


One to watch: Oatly appeals to the UK Supreme Court in continued fight for its trade mark

06 March 2025  Darragh Killeen, Shannon Fahy and Emma Cullinan

Oatly is a brand known across the EU and UK for producing alternatives to dairy products, such as its popular oat drink.

On 23 April 2021, Oatly AB obtained a UK trade mark for “POST MILK GENERATION” (the 'Trade Mark'), covering the following classes:

- Class 25 for T-Shirts;
- Class 29 for oat-based drinks as milk substitutes, oat-based yogurt substitutes, oat-based crème fraiche, and oat-based cooking cream and creamer;
- Class 30 for oat-based vanilla sauce, oat-based vanilla custard, oat-based ice cream, and oat-based food spread; and
- Class 32 for oat-based natural energy drinks, oat-based breakfast drinks, oat-based fruit drink beverages, and oat-based smoothie beverages.

Shortly thereafter, Dairy UK Limited, the trade association for the UK dairy industry, filed an application in the UK Intellectual Property Office for a declaration that the Trade Mark was invalid on the basis of sections 3(3)(b) and 3(4) of the UK Trade Marks Act 1994. These sections respectively hold that a trade mark is not to be registered if it is “of such a nature as to deceive the public” or “if or to the extent that its use is prohibited... by any enactment or rule of law” (similar provisions exist under Irish law by virtue of the Trade Mark Act 1996 (as amended)).

Dairy UK argued the Trade Mark was deceptive because it contained the word “milk” in respect of goods which do not comprise or contain milk or milk products, and that use of the Trade Mark was also prohibited under EU Regulation 1308/2013, which establishes a common organisation of the markets in agricultural products (the 'Regulation'). The Regulation was subsequently amended with effect in the UK following the UK's exit from the EU.

In January 2023, the Registrar of Trade Marks held that the invalidity application succeeded on the basis that the Trade Mark's use was prohibited by the Regulation in respect of the goods in Classes 29, 30 and 32 only. An appeal of this decision by Oatly AB was successful, but Dairy UK subsequently appealed further to the Court of Appeal, raising issue with the interpretation of the Regulation, as assimilated into UK law.

Understanding the Regulation

The Regulation provides under Article 78 that “definitions, designations, or sales descriptions” provided for in Annex VII of the Regulation (i.e. relating to milk and milk products intended for human consumption), may be used only for the market of a product which conforms to the corresponding requirements laid down in that Annex.

The Annex then defines “milk” as meaning “exclusively the normal mammary secretion obtained from one or more milkings without either addition thereto or extraction therefrom”, while “milk products” means products derived exclusively from milk (while also allowing for substances to be added for manufacturing). The Annex goes so far as to identify terms / designations reserved exclusively for “milk products”, such as “cream”, “butter”, and “cheese”, and that these “designations” and those referred to above, namely “milk” and “milk products”, may not be used for any product other than those referred to within the Annex.

The Court of Appeal's decision

On foot of Dairy UK's appeal, the court was faced with considering whether the previous judge had erred in law in interpreting the term "designation" in the Regulation as meaning a generic description of the product, thus excluding a trade mark, or whether "designation" should have been interpreted as meaning a term that refers to a product in any way, including a trade mark.

While Article 78 regulates the use of "definitions", "designations", and "sales descriptions" "for the marketing of a product", and these terms are used throughout the Annex, only "sales description" is defined under the Regulation. The definition identifies "sales description" as being the "name under which a food is sold" but provides reference to a provision stipulating that "[n]o trade mark, brand name or fancy name may be substituted for the name under which the product is sold."

In light of the above definition, Oatly contended that a distinction is to be drawn between a "sales description" and a trade mark, brand name or fancy name. Oatly further contended that "designation" should have the same meaning as under the Regulation's predecessor (i.e. EU Regulation 1234/2007) (the "2007 Regulation"), as meaning "the name used at all stages of marketing." The effect of Oatly's argument was to give the same meaning to "sales description" and "designation". Ultimately, the point being made by Oatly was that its Trade Mark, by virtue of it being a trade mark (and thus, being considered as a whole), could not be a "designation".

The Court of Appeal disagreed with Oatly's arguments and reached the following conclusions:

- The absence of a definition for "designation" in the Regulation indicates that the word should be given its ordinary meaning.
- "Designation" must mean something different to, or at least not limited to, "sales description", given that the Regulation contains a definition for the latter.
- The context in which the two terms are used in the Regulation are materially different to that of the 2007 Regulation and therefore it can't be assumed that they were intended to have precisely the same meaning and effect.
- The Registrar was correct to interpret "designation" as including (part of) a trade mark. This conclusion was reached for a number of reasons, including that "designation" is a general word, with one dictionary defining it as a "distinctive mark or indication" – a definition which could include a trade mark.
- Reference to the EU case of VSW v TofuTown was made, in which the Court of Justice regarded "Soyatoo Tofu Butter" as a designation. Counsel for Oatly had argued that this judgment was immaterial because while "Soyatoo" was a trade mark, "Soyatoo Tofu Butter" was not. The court acknowledged that while "Soyatoo" was the sole source of distinctive character, this would not preclude the proprietor from seeking to register the whole phrase. If Oatly's interpretation of "designation" was accepted, it would have allowed the proprietor in that case to circumvent the ruling.

Ultimately, the Court of Appeal held it was immaterial that the Trade Mark contained two other qualifying words or that it was a registered trade mark in relation to the goods in question. Simply put, "milk" is a designation under the Regulation and therefore, cannot be used in relation to any product which is not "milk". As a result, the Court of Appeal reinstated the Registrar's declaration of invalidity against the "POST MILK GENERATION" mark.

Conclusion

The battle does not end there. Oatly applied for permission to appeal the ruling to the UK Supreme Court, and permission has since been granted. The Court of Appeal's analysis is food for thought while we await the Supreme Court's decision. The final judgment will be crucial for Oatly, as it also has EU registered marks for "POST GENERATION MILK", which could be at risk of invalidation if an unfavourable decision is handed down by the UK Supreme Court.

However, the decision will also be crucial to other brand owners who may try to market dairy alternatives using "designations" protected under the Regulation. Only time will tell how the dairy alternative market will be affected.

Contact

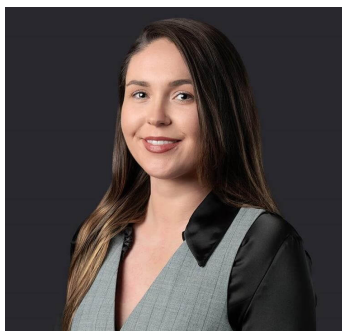
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