



Court of Appeal decision in relation to ASSOS and ASOS trade marks: debate over the extent of revocation and the application of the “own name” defence

The Court of Appeal has handed down its judgment in relation to the appeals brought by the owners of the ASSOS and ASOS trade marks against the first instance decision of Rose J.

Demonstrating the difficulties for brand owners in predicting the outcome of such disputes in the current climate, much of the reasoning of the first instance decision was overturned and the Lord Justices themselves were unable to reach a unanimous decision on the verdict. By majority, they held that, whilst Assos’ claims for infringement had been made out (contrary to the first instance decision), Asos could rely on the “own name” defence in the context of “honest practices” and was therefore not infringing.

Sales LJ gave a lengthy dissenting judgment in relation to the application of the own name defence (which he did not think should have been available to Asos), as well as in relation to the appropriate extent of the partial revocation of Assos’s CTM for non-use.

Background

The Claimants (which we shall refer to collectively as Assos) are the owners of the ASSOS brand which specialises in cycling clothing. In 2006, they registered a Community Trade Mark (“CTM”) for ASSOS in relation to goods in Classes 3, 12 and 25, including “clothing, footwear and headgear”, claiming a priority date of June 2005.

At the end of 2011, they brought proceedings against Asos, a global online fashion and beauty retail business originally trading as “As Seen On Screen”, for trade mark infringement and passing off. Assos also contended that Asos’ UK trade mark (which was registered in December 2012, after the proceedings had commenced) was invalid.

Asos denied infringement and relied on, amongst others, the own name defence (Asos being its corporate name). They also contended that the CTM on which Assos relied was liable to be revoked for non-use (save for in relation to technical, specialist,

cycling clothing, accessories and ancillary products) and claimed that the mark was invalid on the basis of Asos’s own earlier, unregistered rights.

First Instance Decision

At first instance, the trial judge, Rose J, held that:

- 1 Assos’s CTM was valid but should be partially revoked for non-use, limiting the specification to “*Specialist clothing for racing cyclists; jackets, t-shirts, polo shirts, track-suit tops, track-suit bottoms, casual shorts, caps*”;
- 2 Assos’ claims for infringement should be rejected on the basis that there was no likelihood of confusion between the ASOS sign and the ASSOS mark (Article 9(1)(b) of the CTM Regulation) and the use of the ASOS sign had in no way diminished or otherwise damaged the distinctive character or repute of the ASSOS mark (Article 9(1)(c) of the CTM Regulation);
- 3 On the basis that neither of Assos’ claims for infringement had been made out, that there was no need to consider whether the own name defence applied; and
- 4 Asos’s UK trade mark should be restricted so as to exclude from the registration specialist cycling-related goods and services in classes 3, 25 and 35.

Both parties appealed the decision.

Court of Appeal’s Judgment

In a mixed judgment, the Court of Appeal was unanimous on certain issues but was split on others. It unanimously held that:

- 1 Contrary to Rose J’s first instance finding, given the notional and fair use of the mark (as opposed to the actual use of the mark which Rose J had, in error, focused solely on), there was a likelihood of confusion between the ASOS sign and the ASSOS mark (Article 9(1)(b) of the CTM Regulation) and detriment had been caused to the distinctive character

and repute of the ASSOS mark (Article 9(1)(c) of the CTM Regulation); and

- 2 Asos's UK trade mark should be further limited to exclude a wider range of goods and services than had been excluded by Rose J at first instance.

However, with Kitchin LJ and Underhill LJ in the majority and Sales LJ dissenting, the Court was split on the extent to which the specification of the ASSOS CTM should be partially revoked and, more crucially, whether Asos should be able to rely on the own name defence in relation to the finding of infringement.

Revocation of the CTM

By majority, the Court held that the specification of the CTM should be as found by Rose J, save that the word "racing" should be removed because Assos's clothing was aimed at amateur cyclists as well. Whilst Assos had used the ASSOS mark in relation to jackets, t-shirts, polo shirts, track-suits, casual shorts and caps, this was not enough to support a specification of "casual wear" generally.

Sales LJ, dissenting, considered this formulation to be too narrow and preferred "Specialist clothing for racing cyclists and casual wear" as an appropriate formulation for the present and future scope of protection accorded by Assos' CTM.

The "Own name" defence

The Court held unanimously that Assos' claims for infringement under Articles 9(1)(b) and 9(1)(c) of the CTM Regulation had been made out and that Rose J had erred in finding that they had not. However, by majority, the Court held that Asos could rely on the own name defence and therefore there was no infringement on either count.

The crucial question in determining whether Asos could rely on the defence was whether its use of the ASOS sign had been in accordance with "*honest practices*" and whether Asos had acted fairly in relation to Assos' legitimate interests as the proprietor of the CTM.

Kitchin LJ noted the following facts in determining that Asos had indeed fulfilled its duty to act fairly and had not conducted its business so as to compete unfairly with Assos:

- 1 Asos had no intention to confuse the public or to trade off Assos' goodwill;
- 2 Whilst Asos did not conduct a trade mark search when adopting its name, if it had, it did not in any event believe that Assos's business (which was focused on the supply of cycling wear) would be affected by its own online services in the provision of fashion wear;
- 3 Both businesses had expanded over the years without changing their essential nature and had each acquired substantial goodwill;

- 4 There had been no actual confusion in practice and there was no real likelihood of it occurring in the future;
- 5 The reputation of the Assos brand had not been adversely affected in any way;
- 6 Subject to the own name defence, the Court of Appeal would find infringement of the ASSOS mark, but their reason for doing so would depend critically on the need to take account of a hypothetical and notional use of the ASSOS mark which, on the evidence, Assos had no intention of making; and
- 7 Asos had taken no steps towards the Assos business model and, to the contrary, had (although somewhat belatedly) taken steps to ensure that it did not sell cycling-inspired fashion wear.

In his dissenting judgment, Sales LJ considered that greater weight should be given to Assos' interests, as the CTM proprietor, and the interests of the public in the application of the "*honest principles*" standard, than Kitchin and Underhill had allowed. He held that the own name defence should not be available to Asos because it had not fulfilled its duty to act fairly as regards Assos' legitimate interests.

In his view, there were four key factors in coming to that determination, which included: (1) Asos's failure to conduct reasonable trade mark checks before it started to use the ASOS sign; (2) Asos only taking limited conflict-avoidance measures and failing to have regard to and act fairly in relation to Assos's legitimate interests (which extended to the use the mark may have been put to in the future); (3) Asos expanding its business after it became aware of the CTM (such as its country-specific own-language "ASOS" websites and "ASOS" branded clothing); and (4) Asos' other actions such as it taking steps to remove references to cycle-wear belatedly, it bidding for the "ASSOS" keyword, it using the "ASOS" sign to describe its own-brand goods on its website and it changing its logo to a lower case "asos" sign.

Commentary

This case demonstrates the difficulty brand owners and practitioners alike face in predicting the outcome of disputes in the current climate, including what amounts to a "fair specification" when a mark is partially vulnerable for non-use and whether a Court will find that a likelihood of confusion exists between a registered mark and an allegedly infringing sign. What the Lord Justices were unanimous on with regard to the latter was that regard should not only be had to the actual use made of the mark, but also the notional and fair use of the mark across all goods and services in the specification. The same principle applied to the Article 9(1)(c) claim.

The outcome of the Court of Appeal's confusion analysis in this case can be contrasted **with our recent report on the SCRABBLE / SCRAMBLE decision** where the Court of Appeal found that there was no likelihood of infringement or unfair advantage / dilution of the SCRABBLE mark given the extent of side by side use of the marks and lack of evidence of confusion.

Perhaps not surprisingly, given the lengthy dissenting judgment from Sales LJ, Assos sought permission to appeal to the

Supreme Court on the application of the own name defence. On 22 April 2015 the Court of Appeal refused to grant permission to appeal. Unless an application for permission to appeal is nonetheless accepted by the Supreme Court the matter will consequently now be at an end.

Maier and another v ASOS Plc and another [2015] EWCA Civ 220

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