

Bird & Bird

Report of Trade Mark Cases

For the CIPA Journal

February 2025



Trade mark decisions

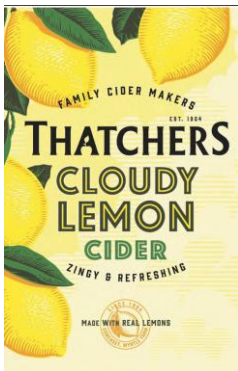
Look-alike packaging infringes section 10(3)

Thatchers Cider Company Ltd v Aldi Stores Ltd (Arnold, Phillips & Falk LJJ; [2025] EWCA Civ 5; 20 January 2025)

The Court of Appeal allowed Thatchers' appeal against the decision that there was no trade mark infringement under section 10(3) in relation to its device mark showing the packaging of its cloudy lemon cider. Aldi had taken unfair advantage of the mark's reputation by using similar packaging on its cloudy lemon cider, enabling it to profit from Thatchers' investment in developing and promoting its product. Katharine Stephens and Naji Tilley report.

Background

Thatchers, an independent cider producer, registered the following device in class 33 for "cider; alcoholic beverages, except beer". The mark was reproduced on the front and rear of each can of cider, and in slightly modified form on the front, rear and top of the cardboard packaging for four-can multipacks.



Aldi had been selling cider under the name Taurus and, in May 2022, launched Taurus Cloudy Lemon Cider in the following packaging:



At first instance, Judge Melissa Clarke sitting in the IPEC held that there was no infringement under sections 10(2) and 10(3) and no case of passing off. Thatchers appealed against the decision under section 10(3) only and the Court of Appeal, Arnold LJ giving judgment, allowed the appeal.

Identifying the sign

The Judge found Thatchers' pleadings did not clearly identify the sign and concluded it was "the overall appearance of a single can of the Aldi product, and not merely one face of it". The Court of Appeal held that this wrongly treated the sign as a 3D product and incorrectly excluded the repetition of the design on the front of the cardboard packaging. The sign was not the product itself, but the design that was printed both on the cylindrical surface of the can and on the flat surface of the cardboard packaging.

Similarity between the mark and the sign

The Judge incorrectly considered that the 2D nature of the mark and 3D nature of the sign was "a point of difference" when finding that the similarity between them was low, the error party stemming from her error as to what constituted the sign. She should have assessed the similarity as being somewhat greater than she did.

However, the Judge did not fall into error when applying her assessment of similarity under section 10(2) to section 10(3). It was both permissible and commonplace for tribunals to make a single assessment of similarity and use it for both purposes, so long as the analysis of the other requirements of section 10(3) were not clouded by factors relevant only to likelihood of confusion.

Aldi's intention

The Judge had incorrectly analysed Aldi's intention. Thatchers had not pleaded that Aldi intended to deceive consumers, rather they had intentionally set out to ride on Thatchers' coat-tails. The Judge had muddled or failed to distinguish between the two, placing considerable emphasis on Aldi's evidence that the Aldi product should be clearly understood as a Taurus-branded cider; this would have been highly relevant to the question of intention to deceive, but was much less relevant to an intention to take advantage of the mark's reputation. Moreover, the Judge's conclusion that Aldi had not significantly departed from its house style for other Taurus ciders was rationally insupportable and she should not have discounted the copying of faint horizontal lines from Thatchers' packaging.

As a result, it was necessary to reassess Thatchers' pleaded allegation. The Court of Appeal held that the sign plainly bore a close resemblance to the mark, which could not have been coincidental. It was an "inescapable conclusion" that Aldi intended the sign to remind consumers of the mark and to convey the message that the Aldi product was like Thatchers' product, only cheaper. To that extent, Aldi had intended to take advantage of the mark's reputation in order to assist sales. Aldi's lack of intention to deceive did not detract from this conclusion.

Unfair advantage

There was no challenge to the Judge's finding that the mark had a reputation. However, whilst Thatchers had pleaded that Aldi's use of the sign had resulted in a "transfer of image" of the kind described by the Court of Justice in *L'Oreal SA v Bellure NV* (Case C-487/07), there was no discussion of this at all by the Judge and she had given no reasons for rejecting Thatchers' case on this point. This amounted to a clear error of principle such that the Court of Appeal was required to consider the matter afresh.

The Court of Appeal held that the case fell squarely within the description in *L'Oreal* as to the transfer of image and riding on the coat-tails of the mark. Aldi intended the sign to remind consumers of the mark and there was evidence that some consumers had received the message. Further, Aldi had achieved substantial sales in a short period of time, without spending a penny on promotion. Absent any evidence that they would have achieved equivalent sales without using the sign, it was a legitimate inference that they had obtained the intended advantage. That advantage was unfair, as it enabled Aldi to profit from Thatchers' investment in developing and promoting Thatchers' product, rather than competing purely on quality and/or price and promotion.

The Court of Appeal declined Aldi's invitation to depart from *L'Oreal*, as: (i) to do so would not have reflected the current will of Parliament; (ii) *L'Oreal* had been widely applied and developed in EU member states' IP offices and domestic courts, such that departing from it would cause considerable legal uncertainty; and (iii) Aldi had not articulated an alternative principled basis for assessing unfair advantage.

Section 11(2)(b) defence

The Judge had not dealt with the defence under section 11(2)(b). The Court of Appeal did not remit the matter in order to save costs and held that Aldi did not have such a defence.

The sign comprised numerous elements, but the Judge's unchallenged finding was that, when viewed as a whole, it was distinctive and did not concern any of the product's characteristics. It was not appropriate to dissect the sign into its constituent elements and argue that because some of its elements were descriptive the entire sign fell within section 11(2)(b). Further, Aldi's use of the sign was not in accordance with honest commercial practices as it had no justification for using the sign.

Invalidity under Section 3(4)

Dairy UK Ltd v Oatly AB (Arnold, Snowden & Jeremy Baker LJJ; [2024] EWCA Civ 1453; 29 November 2024)

The Court of Appeal allowed an appeal and reinstated the Hearing Officer's declaration of invalidity for the trade mark POST MILK GENERATION. The mark was invalidly registered under section 3(4). A "designation" of a product under Regulation (EU) 1308/2013 included a trade mark or part of a trade mark. Naji Tilley reports.

Background

Oatly, a manufacturer of oat-based dairy substitute products, registered a trade mark for POST MILK GENERATION (the "Mark"). The registration covered classes 29, 30 and 32 (relating to various oat-based food and drink products) and class 25 (relating to t-shirts). Dairy UK, the trade association for the UK dairy industry, applied to invalidate the Mark under sections 3(3)(b) and 3(4) against all of the registered goods.

The Hearing Officer dismissed the section 3(3)(b) objection. However, the Mark was declared invalid on the basis of section 3(4) (which precludes the registration of a mark where its use is prohibited by any enactment).

As reported in CIPA Journal May 2024, Oatly appealed to the High Court, where Smith J allowed the appeal and held that the Hearing Officer had erred in law by misconstruing the term "designation" in Regulation (EU) No 1308/2013 (the "Regulation").

Dairy UK appealed to the Court of Appeal and the appeal was unanimously allowed.

The Regulation

The Regulation aims to create marketing standards to promote fair and consistent presentation of agricultural products in the internal market. The Regulation has continuing effect in the UK as retained EU law.

Article 78(2) requires various terms relating to agricultural products to be used exclusively in relation to those products when used as "definitions, designations or sales descriptions" for the marketing of those products.

Part III of Annex VII of the Regulation specifically reserves the term "milk", when used as a "designation", to:

1. "Normal mammary secretions";
2. Products derived from animal milk; and
3. Composite products in which milk is an essential part.

Point 5 of Part III prevents the term "milk" from being used to describe products other than those listed above but sets out a proviso for designations whose exact nature is "clear from traditional usage", and/or designations which are "clearly used to describe a characteristic quality of the product".

The Decision on the appellant's notice

The main point in dispute was whether the use of the term "milk" in the Mark qualified as use as a "designation". Dairy UK's first ground of appeal was that the Judge erred when interpreting the term "designation" as meaning a generic description of the product and 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.

Arnold LJ agreed with the Hearing Officer's interpretation of a "designation" as including (part of) a trade mark and therefore the appeal was allowed. "Designation" was a general word, with various shades of meaning depending on the context. In particular, the Shorter Oxford English Dictionary definition, which referred to "a distinctive mark or indication", could accommodate the concept of a trade mark, especially given the context supplied by the words "use... for the marketing of a product" in Article 78(2).

It would be surprising if the term "designation" did not include a trade mark (or part of a trade mark). Moreover, such a trade mark (or part of a trade mark) did not need to be validly registered or registrable in order to count as a "designation". An example of this was collective and certification trade marks, which did not signify goods as coming from a single trade origin, but could function as marks despite comprising descriptive terms.

Arnold LJ pointed out that Oatly's interpretation of "designation" led to the following problem: what if a word or phrase was claimed by its user to be a trade mark, but this was disputed by the authority charged with enforcement of the Regulation? The Mark demonstrated the difficulty. Although the Hearing Officer accepted that the Mark was inherently distinctive for the goods concerned, it was debatable whether it 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. The meaning of "designation" under the Regulation (which fell outside the remit of the IPO) could not depend on the resolution of such issues.

Respondent's notice

Arnold LJ rejected Oatly's submission that even if the Mark was a "designation", its use was permitted by the proviso to Point 5 as it was "clearly used to describe a characteristic quality of the product". While the Mark would be understood as referring to potential consumers of the goods and alluding to the fact that such goods were non-dairy products, it did not clearly describe any such characteristic.

Snowden and Jeremy Baker LJJ agreed with Arnold LJ's conclusion in relation to the proviso to Point 5 of the Regulation, although they both differed as to their interpretation of the proviso.

Assessing genuine use

Alice Ltd v Photogram Ltd & Ors (Judge Clarke, sitting as a Judge of the High Court; [2024] EWHC 3256 (IPEC); 24 October 2024)

The High Court found that Alice had made genuine use of the mark ALICE in classes 9 and 37 and therefore the revocation action failed. Further, the mark had been infringed by Photogram under sections 10(1) and 10(2). Lucy Bannatyne reports.

Background

Alice, a business which designed and manufactured a range of electronic equipment, owned the registered word mark ALICE (the "Mark") for various goods and services, including for "apparatus for recording, transmission or reproduction of sound or images" in class 9 and the "repair, maintenance and refurbishment" of such apparatus in class 37.

Photogram was a business which offered, advertised and sold video cameras under the signs ALICE (the "Alice Sign") and ALICE CAMERA (the "Alice Camera Sign"). The other defendants were directors and shareholders of Photogram.

Alice brought a claim for infringement under sections 10(1) and 10(2). Photogram counterclaimed for revocation of the Mark under section 46(1)(a) on the basis that it had not been put to genuine use in the relevant five-year period.

Revocation counterclaim

The Judge considered the evidence put forward by Alice including invoices and printouts from Alice's website and found that Alice had made actual and genuine use of the Mark by offering for sale and selling goods and services to the public under the Mark throughout the relevant period of 22 March 2019 to 1 May 2024. In considering the evidence, the Judge did not draw an adverse inference from Alice not disclosing every invoice in the relevant period. Though Alice did not have a sophisticated billing and accounting system, its evidence was found to be honest and credible.

Even though some of Alice's products had achieved relatively few standalone sales, it had used the Mark as a mark of origin to either maintain the market share for its legacy products, or to create a market share for new products covered by the Mark. Alice's turnover was not large, but well above anything which could be described as de minimis.

The Judge found that the average consumer, a professional and technically-competent buyer of audio and audiovisual equipment, would find that the goods and services offered by Alice would fall within class 9 and class 37.

The Judge rejected Photogram's argument in respect of class 9, in relation to "apparatus for recording, transmission or reproduction of sound or images" that none of the equipment on which the Mark was used

actually recorded, transmitted or reproduced sound or images. The base functionality of Alice's mixing desks and broadcast consoles, for example, which were used extensively in both audio and audiovisual environments, would be understood by the average consumer as apparatus for such recording, transmission and reproduction, or, applying the test in *Property Renaissance v Stanley Dock Hotel & Ors* [2016] EWHC 3103, the average consumer would consider that they belong to the same group or category and were not in substance different from them.

Accordingly the Judge found genuine use across the whole of the specification of classes 9 and 37. The Judge noted that if she was mistaken about class 9, the specification would only require a small amendment and not a rewriting to be fair, by adding the underlined words to the following term in class 9: "Apparatus for use in recording, transmission or reproduction of sound or images".

Accordingly, the counterclaim for revocation was dismissed.

Infringement

Photogram admitted that there was infringement under sections 10(1) and 10(2)(a) in respect of the Alice Sign. The Judge found that in making this admission, Photogram accepted that there was a likelihood of confusion which included the likelihood of associating the Alice Sign and the Mark.

Alice accepted that the Mark and the Alice Camera Sign were not identical and therefore there was no infringement under section 10(1). The Judge noted that if they were not identical, then they were of the highest degree of similarity as ALICE was the distinctive element of the sign, while CAMERA was purely descriptive. Photogram admitted that they had used the Alice Camera Sign in relation to cameras, which were identical to the goods in class 9.

The Judge found that as a likelihood of confusion had been admitted between the Mark and Alice Sign, there would also be a likelihood of confusion between the Mark and Alice Camera Sign; the addition of the descriptive word CAMERA did not have any bearing on the likelihood of confusion. Consequently, the Judge held that Photogram had infringed the Mark under section 10(2)(b) by use of the Alice Camera sign.

The second, third and fourth defendants accepted that they were jointly and severally liable for the infringements.

Compulsory mediation

DKH Retail Ltd & Ors v City Football Group Ltd (Miles J; [2024] EWHC 3231 (Ch); 21 November 2024)

At the PTR of a trade mark infringement case and despite the late stage in the proceedings, the Judge ordered that the parties mediate with an attempt to settle the matter before trial. In a postscript to the judgment, the Judge noted that the mediation was successful. Katharine Stephens reports.

Background

This was a trade mark dispute between DKH Retail, owners of the well-known Superdry brand, registered in relation to various kinds of clothing and the company which runs Manchester City Football Club's commercial operations. The core of the dispute was whether promotional branding appearing on professional sports players' kit was likely to be seen by the public as denoting the Superdry brand or as denoting the defendant's sponsor, Asahi Super "Dry" 0.0% lager.

Compulsory mediation

At the PTR, DKH Retail requested that the Judge order compulsory mediation. They submitted that, since the Court of Appeal's decision in *Churchill v Merthyr Tydfil CBC* [2023] EWCA Civ 1416 and the subsequent amendments to CPR 1.4, 3.1 and 29.2(1A), there had been a sea-change in the approach of the courts to ADR.

DKH Retail was of the view that the dispute was capable of resolution: it was not particularly complicated and there were several variables in the dispute between the parties which could allow an out-of-court compromise (and which might not be available in a judgment of the court). These include agreement about the form and size of any logo or lettering on the relevant sports kit, payment of money, and the timing of any changes. Even this close to trial, it would save considerable costs if the parties could mediate to settlement.

City submitted that mediation stood no real prospect of success because there had been several failed attempts to achieve settlement previously, despite both participants being sophisticated commercial parties advised by experienced solicitors. City also argued that it was too close to trial to mediate, that significant legal costs had already been incurred and it was entitled to the certainty of a court judgment on its rights.

Miles J decided that mediation was "capable of cracking even the hardest nuts" and directed the parties to attempt settlement through mediation before the trial, some two months hence. The Judge was not persuaded that the case was so intractable that a negotiated resolution was beyond reach from a "short and sharp" mediation, without risking the trial date, and he was not prepared to accept City's submission that they had very little availability to mediate.

All decisions are to be found on <https://www.bailii.org>



Katharine Stephens

Partner

+442074156104
katharine.stephens@twobirds.com



Nick Cowen

Associate

+442078507293
nick.cowen@twobirds.com

Reporters

Katharine Stephens; Naji Tilley; Lucy Bannatyne

This report was first published in the CIPA Journal, February 2025

twobirds.com

Abu Dhabi • Amsterdam • Beijing • Bratislava • Brussels • Budapest • Casablanca • Copenhagen • Dubai
• Dublin • Dusseldorf • Frankfurt • The Hague • Hamburg • Helsinki • Hong Kong • London • Lyon
• Madrid • Milan • Munich • Paris • Prague • Rome • San Francisco • Shanghai • Shenzhen • Singapore
• Stockholm • Sydney • Tokyo • Warsaw

The information given in this document concerning technical legal or professional subject matter is for guidance only and does not constitute legal or professional advice. Always consult a suitably qualified lawyer on any specific legal problem or matter. Bird & Bird assumes no responsibility for such information contained in this document and disclaims all liability in respect of such information.

This document is confidential. Bird & Bird is, unless otherwise stated, the owner of copyright of this document and its contents. No part of this document may be published, distributed, extracted, re-utilised, or reproduced in any material form.

Bird & Bird is an international legal practice comprising Bird & Bird LLP and its affiliated and associated businesses.

Bird & Bird LLP is a limited liability partnership, registered in England and Wales with registered number OC340318 and is authorised and regulated by the Solicitors Regulation Authority (SRA) with SRA ID497264. Its registered office and principal place of business is at 12 New Fetter Lane, London EC4A 1JP. A list of members of Bird & Bird LLP and of any non-members who are designated as partners, and of their respective professional qualifications, is open to inspection at that address.