

## Intellectual Property - Ireland

A new culture of third-level branding

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A recent judgment by the Supreme Court has endorsed European Court of Justice (ECJ) principles relating to the liability of trademarks to revocation for non-use. The judgment confirmed that the Irish courts will protect the IP rights of companies that rely on so-called 'third-level branding' to promote their products. Third-level branding has been described as branding a product by reference to a unique branded ingredient.

### Facts

Global company giant Danone is the proprietor of the Irish registered trademark ESSENSIS in respect of a number of different classes, including Class 29 which covers, among other things, "milk products, namely: milky desserts, yoghurts [and] yoghurts to drink". The goods for which ESSENSIS was registered did not include Class 1, which covers microbial cultures. Danone marketed a yoghurt product under the marks DANONE and BIO ACTIVIA, under which, on the product packaging, were written the words 'Bifidius ESSENSIS'. Bifidius ESSENSIS was the brand name for the unique probiotic culture bifid bacterium, which was included as an ingredient in the Activia yoghurt. When Glanbia launched its own yoghurt drink, marketed as Yoplait Essence, Danone brought High Court proceedings for trademark infringement arising from the use by Glanbia of the sign ESSENSE, being a mark or sign similar to the registered trademark of Danone, in relation to goods identical or similar to those for which Danone was the registered trademark proprietor, in circumstances where there existed a likelihood of confusion. Glanbia denied infringement and counterclaimed for the revocation of the registration on the basis that, within the statutory period of five years following the date of publication of the registration, the only good in relation to which there had been genuine use of the trademark was a probiotic culture, and therefore that the trademark had not been put to genuine use in the state in relation to the goods for which it was registered (ie, a yoghurt product). In addition, Glanbia sought a declaration of invalidity on the basis that ESSENSIS had been registered in bad faith contrary to the Trademarks Act 1996 on the grounds that Danone never had any good-faith intention of putting the mark ESSENSIS to use in the state.

### High Court decision

In considering Glanbia's counterclaim for revocation based on non-use, the High Court applied the same principles of law as established by the ECJ in *Ansul BV v Ajax Brandbeveiliging* regarding the meaning of the words 'genuine use'. In distinguishing the instant case from the facts in *Ansul*, the court held that although Danone had established real commercial use of the ESSENSIS mark, as part of what was described as 'third-level branding', this use was confined to referring to the culture or ingredient and not to the yoghurt itself. Given that the trademark was not registered in Class 1 in respect of cultures, the court found that Danone had failed to establish that it had made genuine use of the mark in respect of the goods for which it had been registered. Accordingly, the court ordered that the trademark be revoked. The court did not accept Glanbia's contention that the application for trademark registration had been made in bad faith. The decision was appealed to the Supreme Court.

### Supreme Court decision

The issue at the centre of the appeal to the Supreme Court, as it had been in the High Court, was the precise use to which the trademark had been put by Danone. Included in

the grounds of appeal were that the High Court judge had erred in finding that:

- Danone's use of ESSENSIS was not genuine use of the trademark in relation to yoghurt;
- Danone's use of ESSENSIS was not part of a third-level branding of its yoghurt; and
- the use of ESSENSIS in respect of a unique branded ingredient contained in Danone's yoghurt was not genuine use of the trademark in relation to yoghurt.

The court noted that the product to which the trademark ESSENSIS was physically applied was Danone's yoghurt product sold under the primary mark DANONE, a house mark of the appellant, or ACTIVIA (ie, a primary product trademark of the appellant), and that the mark was never used in respect of a culture product sold independently of Danone's yoghurt products. The court noted that it was not surprising that, in the absence of any intention to trade in cultures, there was no trademark registration in respect of cultures in Class 1.

Noting that the particular characteristic of the yoghurt was the bifidus culture, of which ESSENSIS was the trademark, the court found that there is nothing in law which prevents an ingredient from playing an integral role in the marketing of a product to distinguish the product from the goods of other manufacturers. The court found that the trademark had been used extensively, in advertising and promotional materials, all in respect of Danone's yoghurt products and in order to distinguish those products from those of other manufacturers.

The court could find no real distinction between use of a trademark in respect of spare parts of a product, as in *Ansul*, and use in respect of a specific ingredient in a product. In fact, the court found, the use of the trademark in relation to an ingredient could be seen as more integral and closely connected with the product in respect of which it is registered, compared to use of a mark on component parts, as in *Ansul*. The fact that ESSENSIS could have been registered as a culture was not detrimental to the claim, since it was obvious that there was never any intention on the part of Danone to trade in cultures. The court found that the trial judge had employed an unduly restrictive interpretation of the *Ansul* principles, and that on the principle's correct application Danone had made genuine use of the ESSENSIS mark in relation to yoghurt. Accordingly, the decision of the High Court revoking the registration was overturned.

## Comment

Moving the Irish approach into line with that of the ECJ has resulted in an extended application of trademark protection. Companies in the food industry will be relieved that they remain free to build their product profile by investing in multi-level branding and advertising.

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