’ milk which has been treated with heat.

17. Point 2 then provides:-

“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.”
18. Accordingly, Part III of Annex VII requires milk products to carry certain names or “designations”, albeit these may be used in conjunction with other terms to designate composite products.
19. Based on these provisions, the Appellant says that the Regulation is concerned with a multiplicity of terms – definitions, designations, names and sale descriptions – all of which are concerned with a generic description of the particular food, foodstuff or food product, in the case of Part III, ‘milk’ or ‘milk products.’

### **Directive 2000/13/EC**

20. Part III of Annex VII to the Regulation also refers (at point 2(b)) to Article 5 of Directive 2000/13/EC of the European Parliament and of the Council of 20 March 2000 on the approximation of the laws of the Member States relating to the labelling, presentation and advertising of foodstuffs, the latter providing that:-

- “1. The name under which a foodstuff is sold shall be the name provided for in the Community provisions applicable to it.
- A. In the absence of Community provisions, the name under which a product is sold shall be the name provided for in the laws, regulations and administrative provisions applicable in the Member State in which the product is sold to the final consumer or to mass caterers.

Failing this, the name under which a product is sold shall be the name customary in the Member State in which it is sold to the final consumer or to mass caterers, or a description of the foodstuff, and if necessary of its use, which is clear enough to let the purchaser know its true nature and distinguish it from other products with which it might be confused.

- B. The use in the Member State of marketing of the sales name under which the product is legally manufactured and marketed in the Member State of production shall also be allowed.

However, where the application of the other provisions of this Directive, in particular those set out in Article 3, would not enable consumers in the Member State of marketing to know the true nature of the foodstuff and to distinguish it from foodstuffs with which they could confuse it, the sales name shall be accompanied by other descriptive information which shall appear in proximity to the sales name.

- C. In exceptional cases, the sales name of the Member State of production shall not be used in the Member State of marketing when the foodstuff which it



designates is so different, as regards its composition or manufacture, from the foodstuff known under that name that the provisions of point (b) are not sufficient to ensure, in the Member State of marketing, correct information for consumers.

2. No trade mark, brand name or fancy name may be substituted for the name under which the product is sold.
3. The name under which the product is sold shall include or be accompanied by particulars as to the physical condition of the foodstuff or the specific treatment which it has undergone (e.g. powdered, freeze-dried, deep-frozen, concentrated, smoked) in all cases where omission of such information could create confusion in the mind of the purchaser.

Any foodstuff which has been treated with ionising radiation must bear one of the following indications: ...”

21. The Appellant says that Article 5 is concerned to ensure that the name of a foodstuff or product or other description allows the consumer to know its true nature, in contradistinction to, for example, a trade mark. Part III of Annex VII to the Regulation also refers at point 2(b) to Article 17 of Regulation (EU) No 1169/2011. The Appellant says that the latter provides to a similar end with respect to the name of foods, with Article 17(4) also setting up a contradistinction with “a name protected as intellectual property, brand name or fancy name.”

**Council Regulation (EC) No. 1234/2007**

22. I was also referred to Council Regulation EC 1234/2007 on establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (commonly referred to as the “**Single CMO Regulation**”) and, in particular, Annex XII, entitled “definitions and designations in respect of milk and milk products referred to in article 114(1)”, itself reproduced without substantive change in the Regulation.<sup>3</sup> The former provides:-

“I. Definitions

For the purposes of this Annex:-

- (a) ‘marketing’ means holding or display with a view to sale, offering for sale, sale, delivery or any other manner of placing on the market;
- (b) ‘designation’ means the name used at all stages of marketing.

.....

III. Use of designations in respect of competing products

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<sup>3</sup> See *TofuTown* (at [9]).

1. The designations referred to in point II of this Annex 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.
2. In respect of a product other than those described in point II of this Annex, no label, commercial document, publicity material or any form of advertising as defined in Article 2(1) of Council Directive 84/450/EEC of 10 September 1984 concerning misleading and comparative advertising 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 point II(2) of this Annex may be used only to describe the basic raw materials and to list the ingredients in accordance with Directive 2000/13/EC."

#### **Commission Decision 2010/791/EU**

23. Finally, in the context of Regulation 1234/2007, I was also referred to Article 1 of Commission Decision 2010/791/EU, including the list of products for which the traditional usage means they are permitted to be designated in the terms listed. I do not set out all those terms out here but I note that they include the likes of coconut milk, cream sherry, cream soda, cream crackers, salad cream, cream of tartar, butter beans and peanut butter, generic terms describing the product in question which, on its ordinary application might well fall foul of the provisions summarised above but which, given their longstanding usage, are well understood as not being milk-derived products and for which exception is therefore specifically made.

#### **TofuTown**

24. In *Verband Sozialer Wettbewerb eV v TofuTown.com GmbH* Case C-422/16, ECLI:EU:C:2017:458, the Court of Justice considered in the context of the Regulation the use of designations such as 'Soyatoo tofu butter', 'Plant cheese', 'Veggie Cheese', 'Cream', 'Tofu butter' and 'Rice Spray Cream', albeit not in the context of the use of trade marks. The court concluded (at [52]) that the use of such terms in relation to vegan and vegetarian products was not permitted by EU law:-

"Having regard to all of the foregoing considerations, the answer to the questions referred is that Article 78(2) and Annex VII, Part III, to Regulation No. 1308/2013 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 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 Decision 2010/791."

25. The Appellant does not demur from the reasoning and decision in *TofuTown* but says it is not relevant here since the offending designations in that case comprised generic terms describing the relevant products and not, as in this case, a trade mark. Indeed, terms such as definition, designation, name and sales description in the EU legislation summarised above are all directed to such generic descriptions such that the nature of the relevant food, foodstuff or food product can be discerned. However, that is far removed from the situation in this case in which the Mark does not describe any product.

### **The Regulation re-visited (points 5 and 6)**

26. Finally, I was taken to points 5 and 6 of the Regulation which provide in the terms already set out (at [4] above). The Appellant says that the prohibition at point 5 is directed to the definition of ‘milk’ in point 1 or its slightly wider designation in points 1(a) and (b), the names of ‘milk products’ in point 2 or the composite product designations in point 3 of the Regulation. The Appellant says that point 5 is of narrower compass than the Hearing Officer found and that she fell into error by ‘shoehorning’ the Mark into point 5 because it happened to contain the word *milk*, albeit that word as used in the Mark was not being used to define, designate, describe or name any food, foodstuff or food product as opposed to describing its source.
27. As for the proviso to point 5, the Appellant says that this encompasses product terms such as cream of tartar and peanut butter where the perception of the consumer (based on traditional usage) is important as well as the designation of a product used to describe one of its characteristic qualities (such as creamed potato or, indeed, milk-free).
28. The Appellant also says that the prohibition in point 6 is directed to the situation in which the person marketing the relevant product does not use the definition, designation or descriptions envisaged by points 1-3 but nevertheless markets the product in a manner that suggests or implies that it is a dairy product, for example, using a cow motif in the product labelling. It is in this context in particular that the Appellant says that the Hearing Officer’s factual findings, namely that the Mark was not deceptive and the “*the average consumer will view the mark as ..... saying its goods ..... are for ..... those who no longer consume dairy milk*”, are important. In light of these findings, it could not be said that the Mark claims, suggests or implies that the products for which registration was obtained are dairy products such that point 6 is not engaged in this case.
29. Relatedly, even if (which the Appellant disputes) the Mark could be said to represent the *designation* of products under the Regulation, the exact nature of the products would be clear from the consumer’s perception of their characteristic qualities as found by the Hearing Officer such that the proviso to point 5 would be engaged. Although the perceived characteristic would be the non-association of the relevant products with milk products – and, in that sense, a characteristic of what the product is not - that is no different from designations such as ‘milk-free’ as those too must also be permitted under the proviso to point 5 of the Regulation.

### The Respondent's arguments

30. In its skeleton argument for the appeal the Respondent stated that the Hearing Officer had correctly summarised its position in her Decision (at [22]):-
- “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”.
31. The Respondent also submitted that the Hearing Officer was correct in her analysis (at [25]-[28]). In summary:-
- (i) The mark POST MILK GENERATION is registered for foods and drinks goods in classes 29, 30, and 32, none of which is ‘milk’ or ‘milk products’. The Mark will therefore be used for these goods and to market them to consumers;
  - (ii) The use of the word ‘milk’ within the Mark is prohibited by the Regulation. Such use is caught by point 5 of Part III to Annex VII of the Regulation which states that “[t]he designations referred to in points 1, 2 and 3 may not be used for any product other than those referred to in that point” (as the Hearing Officer found (at [25]));
  - (iii) Even if it is accepted that the Mark functions as an indication of origin rather than as a designator of goods, the Mark still contains the word milk and milk is a designation caught by point 5 of the Regulation;
  - (iv) There is no dispute that the categories of goods for which registration has been obtained are not milk or milk products; the only argument is whether the Mark is caught by the Regulation;
  - (v) Milk is a designation and its inclusion in the Mark constitutes use of a designation for non-milk products. As such, it is caught by the Regulation; and
  - (vi) Simply because the designation ‘milk’ is contained within the Mark does not avoid it being caught by the Regulation.

32. In oral argument, the Respondent also submitted that:-
- (i) Trade marks can have a descriptive or allusive quality, albeit not exclusively so;
  - (ii). A trade mark can operate both as a designator of goods and an indicator of trade origin;
  - (iii) The Regulation refers to definitions, designations and sales descriptions. They are separate categories, not all referring to the same descriptive element;
  - (iv) In this case, the Hearing Officer found (correctly) that the Mark fell within the ‘designations’ category;
  - (v) The purpose of the Regulation is to control the marketing use of descriptions and designations and prevent inappropriate uses of words such as ‘milk’;
  - (vi) Although *TofuTown* was not entirely on ‘all fours’ with this case, the former confirms that milk cannot be used for plant-based products, even with a clarifying or descriptive term;
  - (vii) If the Regulation did not apply to trade marks, it would leave a loophole, allowing avoidance simply by registration;
  - (viii) The reference to trade marks in Article 5(2) of Directive 2000/13/EC and Article 17(4) of Regulation (EU) No 1169/2011 (relied on by the Appellant by way of contradistinction) only relates to that aspect of the Regulation concerned with “sale description”, not designation (the Mark falling under the latter);
  - (ix) The Hearing Officer did not err in saying that, in marketing a product, “it is necessary to be able to refer to its trade origin.” The words “to be able to” make clear she was not saying this was mandatory for marketing purposes; and
  - (x) The term POST MILK GENERATION is unclear and it is not immediately obvious that it would just refer to the generation that has moved on from milk; it could refer to another dairy product that is part milk.
33. I have considered each of these points (which were principally responsive to the Appellant’s arguments). However, the Respondent’s essential point to which it returned more than once was that, as the Hearing Officer found, the Mark was a *designation* under the Regulation and that, contrary to the Appellant’s assertion, such a designation is not mutually exclusive from a trade mark.

## Discussion

34. Although this appeal arises in the context of the validity (or otherwise) of a trade mark, it is important not to lose sight of the purpose and effect of the Regulation. Point 5 in Part III of Annex VII to the Regulation prohibits the **use of the designations** in points 1, 2 and 3 **for any product** other than those referred to in that point.
35. In terms of **products**:-
- (i) **Point 1** is concerned with **milk**;
  - (ii) **Point 2** is concerned with **milk products**, being products derived exclusively from milk; and
  - (iii) **Point 3** is concerned with **composite products**, of which milk or a milk product is an essential part.
36. In terms of **designation**:-
- (i) the term “*designation*” is not specifically defined in the Regulation, albeit Part III of Annex VII reproduces, without substantive change, Article XII of the Single CMO Regulation, the latter defining “*designation*” as “**the name used at all stages of marketing**” (as that phrase also appears in point 2(a) of Part III of Annex VII to the Regulation<sup>4</sup>);
  - (ii) **point 1** designates (exclusively) “milk” as raw milk as well as the **term** “milk” used in **association with other words** to describe its physical treatment or modification (eg pasteurised or semi-skimmed);
  - (iii) **point 2** designates (exclusively) “milk products” as the **names** of the products identified at point 2(a)(i)-(xvi) (eg cream, butter, yoghurt) as well as the foodstuff or food **names** within the meaning of Article 5 of Directive 2000/13/EC and Article 17 of Regulation (EU) No 1169/2011 as actually used for milk products.
  - (iv) **point 3** designates as composite products milk or designations used for milk products used in **association with a word or words** where no part of that composite product is to take the place of any milk constituent and of which milk or a milk product is an essential part in terms of quantity or for characterisation of the product (eg strawberry yoghurt).

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<sup>4</sup> Designating (exclusively) as “milk products” the “*following names used at all stages of marketing*”.

37. As explained in *TofuTown* (at [44]), the designations contemplated by points 1-3 of Part III of Annex VII to the Regulation are concerned to enable those products with the particular characteristics related to the natural composition of animal milk to be identified with certainty. For dairy products, that is achieved through the use of certain terms and names constituting the (exclusive) designations for milk and milk products (sometimes in association with other words) and the prohibition in point 5 against their use for any other product. In short, Part III ensures that only those products that truly are dairy products are marketed and sold as such. In that sense, the Appellant is correct to say that the term *designation* connotes a generic description of the product.
38. Accordingly, were the Appellant to market and sell in the UK an oat-based drink as ‘oat milk’, that designation would fall foul of the Regulation in the same way as ‘plant cheese’ did in *TofuTown*. Milk and cheese both being ‘protected’ designations for dairy products (points 1 and 2 respectively), their use as designations for the plant-based products they describe would not be permitted. However, it would be open to the Appellant to name one of its products as ‘oat drink’ since that name would not implicate the protected designations for dairy products. The use of the Mark in conjunction with that ‘oat drink’ product would also be permissible since, although the former contains the word ‘milk’, the Mark would not be used to market and sell the latter as ‘milk’, not being descriptive of a particular product rather than, as the Hearing Officer found, indicative of the Appellant’s products more generally as being for those who no longer consume dairy milk.
39. As such, I also agree with the Appellant that the Hearing Officer construed the prohibition at point 5 too widely so as to encompass the Mark. Where she appears to have fallen into error is to assume that the use of the term ‘milk’ in the marketing of products (or food products at least) constitutes, without more, the use of the ‘designation’ for ‘milk’ within the meaning of the Regulation. However, it is the use of the term ‘milk’ for products to identify them as *being* milk, not merely its use in their marketing, that constitutes their designation as such. In this case, the Mark was registered for a variety of goods in different classes and, although it may well have been used in their marketing, it does not purport to market them as any particular product, let alone as milk. Since the Mark does not designate those goods as ‘milk’, point 5 is not engaged and no question of the proviso to point 5 arises.
40. Nor, in light of the Hearing Officer’s finding as to the perception of the Mark, does point 6 arise. Since “*the average consumer will view the mark as ..... for consumers ..... who no longer consume dairy milk*”, it cannot be said that the Mark “*claims, suggests or implies*” that the Appellant’s products marketed in conjunction with it are dairy products. That finding was one reasonably open to the Hearing Officer and it has not been appealed. As such, the Respondent’s argument (at [32(x)] above) is not open to it.

41. I am reinforced in my view by the fact that the term complained of - ‘milk’ - appears in a trade mark which, by its nature, is distinctive of, indicates a unique trade source for, and is not descriptive of, the goods for which it is registered. In this regard, Article 5(2) of Directive 2000/13/EC and Article 17(4) of Regulation (EU) No 1169/2011 provide that it is not possible to replace the name of a food or foodstuff with a trade mark, name protected by intellectual property or brand name. The Respondent says that this is only relevant to “sale descriptions” within the meaning of Article 78 of the Regulation but Part III of Annex VII expressly refers at point 2(b) to those other provisions of EU law as sources of names for foodstuffs or food the actual use of which also gives rise to their ‘designation’ under the Regulation. As such, I agree with the Appellant that such designations are mutually exclusive from the Mark.

### **Conclusion/ disposal**

42. For the above reasons, I would allow the appeal.
43. I trust that the parties can agree any consequential matters arising from this judgment, including as to costs, and a form of draft Minute of Order for my approval. If, however, there are any matters that cannot be agreed and/ or which require my further input, the necessary arrangements for a further hearing can be made through the court.