



Neutral Citation Number: [2024] EWCA Civ 1453

Case No: CA-2024-000137

IN THE COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE HIGH COURT OF JUSTICE, BUSINESS AND PROPERTY
COURTS OF ENGLAND AND WALES, CHANCERY APPEALS (ChD)

Mr Justice Richard Smith

[2023] EWHC 2304 (Ch)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 29 November 2024

Before :

LORD JUSTICE ARNOLD
LORD JUSTICE SNOWDEN
and
LORD JUSTICE JEREMY BAKER

Between :

DAIRY UK LIMITED

**Applicant/
Appellant**

- and -

OATLY AB

**Proprietor/
Respondent**

Tom Moody-Stuart KC (instructed by **DWF Law LLP**) for the **Appellant**
Michael Edenborough KC (instructed by **Gowling WLG (UK) LLP**) for the **Respondent**

Hearing date : 20 November 2024

Approved Judgment

This judgment was handed down remotely at 10.30am on 29 November 2024 by circulation to the parties or their representatives by e-mail and by release to the National Archives.

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Lord Justice Arnold:

Introduction

1. On 19 November 2019 Oatly AB filed United Kingdom Trade Mark Application No. 3445440 to register POST MILK GENERATION (“the Trade Mark”) as a trade mark in respect of 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 was registered on 23 April 2021. On 23 November 2021 Dairy UK Ltd (the trade association for the UK dairy industry) filed an application in the United Kingdom Intellectual Property Office for a declaration that the Trade Mark was invalidly registered on grounds raised under sections 3(3)(b) and 3(4) of the Trade Marks Act 1994. Section 3(3)(b) prohibits registration of a trade mark if it is “of such a nature as to deceive the public”, while section 3(4) prohibits registration of a trade mark “if or to the extent that its use is prohibited in the United Kingdom by any enactment or rule of law”. Dairy UK contended under section 3(3)(b) that the Trade Mark was deceptive because it contains the word “milk” in respect of goods which do not comprise or contain milk or milk products, and under section 3(4) that use of the Trade Mark is prohibited in the UK by Article 78(2) and Annex VII, Part III of European Parliament and Council Regulation 1308/2013/EU of 17 December 2013 establishing a common organisation of the markets in agricultural products (“the 2013 Regulation”) as amended with effect in Great Britain by the Common Organisation of the Markets in Agricultural Products Framework (Miscellaneous Amendments, etc.) (EU Exit) Regulations 2019, SI 2019/821 (“the SI”).
3. In a written decision dated 17 January 2023 (O/49/23) Judi Pike acting for the Registrar of Trade Marks held that the application succeeded under section 3(4) in relation to the goods in Classes 29, 30 and 32, but otherwise dismissed it. Richard Smith J allowed an appeal by Oatly against the hearing officer’s declaration that the Trade Mark was invalid with respect to the goods in Classes 29, 30 and 32 for the reasons the judge gave in a judgment dated 14 December 2023 [2023] EWHC 3204 (Ch). Dairy UK now appeals from the judge’s order with permission granted by myself. The appeal raises an issue of interpretation of the 2013 Regulation, which is assimilated law.

The legislation

Relevant provisions of the 2007 Regulation

4. The 2013 Regulation replaced Council Regulation 1234/2007/EC of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (“the 2007 Regulation”).
5. Title II, “Rules concerning marketing and production”, Chapter I, “Marketing standards and conditions for the production”, Section I, “Marketing standards”, included Article 114, which provided:

“Article 114

Marketing standards for milk and milk products

1. Foodstuffs intended for human consumption may be marketed as milk and milk products only if they comply with the definitions and designations laid down in Annex XII.
 2. Without prejudice to exemptions provided for in Community law and to measures for the protection of public health, milk falling within CN code 0401 intended for human consumption may only be marketed within the Community in accordance with Annex XIII and, in particular, with the definitions set out in point I thereof.”
6. Section III, “Procedural rules”, contained a single article, Article 121, which provided, so far as relevant:

“Article 121

Adoption of standards, implementing rules and derogations

The Commission shall establish the detailed rules for the application of this Chapter, which may in particular relate to:

...

- (b) as regards the definitions and designations that may be used in the marketing of milk and milk products in accordance with Article 114(1):
 - (i) drawing up and, where necessary, supplementing the list of the products referred to in the second subparagraph of point III(1) of Annex XII, on the basis of the lists sent to it by the Member States;

...”

7. Annex XII provided, so far as relevant:

“ANNEX XII

DEFINITIONS AND DESIGNATIONS IN RESPECT OF MILK AND MILK PRODUCTS REFERRED TO IN ARTICLE 114(1)

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.

II. *Use of the term 'milk'*

- 1. The term '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 Article 114(2) in conjunction with Annex XIII;
 - (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 Annex, '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 designations:

...

- (ii) cream,

- (iii) butter,

...

- (viii) cheese,

...

(b) designations or names within the meaning of 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, 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. The origin of milk and milk products to be defined by the Commission shall be stated if it is not bovine.

III. *Use of designations in respect of competing products*

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.

IV. Lists of products; communications

1. Member States shall make available to the Commission an indicative list of the products which they regard as corresponding in their territory to the products referred to in the second subparagraph of point III(1).

Member States shall, where necessary, make additions to this list subsequently and inform the Commission thereof.

...”

8. Annex XIII provided, so far as relevant:

“ANNEX XIII

MARKETING OF MILK FOR HUMAN CONSUMPTION
REFERRED TO IN ARTICLE 114(2)

I. *Definitions*

For the purposes of this Annex:

- (a) ‘milk’ means the produce of the milking of one or more cows;
- (b) ‘drinking milk’ means the products referred to in point III intended for delivery without further processing to the consumer;

...

II. *Delivery or sale to the final consumer*

- 1. Only milk complying with the requirements laid down for drinking milk may be delivered or sold without processing to the final consumer, either directly or through the intermediary of restaurants, hospitals, canteens or other similar mass caterers.
- 2. The sales descriptions to be used for those products shall be those given in point III of this Annex. Those descriptions shall be used only for the products referred to in that point, without prejudice to their use in composite descriptions.

...”

Relevant provisions of the 2013 Regulation

9. The 2013 Regulation includes the following recitals:

- “(1) The Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled ‘The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future’ sets out potential challenges, objectives and orientations for the Common Agricultural Policy (‘the CAP’) after 2013. In the light of the debate on that Communication, the CAP should be reformed with effect from 1 January 2014. That reform should cover all the main instruments of the CAP, including Council Regulation (EC) No 1234/2007. In view of the scope of the reform, it is appropriate to repeal that Regulation and to replace it with a new regulation on the common organisation of the markets in agricultural products. The reform should also, as far as possible, harmonise, streamline and simplify the provisions, particularly those covering more than one agricultural sector,

including by ensuring that non-essential elements of measures may be adopted by the Commission by way of delegated acts.

...

- (64) The application of standards for the marketing of agricultural products can contribute to improving the economic conditions for the production and marketing and the quality of such products. The application of such standards is therefore in the interests of producers, traders and consumers.

...

- (76) For certain sectors and products, definitions, designations and sales descriptions are important elements for determining the conditions of competition. Therefore, it is appropriate to lay down definitions, designations and sales descriptions for those sectors and/or products, which should only be used in the Union for the marketing of products which comply with the corresponding requirements.”

10. Article 1 provides, so far as relevant:

“Article 1

Scope

1. This Regulation establishes a common organisation of the markets for agricultural products, which means all the products listed in Annex I to the Treaties with the exception of the fishery and aquaculture products as defined in Union legislative acts on the common organisation of the markets in fishery and aquaculture products.

...”

11. Title II, “Rules concerning marketing and producer organisations”, Chapter 1, “Rules concerning marketing”, Section 1, “Marketing standards”, Subsection 1, “Introductory provisions”, contains a single article:

“Article 73

Scope

Without prejudice to any other provisions applicable to agricultural products, as well as to the provisions adopted in the veterinary, phytosanitary and food sectors to ensure that products comply with hygiene and health standards and to protect animal, plant and human health, this Section lays down the rules concerning marketing standards. Those rules shall be divided between obligatory rules and optional reserved terms for agricultural products.”

12. Subsection 2, “Marketing standards by sectors or products” is primarily concerned with marketing standards, but it also includes Article 78. This provides, so far as relevant:

“Article 78

Definitions, designations and sales descriptions for certain sectors and products

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. Subsection 5, “Common provisions”, contains a single article, Article 91. So far as relevant, this provides:

“Article 91

Implementing powers in accordance with the examination procedure

The Commission may adopt implementing acts:

- (a) establishing the list of milk and milk products referred to in the second paragraph of point 5 of Part III of Annex VII ..., on the basis of indicative lists of products which Member States regard as corresponding, in their territory, to those provisions and which Member States shall send to the Commission;

...”

14. Chapter II, “Transitional and final provisions”, includes Article 230, which provides, so far as relevant:

“Article 230

Repeals

...

2. References to Regulation (EC) No 1234/2007 shall be construed as references to this Regulation ... and be read in accordance with the correlation table set out in Annex XIV to this Regulation.”

15. Annex VII provides, so far as relevant:

“ANNEX VII

DEFINITIONS, DESIGNATIONS AND SALES DESCRIPTION [SIC] OF PRODUCTS REFERRED TO IN ARTICLE 78

For the purposes of this Annex, the ‘sale [sic] 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.

...

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:

...

(ii) cream,

(iii) butter,

...

(viii) cheese,

...

(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.

PART IV

Milk for human consumption falling within CN code 0401

I. *Definitions*

For the purposes of this Annex:

- (a) ‘milk’ means the produce of the milking of one or more cows;
- (b) ‘drinking milk’ means the products referred to in point III intended for delivery without further processing to the consumer;

...

II. *Delivery or sale to the final consumer*

- 1. Only milk complying with the requirements laid down for drinking milk may be delivered or sold without processing to the final consumer, either directly or through the intermediary of restaurants, hospitals, canteens or other similar mass caterers.
- 2. The sales descriptions to be used for those products shall be those given in point III of this Annex. Those descriptions shall be used only for the products referred to in that point, without prejudice to their use in composite descriptions.

...”

Relevant provisions of Directive 2000/13

- 16. The introductory paragraph of Annex VII to the 2013 Regulation refers to Article 5(1) of European Parliament and Council Directive 2000/13/EC of 20 March 2000 on the approximation of the law of the Member States relating to the labelling, presentation and advertising of foodstuffs. Article 5 provides, so far as relevant:

“Article 5

- 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.

...

2. No trade mark, brand name or fancy name may be substituted for the name under which the product is sold.”

Relevant provisions of Regulation 1169/2011

17. The introductory paragraph of Annex VII to the 2013 Regulation also refers to Article 17 of European Parliament and Council Regulation 1169/2011/EC of 25 October 2011 on the provision of food information to consumers. Article 17 provides, so far as relevant:

“*Article 17*

Name of the food

1. The name of the food shall be its legal name. In the absence of such a name, the name of the food shall be its customary name, or, if there is no customary name or the customary name is not used, a descriptive name of the food shall be provided.

...

4. The name of the food shall not be replaced with a name protected as intellectual property, brand name or fancy name”

The 2010 Decision

18. Commission Decision 2010/791/EU of 20 December 2016 listing the products referred to in the second subparagraph of point III(1) of Annex XII to Council Regulation 1234/2007/EC (“the 2010 Decision”) was adopted pursuant to Article 121(b)(i) of the 2007 Regulation. The 2010 Decision states, so far as relevant:

“Whereas:

- (2) Regulation (EC) No 1234/2007 establishes the principle that the descriptions milk and milk products may not be used for milk products other than those in described point II of Annex XII thereto. As an exception, this principle is not applicable to the description of products the exact nature of which is known because of traditional use and/or when the designations are clearly used to describe a characteristic quality of the product.
- (3) The Member States must notify to the Commission indicative lists of the products which they deem to meet, within their own territories, the criteria for the abovementioned exception. A list should be made of such products on the basis of the indicative lists notified by the Member States. That list should include the names of the relevant products according to their traditional use in the various languages of the Union, in order to render these names usable in all the Member States, provided they comply with the provisions 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.

...

- (5) Following the accessions to the European Union of 2004 and 2007, some of the new Member States have submitted lists of products which they deem to meet, within their own territories, the criteria for the abovementioned exception. The list in Annex I to this Decision should therefore be completed by including the names of the products from the new Member States, in the relevant languages, which can benefit from the exception.

...

Article 1

The products corresponding, on the territory of the Union, to the products referred to in the second subparagraph of point III(1) of Annex XII to Regulation (EC) No 1234/2007 are listed in Annex I to this Decision.

ANNEX I

List of the products referred to in the second subparagraph of point III(1) of Annex XII to Regulation (EC) No 1234/2007

...

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 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)

...

Creamed coconut and other similar fruit, nut and vegetable products where the term ‘creamed’ describes the characteristic texture of the product

...

Cream or creamed soups (for example, cream of tomato soup, cream of celery, cream of chicken, etc.)

...”

19. It is common ground that the 2010 Decision is both still in force and assimilated law.

The SI

20. The only relevant amendment to the Regulation made by the SI is that the word “Union” in Article 78(2) has been replaced by the words “Great Britain” with effect in relation to Great Britain. The Regulation continues to apply without amendment in Northern Ireland. It is common ground that nothing turns on this.

Relevant case law

21. The only case concerning the interpretation of Article 78 and Annex VII, Part III of the Regulation to which we were referred is the decision of the Court of Justice of the European Union in Case C-422/16 *Verband Sozialer Wettbewerb eV v TofuTown.com GmbH* [EU:C:2017:458] (“*VSW v TofuTown*”). This is assimilated law, and this Court was not invited to depart from it.

22. The Court of Justice described the dispute in the main proceedings as follows:

“15. The VSW is a German association whose responsibilities include combatting unfair competition. TofuTown is a company which produces and distributes vegetarian/vegan foodstuffs. It promotes and distributes, among others, pure plant-based products under the designations ‘Soyatoo tofu butter’, Plant cheese, ‘Veggie Cheese’, ‘Cream’ and other similar designations.

16. Taking the view that the promotion by TofuTown of those pure plant-based products infringes the competition rules, the VSW brought an action for a prohibitory injunction against that company before the Landgericht Trier (Regional Court, Trier, Germany), relying on an infringement of Paragraph 3a of the Law on Unfair Competition, in conjunction with Annex VII, Part III, points 1 and 2, and Article 78 of Regulation No 1308/2013.

17. TofuTown maintains, to the contrary, that its advertising of plant-based products with the designations at issue does not infringe those provisions of EU law, since the way in which consumers understand those designations has changed massively in recent years, and that it does not use terms such as ‘butter’ or ‘cream’ in isolation, but always in association with words referring to the plant-based origin of the products concerned, for example ‘Tofu butter’ or ‘Rice Spray Cream’.”

23. The Landgericht Trier referred questions to the Court which the Court summarised as asking whether Article 78(2) and Annex VII, Part III of the Regulation must be interpreted as meaning that they preclude the use of the term “milk”, and the designations that the Regulation reserves exclusively for milk products, 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-based origin of the products concerned. The Court’s answer to that question was yes.
24. So far as point 1 in Annex VIII, Part III is concerned, the Court held:
- “23. ... it is clear from the wording of point 1 that the term ‘milk’ cannot, in principle, be lawfully used to designate a purely plant-based product, since milk is, within the meaning of that provision, ‘an animal product’, which is also clear from Annex VII, Part III, point 4, to Regulation No 1308/2013, which provides that, as regards milk, the animal species from which the milk originates are to be stated, if it is not bovine, and Article 78(5) of that regulation, which empowers the Commission to adopt delegated acts 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.
24. Furthermore, it is clear from that wording that clarifying or descriptive terms indicating the plant-based origin of the product concerned, such as soya or tofu, at issue in the main proceedings, do not fall within the terms which may be used with the designation ‘milk,’ in accordance with point 1, second subparagraph (b), since the alterations to the composition of milk that the additional words may designate under that provision are those which are limited to the addition and/or subtraction of its natural constituents, which does not include a total replacement of milk by a purely plant-based product.”
25. As for point 2, the Court held at [27] that “the names listed in Annex VII, Part III, point 2, second subparagraph, (a), to that regulation such as ... cream, butter, cheese ... cannot, in principle, be lawfully used to designate a purely plant-based product”.
26. With respect to point 3, the Court held at [32] that “[p]oint 3 cannot ... be used as a basis, in order to designate purely plant-based product, for the lawful use of the term ‘milk’ or designations reserved exclusively for milk products associated with clarifying or descriptive terms indicating the plant-based origin of the product concerned”.
27. Turning to point 5, the Court held:
- “33. Furthermore, although according to Annex VII, Part III, point 5, first subparagraph, to Regulation No 1308/2013, the names referred to in points 1, 2 and 3 of Part III cannot be used for any other products than those which are set out therein, the second subparagraph of point 5 provides that the first subparagraph ‘does 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’.

34. The list of products referred to by the latter provision has, by virtue of Article 121(b)(i) of Regulation No 1234/2007 (now, in substance, Article 91, first subparagraph, (a), of Regulation No 1308/2013) been laid down in Annex I to Decision 2010/791. Therefore, only the products set out in that annex fall within the exception laid down in the second subparagraph.

35. In the present case, it must be observed that that list does not contain any reference to soya or tofu.

...

38. Thus, it appears that none of the products mentioned by way of example by the referring court appear on that list and that, therefore, none of the designations that that court mentions are covered by the exception laid down in Annex VII, Part III, point 5, second subparagraph, to Regulation No 1308/2013”

28. The Court concluded:

“40. It follows from all of the foregoing that the term ‘milk’ and the designations reserved exclusively for milk products cannot be lawfully used to designate a purely plant-based product, unless that product appears on the list in Annex I to Decision 2010/791. The addition of descriptions or explanations indicating the plant origin of the product at issue, such as those at issue in the main proceedings, does not affect such a prohibition (see, to that effect, judgment of 16 December 1999, *UDL*, C-101/98, EU:C:1999:615, paragraphs 25 to 28).

41. Furthermore, it is clear from a reading of Article 78(2) and Annex VII, Part III, point 6, first subparagraph, to Regulation No 1308/2013 that that prohibition applies equally to marketing and publicity.”

29. The Court considered that this interpretation was supported by the objectives of the Regulation for the following reasons:

“43. As is clear from recitals 64 and 76 of that regulation, the objectives pursued by the provisions at issue consist, in particular, in improving the economic conditions for the production and marketing as well as the quality of such products. The application of such standards is therefore in the interest of producers, traders and consumers, to protect consumers and to maintain conditions for allowing competition. Those provisions, in so far as they provide that

only the products which comply with the requirements they lay down can be designated by the term ‘milk’ and the designations reserved exclusively for milk products even if those designations are expanded upon by explanations or descriptions such as those at issue in the main proceedings, contribute to the attainment of those objectives.

44. In the absence of such limits, those designations would not enable products with the particular characteristics related to the natural composition of animal milk to be identified with certainty, which would be contrary to the protection of consumers because of the likelihood of confusion which would be created. That would also be contrary to the objective of improving the economic conditions for production and marketing and the quality of ‘milk’ and ‘milk products’.”
30. The Court did not accept that, interpreted in this way, the provisions in issue were disproportionate for the reasons it gave at [48]:

“The fact that, in marketing or advertising, the possibility to use the term ‘milk’ and the designations reserved exclusively for milk products is available only to products which meet the requirements laid down by Annex VII, Part III, to Regulation No 1308/2013 is a guarantee, in particular, to the producers of those products of undistorted conditions for competition, and to consumers of those products, that the products designated by those designations meet all the same standards of quality, both protecting them against any confusion as to the composition of the products they intend to purchase. The provisions at issue are thus appropriate to achieve those objectives. Furthermore, they do not go beyond what is necessary to achieve them, since, as the Court has already held, the addition of descriptions or explanations to those designations to designate products which do not satisfy those requirements cannot prevent with certainty any likelihood of confusion in the mind of the consumer. Therefore, the provisions at issue, do not breach the principle of proportionality (see, to that effect, judgment of 16 December 1999, *UDL*, C-101/98, EU:C:1999:615, paragraphs 32 to 34).”

The hearing officer’s decision

31. The hearing officer’s decision may be summarised as follows. So far as section 3(4) is concerned, she held that use of the Trade Mark in relation to the goods specified in Classes 29, 30 and 32 was prohibited by Article 78(2) and Annex VII, Part III, point 5 of the 2013 Regulation. Her reasoning was that: “milk” is one of the designations referred to in points 1, 2 and 3; point 5 means that “milk” cannot be used for any product which is not milk or a milk product; Article 78(2) covers use in marketing, including trade marks; the Trade Mark includes “milk”, and therefore its use is prohibited; and point 6 did not assist Oatly because it was an additional restriction to point 5, but the Trade Mark did not get as far as point 6 since it contravened point 5. She considered that this interpretation of the 2013 Regulation was supported by *VSW*

v TofuTown. This ground of invalidity did not apply to the goods in Class 25 because they were outside the scope of the 2013 Regulation. As for section 3(3)(b), she held that the Trade Mark was not deceptive in relation to the goods in Classes 29, 30 and 32 because the average consumer would view the Trade Mark “as an ironic way of saying that [Oatly’s] goods have moved on from conventional milk and are for consumers ... who no longer consume dairy milk”. Still less was the Trade Mark deceptive in relation to the goods in Class 25.

The judge’s judgment

32. The judge’s reasoning may be summarised as follows. He held that the hearing officer had erred in law because she had construed the prohibition in point 5 of Annex VII, Part III too widely. The term “designation” connoted a generic description of the product, and the designations in point 5 were exclusive of the Trade Mark. Thus point 5 was not engaged. Given the hearing officer’s finding as to how the average consumer would perceive the Trade Mark, use of it would not contravene point 6 either.

The appeal

33. Dairy UK appeals on two grounds. Ground 1 is that the judge erred in law in interpreting the term “designation” in Article 78(2) and Annex VII, Part III of the 2013 Regulation as meaning a generic description of the product, thus excluding a trade mark, and should have interpreted it as meaning a term that refers to a product in any way, including a trade mark. Ground 2 is that, even if he correctly interpreted the term “designation”, the judge erred in law in his approach to the assessment of invalidity under section 3(4) of the 1994 Act because he failed to consider notional fair use of the Trade Mark. Oatly supports the judge’s reasoning.

Ground 1

34. The question raised by ground 1 is what is meant by the term “designation” in Article 78(2) and Annex VII, Part III of the 2013 Regulation. The question arises due to the absence of any definition of this term.
35. The starting point is that Article 78(2) regulates the use of “definitions”, “designations” and “sales descriptions” “for the marketing of a product”. Annex VII uses all three terms in various places. For example, although Part III only uses the term “designations”, Part IV uses both “definitions” (point I) and “sales descriptions” (point II(2)).
36. The only one of these three terms that is defined is “sales description”, which is defined by the introductory paragraph of Annex VII as meaning “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 1169/2011/EU”. Article 5(2) of Directive 2000/13 provides that “[n]o trade mark, brand name or fancy name may be substituted for the name under which the product is sold”, and Article 17(4) of Regulation 1169/2011 is to the same effect. Oatly contends that it is to be inferred from this that a distinction is to be drawn between “the name under which a food is sold”, and hence “sales description”, and a trade

mark, brand name or fancy name. Dairy UK does not dispute this, but points out that no inference can be drawn from this with respect to “designation”.

37. Dairy UK submits that “designation” is unlikely to be intended to have the same meaning as “sales description” in Article 78(2) and Annex VII, otherwise there would be no point in employing both terms in Article 78(2) and using them in different places in Annex VII. Dairy UK accepts that this does not exclude the possibility of some overlap between the meanings of these terms (or between the meaning of “designation” and that of “definition”).
38. Oatly does not dispute that, in general, different terms employed in legislation should not be interpreted as having the same meaning, but Oatly nevertheless submits that “designation” in the 2013 Regulation should be interpreted in the same manner as in the 2007 Regulation. Annex XII, Part I(a) of the 2007 Regulation provided that “‘designation’ means the name used at all stages of marketing”. Oatly argues that it must bear the same meaning in the 2013 Regulation because Annex VII Parts III and IV of the 2013 Regulation substantively reproduce Annexes XII and XIII of the 2007 Regulation.
39. The judge accepted this argument, but I respectfully disagree for three reasons. The first is that the definition of “designation” in the 2007 Regulation is not reproduced in the 2013 Regulation. If it had been intended that “designation” should bear the same meaning as in the 2007 Regulation, then the definition would have been retained. Its absence from the 2013 Regulation indicates that “designation” is to be given its ordinary meaning.
40. Secondly, the 2013 Regulation contains a definition of “sales description” which was not present in the 2007 Regulation. This confirms that “designation” must mean something different to, or at least not limited to, “sales description” as defined in the 2013 Regulation, whereas the effect of Oatly’s argument is to give them the same meaning.
41. Thirdly, Oatly’s argument ignores the fact that the context in which these terms are used in the 2013 Regulation is materially different to that in the 2007 Regulation. In the 2007 Regulation Article 114, and hence Annexes XII and XIII, are expressed to regulate “marketing standards for milk and milk products”. By contrast, in the 2013 Regulation Article 78 is expressed to regulate “definitions, designations and sales descriptions” “[i]n addition, where relevant, to the applicable marketing standards”; and, perhaps more importantly, to do so in relation to beef and veal, wine, poultry meat, eggs, spreadable fats, olive oil and table olives as well as milk and milk products. More generally, the 2013 Regulation is not a mere codification or update of the 2007 Regulation. As recital (1) makes clear, the 2013 Regulation was part of a wider reform of the EU’s Common Agricultural Policy, and it was intended to “replace [the 2007 Regulation] with a new regulation” which “should also, as far as possible, harmonise, streamline and simplify the provisions”. Consistently with this recital, the 2013 Regulation is a substantially revised piece of legislation, as can be seen from the fact that the 2013 Regulation contains 207 recitals, 232 Articles and 14 Annexes whereas the 2007 Regulation contained 111 recitals, 204 Articles and 22 Annexes. In those circumstances, although the content of Annex VII, Part III of the 2013 Regulation is very similar to that of Annexes XII and XIII, it cannot be assumed that they were intended to have precisely the same meaning and effect.

42. Oatly also relies upon the way the word “designate” is used in points 1 and 3 of Annex VII as supporting its interpretation of “designation”. Point 1 states that “milk” may be used “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 ...”. Point 3 states that “‘milk’ and the designations used for milk products may also be used in association with a word or words to designate composite products ...”. It is common ground that this language confirms, if confirmation is needed, that a “designation” includes a description of a product. Contrary to Oatly’s argument, however, it does not demonstrate that a “designation” is limited to a description of a product. Apart from anything else, the word “origin” is perfectly capable of embracing trade origin as well as geographical origin.
43. Finally, Oatly relies on the architecture of Annex VII, Part III. It is common ground that: point 1 defines “milk”; point 2 defines “milk products”; point 3 permits “milk” and designations used for milk products to be used together with another word or words in certain circumstances (e.g. “chocolate milk” for chocolate-flavoured milk); and point 4 requires the animal origin of milk to be stated if it is not bovine. It is also common ground that the restrictions are contained in points 5 and 6. Oatly submits that point 5 is a narrow provision, while point 6 is a broad provision designed to catch misleading usages which do not fall within the strict parameters of point 5. Dairy UK does not dispute that point 6 is broader than point 5, but contends that this does not support Oatly’s interpretation. I agree with this.
44. In my judgment the hearing officer was correct to interpret “designation” as including (part of) a trade mark for the following reasons. First, I reject Oatly’s arguments in support of its interpretation for the reasons given above.
45. Secondly, “designation” is quite a general word, with a number of shades of meaning depending on context. One of the definitions in the *Shorter Oxford English Dictionary* is “a distinctive mark or indication”. A trade mark fits this definition, particularly given the context supplied by the words “used ... for the marketing of a product” in Article 78(2).
46. Thirdly, although the judgment in *VSW v TofuTown* does not directly address this question, the Court of Justice evidently regarded “Soyatoo tofu butter” as a “designation”. SOYATOO has been registered as an EU Trade Mark in respect of goods in Classes 29, 30 and 32 since 2008. Counsel for Oatly argued that this was immaterial because SOYATOO TOFU BUTTER was not a trade mark. The problem with this argument is that, while it is undoubtedly true that the sole source of distinctive character in that phrase is SOYATOO, that would not prevent the proprietor of the SOYATOO registration from registering the composite phrase. On Oatly’s interpretation of “designation”, that would enable the proprietor to circumvent the ruling.
47. Fourthly, and following on from the third point, having regard to the purposes of Article 78 and Annex VII, Part III identified by the Court in *VSW v TofuTown*, it would be surprising if the term “designation” did not include a trade mark or part of a trade mark. A number of examples were discussed in argument. It suffices to consider three of these. The first is OATLY MILK. Counsel for Oatly argued that this phrase could not be validly registered as a trade mark for oat-based products since it would

be deceptive, whereas the Trade Mark had been found not to be deceptive. The interpretation of “designation” in Article 78(2) and Annex VII, Part III cannot depend on whether the trade mark could validly be registered, however. As counsel for Oatly accepted, on Oatly’s interpretation, “designation” would exclude an unregistered trade mark. Thus it would exclude OATLY MILK™ even assuming that OATLY MILK was unregistrable.

48. The second example is I CAN’T BELIEVE IT’S NOT BUTTER! (UK Registered Trade Mark No. 11444932 registered in respect of “margarine; edible oils and fats; all included in Class 29”). Without prejudging the question whether the use of this phrase is prohibited by Article 78(2) and Annex VII, Part III, it is difficult to see why that question should be pre-empted by the fact that it is registered and/or used as a trade mark whereas it would not be if that phrase had not been registered or used as a trade mark.
49. The third example is collective and certification trade marks. Such trade marks do not signify that the goods emanate from a single trade origin, but rather from the members of an association of traders (collective marks) or any trader who complies with the requirements of a certification scheme (certification marks). A descriptive term can in some circumstances function as a collective or certification mark (as can be seen by analogy with the cases on extended passing off such as *Erven Warnink BV v J. Townend & Sons (Hull) Ltd* [1979] 3 WLR 68 (“advocaat”). The Jersey Milk Marketing Board used to own UK Registered Trade Mark No. 1392102 for a device comprising the words REAL JERSEY MILK together with a silhouette of a cow and a silhouette of the island of Jersey, which appears to have been used as a collective trade mark (the registration was allowed to lapse in 2016). Counsel for Oatly had no clear answer to the question of whether such a trade mark would be excluded from being a “designation” on Oatly’s interpretation of that term. In any event, it is difficult to see why such trade marks should be excluded. (This is not to imply that the REAL JERSEY MILK mark would be objectionable.)
50. Fifthly, Oatly’s interpretation of “designation” leads to the following problem: what if a word or phrase is claimed by its user to be a trade mark, but this is disputed by the competent authority charged with enforcement of the 2013 Regulation? The Trade Mark itself illustrates the difficulty. It is well established that in some circumstances a slogan can function, and be registered, as a trade mark. In this context the decision of Robin Jacob QC acting for the Secretary of State for Trade in *I CAN’T BELIEVE IT’S YOGHURT Trade Mark* [1992] RPC 533 that the eponymous trade mark was registrable in Part B of the Register under the Trade Marks Act 1938 without proof of use provides a pertinent example. This no doubt explains the registration, originally under the 1938 Act, for I CAN’T BELIEVE IT’S NOT BUTTER! discussed above. There is no reason to think that the position would be different under the 1994 Act. It is debatable, however, whether POST MILK GENERATION would function as a trade mark for the goods in question without efforts to educate consumers that it was intended to denote the trade origin of those goods (as opposed to identifying the consumers targeted by them). The mere fact that a word or phrase is claimed to be, or even registered as, a trade mark does not prove that it is a trade mark. Although, as counsel for Oatly emphasised, the Trade Mark was accepted by the Registrar as being inherently distinctive for the goods in issue, and that assessment was not challenged by Dairy UK’s application, that is not conclusive. In that regard, it should be borne in

mind that enforcement of the 2013 Regulation falls outside the jurisdiction of the Registrar. The meaning of “designation” in Annex VII, Part III cannot depend upon the resolution of such issues.

51. Lastly, Oatly’s argument proceeds from the wrong starting point. Oatly argues that the Trade Mark must (as is conventional for the purposes of trade mark law) be viewed as a whole, and that, considered as a whole, it is not a “designation” because it is a trade mark. In my view the hearing officer was correct to start with the fact that “milk” is a designation referred to in point 1 of Annex VII, Part III. By virtue of point 5, it therefore cannot be used in relation to any product which is not “milk” as defined in point 1 except as permitted by point 3, which is not relied upon by Oatly, or the proviso to point 5. It is common ground that the goods in issue fall within the scope of the 2013 Regulation (unlike the Class 25 goods), but are not “milk” as defined in point 1. As *VSW v TofuTown* confirms, it is immaterial that the Trade Mark contains two other qualifying words. For the reasons explained above, it is also immaterial that it is registered as a trade mark in relation to the goods in question.

Ground 2

52. Since I would allow the appeal on ground 1, subject to Oatly’s respondent’s notice discussed below, ground 2 does not arise. I would nevertheless observe that this ground is difficult to square with the hearing officer’s unchallenged finding that the Trade Mark is not deceptive.

Respondent’s notice

53. Oatly contends by a respondent’s notice that, if the judge wrongly interpreted the term “designation”, use of the Trade Mark is permitted by the second limb of the proviso to point 5 of Annex VII, Part III: “when the designations are clearly used to describe a characteristic quality of the product”. There are three problems with this contention.
54. The first is that Oatly did not advance this contention before the hearing officer. Accordingly, the hearing officer made no finding as to whether or not the Trade Mark is clearly used to describe a characteristic quality of the goods in question. Nor did Oatly raise this point as a ground of appeal on its appeal to the High Court. Accordingly, Oatly requires the permission of this Court to raise this argument for the first time on its second appeal. Counsel for Oatly submitted that permission should be granted since this Court was in as good a position to make the requisite assessment as the hearing officer given that neither party had filed any evidence directed to it. That is true, but nevertheless it is not normally appropriate for this Court to undertake an assessment of this kind for the first time on a second appeal. I shall nevertheless assume, without deciding, that Oatly should be given permission to raise the point.
55. The second problem is that, on the face of it, this argument is not open to Oatly as a matter of law. The reason for this is that Article 121(b)(i) and Annex XII point IV(1) of the 2007 Regulation and Article 91(a) of the 2013 Regulation provide for, and Annex I to the 2010 Decision is expressed to be, “the list of the products referred to in the second subparagraph” of what is now point 5 i.e. the whole of it. Furthermore, that is exactly how the 2010 Decision is treated by the Court of Justice in *VSW v TofuTown* at [33]-[34] and [38]. Counsel for Oatly argued that this was only a list of products falling within the first limb (“the designation of products the exact nature of

which is clear from traditional usage”) and not the second limb (“when the designations are clearly used to describe a characteristic quality of the product”). In my view this is difficult to square with the 2007 and 2013 Regulations, the 2010 Decision and *VSW v TofuTown*. It is also difficult to square with some of the items in the list in Annex I to the 2010 Decision: see, for example, “‘Cream ...’ or ‘Milk’ used in the description of a spiritous beverage ...” and “‘Creamed coconut and other similar fruit, nut and vegetable products where the term ‘creamed’ describes the characteristic texture of the product [emphases added]”, both of which seem to fit more clearly within the second limb than the first limb. Again, however, I will assume, without deciding, that Oatly is correct on this point.

56. The third and decisive problem is that, in my judgment, the Trade Mark does not clearly describe a characteristic quality of the goods in question. I agree with the hearing officer that it would be understood as referring to potential consumers of the goods. It may be understood as alluding to the fact that the goods are non-dairy products, but it does not clearly describe any such characteristic. As counsel for Dairy UK submitted, there is no inconsistency between the hearing officer’s finding that the Trade Mark is not deceptive and my conclusion it does not clearly describe any characteristic of the goods, any more than there would be in the case of a meaningless trade mark. Furthermore, as counsel for Oatly accepted, the incidence of the burden of proof is different: the burden lay on Dairy UK to prove that the Trade Mark is deceptive, whereas the burden lies on Oatly to prove it clearly describes a characteristic quality of the goods.
57. I should not leave this issue without recording that there was considerable debate during the course of argument as to whether, as Oatly contends, use of the term “milk-free” is permissible under Annex VII, Part III. Counsel for Dairy UK was disposed to accept that it was permissible by virtue of the second limb of the proviso to point 5, even though this term is not included in the list in Annex I to the 2010 Decision. I have some difficulty with that position for the reasons given in paragraph 55 above. An alternative possibility is that “milk-free” is not one of the designations listed in point 1, 2 or 3, and therefore its use is not prevented by point 5, but only controlled where appropriate by point 6. A further possibility is that use of the term “milk-free” in relation to agricultural products within the scope of the 2013 Regulation is not permissible, and that terms such as “lactose-free” must be used instead. Fortunately, it is not necessary to decide this question for the purposes of the present appeal.

Conclusion

58. I would allow the appeal and reinstate the hearing officer’s declaration of invalidity.

Lord Justice Snowden:

59. I agree with Lord Justice Arnold that the appeal should be allowed for the reasons that he gives in relation to Grounds 1 and 2.
60. I also agree that, even if Oatly were permitted to rely on the new argument raised by its Respondent’s Notice, it would not change the result, essentially for the reason that Lord Justice Arnold gives in paragraph 56 of his judgment.

61. However, I wish to set out a contrary view to that set out by Lord Justice Arnold in paragraph 55 above where he states that the terms of the 2010 Decision and the judgment of the Court of Justice in *VSW v TofuTown* mean that, as a matter of law, it would not be open to Oatly to argue that the Trade Mark fell within the exception contained in the proviso to point 5 of Annex VII, Part III of the 2013 Regulation (“Point 5”).

62. The exception in the proviso to Point 5 states,

“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.”

It is therefore clear that the exception has two limbs: (i) designations of products the exact nature of which is clear from traditional usage, and/or (ii) designations that are clearly used to describe a characteristic quality of the product.

63. For the reasons that follow, I consider that it is entirely arguable that the 2010 Decision only sets out a list of the generic designations of products falling within the first limb of the exception in Point 5 (“designations of products the exact nature of which is clear from traditional usage”), but does not contain a list of designations falling within the second limb of the exception (“designations ... clearly used to describe a characteristic quality of the product”). I also consider that it is arguable that the Court of Justice in *VSW v TofuTown* did not have to decide, and did not decide, that the 2010 Decision was an exhaustive list of designations falling into that second limb of the exception.

64. In the 2010 Decision, after referring in Recital (2) to the text of the exception in what is now Point 5, Recital (3) continued,

“The Member States must notify to the Commission indicative lists of the products which they deem to meet, within their own territories, the criteria for the abovementioned exception. A list should be made of such products on the basis of the indicative lists notified by the Member States. *That list should include the names of the relevant products according to their traditional use in the various languages of the Union, in order to render these names usable in all the Member States*, provided they comply with the provisions 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.”

(my emphasis)

65. When regard is had to Recital (3) of the 2010 Decision, I consider that it is entirely arguable that the 2010 Decision was only intended to list designations for “products the exact nature of which is clear from traditional usage” in the language(s) of the particular Member States for the purposes of the first limb of the exception in Point 5.

66. It makes perfect sense to think that Member States could make a list of products, the generic name for which contains a reference to milk or milk products in a manner not

permitted by Points 1-3, but which was traditionally used in their own language(s), and so should not be prohibited by the 2013 Regulation if used by producers anywhere in the EU. It is far less obvious that a Member State could be expected to provide a list of all the permitted designations that individual producers anywhere in the EU might be using, or might seek to use, in that Member State's language, to describe a characteristic quality of their various products. In that regard, the provision for the lists to be updated is understandable in order to deal with changes to the traditional use of a particular language: such changes would likely be infrequent. In contrast, I think it is very unlikely that the intention was that Member States would have to keep reviewing the market for milk and milk products across the EU and updating their lists as producers devised new ways of describing the characteristic qualities of their products.

67. In short, I think that it is entirely arguable that the 2010 Decision was not intended to be a definitive list of designations that could be used to describe a characteristic quality of any current or future product.

68. That is certainly clear from the vast majority of the generic names of products listed in English in the 2010 Decision, such as “Coconut milk”, “Cream crackers”, “Salad cream” or “Butter beans”. The only basis upon which the use of such names could be thought to fall within the exception in Point 5 is because they are in traditional use in English. On no basis could the use of the terms “milk”, “cream” or “butter” be said to be descriptive of a characteristic quality of the listed products, because they contain no milk, cream or butter at all.

69. The same applies to the listing for,

“‘Cream ...’ or ‘Milk’ used in the description of a spiritous beverage not containing milk or other milk products or milk or milk product imitations (for example, cream sherry, milk sherry).”

That plainly was not intended as an example of a “designation ... clearly used to describe a characteristic quality of the product” within the second limb of the exception, because, as the listing itself makes clear, it is for a “spiritous beverage *not* containing milk or other milk products ...”.

70. That analysis of the limited purpose and scope of the 2010 Decision, placing emphasis on Recital (3), is consistent with what the Court of Justice said in *VSW v TofuTown* at [36],

“Moreover, although that list [in the 2010 Decision] mentions ‘crème de riz’ in French, it does not mention ‘rice cream spray’ in English, indicated by the referring court as being one of the products at issue in the main proceedings, or even the product called ‘rice cream’. *In that connection, it is clear, essentially, from recital 3 of Decision 2010/791, that the list drawn up by that decision contains products which have been identified by the Member States as meeting the criteria laid down in Annex VII, Part III, point 5, second subparagraph, to Regulation No 1308/2013, and that the names of the products at issue are listed according to their traditional use in the various languages of the Union.* Therefore, the fact that ‘crème de riz’ in

French was recognised as meeting those criteria does not mean that ‘rice cream’ also meets them.”

(my emphasis)

71. The only other example on the list of products in Annex 1 to the 2010 Decision that, at first glance, might be thought to cast any doubt on this view of the limited scope of the 2010 Decision is the item,

“Creamed coconut and other similar fruit, nut and vegetable products where the term ‘creamed’ describes the characteristic texture of the product.”

On closer analysis, however, I do not think that this item suggests that the 2010 Decision was intended to be a list of designations falling within the second limb of the exception (still less an exhaustive list).

72. “Creamed coconut” and other similar terms such as “creamed hazelnuts” are English descriptions of products that clearly fall within the first “traditional use” limb of the exception. They were rightly included in the list in the 2010 Decision on that basis. However, the added words make it clear that the “traditional usage” exception only applies “where the term ‘creamed’ describes the characteristic texture of the product” – i.e. where the nuts, fruit or vegetables in question have been reduced mechanically to a paste with the consistency of cream. The additional words were not added as an example of something falling within the second limb: they were added as a limitation to the “traditional usage” exception.
73. That explanation of the added words as limiting the “traditional usage” exception to coconut, fruit, nut or vegetable products which have been reduced to a product with a texture like cream, is also consistent with what the Court said in *VSW v TofuTown* at [37],

“It must also be observed, although it is clear from that list that the use, in the name of a product, of the term ‘cream’ together with an additional term is permitted under certain conditions, in particular, in order to designate spirituous beverages or soups, none of those conditions appears to be satisfied by a designation such as ‘rice cream spray’, at issue in the main proceedings. *Likewise, although the use of the term ‘creamed’ with the designation of a plant-based product is permitted, that is only where the term ‘creamed’ designates the characteristic texture of the product’.*”

(my emphasis)

74. The first sentence of this paragraph referred to the exception for spiritous beverages that, as I have explained, can only fit within the first limb of the exception in Point 5. By the use of the word “likewise” the Court of Justice was indicating that it also saw the listing for the term ‘creamed’ as an exception under the first limb, but only where the term ‘creamed’ described the characteristic texture of the product.
75. A conclusion that the Court of Justice was only directing its comments to generic designations qualifying under the “traditional use” limb of the exception in Point 5, and not to designations that might qualify under the second limb of the exception, is

also entirely consistent with the limited scope of the dispute in *VSW v TofuTown*. The only basis upon which the producer in *VSW v TofuTown* could conceivably have suggested that any of the disputed terms in the case, such as “Soyatoo tofu butter”, “Plant cheese”, “Veggie cheese” or “Rice cream spray” fell within the exception in Point 5 was on the basis of traditional usage. The producer’s use of the terms “butter” “cheese” or “cream” were not clearly descriptive of any characteristic quality of the products to which they were sought to be applied, because they were entirely plant-based. Accordingly, I do not think that the producer ever had any basis for arguing that the names of its products fell within the second limb of the exception.

76. This analysis of the scope of the 2010 Decision and the Court of Justice’s dicta in *VSW v TofuTown* would also explain why (as Oatly contended, and Dairy UK did not dispute) that it should be possible for a producer to market a product that does not contain any milk using the designation “milk-free”. Although not listed in the Annex to the 2010 Decision, that is a designation that would clearly describe a characteristic quality of a product that did not contain any milk, and it is difficult to see what possible objection there could be to its use in that context. However, I also agree with Lord Justice Arnold’s view, at paragraph 57 above, that we do not need to decide this point.
77. Having said all that, I entirely agree with the critical point made by Lord Justice Arnold at paragraph 56 above, that if Oatly was entitled to argue that the Trade Mark fell within the second limb of the exception in Point 5, its argument would nevertheless fail on the facts. That is because the Trade Mark “POST MILK GENERATION” does not describe, clearly or at all, a characteristic quality of any of the products in classes 29, 30 and 32 in relation to which Oatly wishes to use it. Rather, as obviously implied by the use of the words “post” and “generation”, the Trade Mark describes the age-related characteristic of a particular cohort of people which Oatly intends should buy or consume its products.

Lord Justice Jeremy Baker:

78. I have had the benefit of reading the judgments of both Lord Justice Arnold and Lord Justice Snowden, and agree that the appeal should be allowed for the reasons given by Lord Justice Arnold in relation to grounds 1 and 2.
79. However, although for the reason that Lord Justice Arnold gives in [56] of his judgment, with which I agree, the question whether the list of designations set out in Annex I to the 2010 Decision refers only to those within the first limb of the exception in Point 5 of Part III of Annex VII of the 2013 Regulations is not determinative of the appeal, as Lord Justice Snowden has expressed a contrary view on the issue, I thought it might be of assistance if I explained my own view.
80. In this regard, although I accept that the part of Recital (3) of the 2010 Decision italicised in [64] of Lord Justice Snowden’s judgment might suggest that the list being drawn up was limited to those products the exact nature of which is clear from traditional usage, it seems to me that not only is it of relevance that the lists required to be drawn up by the Member States should “include” such products, but the opening sentence of Recital (3) indicates that the lists must comprise those products which are deemed to meet, “*the criteria for the abovementioned exception.*”

81. As is clear from the heading of the 2010 Decision and Recital (2), the exception which is referred to is that set out in the second subparagraph of Point III(I) of Annex XII to the 2007 Regulation, which comprised the dual limbed exception which is now set out in Point 5 of Part III of Annex VII of the 2013 Regulations. Moreover, both Article 21(b)(i) of the 2007 Regulations, and now Article 91(a) of the 2013 Regulations, refer to the “*list*” of products which falls into the exception.
82. I also consider it of some significance that this question was not raised in *VSW v TofuTown*, as it seems to me that had the list of products set out in Annex I to the 2010 Decision been considered to comprise only those falling within the first limb of the exception, then it would have been open to *TofuTown* to argue that the disputed terms fell under the second limb of the exception. Moreover, although [36] refers to, “...*the names of the products at issue are listed according to their traditional use...*,” this does not seem to me sufficient to avoid the clear terms of the judgment that unless the designation prohibited by Point 5 of Part III of Annex VII of the 2013 Regulations is contained on the list of products in Annex I to the 2010 Decision, then it remains subject to the prohibition.
83. In this regard, I would respectfully differ from Lord Justice Snowden’s view that the term “*cream*” could not be used to describe the characteristic quality of, for example, salad cream, which does not contain any dairy product, as to my mind it is the inherent texture of the product which is likely to have given rise to its traditional usage in the first place. Moreover, if the exception in Point 5 is not limited to those products listed in Annex I to the 2010 Decision, then it seems to me that Point 5 would not necessarily be considered to be as narrow in its scope as compared to Point 6, as accepted by the parties in this case.
84. I am also not persuaded that Member States could not be expected to provide a list of designations which included those that were clearly being used to describe a characteristic quality of the product, as not only would consultation with producers have taken place, but the regulations themselves provide for the updating of the lists when required. Moreover, as Lord Justice Arnold pointed out at [55], it is apparent that the list of products listed in English in Annex I to the 2010 Decision includes, “... *other similar fruit, nut and vegetable products where the term ‘creamed’ describes the characteristic texture of the product,*” which is difficult to understand if the list only comprises those products the exact nature of which is clear from traditional usage.
85. In these circumstances, although the question does not require a definitive answer for the purpose of disposing of the appeal, if it had been otherwise, I would have been inclined to the view that the list of designations set out in Annex I to the 2010 Decision refers to both limbs of the exception in Point 5 of Part III of Annex VII of the 2013 Regulations.