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Case Nos: A3/2013/3163

A3/2013/3170

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**IN THE COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
INTELLECTUAL PROPERTY
COMMUNITY TRADE MARK COURT
The Hon Mrs Justice Rose
[2014] EWHC 123 (Ch)**

Royal Courts of Justice
Strand, London, WC2A 2LL
1st April 2015

B e f o r e :

**LORD JUSTICE KITCHIN
LORD JUSTICE UNDERHILL
and
LORD JUSTICE SALES**

Between:

**Roger Maier
Assos of Switzerland SA**

- and -

**ASOS plc
ASOS. com Limited**

**Appellants/
Claimants**

**Respondents/
Defendants**

**Roger Wyand QC and Benet Brandreth (instructed by Bird & Bird)
for the Appellants/Claimants**

**Daniel Alexander QC and Andrew Lykiardopoulos QC
(instructed by Dechert LLP) for the Respondents/Defendants**

Hearing dates: 25/26/27 November 2014

HTML VERSION OF JUDGMENT

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Lord Justice Kitchin:

Introduction

1. There are before the court appeals and cross appeals from three judgments of Rose J given on 19 September 2013, 16 October 2013 and 4 February 2014 concerning Community trade mark number 4580767 ("the CTM")

for the word ASSOS which is owned and used by the claimants (together "Assos") and United Kingdom trade mark number 2530115 ("the UK trade mark") for the word ASOS which is owned and used by the defendants (together "Asos").

2. The business carried on by Assos was founded in the 1970s in Winterthur in northern Switzerland by Mr Anton Maier, the father of the first claimant, Mr Roger Maier. Mr Anton Maier was a very keen cyclist but found that the cycling clothing available at that time for enthusiasts like him was inadequate. Accordingly he recruited a designer of clothing for the Swiss skiing team to assist him in devising an improved design of cycling shorts made of lycra. He began to make and sell these shorts from his home and they proved very popular. In 1985 the business moved to premises in Lugano and some ten years later was taken over by Mr Roger Maier. He continued to develop the business to include the manufacture of a series of other items of cycling wear including bodysuits, tights, body insulators and warmers, jackets, hats and socks. They were cut and constructed to meet the needs of cyclists and to be, so far as possible, comfortable, light-weight, durable, waterproof and aerodynamic.
3. The business has expanded steadily over the years. In 2000 the value of wholesale sales to distributors amounted to £1.1 million but by 2011 that figure had grown to £13.8 million, and Assos now sells clothing in 37 countries worldwide including 15 Member States of the European Union. Sales take place primarily through specialist cycling goods stores; indeed, of the almost 900 retailers currently selling ASSOS clothing, fewer than 10 are not cycling specialists. Even those 10 are not general clothing stores but sell other types of sporting or outdoor activity wear. This is a deliberate policy which Assos has implemented to try to ensure that the consumer's purchasing experience is consistent with the high quality brand image associated with the ASSOS name. For like reasons, Assos has not encouraged sales on the internet and does not have an online store.
4. The cycling garments sold by Assos are, as the judge said, at the top end of the market in terms of quality and price. Hence a pair of ASSOS shorts sells for about £200 and the jackets and other like items are even more expensive. The judge characterised these cycling clothes as "hard core" and "highly engineered", reflecting the fact that they are the product of extensive research and development. As Mr Erwin Groenendal, the Marketing and Design Director, explained, a new model of shorts might go through 70 or 80 prototypes. It therefore comes as no surprise to learn that Assos has provided its products to a number of national cycling teams and now sponsors the Swiss Cycling Federation. Hundreds of Olympic gold medallists in various cycling disciplines have worn ASSOS clothing.
5. Assos has applied various trade marks to its cycling clothes over the years. Two of them incorporate the word "assos" and look like this:



6. Another, referred to as "the ellipse", is a stylised capital A:



7. Assos has also applied for various registered trade marks. So far as material to this appeal, in November 2001 it applied for an international trade mark under the Madrid system for bicycles and parts in Class 12, and for clothing articles for sports, particularly clothing for racing cyclists, in Class 25. The particular mark the subject of this application comprised the word ASSOS in its familiar rounded, lower case letter form preceded by the ellipse.
8. Then, on 9 September 2005, Assos applied for the CTM in respect of various goods in Classes 3, 12 and 25. The application claimed priority from Swiss application number 54890/2005 which was filed on 14 June 2005. The specification of goods in Class 25 was "clothing, footwear and headgear" and the CTM duly proceeded to registration on 11 September 2006.
9. The business of Asos was founded in 1999 under the name "As Seen On Screen" and was conceived as a way of meeting the demand from members of the public for clothing, accessories and other items displayed in one way or another in TV shows and cinematograph films. It has now developed into a global online fashion and beauty retail business aimed primarily at fashion-conscious young people. In contrast to the business carried on by Assos, that of Asos has always been and is now still conducted purely as an online internet retail business with no bricks-and-mortar shops. Its development has been marked by various milestones. The acronym "ASOS" was adopted as the name of the business in early 2002 and from that time it has been used as the name of its website, albeit in various logo forms, as I shall explain. At the outset the business was primarily directed to the sale of products which were identical to those seen on television or in films and more affordable versions of them known as "in the style of" products. Then, in 2003, Asos began to move away entirely from "as seen on screen" or "in the style of" products and towards general fashion clothing and, in that same year, the first defendant changed its name to Asos plc. In 2004 or 2005 Asos started to sell its own brand range of clothing including tops, trousers, skirts and lingerie alongside a wide range of third party branded goods including, not just clothing, but also jewellery, hair and beauty products, gifts and gadgets. Then, in 2007, it began to advertise its own brand goods on the website under the name ASOS.
10. The business has been staggeringly successful. In its first year it achieved a turnover of just over £1 million and 10 years later that had risen to nearly £340 million. In the year ending 31 March 2012, the turnover was nearly £500 million and, as at 18 December 2012, Asos had a market capitalisation of about £2 billion and was the second most traded stock on AIM by value. About half the turnover is generated in the United Kingdom but there are now country-specific websites targeting France, Germany, Spain, Italy, the United States and Australia. Over 67,000 product lines are carried, including almost every kind of garment commonly worn by young men and women. As of September 2012, Asos had a database of 13.9 million customers, around 6.2 million of whom were based in the United Kingdom.
11. In terms of sales mix, own label goods now account for about 55% of Asos' global sales and include maternity and petite ranges, vintage styles, ethical and eco-conscious collections, and make up and make up accessories. However, the business still sells over 400 different third party brands of women's wear. The size and success of the business have attracted a good deal of media attention, summarised by the judge in these terms at paragraphs [14] to [15] of her judgment of 19 September 2013:

"14. ... It features frequently in the media and has sponsored many fashion programmes such as "Next Top Model" in the US, UK, Canada and Australia. Its clothes have been worn by celebrities such as Fearné Cotton and Jessie J. Perhaps the most famous celebrities wearing ASOS clothing are Michelle Obama and her daughters Malia and Sasha. An article in the magazine Grazia Daily on 7 November 2012, following President Obama's re-election, opened with the sentence "From a Jason Wu gown to an ASOS skirt, Michelle Obama has navigated the past four years as America's First Lady in style". The photograph of the President hugging his family on the evening of his re-election – voted "the most liked Facebook photo of all time" – featured the First Lady wearing an ASOS dress, reported to have cost \$90 on the ASOS online store.

15. In addition to its websites, ASOS has a strong internet presence on social media sites. As at 17 December 2012, ASOS' Facebook page had 2.2 million 'likes' or followers, making it the third-ranked retailer in the UK behind TopShop and Amazon. It also has 1.4 million followers through Google+; 430,000 followers on Twitter (second only to TopShop); 383,721 Instagram followers and 20 Pinterest boards. Its YouTube channel launched on 30 October 2008 now has 8,500 subscribers and has been viewed over 11 million times. ASOS hosts four blogs featuring music, film, style advice and photos of celebrities and non-celebrities looking stylish and fashionable. It has received a slew of awards both for its fashion goods and for its financial performance. It was Online Retailer of the Year in the Cosmopolitan Fashion Awards in 2010 and in the same year was awarded Company of the Year by AIM. Nicholas Robertson, one of the founders of ASOS and now its Chief Executive Officer, was named the third most powerful person in British fashion (after Kate Moss and Alexander McQueen) by Elle magazine in March 2009. In 2011, he was awarded an OBE for services to the fashion industry."

12. It is, however, important to note that, as the judge recorded at paragraph [18], Asos has never sold ASSOS goods on its website and has never sold technical cycling gear. But it does sell a wide range of t-shirts, polo shirts and other casual tops, jackets and trousers both under the ASOS brand name and under third party brand names.
13. The ASOS logo has evolved over time. This is a matter to which Assos attaches particular importance and so I must say a little about it. Initially, that is to say in 2002, it looked like this:



14. In 2005 a rather cleaner and simpler form was adopted:



15. 2008 saw a development which Assos claims is particularly significant. It involved a move to rounded lower case letters:



16. A further slight modification took place in 2010 and, since that time, the logo has looked like this:



17. On 30 June 2005 Asos applied for registration of the mark ASOS as a Community trade mark in respect of, inter alia, a wide range of goods and services in Classes 3, 18, 25 and 35. In April 2006 Assos filed a notice of opposition based upon its application for the CTM (the application for which had been filed on 9 September 2005 but which claimed priority back to 14 June 2005). The ground of opposition relied upon was Article 8(1)(b) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, as, in due course, amended and replaced by Council Regulation (EC) No 207/2009 of 26 February 2009 ("the Regulation").
18. By a decision of 9 November 2010, the Opposition Division upheld the opposition in respect of all of the goods and services in Classes 3, 25 and 35 and some of the goods in Class 18. On 17 October 2011 the Board of Appeal upheld the appeal in relation to some of the goods in Class 18 but otherwise dismissed it, holding, so far as relevant, that all of the goods and services in Classes 3, 25 and 35 covered by the mark applied for and the goods covered by the CTM were identical or similar and that, having regard to the average distinctiveness of the CTM and the high degree of visual and phonetic similarity between the signs, there was a likelihood of confusion.
19. On 29 April 2014, that is to say after the judge's judgment of 19 September 2013, a further appeal to the General Court was dismissed. It seems that two particular grounds of appeal were relied upon; first, that the Board of Appeal fell into error in its assessment of the conceptual meaning of the mark applied for and failed to take this meaning into account in its global assessment of the likelihood of confusion; second, the Board of Appeal erred in disregarding evidence of the peaceful co-existence of the marks. As for the first ground of appeal, the General Court concluded that, for the majority of the relevant public, neither of the signs at issue had a meaning and the conceptual comparison was therefore neutral, as the Board had correctly observed. The second ground of appeal was also rejected, at least in part because the General Court considered there was no satisfactory evidence of co-existence at consumer level and, in any event, alleged co-existence in part of the territory of the European Union did not have the effect of excluding the likelihood of confusion in the Union as a whole. A further appeal to the Court of Justice was dismissed on 13 January 2015 (C-320/14P).
20. Asos does, however, have the UK trade mark which was entered on the Register on 7 December 2012. As the judge recorded at paragraph [25] of her judgment of 19 September 2013, it covers a long list of goods in Classes 3, 8, 9, 11, 14, 18, 21, 25 and 26; and the service of bringing together goods on a website in Class 35 and credit and debit card services in Class 36.

The proceedings

21. In December 2011, some five years after it had secured the registration of the CTM and eleven years after Asos had begun to use the mark ASOS as a logo on its website, Assos began these proceedings. In its pleadings as finally amended, it alleged that the activities of Asos in selling clothing, footwear, headgear and other fashion accessories in the European Union via the internet and under and by reference to the sign ASOS constituted an infringement of the CTM under Article 9(1)(b) and 9(1)(c) of the Regulation and amounted to passing off. It also contended that the UK trade mark was invalid under sections 47(2), 5(2)(b), 5(3) and 5(4)(a) of the Trade

Marks Act 1994 ("the 1994 Act") in so far as it was registered for various goods in Classes 3, 9, 18 and 25 and services in Class 35. Ultimately it focused on particular goods in Classes 3 and 25 and the services in Class 35.

22. In its defence and counterclaim, again as amended, Asos contended that the CTM was at all material times liable to be revoked because it had not been used (and not in any event in any relevant period) in relation to any of the goods within the specification save for technical, specialist, cycling clothing, accessories and ancillary products. It also argued that, by the date of the application for the CTM and any relevant priority date, it had already acquired a significant goodwill and reputation in and under the mark ASOS in connection with the sale and supply of clothing, footwear and headgear and in the provision of online retailing services. It contended that ASOS was its corporate and trading name and that it had been adopted honestly and without reference to Assos; and further, despite sales to millions of customers, there had been no confusion. In all these circumstances it contended that there had been no infringement of the CTM or passing off; that it was entitled to rely upon the "own name" defence afforded by Article 12(a) of the Regulation; that the CTM ought to be revoked in part for non-use or that, if the claims had substance then the CTM was invalid in light of its pre-existing rights; that the claims were out of time or barred by the doctrines of laches or estoppel; and finally, that the claim for invalidity of the UK trade mark was misconceived and, in all the foregoing circumstances, ought to be dismissed.
23. The action came on for trial before the judge in June 2013 and was heard over seven days. The judge ultimately gave the three judgments to which I have referred. The first, given on 19 September 2013 ("the main judgment"), dealt with most of the issues. The second, given on 16 October 2013 ("the second judgment"), dealt with final scope of the specification of the CTM and costs. The third, given on 4 February 2014 ("the third judgment"), dealt with the validity of the UK trade mark.
24. I must now explain a little more about the issues before the judge and how she dealt with them so that the questions which arise on the appeals before us may be understood. In her main judgment, the judge identified the principal issues before her as being:
 - i) the proper scope of the CTM and whether (a) it should be revoked in part for non-use; or (b) whether it was invalid because of Asos' pre-existing rights;
 - ii) whether Asos' use of its sign ASOS constituted an infringement of Assos' rights in the CTM and, in particular, whether there was a likelihood of confusion between the parties' respective goods and services; and, if that use did constitute an infringement, whether Asos could rely on the own name defence on the basis that its use of its own name as a sign had been and was in accordance with honest practices in industrial or commercial matters.
25. The judge went on to explain that whether Asos had passed off its goods as being the goods of or connected with Assos would emerge from the answers to the principal issues. She also recorded that the defences of laches, estoppel and any time bar had been covered only briefly in written and oral argument and finally, that the parties had agreed that the question whether Asos' UK trade mark was invalid should await her judgment on the other issues.
26. In broad outline, the judge then proceeded to decide the principal issues as follows. First, she addressed the issue of non-use of the CTM and observed that the main battle-ground had been over the scope of use within Class 25 and whether there were grounds for reducing the registration from the very general description "clothing, footwear, headgear" to some narrower description of the goods in Assos' product range. She concluded at paragraph [62] of the main judgment:

"Assos' range can properly be described as specialist clothing for racing cyclists and casual wear including track-suits, t-shirts, polo shirts, caps and jackets. The registration of the mark should be revoked for non-use outside that range."
27. Following further argument, the details of which I will explain later in this judgment, the judge returned to the issue in her second judgment. At this point she clarified her intention as being to limit the Class 25 goods of the specification to the following:

"Specialist clothing for racing cyclists; jackets, t-shirts, polo shirts, track-suit tops, track-suit bottoms, casual shorts, caps."

28. The judge also dealt with the extent of use in respect of the goods for which the CTM was registered in Classes 3 and 12 but these are not the subject of the appeal and I need say no more about them. In due course the judge made an order partially revoking the CTM to reflect her ruling. However, neither side invited her to consider the date from which this revocation should have effect. Following questions from this court, they are now agreed that the relevant date is 17 January 2012, this being the date of the counterclaim.
29. The judge then turned to consider the further attack upon the CTM based upon Article 8(4) of the Regulation. Asos contended that it had acquired a substantial goodwill and reputation under the mark ASOS prior to June 2005 and that use by Assos of the CTM was liable to be prevented by a claim in passing off. It advanced this argument without prejudice to its primary contention that the marks ASSOS and ASOS were not confusingly similar.
30. The judge was not impressed and found that, by June 2005, Asos had insufficient goodwill to mount a successful claim in passing off. She expressed her conclusions in these terms at paragraph [80]:

"I therefore find that as at June 2005 the only goodwill that ASOS had built up was in relation to an online clothing store selling other brands of clothing and celebrity look-alike styles. It did not yet have sufficient goodwill as a supplier of goods bearing the brand name ASOS for it to have succeeded in showing that the average ASOS customer would, if confronted with a dress bearing the mark Assos, have mistakenly thought that the dress was made by ASOS or that it was made by someone associated with ASOS. ASOS's goodwill as at June 2005 would not, therefore, have enabled ASOS to succeed in a passing off claim against Assos if Assos had begun to make fair use of the mark which it was seeking to register. Consequently it would not have enabled ASOS to prevent Assos from registering their mark as they did in June 2005, pursuant to Article 8(4) CTMR."

31. Having dealt with the attacks on the CTM, the judge then turned to infringement and addressed first the claim under Article 9(1)(b) of the Regulation. She thought that the CTM and the sign ASOS were, taken by themselves, very similar. She then considered the issue of the similarity of the goods and services in issue and, for that purpose, used the amended specification. Her approach to the issue of similarity was the subject of considerable criticism by Assos on this appeal, as I must explain in due course. Finally, the judge turned to the likelihood of confusion and, in doing so, assessed the evidence of actual confusion, such as it was. In the end, she concluded that the average consumer was not likely to be confused and that the allegation of infringement under Article 9(1)(b) therefore failed.
32. The allegation under Article 9(1)(c) of the Regulation fared no better. The judge recorded that Assos did not allege that Asos was taking unfair advantage of the distinctive character of the CTM but only that the use by Asos of the sign ASOS was detrimental to the distinctive character and repute of the CTM. She accepted that Assos had a reputation in the United Kingdom and other Member States amongst cyclists but found that this did not extend to the general public. As before, she found that the CTM and the sign ASOS were similar. But she thought it was more questionable whether the sign would bring Assos to mind, so as to create a relevant link. Nevertheless she assumed for the purposes of her analysis that this particular requirement had been satisfied. However, the claim still failed because she was not persuaded that the use of the sign ASOS had in any way diminished or otherwise damaged the distinctive character or repute of the CTM.
33. The claims for infringement having been rejected, it was not necessary for the judge to decide the issue of Asos' ability to rely upon the own name defence conferred by Article 12 of the Regulation and she did not do so. The judge nevertheless made certain findings of fact to which I must return and noted two particular aspects of Asos' current business which Assos contended precluded the application of the defence, namely that Asos had bid for "assos" as a keyword in connection with the Google search engine, and that in 2008, after the conflict had arisen, Asos had adopted a typeface for its logo which was much closer to that used by Assos for the CTM.

34. Three issues remained: passing off, the defences of laches and estoppel and the time bar, and finally the validity of the UK trade mark. I will take them in turn.
35. Assos alleged that Asos had passed off its goods and services in the United Kingdom as being associated or connected in the course of trade with the goods or services of Assos. This allegation was, I think, bound to fail in the light of the judge's findings on infringement of the CTM and she duly so held.
36. The judge declined to deal with the defences of laches and estoppel and the contention that the claim was, at least in part, time barred given her earlier findings and so, by agreement, all these matters were left over to be decided on a later occasion should it be necessary to do so.
37. Finally, the challenge to the validity of the UK trade mark was considered by the judge on the papers after she had delivered the main and second judgments. She gave her decision in the third judgment. She noted that Assos relied upon sections 5(2)(b), 5(3) and 5(4)(a) of the 1994 Act. None found favour, however. In very broad summary, the judge found there was no relevant likelihood of confusion; nor was there any real possibility that use of the UK trade mark would take undue advantage of or be detrimental to the distinctive character or repute of the CTM. The challenge therefore failed.

The appeal – the issues

38. The parties have been represented on this appeal as they were before the judge. Mr Roger Wyand QC and Mr Benet Brandreth have appeared on behalf of Assos and Mr Daniel Alexander QC and Mr Andrew Lykiardopoulos QC have appeared on behalf of ASOS. Mr Wyand and Mr Alexander each contend that the judge has fallen into error at various points in her analysis. For his part, Mr Wyand submits that
 - i) the judge fell into error in restricting the specification of the CTM in respect of Class 25 goods in the way that she did;
 - ii) the judge was wrong to reject the claim for infringement under Article 9(1)(b) of the Regulation;
 - iii) so too, the judge was wrong to reject the claim for infringement under Article 9(1)(c) of the Regulation;
 - iv) the judge ought to have made a declaration of invalidity of the UK trade mark.
39. Mr Wyand does not challenge the finding in relation to passing off, but only, so he says, because he does not need to. Mr Alexander supports the conclusions to which the judge came on each of the above issues but argues that:
 - i) if and in so far as the judge ought to have found infringement under Article 9(1)(b) or (c) of the Regulation, then she ought also to have found that Asos had a complete defence under Article 12(a) in respect of all of the activities complained of; and
 - ii) if and in so far as the judge ought to have found infringement and that Asos could not rely on the defence afforded by Article 12(a), then, in those circumstances, the judge ought to have found the CTM invalid under Article 8(4) of the Regulation.
40. It seems to me that these matters are conveniently dealt with by considering first, all the issues arising in relation to the CTM in the order in which the parties addressed them and second, the validity of the UK trade mark.
41. The parties were agreed that, were we to find infringement and reject the attacks on the CTM and the own name defence then the issues of laches, acquiescence and estoppel should be remitted to the High Court.

Revocation for non use – Article 51

42. As I have mentioned, the CTM was registered in respect of clothing, footwear and headgear in Class 25. There is

now no dispute that this specification is too broad in the light of the use of the mark which Assos has actually made. The critical question is how much the specification should be cut back. Unfortunately, at trial, both parties adopted extreme positions. Asos argued for a very narrow specification covering only specialist cycling clothing. Assos, on the other hand, argued that the specification should be left as it stood. The judge began her analysis of these rival positions by referring to Article 51 of the Regulation. This reads, so far as relevant:

"Article 51

Grounds for revocation

1. The rights of the proprietor of the Community trade mark shall be declared to be revoked ... on the basis of a counterclaim in infringement proceedings:

(a) if, within a continuous period of five years, the trade mark has not been put to genuine use in the Community in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use; however, no person may claim that the proprietor's rights in a Community trade mark should be revoked where, during the interval between expiry of the five-year period and filing of the application or counterclaim, genuine use of the trade mark has been started or resumed; ...

...

2. Where the grounds for revocation of rights exist in respect of only some of the goods or services for which the Community trade mark is registered, the rights of the proprietor shall be declared to be revoked in respect of those goods or services only."

43. The judge then directed herself by reference to a series of authorities in which the principles to be applied in such a case have been considered. Having done so, she summarised her understanding as follows:

"50. I take from these authorities that the question I must ask myself is this: having regard to the use that has actually been made by Assos of its mark, would the average consumer consider that 'clothing, footwear and headgear' was a fair description of that use or would he or she describe the use as limited to some narrower category and, if so, what category? The average consumer is assumed to know that the purpose of choosing that description is to provide Assos with absolute protection against anyone using a similar mark for identical goods and additional protection for someone using a similar mark for similar goods if that was likely to lead to confusion. When considering the scope of use, the consumer would not simply look at the Assos goods in a vacuum but would consider other factors such as channels of sale and intended use."

44. There followed a consideration of the actual use that Assos had made of the mark in the five years to 17 January 2012, this being the date of the counterclaim seeking partial revocation. The judge recorded that there was no dispute that Assos had made extensive use of the mark for clothing for specialist cyclists. This use included various different kinds of shorts, all in one bodysuits, tights, body insulators and warmers, jackets, hats and socks, all being garments in the Assos Campionissimo range. However, the judge found that Assos had also made relatively small scale use of the CTM in connection with certain items of more general casual wear.

45. This casual wear fell into three groups. The first was a range of general casual wear sold to dealers alongside the specialist cycling wear. The judge heard evidence in this connection from Mr Griffiths, a former racing cyclist and long standing devotee of the Assos brand and, as of the date of the hearing, the managing director of Yellow Ltd, Assos' distributor in the United Kingdom; Mr Young of Condor Cycles, a large specialist cycling shop on the Gray's Inn Road in London; and Mr Quinn, the managing director of the Bike Factory, a specialist cycling shop in Chester. The judge accepted the evidence of all three of these witnesses and held, at paragraph [55] of the main judgment:

"There has been a small-scale but steady and continuous sale of non-technical fabric t-shirts, polo

shirts, casual shorts and hats bearing the Assos mark from the early years of Assos sales and into the five year period relevant for this part of the case."

46. To this list I would add track-suits, for Mr Young said he had sold these together with t-shirts and polo shirts and, having accepted his evidence in relation to two of these items, I can see no reason why she did not accept it in relation to the third.
47. The second range, known as the "Dopo Bici" range, comprised a number of expensive, luxury garments made to the same exacting standards as the specialist cycling clothes but in a rather looser style. They had been advertised under the slogan "the ride doesn't end when you get off the bike" and were said to provide "a smart, athletic, urban look". Sales of the Dopo Bici range had been modest but included polo shirts in a range of colours, jackets, track-suit tops and bottoms, baseball caps, travel bags and small backpacks.
48. The third range was referred to by Mr Erwin Groenendal, Assos' Marketing and Design director, as the "Signature" range and comprised sporty looking t-shirts, rather smarter than general casual wear but not as smart as the Dopo Bici range.
49. The judge then turned to consider the application of the principles she had summarised to the facts as she had found them. She rejected a submission made on behalf of Asos that the specification should be limited to clothes for cycling or cyclists, observing that there was nothing about the casual clothes sold by Assos that meant they could not be worn after some other sport or simply on any occasion when casual clothing might be thought appropriate. As she put it at paragraph [59]:

"The casual clothes are not "cycling" themed – there is nothing about the clothes themselves that is linked to cycling except for the mark "ASSOS."

50. Conversely, however, the judge also thought that there were many substantial categories of clothing to which the ASSOS mark had never been attached, such as dresses, skirts, knitwear, shoes, blouses, jeans, baby clothes and general children's wear. It was also relevant, in her view, that the ordinary consumer would take into account that Assos had chosen not to go down the route taken by brands such as Nike and Adidas but had, instead, maintained a very focused approach, limiting the kinds of clothing it sold under the ASSOS brand. Further, it had chosen not to market its clothes on the high street or through general clothing outlets, whether in bricks-and-mortar shops or on line. Sales had been made almost exclusively through specialist stores and advertised in specialist cycling magazines. In all these circumstances the judge was satisfied that the average consumer would not consider that Assos was entitled to exclude anyone else from using the same or a similar name in relation to any products falling within the general descriptions of clothing, headgear and footwear.
51. She concluded:

"62. Assos' range can properly be described as specialist clothing for racing cyclists and casual wear including track-suits, t-shirts, polo shirts, caps and jackets. The registration of the mark should be revoked for non-use outside that range."

52. After the handing down of the judgment, it was drawn to the judge's attention that the use of the word "including" in this paragraph was unhelpful and, indeed, potentially misleading because it was not clear whether it should be read as limiting the kinds of casual wear to be included in the specification or whether it and all the words which followed were merely illustrative and so superfluous. For its part, Assos indicated that it read the judge's formulation as covering all clothing other than formal wear. Asos took the opposite position and suggested that the judge intended to include only those particular items of casual wear that she had identified. So it was that the judge returned to the issue in the second judgment. Here she made clear that it was not her intention to include all casual wear:

"4. I hope it is clear from the judgment that that was not my intention as I refer to the substantial categories of ordinary clothing to which the Assos mark has never been attached, namely dresses, skirts, knitwear, shoes, blouses, jeans, baby clothes or general children's wear.

5. Following further submissions today, I am satisfied that the specification should not say "including" those items, but should be limited to the specific items in relation to which the mark has been used. This would therefore list tracksuits, t-shirts, polo shirts, shorts, caps and jackets in addition to the specialist cycling clothes. The intention is that should in the future some dispute arise as to whether dresses, skirts and knitwear bearing an allegedly confusingly similar mark are caught, that debate should focus on whether those items are similar to the items covered by the specification and not whether they are identical to the specification. Therefore, I will make the order in those terms."

53. It is to be noted that the judge has here included "shorts" in the list of items to be retained in the specification.
54. Upon this appeal Mr Wyand submits that the conclusion expressed by the judge at paragraph [62] of her main judgment was at least understandable. However, he continues, she then sought to review the position in giving her second judgment. Further, she limited the specification to those particular items in relation to which Assos had established that it had used the CTM and so unfairly and unjustifiably limited the scope of protection to which Assos was properly entitled. Moreover, she failed to take proper account of the appreciation of the average consumer.
55. In developing these submissions, Mr Wyand focused first of all upon the decision of the General Court in Case T-126/03 *Reckitt Benckiser (España) SL v OHIM (ALADIN)* [2005] ECR II-2861. In that case the court gave important guidance as to the approach to be adopted in a case such as this, explaining:

"45. It follows from the provisions cited above that, if a trade mark has been registered for a category of goods or services which is sufficiently broad for it to be possible to identify within it a number of sub-categories capable of being viewed independently, proof that the mark has been put to genuine use in relation to a part of those goods or services affords protection, in opposition proceedings, only for the sub-category or sub-categories to which the goods or services for which the trade mark has actually been used belong. However, if a trade mark has been registered for goods or services defined so precisely and narrowly that it is not possible to make any significant sub-divisions within the category concerned, then the proof of genuine use of the mark for the goods or services necessarily covers the entire category for the purposes of the opposition.

46. Although the principle of partial use operates to ensure that trade marks which have not been used for a given category of goods are not rendered unavailable, it must not, however, result in the proprietor of the earlier trade mark being stripped of all protection for goods which, although not strictly identical to those in respect of which he has succeeded in proving genuine use, are not in essence different from them and belong to a single group which cannot be divided other than in an arbitrary manner. The Court observes in that regard that in practice it is impossible for the proprietor of a trade mark to prove that the mark has been used for all conceivable variations of the goods concerned by the registration. Consequently, the concept of 'part of the goods or services' cannot be taken to mean all the commercial variations of similar goods or services but merely goods or services which are sufficiently distinct to constitute coherent categories or sub-categories."

56. It can be seen that there are here competing considerations. On the one hand, a proprietor should not be allowed to monopolise the use of a trade mark in relation to a general category of goods or services simply because he has used it in relation to a few of them. The mark should remain registered only in respect of those goods and services for which it has been used.
57. The importance of this consideration is reflected in the tenth recital to the preamble to the Regulation which states that there "is no justification for protecting Community trade marks except where the trade marks are actually used", and in the eighth recital to the preamble to Directive 2008/95 EC of 22 October 2008 ("the Directive") which says that "In order to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them, it is essential to require that trade marks must actually be used or, if not used, be subject to revocation".

58. The Court of Justice has also emphasised that marks must be put to genuine use in relation to the goods or services in respect of which they are registered. For example, in Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2001] RPC 40, the Court explained at paragraph [37]:

"... The protection the mark confers and the consequences of registering it in terms of enforceability vis-à-vis third parties cannot continue to operate if the mark loses its commercial *raison d'être*, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. Use of the mark must therefore relate to goods or services already marketed or about to be marketed and for which preparations by the undertaking to secure customers are under way, particularly in the form of advertising campaigns. Such use may be either by the trade mark proprietor or, as envisaged in Article 10(3) of the Directive, by a third party with authority to use the mark."

59. Similarly, in Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] FSR 38, the Court emphasised at paragraph [20]:

"It follows from those considerations that the preservation by a trade mark proprietor of his rights is predicated on the mark being put to genuine use in the course of trade, on the market for the goods or services for which it was registered in the Member State concerned."

60. Conversely, however, a proprietor cannot reasonably be expected to use his mark in relation to all possible variations of the particular goods or services covered by the registration.
61. These competing considerations are to be resolved by taking into account the breadth of the categories of goods for which the mark is registered and the extent to which those categories are described in general terms. If those categories are sufficiently broad so as to allow the identification within them of various sub-categories which are capable of being viewed independently then proof of use in relation to only one or more of those sub-categories will not constitute use of the mark in relation to all the other sub-categories. But if it is not possible to make a meaningful division of the particular category in relation to which use of the mark has been established then proof of use will suffice for the whole of that category.
62. Further guidance was given by the General Court in Case T-256/04 *Mundipharma v OHIM* [2007] ECR II-449. Here the court explained (at paragraph [29]) that these issues are to be considered through the eyes of the average consumer and that regard must be had to the purpose and intended use of the goods or services:

"The Court notes that in this respect, since consumers are searching primarily for a product or service which can meet their specific needs, the purpose or intended use of the product or service in question is vital in directing their choices. Consequently, since consumers do employ the criterion of purpose or intended use before making any purchase, it is of fundamental importance in the definition of a sub-category of goods or services."

63. The task of the court is to arrive, in the end, at a fair specification and this in turn involves ascertaining how the average consumer would describe the goods or services in relation to which the mark has been used, and considering the purpose and intended use of those goods or services. This I understand to be the approach adopted by this court in the earlier cases of *Thomson Holidays Ltd v Norwegian Cruise Lines Ltd* [2002] EWCA Civ 1828, [2003] RPC 32; and in *West v Fuller Smith & Turner plc* [2003] EWCA Civ 48, [2003] FSR 44. To my mind a very helpful exposition was provided by Jacob J (as he then was) in *ANIMAL Trade Mark* [2003] EWHC 1589 (Ch); [2004] FSR 19. He said at paragraph [20]:

"... I do not think there is anything technical about this: the consumer is not expected to think in a pedantic way because the average consumer does not do so. In coming to a fair description the notional average consumer must, I think, be taken to know the purpose of the description. Otherwise they might choose something too narrow or too wide. ... Thus the "fair description" is one which would be given in the context of trade mark protection. So one must assume that the average

consumer is told that the mark will get absolute protection ("the umbra") for use of the identical mark for any goods coming within his description and protection depending on confusability for a similar mark or the same mark on similar goods ("the penumbra"). A lot depends on the nature of the goods – are they specialist or of a more general, everyday nature? Has there been use for just one specific item or for a range of goods? Are the goods on the High Street? And so on. The whole exercise consists in the end of forming a value judgment as to the appropriate specification having regard to the use which has been made."

64. Importantly, Jacob J there explained and I would respectfully agree that the court must form a value judgment as to the appropriate specification having regard to the use which has been made. But I would add that, in doing so, regard must also be had to the guidance given by the General Court in the later cases to which I have referred. Accordingly I believe the approach to be adopted is, in essence, a relatively simple one. The court must identify the goods or services in relation to which the mark has been used in the relevant period and consider how the average consumer would fairly describe them. In carrying out that exercise the court must have regard to the categories of goods or services for which the mark is registered and the extent to which those categories are described in general terms. If those categories are described in terms which are sufficiently broad so as to allow the identification within them of various sub-categories which are capable of being viewed independently then proof of use in relation to only one or more of those sub-categories will not constitute use of the mark in relation to all the other sub-categories.
65. It follows that protection must not be cut down to those precise goods or services in relation to which the mark has been used. This would be to strip the proprietor of protection for all goods or services which the average consumer would consider belong to the same group or category as those for which the mark has been used and which are not in substance different from them. But conversely, if the average consumer would consider that the goods or services for which the mark has been used form a series of coherent categories or sub-categories then the registration must be limited accordingly. In my judgment it also follows that a proprietor cannot derive any real assistance from the, at times, broad terminology of the Nice Classification or from the fact that he may have secured a registration for a wide range of goods or services which are described in general terms. To the contrary, the purpose of the provision is to ensure that protection is only afforded to marks which have actually been used or, put another way, that marks are actually used for the goods or services for which they are registered.
66. I turn then to consider Mr Wyand's criticisms of the approach adopted by the judge and should say at the outset that I did not understand him to criticise the judge's summary of the relevant principles in paragraph [50] of the main judgment which I have set out above. His criticism was rather that the judge failed properly to apply those principles to the facts of the case or lost sight of them in explaining her intention in the second judgment.
67. At one point in the course of his oral submissions Mr Wyand appeared to suggest that the judge changed her mind at some point between the main and the second judgments and that this was not permissible. In the end it was not clear to me whether this was a point which Mr Wyand was pursuing but, if it was, I have no hesitation in rejecting it. The judge made it clear that her intention was always to limit the specification to the particular categories of casual wear in relation to which the mark ASSOS has been used. In so far as the formulation at which she arrived in paragraph [62] of the main judgment failed to reflect that intention then I believe she was entitled and indeed bound to clarify the position before the order was drawn up and entered. That is what she did and no possible criticism can be made of her in that respect.
68. So I come to the application by the judge of the principles she had identified. I have come to the conclusion that she applied them entirely properly. She made findings about the use that Assos had made of the mark in the relevant period, identified the average consumer of those goods and asked herself whether that average consumer would consider that "clothing, footwear and headgear" was a fair description of that use or whether that consumer would use a narrower description and, if so, what it would be. In so doing she sought to identify the state of mind of the average consumer and had appropriate regard to other factors such as channels of sale and intended use and purpose.

69. I believe the judge was therefore entitled to find as she did that the use which had been made of the mark ASSOS in relation to track-suits, t-shirts, polo shirts, caps, jackets and shorts was specific and did not justify a specification extending to all casual wear and so including items such as dresses, skirts, knitwear, shoes, blouses and jeans. The exercise undertaken by the judge did not involve the division of casual wear in an arbitrary or artificial way. To adopt Jacob J's pithy epithet, there was nothing pernicky about the exercise which the judge undertook. She adopted categories which are meaningfully distinguishable one from another and properly took into account the perspective of the average consumer and the circumstances of the trade. I do not accept that simply because a business has used a trade mark in relation to particular items such as track-suits, t-shirts, polo shirts, caps, jackets and shorts that the average consumer would say that use has therefore been made in relation to casual wear generally. The judge made an assessment and arrived at a value judgment. She has made no error of principle and I believe this court should not interfere with her decision.
70. I say this subject to one reservation. Mr Wyand contends, in my view with force, that the specification at which the judge arrived in the second judgment no longer reflects the actual use made by Assos of the CTM in relation to cycling clothing. This clothing is and has been sold for use by both professional sports people and by amateurs and therefore extends beyond clothing of a specialist nature suitable for use by racing cyclists. Yet the specification at which the judge ultimately arrived refers to "specialist clothing for racing cyclists". This, it seems to me, is unduly limiting for it excludes specialist clothing for amateur cyclists. This was not of great concern to Assos following the handing down of the main judgment for at that stage it anticipated that such general cycling wear would fall within the scope of "casual wear". Following the second judgment, the matter assumes greater importance. In my judgment the word "racing" should be deleted and the specification broadened accordingly.

Infringement - Article 9(1)(b)

71. This is the first of the ways in which the infringement case is put. Article 9(1)(b) reads:

"Article 9

Rights conferred by a Community trade mark

1. A Community trade mark shall confer on the proprietor exclusive rights therein. The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

...

(b) any sign where, because of its identity with, or similarity to, the Community trade mark and the identity or similarity of the goods or services covered by the Community trade mark and the sign, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;"

72. There is no dispute that Assos was therefore required to establish that the sign ASOS is identical with or similar to the CTM; that Asos has used the sign ASOS in relation to goods or services which are identical with or similar to those for which the CTM is registered; and that such use has given rise to a likelihood of confusion.
73. As Mr Alexander has accepted, liability is confined to those cases in which the registered trade mark and the sign complained of are the same or similar and where the goods or services in issue are the same or similar. Similarity is not just a matter to be taken into account in the assessment of the likelihood of confusion; it is also a threshold requirement before infringement can be found. The matters to be taken into account in assessing whether or not the particular goods or services in issue are similar were explained by the Court of Justice in C-39/97 *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1998] ECR I-5507 at paragraph [23]:

"In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, *inter alia*, their nature,

their end users and their method of use and whether they are in competition with each other or are complementary."

74. Mr Wyand has submitted and I did not understand Mr Alexander seriously to dispute that there is a degree of similarity between all items of clothing. In that connection Mr Wyand referred us to the decision of the General Court in Case T-509/12 *Advance Magazine Publishers Inc v OHIM* given on 27 February 2014 in which it was noted (at paragraph [33]) that clothing, footwear and headgear in Class 25 have a common purpose because they are all manufactured to cover, conceal, protect and adorn the human body. For my part I am therefore content to accept that the threshold requirement for a recognisable degree of similarity between all of the goods and services in question is satisfied in this case and that is so whether the original or cut-down specification of the CTM is considered. In the terms of Article 9(1)(b), there is identity or similarity of the goods covered by the CTM and the goods and services in relation to which the sign has been used.
75. It is the third of the requirements, that is to say the likelihood of confusion, which is in most cases critical, and the present case is no exception. The general approach to be adopted was explained by this court in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ 24, [2012] FSR 19 at paragraphs [51] to [52]. There we endorsed (at paragraph [52]) the following summary of the key principles developed by the Trade Marks Registry as being sufficient for the determination of many of the disputes coming before it:

"52. ...

- (a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;
- (b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;
- (d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;
- (e) nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;
- (f) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;
- (g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;
- (h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;
- (i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;
- (j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply

because of a likelihood of association in the strict sense;

(k) if the association between the marks causes the public to wrongly believe that the respective goods [or services] come from the same or economically-linked undertakings, there is a likelihood of confusion."

76. To this should be added the further guidance provided by the Court of Justice in *Canon* at paragraph [29] that the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion for the purposes of the provision.
77. There are four further matters which I should mention at this stage having regard to the particular issues which arise in this case. The first is that the infringement test is founded upon the mark as registered and not upon material which the proprietor may have used in connection with it.
78. Second, the court must then consider a notional and fair use of that mark in relation to all of the goods or services in respect of which it is registered. Of course it may have become more distinctive as a result of the use which has been made of it. If so, that is a matter to be taken into account for, as the Court of Justice reiterated in *Canon* at paragraph [18], the more distinctive the earlier mark, the greater the risk of confusion. But it may not have been used at all, or it may only have been used in relation to some of the goods or services falling within the specification, and such use may have been on a small scale. In such a case the proprietor is still entitled to protection against the use of a similar sign in relation to similar goods if the use is such as to give rise to a likelihood of confusion.
79. Third, this mark must then be compared with the offending sign. However, as this court explained in *Specsavers* at paragraph [87], the court must take into account all the circumstances of the actual use of the sign that are likely to operate in the average consumer's mind in considering the sign and the impression it is likely to make on him. The sign is not to be considered stripped of its context.
80. Fourth, the likelihood of confusion must be assessed globally taking into account all relevant factors and having regard to the matters set out in *Specsavers* at paragraph [52] and repeated above. If the mark and the sign have both been used and there has been actual confusion between them, this may be powerful evidence that their similarity is such that there exists a likelihood of confusion. But conversely, the absence of actual confusion despite side by side use may be powerful evidence that they are not sufficiently similar to give rise to a likelihood of confusion. This may not always be so, however. The reason for the absence of confusion may be that the mark has only been used to a limited extent or in relation to only some of the goods or services for which it is registered, or in such a way that there has been no possibility of the one being taken for the other. So there may, in truth, have been limited opportunity for real confusion to occur. In *Compass Publishing BV v Compass Logistics Ltd* [2004] EWHC 520 Laddie J put it this way at paragraphs [22] to [24]:

"22 It is frequently said by trade mark lawyers that when the proprietor's mark and the defendant's sign have been used in the market place but no confusion has been caused, then there cannot exist a likelihood of confusion under Article 9.1(b) ... So, no confusion in the market place means no infringement of the registered trade mark. This is, however, no more than a rule of thumb. It must be borne in mind that the provisions in the legislation relating to infringement are not simply reflective of what is happening in the market. It is possible to register a mark which is not being used. Infringement in such a case must involve considering notional use of the registered mark. In such a case there can be no confusion in practice, yet it is possible for there to be a finding of infringement. Similarly, even when the proprietor of a registered mark uses it, he may well not use it throughout the whole width of the registration or he may use it on a scale which is very small compared with the sector of trade in which the mark is registered and the alleged infringer's use may be very limited also. In the former situation, the court must consider notional use extended to the full width of the classification of goods or services. In the latter it must consider notional use on a scale where direct competition between the proprietor and the alleged infringer could take place.

23. This is of significance in this case because, as noted above, there is no suggestion that there has been any confusion in the market place between the activities of the Defendant under the sign "Compass Logistics" and the Claimant, or any other member of the Compass Group, under the mark "Compass". Mr Wyand relies on this as being a good indication that there is no likelihood of confusion. But in my view Mr Purvis is right when he argues that the question of infringement has to be answered by assessing the likelihood of confusion were the Claimant to use the mark "Compass" in a normal way in respect of all services covered by the registration, including for business consultancy services in the field of logistics, that is to say the same specialist field the Defendant operates in.

24. The test for likelihood of confusion has been considered in a number of ECJ decisions, including *Sabel BV v Puma AG* [1998] RPC 199. The likelihood of confusion must be appreciated globally, taking account of all relevant factors. It must be judged through the eyes of the average consumer of the goods or services in question. That customer is to be taken to be reasonably well informed and reasonably circumspect and observant, but he may have to rely upon an imperfect picture or recollection of the marks. The court should factor in the recognition that the average consumer normally perceives a mark as a whole and does not analyse its various details. The visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components. Furthermore, if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion."

81. In the present case Mr Wyand has developed the allegation of infringement in two ways. First, he contends that a comparison of, on the one hand, a notional and fair use of the mark ASSOS in relation to all of the goods in the original or cut-down specification and, on the other hand, the actual use of the sign ASOS in relation to the goods and services provided by Asos reveals that there is indeed a likelihood of confusion between them. Second, he submits that, despite the differences between the businesses of Asos and Assos, there has already been confusion between their respective goods and services, and there is a real likelihood that there will be even more such confusion in the future. He contends that the judge fell into error in failing to accept these submissions and that either should have led to a finding of infringement. I will deal with them in turn and will do so by reference to the judgment.
82. The judge began her analysis entirely properly by considering whether the two marks in issue were, taken by themselves, similar. She thought that they were and I agree. There was evidence before her that the public did not consistently distinguish between their pronunciation using a long vowel (as in "stay") for ASOS and a short vowel (as in "cat") for ASSOS. Further, Asos accepted that ASOS was commonly misspelt as ASSOS. The judge therefore concluded that there was a visual and aural similarity between them. She also accepted that the mark ASSOS was inherently distinctive and that although it did have a meaning in Greek ("best"), it did not have any descriptive connotation when used in connection with clothing.
83. As for the comparison between the goods and services in issue, the judge reasoned as follows:
- "88. I must then consider whether the other goods that ASOS sells which are outside the scope of the Assos CTM, such as dresses, knitwear or shoes are similar to the Assos goods. The judgment of the Court of Justice in Case C-39/97 *Canon Kabushiki Kaisha v Metro Goldwyn Mayer* [1998] ECR I-5507 made clear that this question is not to be assessed by simply looking at the goods in abstract but by looking at the goods in the context of the distinctive character of the trade mark and its reputation. So the question I must answer is not simply 'is a dress similar to a t-shirt?' but 'is a dress similar to an Assos t-shirt, bearing in mind the reputation and distinctive character of the Assos mark?'. This is an important point in this case because the *reputation* of the Assos mark is as a maker of racing cycling clothing to be worn on the bike (albeit that they also make, as I have found, some casual clothing to be worn off the bike). Assos does not have a separate reputation as makers of casual clothing. Racing cyclists are unlikely to wear dresses or knitwear or shoes when on their bikes. It seems to me therefore that taking account of the reputation of the Assos mark, the goods

sold by ASOS which are not identical with the Assos goods are not very similar to those Assos goods. Certainly the wider ranges of non-clothing items sold by ASOS such as cosmetics, jewellery and handbags are not similar at all to Assos goods.

89. So far as the ASOS website service is concerned, is this similar to the goods covered by the Assos mark? Given the prevalence of internet clothes shopping, it is likely that an internet shopping site bearing the name of a brand of clothing will be regarded as similar to that brand of clothing for the purposes of Article 9(1)(b). However, Assos, as I have described, does not market its goods strongly online although its retailers do sell the goods from their own websites. This reduces the similarity between the website service and the Assos goods covered by the CTM.

90. On the issue of whether the goods and services covered by the ASOS sign are identical or similar to the goods to which Assos could attach its mark, making fair use of the mark in its cut-down scope, I find that some of the goods, namely the casual clothes such as t-shirts and shorts are identical but that beyond that there is limited similarity, given that Assos' reputation is very closely linked to clothing suitable to be worn by racing cyclists."

84. I believe that the judge has here fallen into error. First, she recognised, entirely properly, that Assos had acquired, by use, a reputation and goodwill in connection with its business selling specialist cycle wear under and by reference to the mark ASSOS. She also recognised, again correctly, that this had increased the distinctiveness of the mark. However, it did not follow that the clothing and services in relation to which the sign ASOS had been used were any more or less similar to the goods in respect of which the mark was registered. As I have said, I believe that those goods are all, to some extent, similar and they are no less similar as a result of the use made of the mark ASSOS. I believe that the judge was therefore wrong to say that the reputation attaching to the mark ASSOS reduced the similarity between the goods and services sold and provided by Asos and the goods falling within the scope of the specification of the CTM. She was also wrong to say that beyond those categories of clothing which were identical, there was a limited similarity between the parties respective goods and services given that the reputation of Assos was closely linked to clothing suitable to be worn by racing cyclists.
85. Second, I of course accept that the degree of similarity between the mark ASSOS and the sign ASOS and the degree of similarity between the goods or services covered by the registration and those goods or services in relation to which the sign has been used are highly material to the global assessment. But in these sections of her judgment the judge has focused upon the particular and specific use made of ASSOS and has taken no account of a notional and fair use of the mark in relation to other goods or in other ways.
86. The judge then turned to the likelihood of confusion and reasoned as follows:
- "91. I turn now to the likelihood of confusion. This depends in part on the identity of the average consumer of the products covered by Assos' mark. This does not mean the average consumer of the products that Assos actually sells, but the average consumer of products to which Assos would fix its mark, making notional fair use of the mark within the bounds of the registration which I have held is supported by Assos' genuine use of the mark. The next step is to consider the likely attention paid by the average consumer of those goods to the identity of the goods. Bearing in mind that the average consumer is unlikely to be making a direct comparison between the Assos mark and the ASOS sign looking at them side by side, their likely level of attention in terms of inspecting the goods prior to purchase is relevant to considering how likely they are to be confused."
87. Here the judge directed herself, entirely correctly, that she must consider the average consumer of products to which Assos might affix its mark, making notional and fair use of it within the bounds of the specification. However, she then fell into error once again in limiting her consideration in fact to only those particular kinds of goods which Assos was likely to sell:

"92. Most of the goods to which Assos is likely to attach its mark are expensive and are directed at people who care about appearing stylish and athletic. Although Assos could, of course, attach its

mark to mass market, cheap t-shirts, there is no suggestion that it intends to expand beyond the premium clothing sector and the few cheaper items that it currently sells. So far as the expensive goods are concerned, they are unlikely to be impulse purchases and the customer is likely to have done some research and brand comparison before investing that amount of money in a garment. So far as the cheaper goods are concerned, including the Signature range, the main attraction of these is the fact that they bear the Assos brand name and logo in a prominent position. The customer – whether buying them for himself or as a gift for a keen cyclist – is likely to pay attention to that brand name and be interested in ensuring that the item does have the provenance that he wants."

88. As for the alleged infringing goods, the judge thought that the average consumer of these was someone who was discerning and who paid attention to matters such as branding, style and quality (at paragraph [93]). Here again it seems to me, the judge has set the bar too high. While it is of course true to say that Asos sells fashion garments at premium prices, it also sells polo shirts at £12. In focusing as she did on premium priced products directed at design conscious consumers, the judge was once again unduly limiting her attention to consumers of relatively expensive garments and failed to take into account the characteristics of the average consumer of garments at the lower end of the price scale.

89. After referring to *Compass* and the more recent decision of Arnold J in *Stichting BDO & Ors v BDO Unibank & Ors* [2013] EWHC 418 (Ch), the judge said this:

"96. In the present case, given my findings on the reduced scope of the mark, this is not a case where the absence of evidence of confusion could be explicable on the basis that Assos has not made extensive use of its mark. This is a case, therefore, where one would expect to see evidence of confusion, given that Assos and ASOS have been selling their clothes bearing their brand names for at least eight years. Further, when the claimant, as here, has taken steps to measure the likelihood of confusion for the purposes of the litigation by the witness gathering exercises I describe later, then the court is entitled to assess what is demonstrated by those exercises – the claimant cannot take the benefit of any results in its favour but then dismiss a negative result on the basis that no evidence of actual confusion is required by Article 9(1)(b) CTMR."

90. If by this the judge meant that, given the extensive use of their respective trade marks over many years, if any confusion between their respective mainstream goods and services had occurred, it would have come to light, I agree. If, on the other hand, the judge was here considering a notional and fair use by Assos of the CTM across the full scope of the specification, then I respectfully disagree. Its sales of general casual wear had been limited to a relatively few items and had been small in scale. Further, those sales were made through specialist cycling shops and, to a lesser extent, through sports shops. Consequently there was a very limited opportunity for any actual confusion to occur. By contrast, a notional and fair use of the CTM would have included the sale of casual wear or, on the cut-down specification, particular items of casual wear through ordinary retail outlets and on the internet. It would also have required a consideration of such use on a reasonably substantial scale. It seems to me that the scope for confusion in these circumstances would have been very much greater.

91. The judge then went on to consider the evidence of actual confusion in this case and so began her consideration of the matters the subject of Mr Wyand's second submission. She observed:

"[97] ... I would expect that if there were sufficient instances of confusion to cause the dealers concern, this would have been brought to the attention of the Swiss company. Further, there is a proliferation of special interest magazines both in print and online in which there is detailed discussion of the relative advantages of different items of clothing and kit. There is no evidence of confusion or of people discussing the two brand names in such magazines. These days consumers are not reticent about expressing their views on blogs and in chat rooms. A few examples of these have been presented as evidence but there is no reason to suppose that the instances seen are the tip of an unidentified iceberg."

92. This is an important finding and it is one which Mr Alexander embraces. Had there been any confusion it would

have come to light. To similar effect, the judge recorded at paragraph [99] that Mr Groenendal frankly accepted that he had not received any complaints from dealers about confusion between the two brands, and that if there had been a serious problem he would have heard about it.

93. Assos relied upon three categories of evidence of actual confusion: anecdotal evidence of spontaneous confusion among members of the public mistaking one company with the other; responses to witness gathering exercises carried out by Assos for the proceedings; and finally, evidence derived from an analysis of search engine use by customers, showing, for example, how many customers arrived at the ASOS website having typed ASSOS into a search engine and how many people appeared to be searching for ASSOS garments on the ASOS website. Mr Wyand criticises the judge's approach to this evidence and the findings she made about it. I must therefore address each category in turn.
94. Beginning with the anecdotal evidence of confusion, Mr Wyand focuses on the evidence given by Mr Quinn and Mr Griffiths, both of whom I have mentioned earlier, and Mr Cooper, a volunteer at the Newman Hall Home for Pensioners in Hampstead Square in London. Mr Quinn gave evidence to the effect that he first heard of ASOS in the mid to late 2000s and since that time had had several conversations with customers which led him to think that they believed that ASSOS was either the same as ASOS, or were a bit perplexed that there were two brands with such similar names. He said that this had happened at least 10 times. Mr Griffiths gave somewhat similar evidence. He described an occasion in which a member of the public said to him "I couldn't find your cycling shorts on the website. The site was full of dresses. I thought there was a cycling division of Asos". Mr Cooper gave evidence of an occasion on which he had contacted Assos in order to return a misdirected parcel received from Asos.
95. The judge was not impressed with this evidence. She did not refer specifically to the evidence of Mr Griffiths but she did not accept that Mr Quinn's evidence established that anyone had bought ASOS goods thinking that they were ASSOS goods. As for Mr Cooper, she considered this did not show that he thought that ASOS garments were made by Assos but only that he intended to contact Asos but accidentally contacted Assos instead. The judge made no specific reference to Mr Griffiths.
96. Mr Wyand submits that the judge's treatment of this evidence was inadequate and that, properly considered, it does establish a real likelihood of confusion. I do not agree. Mr Quinn's evidence is, it seems to me, at best ambiguous. As I have explained, Asos sells through its website the branded goods of many different manufacturers. It is therefore perfectly possible that various consumers have looked on the ASOS website for ASSOS goods and failed to find them. If so, it would not be evidence of actual confusion.
97. Mr Griffiths was cross-examined upon the evidence that he gave on day 2 at pages 243-244, and, in response to questioning from Mr Alexander, explained that, with the possible exception of one instance in 2012, he had no personal experience of any confusion. He suggested that his staff had experienced difficulties but accepted that this might have been the result of consumers making simple mistakes.
98. As for Mr Cooper, he contacted Assos to return a misdirected parcel but again, there is no suggestion that this was the result of confusion rather than a simple mistake. Bearing in mind the size of the parties' respective businesses and the finding of the judge that, had there been real confusion such as to cause the dealers concern, it would have been brought to the attention of Assos, I do not find this evidence persuasive. In my view the judge cannot be criticised for treating it in the way that she did.
99. The next category consisted of two exercises: a survey carried out under the supervision of Mr Philip Malivoire, an independent market research consultant, and a competition, described by the judge as a prize draw, promoted through the Guardian newspaper.
100. The survey involved showing members of the public a photograph of a folded-up white sleeveless t-shirt placed on a wooden table with an ASOS label shown in the back of the neck and an ASOS swing tag attached to it. Each interviewee was asked a series of questions designed to elucidate the interviewee's reaction to the mark. Mr Malivoire collated the responses of 713 interviewees and, after analysis, concluded that 10% were confused; a further 4% may have been confused; 5%, although not confused, linked the sign shown to them with Assos; and

36% identified the mark as denoting Asos.

101. Asos criticised the survey on a number of grounds. The first was that the survey was biased because it was conducted at the London Bike Show at Earls Court on 17 to 20 January 2013 and consequently all interviewees were likely to have known about the ASSOS brand but were much less likely to have heard of Asos given the different demographic of the parties' primary target markets. This particular deficiency was rendered even more severe by the fact that Yellow Ltd, Assos' UK distributor, occupied a large stand just inside the door of the show. The second criticism was that the photograph shown was not at all typical of how the ASOS logo is actually presented to potential customers.
102. The judge was not very impressed by the first criticism but she thought there was more force in the second. In that regard Mr Malivoire accepted in the course of his evidence that if the survey had been carried out using a screen shot of an ASOS webpage displaying the same t-shirt then it was likely that fewer people would have been confused. The judge expressed her overall conclusion in these terms:

"109. My conclusion as to the survey evidence is that, given that the questions were directed at people who are very much part of Assos' key audience and very much **not** part of ASOS' key audience, and given further that the online fashion retailer context was removed from the photograph, it is very surprising that so few people thought the t-shirt was by Assos. If there was going to be any confusion between the two brands, one would have thought that it would have emerged very strongly in this survey. Yet only 10 per cent of the people asked thought that the item was an Assos garment. This was far fewer than the number who, despite the location and circumstances, correctly identified the garment as made by ASOS. I do not consider that the survey evidence supports a finding that there is a likelihood of confusion."
103. Mr Wyand complains that the judge was wrong to discount this evidence and that the t-shirt was presented in exactly the form a customer would receive it having ordered it off the ASOS website. Further, he continues, the t-shirt and other goods like it might be bought off the website by one person as a gift for another.
104. I am not persuaded that the judge fell into any material error in assessing the survey evidence in the way that she did. It was Mr Malivoire's view that 10% of interviewees were confused. But in assessing the significance of this figure it is important to have the following matters in mind. First, the assessment must be carried out from the perspective of the average consumer, that is to say someone who is reasonably well informed and reasonably circumspect and observant. In any population of interviewees there will be some who do not have the characteristics of this consumer. Second, the survey was conducted in circumstances and in a context such that the interviewees were not only likely to have heard of the mark ASSOS but also likely to think that any question they were being asked had some relationship or relevance to cycling. Third, the t-shirt was presented to the interviewees divorced of the context in which it would have appeared in actual use on the ASOS website. Taking all these matters together, it does seem to me that a figure of 10% would have been a slender foundation for a finding that the actual use made by Asos of the mark ASOS had caused or was likely to cause confusion in practice.
105. The second exercise involved the advertisement in the Guardian newspaper of a prize draw. As the judge explained, it shows a young female model wearing a sporty, zipped top and black cycling shorts. The clothing displays the ASSOS name, though not prominently. The model appears to be standing on the Champs Elysees in Paris in front of the Arc de Triomphe which is well known as being the finishing line of the Tour de France cycle race. The advertisement carries the caption "WIN A TRIP TO PARIS WITH ASSOS". Readers were then invited to answer the following two questions for a chance to be selected to win a prize of a four star weekend break in Paris:
 - i) "Can you tell us what you think of Assos, giving examples of what you like or don't like"; and
 - ii) What (if anything) have you bought from us in the past? Please include a few details (e.g. colour, description)".

106. 149 entries were received and analysed. The vast majority of entrants thought they were dealing with Assos and referred to cycle clothing. But around 10 gave an answer indicating that they thought they were being asked about Asos. For example, some referred to a black dress, a sequin embellished top or a pair of denim jeans as items which they had bought in the past. The judge noted that some of these entrants were later contacted by Assos' solicitors and it thereupon became apparent that they realised that they were talking about a different company from the one responsible for the advertisement.
107. The judge did not think that this exercise took Assos very far:
- "112. It does not appear to me that this evidence establishes that people are confused into thinking that goods bought from ASOS are in fact made by Assos. It is also striking that very few of the entrants were confused even though the advertisement was placed in a general readership newspaper whereas the great majority of Assos' marketing is placed in specialist cycling magazines. The general audience is less likely to have heard of Assos as a brand and more likely to have heard of ASOS. It certainly does not show that potential customers of Assos are confused into buying ASOS goods, thinking that they are made by Assos."
108. Mr Wyand submits that the judge fell into error and that this exercise does indeed establish a likelihood of confusion. He emphasises that the advertisement is presented in a cycling context and that the young model is wearing cycling gear and yet some people, indeed a significant number of people, still thought it was an advertisement for Asos.
109. I recognise the force of Mr Wyand's submission but I think it important to keep the following points firmly in mind. First, the level of confusion that this advertisement is said to have caused is again very low indeed and the vast majority of entrants were clearly aware that they were dealing with Assos. Second, this is not the kind of advertisement which Assos has placed hitherto for it has focused its attention on specialist cycling publications and its goods are sold through specialist stores. Conversely, Asos' business is conducted entirely online. Third, none of the entrants said to have been confused appeared ever to have heard of Assos and so they may simply have been speculating about the company they did know with a similar name. Though certainly ingenious, the advert does not reflect the actual trading activities of either party. I think the judge was therefore entitled to find that this advertisement did not establish that the parties' activities hitherto had caused confusion in practice.
110. Mr Wyand did not focus upon the third category of evidence upon which Assos relied at trial, that is to say the analysis of search engine use. Nevertheless I must refer to it, at least in outline, because it forms part of the body of evidence which the judge took into account in arriving at her ultimate conclusion. In broad terms, Assos carried out an analysis of the searches carried out by members of the public on the ASOS website. This aspect of the analysis had two components. The first looked at the nature of the searches made by persons when on the ASOS website and so attempted to identify those which indicated that the person making the search was looking for ASSOS goods. The second examined how many people who arrived on the ASOS website had got there using a search engine and an ASSOS linked search term. A further and separate line of enquiry tried to determine what options came up when a search was carried out using terms or phrases including the word "Assos". The judge summarised her conclusions in these terms:

"121. As to this last point, I do not consider that the fact that someone looks for Assos products on the ASOS website necessarily means that they think that ASOS and Assos are the same brand or that they are mistaken about whose website they are on. It may indicate simply that they think that Assos may be one of the many brands of clothing that are sold on the ASOS website, along with Fred Perry, Lacoste or Nike. Mr Williams also points out that people who type 'Assos' into a search engine may be misspelling ASOS and may not be aware at all that there is a brand Assos. The numbers of searches are, in any event, tiny. The comparison which Mr Williams makes of those numbers with the total number of searches on ASOS platforms is not particularly relevant because we are looking here for people who are likely to be Assos customers looking for Assos garments on ASOS websites. Assos did not provide evidence of the numbers of people who arrive at the Assos website by typing Assos (or ASOS) into a search engine. Even if this is a modest number (which is

likely given that Assos does not sell its products online from its own website), I doubt that the volume of instances presented by Mr Deller is significant. The data provided do not therefore evidence any significant confusion – indeed it is remarkable how few examples there are.

122. As regards the evidence of what links come up when a phrase including the word 'Assos' is typed in, the fact that for phrases like 'Assos shirt', all the top links offered to Mr Bond related to ASOS websites is not of itself evidence that people are confused unless it is shown that they then click on that link, thinking that they have found a site associated with Assos. The analytics evidence shows that they do not. Whether this evidence shows the kind of 'swamping' of the Assos brand that is relevant for establishing a breach of Article 9(1)(c) CTMR is a different question which I consider later."

111. Overall, therefore, the judge was wholly unpersuaded that there had been any confusion between the parties' goods or businesses in the past. So she then proceeded to consider whether there was any reason to suppose this might change in the future. She summarised her views on this question at paragraphs [123] to [124]:

"123. Given the absence of actual confusion in the past, are there any additional factors that indicate that there is likely to be more confusion in the future? I do not see that there are. I accept that Assos may decide to expand its range over coming years to include more garments making fair use of its mark within the limits of the valid registration I have found. But I do not see why that is likely to lead to more confusion than currently exists between the two companies' garments. There is evidence from Mr Groenendal that Assos has been developing a new clothing range which it intends to launch in winter 2014. He says "The idea behind this clothing is that it is designed to be suitable for wearing while cycling but can happily be worn by someone in the office, or when grabbing a coffee in town". The range will be called GTA. As to how the range will be marketed he says:

"Although we need to retain the link with cycling, we are considering using some new sales channels, as well as our Pro Shops and Nucelo stores. ... there can be drawbacks associated with selling clothes in a bike shop unless that bike shop has a good space dedicated to it, as our Pro Shops and Nucelo shops do. I am therefore thinking about selling the GTA range through Pro Shops and Nucelo, but also perhaps shops other than bike shops. I also believe online could be a good sales channel. I believe the presence of the ASOS brand could cause Assos difficulties in getting our message across, especially in the light of the crossover between cycling clothing and casual clothing and trends in the market..."

124. From the exhibit attached to Mr Groenendal's witness statement it appears that this GTA range has been a long time in gestation. A pre-pack sent to dealers in 2009 refers to the product line having been in the research phase for two years and that it is designed to fill the gap between the Campionissimo range (the 'hardcore' gear I described earlier) and the Dopo Bici range. There is no mention in that material of moving to sell the goods online. I consider that Mr Groenendal's evidence in this regard is rather speculative. I am not satisfied that Assos' future plans increase the likelihood of confusion between the brands."

112. It only remained for the judge to express her final conclusion on the allegation of infringement under Article 9(1)(b) and that she did at paragraph [125]. She held that the average consumer was not likely to be confused and so the allegation failed.
113. Drawing the threads together, there is, in my judgment, no proper basis for interfering with the judge's conclusion that there has been no confusion in practice. By the date of commencement of these proceedings the parties had traded in parallel for many years. The judge held, as I believe she was entitled to, that any confusion in the market place would have come to the attention of Assos' distributors and that Assos would have been told about it. Indeed, as I have mentioned, Mr Groenendal accepted that he had not received any complaints from dealers about confusion between the brands and that if there had been a serious problem he would have heard about it.

114. That is not the end of the enquiry, however. It is necessary to consider not just the actual use that Assos has made of its mark but also a notional and fair use of the mark in respect of all of the goods falling within the scope of the specification. It is here that I am satisfied the judge has fallen into error for, in focusing as she did upon the actual use made by Assos of its mark, she has given no proper regard to the fact that its sales of casual wear have been very small and made only through the outlets for its specialised cycle wear. It seems to me that, just as Laddie J explained in the *Compass* case, she was required to consider a notional and fair use of the mark on casual wear and, following the cutting down of the specification, particular items of casual wear on a scale and in circumstances such that direct competition between these goods and those of Asos could more readily take place, for example on the internet and in ordinary retail outlets. In carrying out this exercise the judge ought also have had regard to the average consumer of such goods. Again, that is something she did not do.
115. The judge having fallen into error in the ways I have described, this court has no alternative but to carry out the exercise for itself, assuming of course it feels able to do so. I believe that there is sufficient material before us for us to carry out the necessary comparison and I can do so quite shortly. First, I agree with the judge that there is a definite similarity between the mark ASSOS and the sign ASOS. I think Mr Alexander was also disposed to accept (and I would in any event so find) that, even with the cut-down specification, the goods for which the mark is registered are the same as or similar to the various categories of clothing and footwear sold by Asos and identified for us in tabular form at the hearing of the appeal.
116. The critical question is whether there is a likelihood of confusion having regard to a notional use of the ASSOS mark upon these various items of clothing in ordinary retail outlets and on the internet. The likelihood of confusion must be appreciated globally and it must be considered through the eyes of the average consumer of the goods and services in question. The consumer will sometimes be dealing with more expensive items but on other occasions with rather cheaper items, such as t-shirts. He must rely upon the imperfect picture of the mark that he has in his mind and he must, of course, have regard to the context in which the ASOS goods are in fact sold. Neither mark has a conceptual meaning to the average consumer and, like the General Court, I would reject any notion that ASOS is recognised as an acronym for "As Seen On Screen". Further, the marks are visually and aurally very similar. Having regard to all of these matters I believe there does exist a likelihood of confusion on the part of the public, at least in relation to the sale by Asos of casual wear and the provision of its retail services in relation to such casual wear. There was some discussion before us as to whether or not a distinction could and should be drawn between such casual wear and other Class 25 goods sold by Asos. I have given this matter anxious consideration and have come to the conclusion that no such distinction can be drawn in the light of the way that Asos conducts its business, provides its services and supplies its goods. It seems to me if there is a real likelihood of the public believing that casual wear marked ASOS comes from a source which is the same as or connected with the source of ASSOS casual wear then that belief is likely to extend to other Class 25 goods sold by Asos too.
117. In my judgment the judge ought to have found that the Article 9(1)(b) claim had been made out, subject of course to the own name defence and the attack upon the registration.

Infringement - Article 9(1)(c)

118. Article 9(1)(c) of the Regulation provides:

"1....The proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade:

...

(c) any sign which is identical with or similar to the Community trade mark in relation to goods or services which are not similar to those for which the Community trade mark is registered, where the latter has a reputation in the Community and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the Community trade mark."

119. The general approach to be adopted to an allegation of infringement under Article 9(1)(c) was not in dispute. Assos was required to show that the mark ASSOS had a reputation; that the use of the sign ASOS had given or would give rise to a link with the mark in the mind of the average consumer; and that the use of the sign without due cause had taken or would take advantage of, or had been or would be detrimental to, the distinctive character or repute of the mark.
120. As I have said, the case was advanced on two bases: detriment to distinctive character and detriment to repute. But before explaining how it was developed I must say just a little more about the first condition, namely that the registered trade mark has a reputation. As is well established, Article 9(1)(c) establishes, for marks with a reputation, a wider form of protection than that provided for in Article 9(1)(a) and (b), but the forms of injury against which it gives protection all require a degree of similarity between the mark and the sign and between the goods or services in relation to which they are used such that the average consumer makes a connection between the mark and the sign. In a case where the similarity is so great that there exists a likelihood of confusion, such a link is necessarily established. But Article 9(1)(c) does not require there to be a likelihood of confusion. It is enough that, for the average consumer, the use of the sign complained of would call the registered mark to mind. Here lies the importance of the requirement that the registered mark has a reputation, for it is that reputation, together with the distinctive character of the registered mark, which must be considered in determining whether, for the average consumer, use of the sign would indeed call the registered mark to mind. In my judgment the need for a reputation is therefore more than simply a threshold condition. The degree to which the registered mark is known is a vital element in the assessment as to whether a relevant association can arise between it and the sign about which complaint is made and, in consequence, the registered mark may be injured. Such emerges from the decision of the Court of Justice in *Case C-375/97 General Motors Corporation v Yplon SA* [1999] ECR I-5421, [1999] ETMR 950 in considering the equivalent provision in the Directive (Article 5(2)):

"23. Such a requirement [here, I interpose, that the registered mark has a reputation] is also indicated by the general scheme and purpose of the Directive. In so far as Article 5(2) of the Directive, unlike Article 5(1), protects trade marks registered for non-similar products or services, its first condition implies a certain degree of knowledge of the earlier trade mark among the public. It is only where there is a sufficient degree of knowledge of that mark that the public, when confronted by the later trade mark, may possibly make an association between the two trade marks, even when used for non-similar products or services, and that the earlier trade mark may consequently be damaged.

24. The public amongst which the earlier trade mark must have acquired a reputation is that concerned by that trade mark, that is to say, depending on the product or service marketed, either the public at large or a more specialised public, for example traders in a specific sector."

121. Then, a little later, the Court continued:

"30. If, at the end of its examination, the national court decides that the condition as to the existence of a reputation is fulfilled, as regards both the public concerned and the territory in question, it must then go on to examine the second condition laid down in Article 5(2) of the Directive, which is that the earlier trade mark must be detrimentally affected without due cause. Here it should be observed that the stronger the earlier mark's distinctive character and reputation the easier it will be to accept that detriment has been caused to it.

32. The answer to be given to the question referred must therefore be that Article 5(2) of the Directive is to be interpreted as meaning that, in order to enjoy protection extending to non-similar products or services, a registered trade mark must be known by a significant part of the public concerned by the products or services which it covers. In the Benelux territory, it is sufficient for the registered trade mark to be known by a significant part of the public concerned in a substantial part of that territory, which part may consist of a part of one of the countries composing that territory."

122. The requirement that the registered trade mark has a reputation therefore underpins and is intimately tied to the

possibility that the mark may be injured. Put another way, if and in so far as the registered mark is not known to the public then, in a case in which there is no likelihood of confusion, it is very hard to see how it can be injured in a relevant way. This presents no conceptual difficulty in a case in which it is alleged that the use of the later mark will take unfair advantage of or tarnish the reputation attaching to the registered mark. Self evidently both of these kinds of injury can only be inflicted upon the registered mark to the extent that it has a reputation. But in my judgment just the same must apply to the third kind of injury, that is to say, damage to distinctive character by, for example, dilution or blurring. Just as in the case of the other kinds of injury, there must be some connection between the reputation and the damage.

123. In this case the judge found that the mark ASSOS had a reputation at all relevant times in the United Kingdom and other relevant countries among cyclists but, as she made clear, not among the general public. She was also prepared to assume for the purposes of the proceedings that the link element had been established, although she thought the evidence of linkage in the mind of the average consumer was tenuous.
124. This infringement allegation therefore depended crucially upon whether Assos could establish one or other of the two types of injury upon which it relied. The Court of Justice explained the nature of detriment to the distinctive character of a mark in Case C-252/07 *Intel Corporation Inc v CPM United Kingdom Ltd* [2008] ECR I-8823, [2009] RPC 15, at paragraph [29]:

"As regards, in particular, detriment to the distinctive character of the earlier mark, also referred to as 'dilution', 'whittling away' or 'blurring', such detriment is caused when that mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is notably the case when the earlier mark, which used to arouse immediate association with the goods and services for which it is registered, is no longer capable of doing so."

125. Later in its judgment, the Court provided this guidance as to how such injury might be established:

"72. Lastly, as regards, more particularly, detriment to the distinctive character of the earlier mark, the answer to the second part of the third question must be that, first, it is not necessary for the earlier mark to be unique in order to establish such injury or a serious likelihood that it will occur in the future.

73. A trade mark with a reputation necessarily has distinctive character, at the very least acquired through use. Therefore, even if an earlier mark with a reputation is not unique, the user of a later identical or similar mark may be such as to weaken the distinctive character of that earlier mark.

74. However, the more 'unique' the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character.

75. Secondly, a first use of an identical or similar mark may suffice, in some circumstances, to cause actual and present detriment to the distinctive character of the earlier mark or to give rise to a serious likelihood that such detriment will occur in the future.

76. Thirdly, as was stated on para. 29 of this judgment, detriment to the distinctive character of the earlier mark is caused when that mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark.

77. It follows that proof that the use of the later mark is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future.

78. It is immaterial, however, for the purposes of assessing whether the use of the later mark is or would be detrimental to the distinctive character of the earlier mark, whether or not the proprietor of the later mark draws real commercial benefit from the distinctive character of the earlier mark."

126. As for detriment to the repute of the mark, the Court of Justice provided this assistance in Case C-487/07 *L'Oréal v Bellure NV*, [2009] ECR I-5185, [2010] RPC 1 at paragraph [40]:

"As regards detriment to the repute of the mark, also referred to as 'tarnishment' or 'degradation', such detriment is caused when the goods or services for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the trade mark's power of attraction is reduced. The likelihood of such detriment may arise in particular from the fact that the goods or services offered by the third party possess a characteristic or a quality which is liable to have a negative impact on the image of the mark."

127. Assos focused its attention at trial on detriment to the distinctive character of the mark ASSOS. This, as the Court explained in *Intel*, requires evidence of a change in the economic behaviour of the average consumer, or a serious likelihood that such a change will occur in the future. The importance of this requirement was emphasised by the Court of Justice in Case C-383/12P *Environmental Manufacturing LLP v OHIM* given on 14 November 2013 at paragraphs [34] to [43]:

"34. According to the Court's case-law, proof that the use of the later mark is, or would be, detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered, consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future (*Intel Corporation*, paragraphs 77 and 81, and also paragraph 6 of the operative part of the judgment).

35. Admittedly, paragraph 77 of the *Intel Corporation* judgment, which begins with the words '[i]t follows that', immediately follows the assessment of the weakening of the ability to identify and the dispersion of the identity of the earlier mark; it could thus be considered to be merely an explanation of the previous paragraph. However, the same wording, reproduced in paragraph 81 and in the operative part of that judgment, is autonomous. The fact that it appears in the operative part of the judgment makes its importance clear.

36. The wording of the above case-law is explicit. It follows that, without adducing evidence that the condition is met, the detriment or the risk of detriment to the distinctive character of the earlier mark provided for in Article 8(5) of Regulation No 207/2009 cannot be established.

37. The concept of 'change in the economic behaviour of the average consumer' lays down an objective condition. That change cannot be deduced solely from subjective elements such as consumers' perceptions. The mere fact that consumers note the presence of a new sign similar to an earlier sign is not sufficient of itself to establish the existence of a detriment or a risk of detriment to the distinctive character of the earlier mark within the meaning of Article 8(5) of Regulation No 207/2009, in as much as that similarity does not cause any confusion in their minds.

38. The General Court, at paragraph 53 of the judgment under appeal, dismissed the assessment of the condition laid down by the *Intel Corporation* judgment, and consequently, erred in law.

39. The General Court found, at paragraph 62 of the judgment under appeal, that 'the fact that competitors use somewhat similar signs for identical or similar goods compromises the immediate connection that the relevant public makes between the signs and the goods at issue, which is likely to undermine the earlier mark's ability to identify the goods for which it is registered as coming from the proprietor of that mark'.

40. However, in its judgment in *Intel Corporation*, the Court clearly indicated that it was necessary

to demand a higher standard of proof in order to find detriment or the risk of detriment to the distinctive character of the earlier mark, within the meaning of Article 8(5) of Regulation No 207/2009.

41. Accepting the criterion put forward by the General Court could, in addition, lead to a situation in which economic operators improperly appropriate certain signs, which could damage competition.

42. Admittedly, Regulation No 207/2009 and the Court's case-law do not require evidence to be adduced of actual detriment, but also admit the serious risk of such detriment, allowing the use of logical deductions.

43. None the less, such deductions must not be the result of mere suppositions but, as the General Court itself noted at paragraph 52 of the judgment under appeal, in citing an earlier judgment of the General Court, must be founded on 'an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case'."

128. Returning to the present case, the judge did not have the benefit of the decision of the Court of Justice in *Environmental Manufacturing* but she was referred to the decision of the General Court (T-570/10). She observed that there was no evidence before her that the presence of Asos in the market had diluted or weakened the power of the ASSOS mark or that it had diminished the cachet associated with Assos' casual clothing. Nor was she persuaded that the ASSOS mark had been swamped or that its distinctive character had been diluted in any other way. She considered that the reputation attaching to the mark, associated as it was and remains with specialist cycling, had not been affected by Asos' activities. She also considered the future and found:

"Similarly so far as a risk of future dilution or detriment in the form of 'swamping', I do not read the case law as requiring me to assume that the Assos business model will make a dramatic shift towards the high street and online sales where there is no evidence of any such shift being in contemplation."

129. In short the judge found no infringement because she was not satisfied that Assos had suffered or was really likely to suffer either of the kinds of detriment for which it contended.

130. Upon this appeal Mr Wyand submits that this conclusion was flatly contradicted by the prize draw evidence which showed that an advertisement expressly targeting Assos' customers was believed by some to be an advertisement for Asos' goods. That, he says, is precisely the kind of damage referred to by the Court of Justice in Case C-323/09 *Interflora Inc v Marks & Spencer plc* [2012] ETMR 1 at paragraph [62]:

"When the use by a third party, such as a competitor of the trade mark proprietor, of a sign identical with the trade mark in relation to goods or services identical with those for which the mark is registered substantially interferes with the proprietor's use of its trade mark to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty, the third party's use must be regarded as adversely affecting the trade mark's investment function. The proprietor is, as a consequence, entitled to prevent such use under art.5(1)(a) of Directive 89/104 or, in the case of a Community trade mark, under art.9(1)(a) of Regulation 40/94."

131. Here, continues Mr Wyand, Assos' ability to acquire and preserve a reputation capable of attracting consumers is bound to be affected by the activities of Asos. Mr Wyand also seeks to derive support from the judge's approach to the bidding by Asos on ASSOS as a keyword. At paragraph [165], she said this:

"However, given the much higher numbers of hits on ASOS websites generally and the much stronger presence of ASOS on the web compared to Assos, one can see that this kind of conduct on the part of ASOS could easily lead to the kind of "swamping" of the Assos brand from which Assos is entitled to protection."

132. I find myself unable to accept these submissions. The parties have now co-existed for a number of years without

any difficulty. Assos has a substantial and valuable goodwill and reputation under the ASSOS brand in connection with its sale and supply of specialist cycling clothing. As I have accepted, it has sold some items of casual wear to dealers alongside that specialist cycling clothing. But these sales of casual wear, though genuine, have been on a small scale and have not been sufficient to generate any separate or distinct reputation. By contrast, Asos has its own goodwill and reputation as an online fashion retailer. In these circumstances the judge has found, as I believe she was entitled to find, that the parties' actual and likely trading activities have not caused and will not cause any confusion in practice and that the activities of Asos have not diluted and will not dilute the distinctiveness and reputation of the ASSOS brand when used as it is, primarily in relation to cycling clothing. There was no evidence that Assos' ability to continue to preserve the distinctive character and reputation of the ASSOS brand or its ability to attract and retain new custom for its business has been or will be in any way affected by Asos' actual or intended activities. In the words of the Court of Justice in *Environmental Manufacturing*, there has been no change in the economic behaviour of the average consumer of Assos' cycling clothing and there is no real risk of that happening in the future.

133. As for the particular matters relied upon by Mr Wyand, I do not find the prize draw persuasive, essentially for the reasons I have already given. The vast majority of entrants realised that they were dealing with Assos. A very small number appeared to think that the advertisement had been placed by or was connected with Asos but this is not, I think, altogether surprising bearing in mind that this is not the kind of advertisement that Assos has ever placed and that a number of the entrants had never heard of Assos at all. I also acknowledge that Asos did for a time bid on ASSOS as a keyword. However, the evidence before the judge was that this was done to cover mis-spellings of ASOS and has been discontinued. I of course recognise and accept that use by Asos of ASSOS as a keyword could diminish its distinctive nature. But, as I have said, the practice has stopped and it will not resume. Nor is there any evidence that it caused any actual confusion or other practical difficulty.
134. This is an unusual case. The parties have used very similar names on the same or similar goods for a number of years. But they have done so in such a way that there has been no real risk of the public confusing the one for the other. Further, the reputation attaching to the ASSOS mark exists among cyclists and has arisen as a result of the use of that mark by Assos in relation to specialist cycling clothes. Nothing that Asos has done has diluted or whittled away or blurred that reputation or weakened the hold the mark has on the public mind in such a way as to affect Assos' ability to retain and attract custom for its clothing business.
135. Mr Wyand has developed a further argument, however. Although not at the forefront of his oral submissions, he contends that Assos has suffered relevant damage because the activities of Asos have impacted upon its ability to expand its business beyond its existing fields of activity but within the scope of the specification of the ASSOS mark. So, by way of example, he continues, Assos cannot begin to advertise and sell ASSOS branded track-suits and t-shirts on the internet or through general high street stores without coming into conflict with the ASOS brand. As I have explained, this is the kind of notional and fair use of the ASSOS mark which the judge failed to consider in assessing the allegation of infringement under Article 9(1)(b) of the Regulation. But, says Mr Wyand, such notional and fair use is equally apposite to the allegation of infringement under Article 9(1)(c) and had the judge taken proper account of it then she would or ought to have come to the same conclusion in respect of both allegations.
136. I have to say that, put in this way, the allegation adds nothing to the case under Article 9(1)(b) and it seems to me to be rather artificial in light of the conclusion to which I have come in relation to that provision. Nevertheless we are asked to consider it. My initial reaction to it was that the judge was right to reject it for the reasons she gave. The parties have established businesses which have co-existed and continue to co-exist without practical problems. Further and importantly, there was no convincing evidence that Assos was contemplating changing its business model so as to shift it towards the high street or online sales. In these circumstances I found it very difficult to see how it could be maintained that the ASSOS mark had suffered a relevant injury or that there was a serious risk that it would do so in the future.
137. On further reflection, however, I have formed the view that the judge's analysis involves an unduly restrictive approach to Article 9(1)(c) and that, in assessing whether a proprietor of a registered mark with a reputation is entitled to protection, the court need not restrict its consideration to the precise way in which the mark has been

used and may also take into account all normal and fair use of the mark in respect of the goods or services for which it is registered. It seems to me that this is the approach which accords most closely with that which must be adopted in relation to Article 8(5) of the Regulation and I have come to the conclusion there can be no justification for departing from it in considering the materially identical infringement provision.

138. A consideration of the range of products or services covered by the registration must be undertaken at various points in the analysis under Article 8(5). I have referred already to the decision of the Court of Justice in *General Motors* which emphasises the need for the earlier trade mark to have a reputation and be known by a significant part of the public concerned by the products or services for which it is registered. Much the same emerges from *Intel* at paragraph [34]:
- "34. First, both a trade mark's distinctiveness and its reputation must be assessed, first, by reference to the perception of the relevant public, which consists of average consumers of the goods or services for which that mark is registered, who are reasonably well informed and reasonably observant and circumspect (as regards distinctive character, see Case C-363/99 *Koninklijke KPN Nederland* [2004] ECR I-1619, paragraph 34; as regards reputation, see, to that effect, *General Motors*, paragraph 24)."
139. Further, in considering whether there is a link between the earlier and the later marks, a global assessment must be conducted, taking into account all factors relevant to the circumstances of the case, including the nature of the goods or services for which the earlier mark is registered (*Intel* at paragraphs [42] to [43]).
140. Finally, and most importantly for present purposes, in assessing whether there is detriment to the distinctive character of the earlier mark, it must be considered whether the mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor of the mark is weakened (see *Intel* at paragraph [29], set out above).
141. The Court also explained that the issue is to be assessed by reference to the average consumer of the goods or services for which the mark is registered:
- "35. Accordingly, the existence of injury consisting of detriment to the distinctive character or repute of the earlier mark must be assessed by reference to average consumers of the goods and services for which that mark is registered, and who are reasonably observant and circumspect."
142. And, a little later, it reiterated that damage of this kind occurs when the earlier mark's ability to distinguish the goods and services for which it is registered as being those of the proprietor is weakened:
- "76. Thirdly, as was stated on para. 29 of this judgment, detriment to the distinctive character of the earlier mark is caused when that mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, since such use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark. "
143. In this case the judge has found that the ASSOS mark does have a significant reputation amongst cyclists. She has also found (or was at least prepared to assume) that the use of the sign ASOS has been such as to generate a link with ASSOS in the mind of an average consumer of this kind. Further and for the reasons I have given, I believe that a normal and fair use of the ASSOS mark for the goods for which it remains registered would, in some circumstances, result in there being confusion between the ASSOS and ASOS brands. In all these circumstances it seems to me that Assos has established its case of infringement under Article 9(1)(c) in that the ability of the mark ASSOS to identify at least some of the goods for which it is registered as being the goods of Assos has, in some circumstances amounting to a normal and fair use of that mark, been weakened. In this limited respect it can be said that the mark ASSOS has suffered an injury of a kind against which Article 9(1)(c) gives protection or that there is a risk that such an injury will occur in the future. To this extent, therefore, Assos has shown that the mark ASSOS has a reputation, that use of the sign ASOS has given and will give rise to a relevant link with the mark ASSOS in the mind of the average consumer, and that use of the sign has been or will be detrimental to the distinctive character of the mark ASSOS. No point has been taken on the "without due

cause" requirement. I would emphasise, however, that this infringement extends no further than the infringement that I would find under Article 9(1)(b) and it depends upon a notional and hypothetical use of the mark ASSOS.

144. Accordingly, I believe the judge ought to have found that the allegation of infringement under Article 9(1)(c) had also been made out, subject again to the own name defence and the attack upon the registration.

Own name defence – Article 12(a)

145. The judge did not need to decide whether Asos had a defence under Article 12(a) of the Regulation and did not do so. However, it now assumes a much greater importance.
146. Article 12(a) reads, so far as relevant:

"A Community trade mark shall not entitle the proprietor to prohibit a third party from using in the course of trade:

his own name or address;

[.....]

Provided he uses them in accordance with honest practices in industrial or commercial matters."

147. It is accepted that the defence is available to legal persons (that is to say, corporations) as well as natural persons. It also applies to the use of a name as a trade mark. That is what Asos has done. The crucial question, therefore, is whether the use that Asos has made of the sign ASOS has been in accordance with honest practices in industrial or commercial matters. This condition qualifies all of the defences in Article 12 of the Regulation and has been interpreted by the Court of Justice on numerous occasions as importing a duty to act fairly in relation to the legitimate interests of a trade mark proprietor. It also involves the balancing or reconciliation of potentially conflicting fundamental interests. The Court put it this way in Case C-63/97 *BMW v Deenik* [1999] ECR I-905 at paragraphs [61] to [62] (in connection with what is now Article 6 of the Directive):

"61. Lastly, the condition requiring use of the trade mark to be made in accordance with honest practices in industrial or commercial matters must be regarded as constituting in substance the expression of a duty to act fairly in relation to the legitimate interests of the trade mark owner, similar to that imposed on the reseller where he uses another's trade mark to advertise the resale of products covered by that mark.

62. Just like Article 7, Article 6 seeks to reconcile the fundamental interests of trade-mark protection with those of free movement of goods and freedom to provide services in the common market in such a way that trade mark rights are able to fulfil their essential role in the system of undistorted competition which the Treaty seeks to establish and maintain (see, in particular, *HAG II*, paragraph 13)."

148. In considering whether a defendant is acting fairly in relation to the legitimate interests of the trade mark proprietor it will be relevant to consider, among other things, whether there exists a likelihood of confusion; whether the trade mark has a reputation; whether use of the sign complained of takes advantage of or is detrimental to the distinctive character or repute of the trade mark; and whether the possibility of conflict was something of which the defendant was or ought to have been aware. The national court must carry out an overall assessment of all the circumstances and determine whether the defendant is competing unfairly. This emerges from the guidance given by the Court of Justice in Case C-245/02 *Anheuser-Busch* [2004] ECR I-10989 and reiterated in Case C-17/06 *Céline Sàrl v Céline SA* [2007] ECR I-7041 at paragraphs [34] to [35]:

"34. In that regard, it must be noted that, in assessing whether the condition of honest practice is satisfied, account must be taken first of the extent to which the use of the third party's name is understood by the relevant public, or at least a significant section of that public, as indicating a link

between the third party's goods or services and the trade mark proprietor or a person authorised to use the trade mark, and secondly of the extent to which the third party ought to have been aware of that. Another factor to be taken into account when making the assessment is whether the trade mark concerned enjoys a certain reputation in the Member State in which it is registered and its protection is sought, from which the third party might profit in marketing his goods or services (*Anheuser-Busch* at [83]).

35. It is for the national court to carry out an overall assessment of all the relevant circumstances in order to assess, more specifically, whether Céline Sàrl can be regarded as unfairly competing with Céline SA (see, to that effect, *Anheuser-Busch* at [84])."

149. The possibility of a limited degree of confusion does not preclude the application of the defence, however. It all depends upon the reason for that confusion and all the other circumstances of the case. So for example in Case C-100/02 *Gerolsteiner Brunnen GmbH & Co v Putsch GmbH* [2004] ECR I-691 the Court of Justice said at paragraphs [25] to [26]:

"25. The mere fact that there exists a likelihood of aural confusion between a word mark registered in one Member State and an indication of geographical origin from another Member State is therefore insufficient to conclude that the use of that indication in the course of trade is not in accordance with honest practices. In a Community of 15 Member States, with great linguistic diversity, the chance that there exists some phonetic similarity between a trade mark registered in one Member State and an indication of geographical origin from another Member State is already substantial and will be even greater after the impending enlargement.

26. It follows that, in a case such as that in the main proceedings, it is for the national court to carry out an overall assessment of all the relevant circumstances. Since the case concerns bottled drinks, the circumstances to be taken into account by that court would include in particular the shape and labelling of the bottle in order to assess, more particularly, whether the producer of the drink bearing the indication of geographical origin might be regarded as unfairly competing with the proprietor of the trade mark."

150. The relevance of this latter point to the own name defence was recognised by Jacob LJ (with whom Rix and Auld LJ agreed) in *Reed Executive plc v Reed Business Information Ltd* [2004] EWCA Civ 159, [2004] RPC 40 at paragraph [129]:

"129. I conclude from *Gerri/Kelly* [*Gerolsteiner*] that a man may use his own name even if there is some actual confusion with a registered trade mark. The amount of confusion which can be tolerated is a question of degree – only if objectively what he does, in all the circumstances, amounts to unfair competition, will there also be infringement. In practice there would have to be significant actual deception – mere possibilities of confusion, especially where ameliorated by other surrounding circumstances (mere aural confusion but clearly different bottles) can be within honest practices. No doubt in some cases where a man has set out to cause confusion by using his name he will be outside the defence (*cf.* the English passing-off cases cited above) – in others he may be within it if he has taken reasonable precautions to reduce confusion. All will turn on the overall circumstances of the case."

151. Turning now to the facts of the present case, the judge found that the name ASOS arose honestly from the original "As Seen On Screen" concept, as the online fashion business evolved. It was adopted as the name of the business and for online retail services in about 2002 and without any knowledge of the ASSOS mark, still less with the intention of creating any kind of association with Assos. As I have mentioned, its turnover in its first full year of business was just over £1 million and it expanded steadily thereafter.

152. The next change came in 2005 with the simplification of the logo and the introduction of ASOS branded goods. Again, Asos made this move without knowledge of Assos. Now it is entirely true to say that Asos did not carry out any proper check to see whether ASOS or any similar mark was already in use. Mr Robertson, the Chief

Executive Officer and co-founder of Asos, said in evidence that he "Googled" the name ASOS to see whether anything with that or a similar name came up. Nothing did. But he accepted that Asos did not conduct any trade mark searches. This what he said:

"This was because Asos owned the domain name asos.com and nothing came up when I searched the internet for the name Asos. Furthermore, at no point prior to or during the change of name process did Asos' then lawyers advise us to conduct trade mark searches. Asos had not heard of the Claimants until they opposed Asos' Community trade mark application in around April 2006."

153. The judge considered that this was a surprising stance for Asos to have taken and that it should have realised that there might have been similar marks in use which did not have a substantial internet presence. Further, had it conducted a search then it would have found the international application for ASSOS with the ellipse which, as I have mentioned, was filed in November 2001 in respect of clothing articles for sports, particularly clothing for racing cyclists.
154. Nevertheless, Mr Groenendal accepted in evidence that the field of activity described by the specification of this international application and Asos' business were, at least at that time, remote. At about the same time, that is to say June 2005, Asos filed Community and United Kingdom trade mark applications for the mark ASOS in respect of a range of goods including those in Class 25. These came to the attention of Assos in December 2005 and in April 2006 it filed a notice of opposition to the Community trade mark application. Those proceedings then took the course that I have described. In the meantime, on 11 September 2006, Assos' CTM proceeded to registration.
155. In 2007 Asos began to use the mark ASOS to identify its branded goods. Prior to that time garments were sold under third party brand names such as River Island or Fred Perry, or simply by way of description, such as "a polka dot dress". But of course they were all sold under the ASOS retail services banner. Since 2007 the business has continued to expand year on year both geographically and in terms of turnover and this expansion has been paralleled by the introduction of various country specific ASOS websites. The logo has also evolved with, in 2008, the move to rounded lower case letters and then, in 2010, the adoption of a slightly crisper presentation, details of which I have set out earlier in this judgment.
156. There are various other matters which I believe are relevant to the issue which now falls to be decided. First, and importantly, the judge found and I accept that there has not in fact been any confusion between the goods or businesses of the parties. No difficulties have come to the attention of Asos from within the business and none has been brought to its attention by Assos. Further, as Mr Alexander submits, notwithstanding the absence of any confusion in fact, since learning of Assos' business in 2006, Asos has taken some steps to minimise any possibility of confusion arising in the future. This is a matter to which the judge referred in paragraph [159]. As she explained, in 2009 Asos did sell on its website some own-brand products described as "basic cycling shorts" or "cycling shorts". These descriptors were chosen by a junior design person but, following the commencement of these proceedings in 2012, this practice has stopped and steps have been taken to ensure that Asos does not sell any products relating to cycling. Asos has also tried to prevent descriptions of products which refer to cycling being put on its website. Finally, since March 2013, a restriction has been put in place so that any user of the website searching for "cycling clothes", "cycling shorts", "cycling plimsolls" or "cycle" is immediately redirected to the home page. Such a user then has to look through every product on the website or carry out a search using a more specific term. The judge described these steps as a belated but appropriate precautionary measure to minimise the risk of confusion.
157. I also consider it relevant that Asos has bid on ASSOS as a keyword on the Google search engine. This was a matter which caused the judge some concern although she accepted Asos' explanation that it did so because ASSOS is a common mis-spelling for ASOS and vice versa. She thought this could easily lead to the swamping of the ASSOS brand, and this was something against which Assos was entitled to protection. However, as I have said, Asos has ceased this practice too and has made clear that it will not be resumed.
158. The final matter which caused the judge concern was the move by Asos in 2008 to a logo with a typeface which

she thought was much closer to that used by Assos. The judge recognised that Asos did not intend to cause confusion or association between the brands but considered it was nevertheless relevant to the issue before her that Asos, with knowledge of Assos' mark, took a step that increased rather than diminished the risk of confusion. I have to say that I share the judge's concern about the change in the logo. However, it seems to me to have been part of a natural evolution towards a contemporary style of presentation. Further, and most importantly, it is not suggested that this change has resulted in any problem in practice.

159. It therefore remains to make an overall assessment of all the relevant circumstances, and in doing so I have well in mind all of the matters to which I have referred. That said, the following circumstances and considerations are, I think, particularly material:

i) This is one of those cases in which both parties adopted their names independently. It has never been Asos' intention to confuse the public or in any way trade off the goodwill associated with Assos' business or otherwise damage Assos' business or the mark ASSOS. Asos adopted the mark ASOS for its retail services and, by the time Assos' business came to its attention, had already generated a substantial goodwill and reputation.

ii) It is entirely true to say that Asos did not conduct a trade mark search, and had it done so, it would have identified Assos' international trade mark application. But this would have revealed no more than it discovered in 2006, that is to say that Assos was a business directed to and focused upon the supply of specialist cycling wear. Asos did not believe that Assos' business would be affected or impacted upon by Asos' online services in the provision of fashion wear, and nor did Assos, as Mr Groenendal's evidence made clear. At that point the clash between them, such as it was, arose because of the scope of their respective Community, international and national trade mark applications.

iii) Over the years which followed the parties have continued to develop and expand their respective businesses in the manner I have described without in any way changing their essential nature. They have each acquired (and have now enjoyed for many years) a substantial reputation and goodwill.

iv) In 2006 the parties did not anticipate problems in the market place and none has arisen. There has been no confusion in practice between their respective goods or services and there is no real likelihood of it occurring in the future. Moreover, the activities of Asos have not benefitted from those of Assos, nor have they been detrimental to the distinctive character or repute of the ASSOS brand of cycling clothing or Assos' ability to use the brand to attract and to retain custom for its business or any anticipated or planned expansion of that business. The reputation and distinctive character of the ASSOS brand have not been adversely affected in any way such as to have any impact upon Assos' business or any contemplated expansion or development of it.

v) I recognise and have taken full account of the fact that, subject to Article 12(a), I would find infringement of the ASSOS trade mark, but my reasons for reaching that conclusion depend critically upon the need to take account of a hypothetical and notional use of the ASSOS mark which, on the evidence, Assos has no intention of making. In so saying, I am fully conscious of the rights enjoyed by a trade mark proprietor to make a fair use of its mark in relation to all of the goods or services for which it is registered but in my judgment the weight to be attached to this factor must depend upon all of the circumstances of the case. Here, as I have said, the parties have now carried on their respective businesses in their own particular and distinct ways over very many years and there was no evidence that either party had any material change in contemplation.

vi) Importantly too, Asos has not taken any steps towards the Assos business model and, to the contrary, has, somewhat belatedly, taken steps to make sure that it does not sell cycling inspired fashion wear. All in all, Asos has continued to conduct its business as it began, in such a way as not to cause confusion and in so doing has been alert to the need not to take a step, such as selling cycling inspired fashion, which might give rise to a real clash.

160. In my judgment and having regard to all of the facts and matters to which I have referred, Asos has fulfilled its duty to act fairly in relation to Assos' legitimate interests and has not conducted its business so as unfairly to compete with Assos. I have come to the conclusion that, in all the circumstances of this rather unusual case, the activities complained of were and are in accordance with honest practices in industrial and commercial matters

and that Asos has established that it is entitled to the benefit of the defence conferred by Article 12(a).

Invalidity - Article 8(4)

161. As I have mentioned, this is the subject of a separate appeal by Asos but, as Mr Alexander submits, it is less important now that the specification of the CTM has been cut down. It is also advanced conditionally on the basis that Assos' appeal on infringement is successful and that the own name defence conferred by Article 12(a) does not apply. Accordingly, in the light of my findings, it is not necessary for me to come to a final conclusion upon it. Nevertheless, since we heard some (although limited) argument, I think it right to express my view.
162. Article 8(4) of the Regulation provides:
- "4. Upon opposition by the proprietor of a non-registered trade mark or of another sign used in the course of trade of more than mere local significance, the trade mark applied for shall not be registered where and to the extent that, pursuant to the Community legislation or the law of the Member State governing that sign:
- (a) rights to that sign were acquired prior to the date of application for registration of the Community trade mark, or the date of the priority claimed for the application for registration of the Community trade mark;
- (b) that sign confers on its proprietor the right to prohibit the use of a subsequent trade mark."
163. It can be seen that Article 8(4) has two parts. First, it must be shown that rights to the non-registered sign were acquired prior to the date of application for registration of the Community trade mark or its claimed priority date. Second and importantly, the sign must confer upon the proprietor the right to prohibit the use of the subsequent Community trade mark. I respectfully agree with the General Court in Joined Cases T-114/07 and T-115/07 *Last Minute Network Ltd v OHIM* [2009] ECR II-1919 at paragraph [49] that this second element must depend upon national law.
164. Asos contends the CTM is invalid because, as of June 2005, it had acquired a sufficient reputation and goodwill in and under the sign ASOS so to be able to claim rights to it within the meaning of Article 8(4)(a) and second, that those rights included the right under national law to prohibit the use of the CTM. More specifically it argues that use of the CTM in Class 25 in relation to anything other than specialist clothing for racing cyclists (or certain items of essentially promotional clothing supplied in the course of marketing those cycling products) would have amounted to passing off. It says that such use would have led or would have been likely to lead the public to believe that Assos' goods or services were those of or connected in the course of trade with Asos; and that Asos would have suffered or would have been likely to suffer damage as a result of that erroneous belief.
165. There is a further complication, however. Under the English law of passing off, the relevant date for determining whether a claimant has established the necessary reputation or goodwill is the date of the commencement of the conduct complained of (see, for example, *Cadbury-Schweppes Pty Ltd v The Pub Squash Co Ltd* [1981] RPC 429). The jurisprudence of the General Court and that of OHIM is not entirely clear as to how this should be taken into consideration under Article 8(4) (compare, for example, T-114/07 and T-115/07 *Last Minute Network Ltd* and Case R 784/2010-2 *Sun Capital Partners Inc.*). In my judgment the matter should be addressed in the following way. The party opposing the application or the registration must show that, as at the date of application (or the priority date, if earlier), a normal and fair use of the Community trade mark would have amounted to passing off. But if the Community trade mark has in fact been used from an earlier date then that is a matter which must be taken into account, for the opponent must show that he had the necessary goodwill and reputation to render that use actionable on the date that it began.
166. The judge found that, as at June 2005, Asos had built up a goodwill in relation to its online clothing store. That finding is unassailable. Its turnover was by that time substantial and it had been trading under the mark ASOS for some three years. However, it was not until July 2005 that it actually applied the mark ASOS to an item of clothing. In these circumstances the judge found that its reputation was not such that a member of the public

confronted with, for example, a dress bearing the mark ASSOS would have mistakenly thought that it was made by Asos or someone associated with Asos. Accordingly, she continued, it could not have succeeded in a claim for passing off.

167. Upon this appeal Mr Alexander argues that the crucial question is whether Asos could have prevented Assos from applying the mark ASSOS to the various categories of casual wear which remain in the cut-down specification, that is to say tracksuits, t-shirts, polo shirts, shorts, caps and jackets. The judge held that it could not but then, as Mr Alexander fairly points out, the judge did not believe that ASSOS and ASOS were confusingly similar. He continues that if, contrary to his primary case, there is a likelihood of confusion between these marks then that must also have been the case in June 2005, and so the sale by Assos of, for example, tracksuits and t-shirts under the mark ASSOS would have amounted to passing off.
168. I am unable to accept these submissions. There was a body of evidence before the judge which Mr Alexander has not seriously challenged upon this appeal that Assos had sold tracksuits, t-shirts, polo shirts, shorts, caps and jackets under the mark ASSOS from a date prior to 2003. This preceded Asos' use of the mark ASOS in any form at all. There is, therefore, no conceivable way in which Asos could have prevented the continuation of this particular use by a claim in passing off in June 2005. I believe this was itself a basis for a Community trade mark in respect of these categories of casual wear. Further, and having regard to this unimpeachable use, Asos has failed to persuade me that it could have prevented any other notional or fair use of the mark ASSOS in relation to these goods by a claim in passing off as of June 2005. It has not shown that its reputation at that time was such that any other normal and fair use of the mark ASSOS in relation to these categories of goods would have given rise to a misrepresentation and consequential damage to its business.
169. In all these circumstances I think the judge was right to reject the attack on the CTM under Article 8(4).

The UK trade mark

170. The final aspect of Assos' claim was a challenge to the registration of Asos' UK trade mark. By agreement, the claim was dealt with after the main trial and on the papers.
171. The UK trade mark was filed on 28 October 2009 in respect of a range of goods in Classes 3, 8, 9, 11, 14, 18, 21, 25 and 26, and a range of services in Classes 35 and 36. The parts of the registration challenged by Assos were set out by the judge at paragraph [4] of her third judgment and, for convenience, I repeat them here; the items underlined were alleged to be identical and the remainder to be highly similar to those the subject of the CTM:

"Class 3 Skin care preparations; preparations for the bath and shower; moisturisers; body lotions and creams; moisturising creams; body oil; non-medicated skin care beauty products; skin care products for personal use, namely, face, eye and lip moisturisers; face and skin creams; lotions and serums;

Class 25 Articles of clothing; headgear; hats; caps; berets; belts (being articles of clothing); shirts, casual shirts, t-shirts, vests, camisoles, bodysuits, polo shirts, sports shirts, football and rugby shirts; trousers, jeans, shorts, sports shorts, underwear; tracksuits; articles of outerwear, coats, jackets, casual jackets, waterproof and weatherproof jackets and coats, body warmers; sweatshirts; jumpers; headbands; menswear; womenswear.

Class 35 The bringing together for the benefit of others, of a variety of bathing and personal cleansing and care products, clothing, sporting goods, fitness equipment, enabling customers to conveniently view and purchase those goods from an Internet web site or by means of telecommunications or by means of a global network or by mail order catalogue or from a retail store."

172. The claim for a declaration of invalidity was made under section 47(2) of the 1994 Act on the ground that there was an earlier trade mark, that is to say the CTM, in relation to which the conditions in section 5(2)(b) or (3) pertained, or that there was an earlier right in relation to which the conditions set out in section 5(4) were

satisfied, that is to say that the use of the mark in the United Kingdom was liable to be prevented by the law of passing off.

173. The provisions of section 5 to which I have referred implement those of Article 4(1)(b), (3) and (4)(b) of the Directive which read:

"1. A trade mark shall not be registered or, if registered, shall be liable to be declared invalid:

...

(b) if because of its identity with, or similarity to, the earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood or association with the earlier mark.

...

3. A trade mark shall furthermore not be registered or, if registered, shall be liable to be declared invalid if it is identical with, or similar to, an earlier Community trade mark within the meaning of paragraph 2 and is to be, or has been, registered for goods or services which are not similar to those for which the earlier Community trade mark has a reputation in the Community and where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier Community trade mark.

...

4. Any Member State may, in addition, provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that

...

(b) rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed for the application for registration of the subsequent trade mark, and that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent trade mark."

174. Assos accepted at trial that the judge should approach the claim on the basis of the CTM with the cut-down specification. Upon this appeal and following a question from the court, Mr Wyand has sought our permission to change his position and to argue instead that the judge ought properly to have considered the CTM with its original specification. It seems to me that he is right to take that course. The specification of the CTM has been cut down as from 17 January 2012. By contrast, the registerability of the UK trade mark is to be assessed as of the date of the application. Indeed, so far as the application for a declaration is successful, the registration is, to that extent, deemed never to have been made (see, for example, Case T-342/12 *Max Fuchs v OHIM* given on 8 October 2014). Mr Alexander has not raised any objection to us hearing the appeal on this different basis and for my part I think that we should do so.

175. I turn therefore to consider the reasoning of the judge and I can focus on section 5(2)(b) (Article 4(1)(b)) for the following reasons. First, the judge recorded Assos' acceptance that the claim under section 5(4) (Article 4(4)(b)) did not fall to be decided differently from that under section 5(2)(b). Second, the claim under section 5(3) (Article 4(3)) failed because the judge held that there was no prospect of a normal and fair use of the UK mark by Asos taking advantage of or causing detriment to the distinctive character or repute of the CTM, such as it was in 2009, and there has been no effective challenge to that finding.

176. Reverting to section 5(2)(b), the judge observed that some elements of the test to be applied were the same as

those with which she had dealt in addressing the claim for infringement under Article 9(1)(b) of the Regulation. She considered that the UK trade mark and the CTM were sufficiently similar to fall within the scope of the provision and that some of the goods for which the UK trade mark was registered were identical with or similar to products or services falling within the specification of the CTM, even with its reduced scope.

177. The judge then directed herself, entirely correctly, that the key question was whether there was a likelihood of confusion given a notional and fair use of the CTM and a notional and fair use of the UK registration. Nevertheless, she concluded that there was no likelihood of confusion save in relation to specialist clothing for racing cyclists in Class 25, and preparations for the treatment or prevention of ailments associated with cycling and cleaning products for specialist cycling clothes all falling within Class 3. Her process of reasoning was much the same as for the infringement claim. She put it this way at paragraph [10]:

"10. ... As I stated in paragraph 92 of the Main Judgment, the reason people buy Assos casual clothes is to associate themselves with the mark's reputation as a prestige brand of professional cycling wear. The brand does not have a separate reputation as a make of casual clothing whether of a premium or ordinary kind. A person buying an item in the Dopo Bici range will ensure that they are buying the real Assos brand before making the significant financial outlay that is required to become the owner of such a garment. Potential purchasers of the cheaper, prominently branded Assos casual clothes are also buying the item only because they want to display their knowledge of, and some connection with, the premium cycling brand. ASOS could, on the basis of their UK mark, sell t-shirts which display the word comprising their mark 'ASOS' more prominently on the front rather than discreetly on an inside label as they currently do. However, it is unlikely that a member of their target audience, that is a fashion conscious, twenty-something person would be interested in buying such a garment. If the fashion conscious person has heard of Assos and is a keen cyclist (as well as being fashion conscious) then he or she will be motivated to recognise the difference between the Assos mark and an ASOS mark on an item of ordinary casual clothing. In my judgment there is unlikely to be any material confusion between the two marks even if ASOS started to apply its trade mark to t-shirts in a very different and more prominent way from the way it currently does."

178. The fundamental problem with this reasoning is that, once again, the judge has failed to consider a notional and fair use of each of the marks. Instead she has assumed a notional use of the CTM to persons and in circumstances such that they will make a connection with the premium cycling brand. By contrast, she has considered a notional use of the UK trade mark by Asos to its target audience, that is to say fashion conscious young people, particularly those in their twenties. But a notional and fair use of each of the marks extends beyond the ways in which they have been used hitherto. The judge ought to have considered the use of each of them in a similar way and in circumstances where they could compete with each other, for example on the high street or on the internet. Had she done so I believe she would have been bound to find that there was indeed a likelihood of confusion. As I have said, the marks are visually and aurally similar, and, when used in relation to the same or similar articles of clothing in a competitive setting, there is, I am entirely satisfied, a real likelihood of the average consumer mistaking the one for the other or believing them to be connected in the course of trade with each other.
179. It follows that I would allow the appeal in relation to the UK registration. It must be limited beyond the order of the judge and exclude all the goods within Class 25 and all the services in Class 35 relating to clothing within Class 25 or those other goods in Class 3 excluded by the judge's order. Further than this I would not go, however. We heard no argument directed to other goods and services falling within the specification and we were shown no evidence relating to them. The case in relation to such other goods and services has not been made out.

Conclusion

180. In summary, I would:

- i) allow Assos' appeal against the order for revocation of the CTM but only to the extent of deleting the word "racing" from the description "specialist clothing for racing cyclists" in paragraph 3 of the order of 16 October 2013;
- ii) dismiss Assos' appeal in relation to the allegation of infringement of the CTM under Article 9(1)(b) and Article 9(1)(c) of the Regulation on the basis that Asos has a defence under Article 12(a) of the Regulation;
- iii) allow Assos' appeal in relation to the attack upon the validity of the UK registration and declare it invalid to the extent I have indicated;
- iv) otherwise dismiss the appeals and cross-appeal.

Lord Justice Underhill:

181. I have read in draft the judgments of Kitchin and Sales LJ. On the issues on which they are agreed I do not wish to add anything, save only to a limited extent as regards article 9.1 (c). My initial view was that the Judge was right to hold that there was no infringement under that paragraph, quite apart from the own-name defence. For the reasons given by Kitchin LJ, I was (and remain) unimpressed by the various points made by Assos which he reviews at paras. 130-134 above. As for the point which he considers at paras. 135-143 – which is also, as I understand it, central to Sales LJ's reasoning on this issue – it initially seemed to me unacceptably artificial to find that Asos had infringed Assos's mark only because of potential damage to the distinctiveness of that mark among consumers with whom it did not, and on the Judge's findings never would, have any reputation – "reputation" being the essential precondition of liability under this paragraph. But I see the force of his point that it is necessary to construe article 9.1 (c) consistently with article 8.5; and I accept that, as Sales LJ emphasises at para. [219], the Court in *Intel* does refer more than once to damaging the distinctiveness of the mark as regards "the goods and services for which it is registered". On balance, though with some hesitation, I am not prepared to dissent from the conclusion which Kitchin and Sales LJ have reached. I will address in turn the two issues on which they differ.

(1) Partial Revocation

182. There is no doubt as to the applicable principles. Article 51.2 requires revocation (in the event of a counterclaim) in respect of any goods or services in connection with which the mark has not been used. But the reference is of course to categories or descriptions of goods; and the question is how narrowly or widely the categories are to be described. As to that, the broad approach is clearly stated in the passage from the judgment of the General Court in the *ALADIN* case which Kitchin LJ sets out at para. 55 above. Proprietors should not be deprived of protection in respect of goods which are not "strictly identical" to those in respect of which use is proved by arbitrarily putting them in separate categories from goods which are mere "commercial variations" of such goods and "not in essence different". They should only lose protection where the goods in question are "sufficiently distinct to constitute coherent categories or sub-categories". But that guidance is, inevitably, at a high level of generality and leaves the courts to make a judgment in any given case as to what categories are indeed sufficiently distinct and not arbitrary. In making those judgments they should have regard to the perception of the average consumer in relation to the market in question: see the passage from the judgment of Jacob J in the *ANIMAL* case which Kitchin LJ sets out at para. 63.
183. It is common ground (subject to the modification made by Kitchin LJ at para. 70, with which I agree) that "specialist clothing for cyclists" is an appropriate sub-category. The issue concerns the categorisation of the other clothes to which the Assos mark has been attached, as described by Kitchin LJ at paras. 45-48 of his judgment: I will refer to these as "the existing Assos range" (I acknowledge that the garments in question have not been marketed as a distinct "range" – I use the phrase purely for convenience). I think it will be most helpful if I start by stating my own conclusion without engaging with the reasoning of Kitchin and Sales LJ.
184. In my view the sub-category "casual wear" for which Assos contends is too broad; and certainly – which is strictly all that matters, since this a question of judgment and evaluation – I do not think that the Judge can be said to have been wrong in reaching that conclusion. As she said, it would cover a very wide range of types of

ordinary clothing to which the Assos mark has never been attached – dresses, skirts, knitwear, blouses, jeans etc. I do not believe that such garments can be regarded as mere commercial variations of the goods already sold by Assos or as essentially identical in character. This is for several to some extent inter-related reasons. In the first place, the types of garment in the existing Assos range form quite a narrow segment of the range of types comprised by the description "casual wear": the larger the part of a category which the proprietor of a mark populates the easier it is for him to contend that the other goods in that category are essentially the same – but the reverse must also apply. Second, the character of the existing range is also quite specific. This is not general casual clothing, but casual clothing designed for the kind of people who can afford and will wear top-of-the-range cycling gear. The self-description "smart, athletic, urban" is no doubt specific to the *Dopo Bici* range, but I think it is a fair assessment of the existing Assos range as a whole. Third, the very limited and specific distribution of the range, only through specialist cycle shops, tends to mark it off from the general casual wear market: the clothes in question are essentially an add-on, and not a very substantial one, to Assos's specialist business. Each of these points picks up on features identified by Jacob J at the end of the passage from his judgment in the *ANIMAL* case to which I have already referred. Taking them together, I think that the notional average consumer would not regard it as natural to describe the existing Assos range simply as "casual wear" or, therefore, that the use of the Assos mark in relation to that range should guarantee its protection throughout the whole casual wear market.

185. Having said that, I think I should confess that I am not entirely comfortable with the Judge's categorisation simply by reference to a number of individual types of garment. It is possible to conceive of particular items of casual wear which are closely related to the listed items but which might nevertheless count as "commercial variations" of them – for example, would a *Dopo Bici* sweatshirt really be essentially different from a *Dopo Bici* polo shirt? Ideally I should have preferred to find a general description which comprised the listed items, and such variations of them, but was a good deal more specific than "casual wear". But that is easier said than done, and in any event the only half-way house proposed to us, "leisure wear", seems to me to have most of the same problems. If it is in truth not possible to find such a general description, then I am sure that individual itemisation is preferable to the exorbitant protection that would be afforded by the description "casual wear". (I should also add that I am sure that the Judge's re-formulation was not intended to dispense with the adjective "casual" from her original formulation: most of her items are inherently casual, but "jackets" is a broad term, and it is clear that she did not intend to cover, say, the more formal kinds of jacket.)
186. That reasoning seems to me essentially similar to Kitchin LJ's, at para. 69, endorsing (as I would also do) the Judge's reasoning as summarised by him at para. 50.
187. The principal element in Sales LJ's contrary reasoning is the importance that he attaches to not depriving Assos of the opportunity to develop its use of the mark beyond that which it has so far made. That is of course a fundamental point in the context of the issue under article 9.1 (b), and even in the context of partial revocation the Court in *ALADIN* warned against limiting the protection only to goods which are "identical" to those in relation to which the mark has already been used and ignoring "commercial variation". But the context of the partial revocation jurisdiction is nevertheless very different. The philosophy underlying that jurisdiction is that a proprietor has had the opportunity to develop his use of the mark over a substantial period and that to the extent that he has not done so its protection should not be maintained. Thus I do not believe that such very limited use as Assos has made of its mark outside the category of specialist cycling clothing justifies its retention against the possibility of a general move into the casual wear market which it has shown no sign whatever of making over the five years prior to 17 January 2012.
188. At para. [234] of his judgment Sales LJ refers to Jacob J having held in the *ANIMAL* case that an average consumer for surfing-related clothing would take "clothing" or "casual clothing" to be the relevant category; and as so summarised that looks very like the present case. But when one looks at the detail it is rather different. The proprietor in that case did not have a business selling actual surfing-wear – wetsuits and the like. The clothing to which the mark was attached was "surfing-related" only in the sense that it was intended to "convey an association with surfing" (see para. 4 of the judgment of Jacob J). More to the point, it covered an extremely wide range of types of garment, being described by Jacob J as comprising "T-shirts, jeans, vests, sweatshirts, hoodies, track tops, shorts, jumpers, cardigans, parka jackets, camisoles, strappy sundresses, printed cotton skirts,

swimwear, beanie hats, sun hats and some others I need not mention" (para. 15), and it was sold in general sportswear shops in the High Street (para. 16). I can well understand why Jacob J was not prepared to accept a category confining the protection of the mark to "surf-type" clothes; but the present case is significantly different, because of the more limited range of types of garment sold by Assos, the fact that the primary use of the mark is on specialist cycling wear and its highly specialised distribution.

(2) Article 12

189. I take no issue with the general points about the purpose of the article 12 defence and its relationship with the primary objectives of trade mark protection which Sales LJ makes so clearly and persuasively at paras. [239]-[242] of his judgment, including those which emphasise that the legitimate interest recognised by the defence is of a different order from the interest of the proprietor of a community trade mark. But I am not persuaded that those general points lead to the conclusion on the particular facts of the present case that the own-name defence is not available to Asos. I agree with the overall assessment made by Kitchin LJ at paras 159 and 160 of his judgment. The crucial element in that assessment, as it seems to me, is that (subject only to two very particular matters which I consider at para 195 below) there is not, and has never been, any reason to suppose that Asos's use of its sign was liable to prejudice Assos's use of its own mark – and still less so, to the extent that the Judge was concerned with the future, since the cutting-down of the mark with effect from January 2012. In those circumstances, even giving full weight to the "honest practices" obligation as expounded by Sales LJ, I do not believe that that obligation required Asos to desist from doing anything which it has so far done (subject to the same saving) or to do anything which it has not done. What constitutes "honest practices" on the part of a defendant asserting an article 12 defence must surely be judged by reference to the risk of real damage to the mark in question.
190. The essential reason for Sales LJ's contrary assessment is that he considers the impact of Asos's conduct not only by reference to Assos's actual use of its mark to date but "on the hypothetical basis of full notional fair use" over the "market space ... reserved for [it]" (para. [243] (vi)) – that is, until the partial revocation, over the entire field of clothing, footwear and headgear. I do not believe that in the context of article 12 the concept of hypothetical/notional use of the mark has the same role as it does in the context of article 9.1. The Court is performing a different exercise: it is not simply delineating the scope of the protection conferred by the mark but balancing that protection against the interest of the putative infringer to use his own name. In striking that balance it will of course always in principle be relevant to consider the full notional range of the mark; but it will only be one factor in the exercise, and the weight to be attached to damage which has not yet occurred, and is unlikely ever to occur, may not outweigh the factors in the opposite pan.
191. Although the foregoing may sufficiently explain why I prefer Kitchin LJ's assessment to that of Sales LJ, I think I should briefly express my views on the principal matters on which Sales LJ relies in holding that Asos's conduct as regards Assos's mark goes beyond "honest practices".
192. The first such matter is Asos's failure, at any time between 2002 and 2005 and more particularly when it started to sell its own clothing in 2004/5, to conduct any trade mark searches. It did, as Kitchin LJ has described, conduct a Google search on the name "Asos", which indicates that it was not acting wholly irresponsibly; but I accept that it can be criticised for not taking a more professional approach, and it seems to be common ground that a proper trade mark search would have discovered the registration of Assos's mark as an international trade mark in respect of "clothing articles for sports, particularly clothing for racing cyclists". Although the question is not straightforward, I am inclined to agree with the view expressed by Sales LJ at para. [246] of his judgment that such pre-registration conduct can in principle be taken into account in assessing the question of whether Asos acted "honestly" (in the special sense that emerges from the case-law) in its continued use of its sign following the registration of Assos's community trade mark. But I do not agree that it has much weight on the facts of this case. I agree with the Judge and Kitchin LJ that the registered description was not such as would or should have caused concern about a potential clash. Sales LJ says that the Judge was wrong to focus on the phrase "particularly clothing for racing cyclists" rather than the more general phrase "clothing articles for sports"; but in my view the description read as a whole plainly referred to a highly specialised business which, as Mr Groenendal realistically accepted, was remote from that being operated by Asos.

193. Sales LJ's second point, developed at paras. [249]-[251] of his judgment, is that the obligation to follow honest practices required Asos to have regard not only to the current actual position but also to the notional use of its mark over the entire area covered by the registration. I have explained above why I do not think that is a decisive consideration.
194. Sales LJ's third point is that it did not constitute honest practice for Asos to create, as it began to from about 2010, country-specific websites directed at other member states. But it seems to me that the question of what constitutes "honest practice" only bites at the point that there is a collision, or a real prospect of a collision, between the interests of the putative infringer's business and the interests of the owner of the mark. That collision will only occur as their markets – in the sense of the products that they sell and the types of consumer to whom they sell them – overlap, or threaten to do so. In my view steps that broaden the geographical effectiveness of Asos are neutral in that regard. This is not a case where Asos and Assos have markets for the same goods but in different countries: both already sell in many of the same countries but – so I believe – to different markets within those countries.
195. Finally, Sales LJ identifies at para. [256] of his judgment four particular aspects of Asos's conduct which he believes fall below the "honest practice" standard. I accept that some of these do indeed show an inappropriate insensitivity to Assos's mark; but neither individually nor cumulatively do they seem to me to amount to unfair practice, essentially because they were not of a character which was likely to do any harm. The requirement of an objective approach cuts both ways: while the putative infringer cannot establish the article 12 defence merely by establishing subjective honesty, nor should the defence be lost simply because he has acted in a cavalier or careless fashion. I will take the individual points in turn, but briefly. The description of an item on Asos's site as "cycling shorts" was unwise because, given the similarity of its name and Assos's mark, the fair course was to avoid any specific reference to specialist cycling wear; but it was hardly likely to have an impact on Assos's highly particular market. The bid for the "Assos" key-word was a routine attempt to cover the possibility of a mis-spelling: it was ignorant, or thoughtless, because Asos should have had Assos's business in mind, but it was plainly not aimed at Assos and it was not persisted in. As for the use of the sign on its own-brand goods, that was only significant if it was liable to cause confusion in practice, which was not the case. Finally, I accept that Asos's adoption of its new logo in 2008 adds to the similarity of name a degree of visual similarity with the logo employed by Assos. I am bound to say that I do not regard the similarity as very striking: the logos are both in lower case, but beyond that the general look seems to me very different. But the fundamental point is that the potential for confusion is minimal in the light of the differences in their respective markets.

Conclusion

196. For those reasons I would dispose of the appeals and the cross-appeal in the manner proposed by Kitchin LJ.

Lord Justice Sales:

Introduction

197. I am grateful to Kitchin LJ for setting out the factual background and for his discussion of the law. In large part, I agree with his judgment. However, I respectfully disagree with him and with Underhill LJ on two points: (a) the scope of the specification of the "ASSOS" Community trade mark ("CTM") for the period from 17 January 2012, when the extent of the specification in relation to it was challenged by Asos under Article 15 of the Regulation by the bringing of its counterclaim, referring to the limited actual use to which Assos had put its CTM; and (b) whether Asos has a defence under Article 12 of the Regulation (the so-called "own name defence"). On this last issue, the view of Kitchin LJ and Underhill LJ is that ASOS has a valid defence under Article 12. In my opinion, it does not. I also propose to say something by way of explanation of my own views in relation to breach of Article 9(1)(b) and Article 9(1)(c), although we are in agreement that (subject to the own name defence) Assos has made out its case of breach in respect of both these provisions. I do this because it assists in explaining why I have come to a different conclusion on the points where I differ from Kitchin LJ and Underhill LJ.

Breach of Article 9(1)(b)

198. Before turning to explain my views on the points of disagreement, I first emphasise that I agree with Kitchen LJ regarding the breach of Article 9(1)(b) of the Regulation by Asos: see paras. [71]ff above. According to the terms of Article 9(1)(b), Assos, as the proprietor of the registered CTM "ASSOS" in relation to goods within class 25 of the Nice Classification ("Clothing, footwear, headgear") for the period from the priority date in 2005, and then as the proprietor of that trade mark in relation to goods covered by the narrower description determined in these proceedings for the period from 17 January 2012, is and at material times has been entitled to prevent Asos from using the sign "ASOS" in the course of its trade within the territories covered by the Regulation, by reason of the likelihood of confusion between the goods covered by the CTM and the goods covered by the "ASOS" sign. That entitlement does not depend upon Assos actually selling goods at the relevant time of the same or similar kind to those sold by Asos (although it has done so). Rather, it depends upon a comparison of the goods falling within the descriptions appearing (or, as from 17 January 2012, deemed to appear) on the Community register from time to time, which Assos *would be entitled to market* under its CTM, in the course of its notional fair use of that CTM, with the goods and services actually used or sold by Asos in the course of trade.
199. The own-brand goods sold by Asos via its website are in very many cases - i.e. where items of clothing are concerned - *the same as* those specified in respect of Assos's CTM; and even in relation to the narrower specification from 17 January 2012 (particularly on the formulation which I would adopt) many items are the same as the goods so specified. Other items are similar to the goods so specified.
200. The identical nature of the goods in question is relevant to the application of Article 12. Asos has been selling goods identical to those for which Assos has protection under its CTM, and uses a sign which is highly similar to Assos's mark to do so. In these circumstances, the risk of confusion of the public is obvious and pressing, and I think it is important not to be distracted from this point by the limited nature of the evidence of actual confusion which had arisen in circumstances where there has, as yet, been only limited overlapping marketing by Asos and Assos: see *Compass Publishing BV v Compass Logistics Ltd* [2004] EWHC 520 (Ch); [2004] RPC 41, [22]-[23] per Laddie J. The obvious risk of confusion of the public is a significant feature of the case for the purposes of application of Article 12: see, e.g., *Case C-17/06, Celine Sarl v Celine SA* [2007] ECR I-7041, para. [34]. In my view, this again reflects the importance of the fact that, under Article 9(1)(b), the scope of Assos's rights under the Regulation is given by what it might potentially do under the cover of its CTM, not simply by what it has in fact done.
201. This feature of the rights conferred under the Regulation where a CTM is registered is a central aspect of the regime created by the Regulation, which reflects the objective of the Regulation to create CTMs as property rights which can be transferred to others and used for security and as the subject matter for the grant of licences (see Recital (11) to and Articles 17 to 22 of the Regulation). It means, for example, that Assos could sell its CTM "ASSOS" to another company, for that company to use to market to the public any goods within the specification of the registration branded with the mark "ASSOS".
202. In my view, this point on the scope of the rights conferred by registration under the Regulation is relevant to the question whether Asos has an own name defence under Article 12. This is because Asos has proceeded to develop its own business under the "ASOS" sign without any, or any significant, regard to these rights of Assos existing in respect of its "ASSOS" CTM.

Breach of Article 9(1)(c)

203. The main battleground between the parties was in relation to Article 9(1)(b), on which issue Assos has succeeded on the appeal. Assos's case on Article 9(1)(c) was of less significance. Nonetheless, Assos maintained a distinct case based on Article 9(1)(c) and it is appropriate to address it. Article 9(1)(c) is set out at para. [118] above.
204. Article 9(1)(c) confers protection on the proprietor of a CTM in relation to use by a third party of a sign which is identical with, or similar to, the CTM in relation to goods or services which are not similar to those for which the CTM is registered. However, the Court of Justice has confirmed that, on its proper purposive construction,

Article 9(1)(c) also applies in relation to goods or services which are identical or similar: Case C-292/00 *Davidoff & Cie SA v Gofkid Ltd* [2003] ECR I-389. The protection applies where the relevant CTM "has a reputation in the Community" and where use of the sign "without due cause" "is detrimental to the distinctive character or the repute of the [CTM]." (Asos does not seek to rely on the other limb of Article 9(1)(c), which relates to taking "unfair advantage" of the distinctive character or repute of a CTM). The own name defence in Article 12, which I address below, covers Article 9(1)(c) as well as Article 9(1)(b).

205. It is clear that the "ASSOS" CTM has a reputation in the Community/EU, as the Judge found - albeit she said that the reputation existed among cyclists, but not among the general public.
206. I do not attach the significance to this latter point which the Judge did in her analysis. In my judgment, if the proprietor of a CTM is able to show that he has actually made use of his CTM in such a way as to create an actual reputation for it in the Community, that is a sufficient trigger for the protection of Article 9(1)(c) to apply. There is nothing in the text of that Article to suggest otherwise. The setting of a threshold for protection based upon having actually established a reputation for the CTM reflects a balancing of interests in the Regulation which is similar to that set by Article 15, where outside the initial five year period the threshold for protection of a CTM generally is that it should have been put to genuine use in the Community (see below). The importance of that threshold for protection will be all the greater where one is dealing with a case where Article 9(1)(c) protection is claimed in respect of a mark registered for non-similar products or services, since in such a case it is only if an established reputation can be made out that it will be possible to claim that use of another sign has created a link with the mark in the minds of the public, so as to create a risk of tarnishment and so forth: see Case C-375/97, *General Motors Corporation v Yplon SA* [1999] ECR I-5421; [1999] ETMR 950, paras. [23]-[24] and [30]-[32] (regarding the equivalent provision in the Trade Mark Directive). The present case, however, concerns use of a highly similar mark with respect to identical goods.
207. Once the relevant threshold for protection in Article 9(1)(c) has been crossed, it is "the distinctive character or the repute of the [CTM]" which is protected. There are two distinct limbs of protection conferred by this rubric: see paras. [27]-[28] of the judgment of the Court of Justice in the leading case, Case C-252/07 *Intel Corporation Inc. v CPM United Kingdom Ltd* [2009] RPC 15, in which the Court discussed the interpretation and application of the equivalent provision in Article 4(4)(a) of the Trade Mark Directive. The second limb (repute of the CTM) is focused on the actual reputation which has been established for that mark: actions of the user of the relevant allegedly offending sign should not be such as to diminish or undermine that reputation. But the first limb (the distinctive character of the CTM) is not so restricted. In my view, this limb looks to the protection of the property interests of the proprietor of the CTM with respect to notional fair use of the CTM, as established under the regime in the Regulation.
208. In the present case, Assos has no good case based on the second limb of protection. One could imagine a case in which it might be said that the reputation built up using a CTM for particular clothing as high quality, for use by a particular section of the population (e.g. sporting cyclists), could be detrimentally affected by the use alongside it of a sign as a brand for goods of a wider range of qualities, aimed at the mass market, which undermined the branding strategy and cachet which the proprietor of the CTM had created for his own mark: see *Intel Corporation*, at paras. [AG8]-[AG11] in the Opinion of Advocate General Sharpston. But Assos does not maintain such a case here. One could also imagine a case in which the proprietor of a CTM says that a confusingly similar sign has been used in relation to shoddy goods, such that the shoddiness of those goods risks damaging the reputation of the CTM by association (i.e. tarnishment: see *Intel Corporation*, *ibid.*). Although in the course of the trial some reference was made to an issue regarding an alleged item of shoddy goods sold by Asos, Assos did not plead any case that the quality of Asos goods reflects badly on Assos or its CTM: see para. [144] of the main judgment below.
209. Assos's case at trial and on appeal was limited to the first limb of protection (distinctive character of the CTM). It was an allegation that use by Asos of the "ASOS" sign is detrimental to the distinctive character of the "ASSOS" CTM, by reason of the average consumer failing to associate use of the "ASSOS" mark as indicating exclusively Assos's goods. Assos complains that the prevalence and prominence of the use of the "ASOS" sign by Asos swamps Assos's ability to use its "ASSOS" mark in the ways which are supposed to be protected under

the Regulation.

210. In my view, Assos has made out its complaint based on Article 9(1)(c). The prevalence and prominence of Asos's use of the "ASOS" sign in relation to clothing is such as to swamp, or drown out, to a significant degree efforts which might be made by Assos to market its own goods using its "ASSOS" mark. It may be that among Assos's existing target customers (the cycling fraternity) the reputation of the "ASSOS" mark is so strong that they readily distinguish the "ASOS" brand and goods and there is no risk of confusion. However, the protection for a CTM and its distinctive character under the Regulation is not confined to existing customers for goods sold using that CTM, but extends to the relevant public which the proprietor of the CTM might reasonably wish at some stage to include within his marketing strategy: see Kitchen LJ's and my discussion of the extent of protection under Article 9(1)(b) by reference to notional fair use of the mark, above, and further discussion below. In my view, "the distinctive character ... of the [CTM]" (see Article 9(1)(c) of the Regulation and Article 4(4)(a) of the Directive) is a protected interest, to ensure that the proprietor of the CTM will be able to use his mark now or in future to obtain the benefits and to secure the public interest in avoidance of confusion which the CTM regime is intended to provide for.
211. This approach to the construction of Article 9(1)(c) is supported, in my opinion, by the judgment of the Court of Justice in *Intel Corporation*, in which it considered the interpretation and application of the equivalent provision in Article 4(4)(a) of the Directive. At para. [30] of the judgment, the Court observed that the types of injury referred to in Article 4(4)(a) "are the consequence of a certain degree of similarity between the earlier and later marks, by virtue of which the relevant section of the public makes a connection between those two marks", even if they are not confused by them (and still more so, it is to be inferred, if they *are* liable to be confused by reason of the similarity between them: see paras. [42] and [57] of the judgment). However, the existence of such a link is not sufficient in itself to establish a breach of Article 4(4)(a). There has to be proof of actual injury to the mark or that there is a serious risk of such injury, having regard to the relevant section of the public.
212. As regards the relevant public, the Court said this at paras. [33]-[35]:
- "33. The public to be taken into account in order to determine whether registration of the later mark may be declared invalid pursuant to Art.4(4)(a) of the Directive varies depending on the type of injury alleged by the proprietor of the earlier trade mark.
34. First, both a trade mark's distinctiveness and its reputation must be assessed, first, by reference to the perception of the relevant public, which consists of average consumers of the goods or services for which that mark is registered, who are reasonably well informed and reasonably observant and circumspect (as regards distinctive character, see *Case C-363/99 Koninklijke KPN Nederland NV v Benelux-Merkenbureau* [2004] ECR I-1619, para. 34; as regards reputation, see, to that effect, *General Motors* [Case C-375/97, *General Motors Corp. v Yplon SA* [1999] ECR I-5421], para.24).
35. Accordingly, the existence of injury consisting of detriment to the distinctive character or the repute of the earlier mark must be assessed by reference to average consumers of the goods and services for which that mark is registered, who are reasonably well informed and reasonably observant and circumspect. ..."
213. I emphasise the Court's formulation in para. [34]: the relevant public is composed of average consumers of the goods or services *for which the mark is registered*, not for which it happens to have been used. This point is also borne out by the Court's discussion, at paras. [40]-[57], of the criteria for establishing whether there is a relevant link in the mind of the relevant public between the two marks. The assessment is to be made "globally", taking account of all relevant factors (para. [41]); and those factors include the degree of similarity between the marks, "the nature of the goods or services *for which the conflicting marks were registered*" and "the degree of closeness of dissimilarity between *those* goods or services", "the degree of the earlier mark's distinctive character, whether *inherent* or acquired through use", and "the existence of confusion on the part of the public" (para. [42], my emphasis). These expressions point to the need to examine detriment arising in relation to the

notional fair use to which the proprietor of a CTM might put his mark.

214. In our case, the relevant mark is the "ASSOS" CTM, which, depending on the period in question, was registered for all "Clothing, footwear, headgear" or, from 17 January 2012, for the narrower category of clothing determined upon application of Article 15, as to which my view differs from that of Kitchin LJ and Underhill LJ: see below. The relevant consuming public for the goods for which the CTM was registered and (from 17 January 2012) is to be deemed to be registered is what the Court in *Intel Corporation* described as "the public at large", rather than a "more specialised public" (para. [47]).
215. As regards proof of injury, the Court said this at paras. [37]-[39]:
- "37. In order to benefit from the protection introduced by Art.4(4)(a) of the Directive, the proprietor of the earlier mark must adduce proof that the use of the later mark 'would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark'.
38. The proprietor of the earlier trade mark is not required, for that purpose, to demonstrate actual and present injury to its mark for the purposes of Art.4(4)(a) of the Directive. When it is foreseeable that such injury will ensue from the use which the proprietor of the later mark may be led to make of its mark, the proprietor of the earlier mark cannot be required to wait for it actually to occur in order to be able to prohibit that use. The proprietor of the earlier mark must, however, prove that there is a serious risk that such an injury will occur in the future.
39. When the proprietor of the earlier mark has shown that there is either actual and present injury to its mark for the purposes of Art.4(4)(a) of the Directive or, failing that, a serious risk that such injury will occur in the future, it is for the proprietor of the later mark to establish that there is due cause for the use of that mark."
216. I consider that Assos has shown that there is good evidence to show that Asos's use of the "ASOS" sign is detrimental to the distinctive character of the "ASSOS" CTM, to the standard required by the Court of Justice in these paragraphs. In my view, Assos has shown that there has been and is actual and present injury to the distinctive character of its CTM and/or that there is a serious risk that such an injury will occur in future.
217. Four particular features of the circumstances of this case lead me to the conclusion that Asos's use of the "ASOS" sign is detrimental to the distinctive character of the "ASSOS" CTM: the remarkable success of Asos and the prominence it has achieved in marketing its goods and services, as reflected in its turnover figures; the high degree of similarity between the "ASSOS" mark and the "ASOS" sign; the identical or strongly similar nature of the goods covered by that mark and in fact marketed under that sign, which makes the likelihood of confusion very strong; and the results given by the prize draw exercise carried out by Assos for the purposes of gathering evidence for use in these proceedings (see paras. [110]-[112] of the main judgment below).
218. To my mind, the significance of the evidence about that prize draw exercise lies in what I would regard as the significant proportion of people who responded to the prize draw advertisement, which used the name "ASSOS" in conjunction with a model dressed in cycle-wear and a picture of the Arc de Triomphe, the finishing line of the Tour de France cycle race, who nonetheless thought that it was an advertisement for Asos goods and services, rather than those of Assos (10 out of 149 entries). This strikes me as an unsurprising result, in light of the first three matters I have mentioned. The Judge discussed the prize draw evidence in the context of her consideration whether, for the purposes of Article 9(1)(b), there was a likelihood of confusion between the goods actually sold by Assos and those sold by Asos, and made the comment (with which I agree) that "The general audience is less likely to have heard of Assos as a brand and more likely to have heard of ASOS" (para. [112] of the main judgment). If one takes that finding, and applies it in the context of analysis under Article 9(1)(c), it seems to me to support Assos's case under that Article.
219. As the Court of Justice said at para. [57] in *Intel Corporation*, a relevant link between marks for the purposes of Article 4(4)(a) of the Directive (and hence, by parity of reasoning, for the purposes of Article 9(1)(c) of the Regulation) "is necessarily established when there is a likelihood of confusion, that is to say, when the relevant

public believes or might believe that the goods or services marketed under the earlier mark and those marketed under the later mark come from the same undertaking or from economically linked undertakings ...". I consider that the reasoning of Kitchin LJ and myself regarding the likelihood of confusion for the purposes of analysis under Article 9(1)(b) also supports Assos in its case based on Article 9(1)(c).

220. The Court of Justice stated in *Intel Corporation*, at paras. [29] and [76], that detriment to the distinctive character of a CTM is caused "when that mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark." In my opinion, in the present case such a detrimental effect has been made out. The swamping effect from the prevalence and pre-eminence in the market place of Asos's use of the "ASOS" sign is such that Assos cannot gain the full benefit from its own branding and marketing efforts to which it should be entitled, by virtue of the protection conferred by its CTM. If Assos were to try to broaden the market for its goods among the relevant consuming public by advertising more widely, part of the value of its marketing efforts would leach away and be diverted to the benefit of Asos (which is what the prize draw exercise tends to show). Further, Assos would struggle to make its distinctive voice heard in the market place to attract the customers for its own goods, to allow it to generate income to enable it to expand its business and the range and quality of the goods which it can offer to the public within the scope of its CTM. This means that a significant part of the aim of the protection to be derived from its registered CTM is being undermined by Asos's activities.
221. It is not necessary to decide definitively whether the present case is one of actual and present detriment to the distinctive character of the CTM or one where there is a serious risk that such an injury will occur in future: *Intel Corporation*, para. [38]; Case C-383/12P *Environmental Manufacturing LLP v OHIM*, CJEU, judgment of 14 November 2013, paras. [34]-[43] (set out by Kitchin LJ at para. [127] above). Where one is looking at a case involving injury or risk of injury to the distinctive character of a CTM with respect to its notional fair use, rather than the actual use to which it has been put, the two categories tend to merge. In my opinion, what is important for present purposes is that Assos can point to evidence of sufficient weight to show that relevant injury or risk of injury is made out.
222. The Judge considered that the answer to Assos's complaint that actual or likely swamping by Asos diluted its CTM lay in the fact that Asos's market presence was primarily on the internet and in the general media, whereas Assos "for its own commercial reasons" had chosen to limit its presence in those areas (since it had focused its advertising on more specialist cycling journals and outlets): paras. [141]-[143] of the main judgment; and see paras. [7], [61], [92] and [123]-[124], where she reviewed Assos's actual use of its CTM and current business plans. In my view, however, this reflects the same error which the Judge made in relation to her analysis under Article 9(1)(b), in that she failed to bring into account the wider rights which Assos acquired under the Regulation when it registered its CTM and the potential notional fair use which Assos might make of that CTM across the whole range of the goods in respect of which it is registered.
223. The protection to which Assos is entitled under Article 9(1)(c) in respect of its "ASSOS" CTM extends more widely than simply in relation to its existing use of that mark and current plans for its use. It covers possible legitimate use of the mark within the area in relation to which the mark is supposed to provide protection under the Regulation regime. It might be that the business plans of an undertaking like Assos have to be curtailed precisely because its voice would be drowned out by the voice of a giant like Asos if it tried to expand its marketing activities on the internet or in the general media, so that it would not be worthwhile to make the investment in such activities. Analysis for the purposes of Article 9(1)(c) does not require the affected undertaking to prove precisely which of many business considerations may have driven it to adopt a particular business strategy; it is sufficient if it can show that the activity of the defendant is detrimental to the distinctive character of the CTM.
224. For these reasons, I would allow Assos's appeal under Article 9(1)(c).

The revised specification of the "ASSOS" mark by application of Article 15

225. The point on the scope of rights conferred under the scheme of the Regulation also has significance for my view on the relevant parameters of the reduced coverage of the "ASSOS" mark to be determined pursuant to Article 15. The regime for registration of trade marks under the Regulation serves a number of objectives, of which two primary aims are to provide protection for a proprietor of a CTM for development of his business using his registered mark without impediment from confusing signs used by competitors in the same market space and to ensure that the relevant public of consumers is not misled or confused as to the source of goods or services offered for sale within that space. In pursuit of the first of these aims, the Regulation gives assurance to the proprietor of a mark that he will have reasonable latitude to develop his goods and services to meet changing consumer interest and demand over time, with the protection of a monopoly of use of the relevant mark and excluding use of other confusingly similar signs; and such assurance of unimpeded use of the mark in the relevant market space encourages investment in the development of goods and services for the benefit of the public. Similarly, as a business develops within the reasonable parameters given by a CTM registration, the aim of protection of the public is promoted, by limiting the scope for confusion through use of misleadingly similar signs within that market space. As regards this objective, the Court of Justice in *Case C-533/06 O2 Holdings Ltd v Hutchison 3G UK Ltd* [2008] ECR I-4231, at para. [57] described as "the essential function" of a CTM that it is "to guarantee to consumers the origin of the goods or services."
226. It is noticeable, for example, that the categories employed in the Nice classification - which are commonly used, internationally negotiated, standard statements of the relevant market spaces within which trade mark protection under various trade mark regimes will apply – are formulated in relatively wide terms, so as to capture what are perceived to be relevant market sectors within which businesses generally tend to operate and within which they can reasonably be expected to be interested in developing their trading activities. The width of the formulation allows for space within the relevant market sectors for such business development, with the benefit of trade mark protection within that market space.
227. As Advocate General Sharpston explained in her Opinion in *Case C-252/07 Intel Corporation Inc. v CPM United Kingdom Ltd* [2009] RPC 15, at [AG5]-[AG6]:
- "AG5. A significant function of a trade mark is to link goods or services to a source of supply, whether the original producer or a commercial intermediary. That is in the interest of both supplier and consumer. The supplier can establish a reputation, which is protected from usurpation by competitors, for products bearing the mark, and can thus promote trade in those products. Likewise, the consumer can make purchasing decisions on the basis of the qualities he perceives as attached to the mark. Since those decisions may be negative, suppliers have an incentive to maintain and improve the quality of the goods or services supplied under the mark.
- AG6. In that context, marks which are identical, or similar enough to be confused, should not coexist unless the goods or services for which they are used are sufficiently dissimilar to rule out the danger of confusion. Trade marks are therefore protected by a basic rule [such as that in Art. 4(1) of the Trade Marks Directive, which corresponds to Article 8(1) of the Regulation] which prevents the registration or use of a sign identical or similar to a registered trade mark, for goods or services identical or similar to those for which the mark is registered. To put it more graphically, around each trade mark there is an 'exclusion zone' which other marks may not enter. The extent of that zone will vary according to circumstances. An identical or extremely similar mark must be kept at a greater distance in terms of the goods or services covered. Conversely, a mark used for identical or extremely similar products must be kept at a greater distance in terms of similarity with the protected mark."
228. It is again worth emphasising the formulation used by the Advocate General in para. [AG6]: the protection conferred by a CTM is to prevent registration or use of an identical or similar sign for goods or services identical or similar to those *for which the mark is registered* (i.e. in respect of those goods and services for which the mark *may be used*, not those in respect of which the mark *has been used*). This formulation reflects the language of the Directive and Regulation, and is that typically used by the Court of Justice: see e.g. *O2 Holdings Ltd v Hutchison 3G UK Ltd*, para. [57].

229. Both the primary objectives referred to above would be undermined if an unduly narrow formulation of the category of goods for which the "ASSOS" CTM protection will apply were set by the court under Article 15. If a proprietor of a CTM has made genuine use of the CTM within the relevant period set out in Article 15, albeit within a narrower market space than that for which it was originally registered, and is thus entitled to a measure of continued protection for use of the mark in future, there remain good reasons for defining the relevant market space with reasonable latitude, in order to allow the CTM to continue to fulfil its intended functions under the CTM regime and to promote these primary objectives. It is not appropriate to cut down the protection conferred by the registration of the mark to the precise extent of use of the mark by the proprietor in the past, thereby freezing protection by reference to what has happened in the past. This would make no allowance for the dynamic development of businesses which is to be expected in a market, as they respond to shifting patterns of consumer demand within the market sectors in which they operate. For example, a business like that of Assos could reasonably be expected to adapt the thrust of its appeal to consumers (the goods it sells and the marketing it undertakes to sell them) if the market for specialist cycling sportswear began to dry up and the market for its casual wear began to expand. In my view, in formulating a reduced specification for protection by a CTM under Article 15, a court should be careful not simply to freeze the protection of the CTM for the future by precise reference to what the proprietor has done with the mark in the past, but should adopt a formulation which continues to allow for reasonable future development of that established pattern of business.
230. Similarly, from the perspective of seeking to guarantee to the public the source of goods which they might purchase, so that they are not misled, one needs to identify some category of goods or services which relates to the actual use made of the mark and in respect of which, if an average consumer who was aware of the link between the mark and the proprietor of the mark encountered goods within that category using an identical or similar sign, there would be a real risk that they would be misled into thinking that those goods derived from the proprietor of the mark. This perspective again supports adoption of re-defined specification categories pursuant to a determination under Article 15 which allow for a reasonable margin of adaptation outside the precise actual use made of the mark to date. For example, where a consumer is aware of Assos as a source of casual T-shirts, when they encounter casual long-sleeved shirts bearing a confusingly similar "ASOS" sign they might well be misled into thinking that it derives from Assos as well. The goods would be in a category with a sufficient overall degree of similarity as to give rise to the likelihood of confusion.
231. I consider that this approach is supported not only by consideration of the general scheme of protection under the Regulation, but also by the text of Article 15 itself and the corresponding provisions in Article 42(2) and Article 51(1)(a) and by relevant authority. I do not think that the reference to actual use of a mark in the tenth recital to the Regulation undermines it: the significance of that recital has to be assessed in the context of the other recitals, the nature of the regime of trade mark protection created by the Regulation and the primary aims of that regime, referred to above. A series of value judgments, balancing different interests, is inherent in the Regulation and the Directive, and guidance as to the detailed approach to striking the relevant balances is provided by the European case-law on the interpretation of those instruments.
232. Article 15(1) provides that if, in a relevant period, the proprietor of the CTM has not put the mark "to genuine use in the Community *in connection with* the goods or services in respect of which it is registered" (my emphasis), then the CTM shall be subject to sanctions. Article 42 provides for examination of opposition by the proprietor of an earlier CTM to an application to register a new CTM, including on grounds that the earlier CTM has not been used in the relevant five year period; and Article 42(2) includes the following provision: "If the earlier Community trade mark has been used *in relation to* part only of the goods or services for which it is registered it shall, for the purposes of the examination of the opposition, be deemed to be registered in respect only of that part of the goods or services" (my emphasis). Article 51(1)(a) provides for revocation of the rights of a proprietor of a CTM on an application to the OHIM or on the basis of a counterclaim in infringement proceedings if, within the relevant five year period, "the trade mark has not been put to genuine use in the Community *in connection with* the goods or services in respect of which it is registered" (my emphasis); and under Article 51(2), where the grounds for revocation exist in respect of only some of the goods or services for which the CTM is registered, the proprietor's rights "shall be declared to be revoked in respect of those goods or services only".

233. The text I have emphasised in these Articles allows for continued protection of a CTM where there has been genuine use in connection with or in relation to the goods or services specified in the registration. This language imports a comparatively wide linkage between *some* genuine use and the extent of the protection which continues. This wide linkage implicitly allows for continued protection for the future in respect of a market space in relation to which it is reasonable to expect the CTM proprietor to have a genuine continuing commercial interest and need for scope to develop his business. In this case, Assos has made genuine use of its "ASSOS" CTM in connection with, or in relation to, casual wear, and in my opinion there is no sound textual support to limit the scope of protection conferred by that mark for the future more narrowly. In conformity with the guidance given by the Court of Justice in Case C-40/01, *Ansul BV v Ajax Brandbeveiliging BV* [2001] RPC 40, at para. [37], Assos's CTM has not lost its commercial *raison d'être*, "to create or preserve an outlet for the goods ... that bear [the Assos mark]", and the mark has already been used in fact, since Assos has already marketed its goods using the mark and continues to do so. Similarly, Assos satisfies the test proposed by the Court of Justice in Case C-259/02 *La Mer Technology Inc. v Laboratoires Goemar SA* [2004] FSR 38 at para. [20], in the context of the equivalent provision in the Directive, since Assos has put its mark "to genuine use in the course of trade, on the market for the goods ... for which it was registered ..." under the CTM regime.
234. In my judgment, the authorities in this area point to the same conclusion as consideration of the text and scheme of the Regulation: see, in particular, Case T-126/03 *Reckitt Benckiser (Espana) SL v OHIM (ALADIN)* [2005] ECR II-2861, paras. [45]-[46], set out by Kitchin LJ above. As the Court explained at para. [46], "the principle of partial use ... must not ... result in the proprietor of the ... trade mark being stripped of all protection for goods which, although not strictly identical to those in respect of which he has succeeded in proving genuine use, are not in essence different from them and belong to a single group which cannot be divided other than in an arbitrary manner." See also *ANIMAL Trade Mark* [2003] EWHC 1589 (Ch); [2004] FSR 19, [19]-[23] per Jacob J (the test is "what is a fair description which would be used by the average consumer for the products in which the mark has been used by the proprietor?": [19]; an average consumer for surfing related clothing would take "clothing" or "casual clothing" to be the relevant category: [23]); *Thomas Pink Ltd v Victoria's Secret UK Ltd* [2014] EWHC 2631 (Ch), [76]-[77] (sales of discrete items of clothing for upper and lower body: general category of "clothing" was fair).
235. Assos has made genuine use of its mark in a market space which has gone significantly beyond the market for specialist cycling wear of a kind which may be expected to be used solely or predominantly for the activity of cycling. Assos has made genuine use of its mark to sell fashionable casual wear, and it has a legitimate interest to have CTM protection for the development of that business in future, following fashion trends as they emerge in the market to the extent that Assos believes it can profitably do so. For example, at the hearing Mr Alexander QC for Asos sought to suggest that it would be unthinkable for Assos to move into areas such as maternity-wear or lingerie. But I do not think that this is so. I do not consider that adaptation to fashion developments within any part of the field of casual wear can readily be discounted. For example, it is not difficult to imagine development of specially adapted tracksuit wear for expectant mothers, if fashion trends moved in that direction; nor to imagine development of lingerie with sporting themes, or adapted from sportswear, or using sportswear motifs, should fashions move that way. The point is still stronger when looking at casual shirts, tops and trousers. Assos has already made genuine use of its mark in selling goods of this kind, and has a legitimate interest to be able to expand in or adapt to the market for casual clothing of this kind and more generally. The market for casual clothing in which Assos operates is highly fluid and highly adaptive to fashion trends, and there is no reason to think that Assos would not have a legitimate interest to develop its business across the whole of that field, as opportunities happened to arise.
236. Similarly, approaching the question from the perspective of an average member of the relevant consuming public in relation to sportswear and casual clothing generally, I do not consider that an average consumer would think there was any sensible dividing line within the field of casual wear which would be other than arbitrary and capricious: cf the *ALADIN* case at [46] and also Kitchin LJ's observations at para. [116] above. I think that Asos's own website catalogue provides graphic support for this view. It is clearly intended to be an attractive and relevant way of presenting items to the general consuming public. The vast array of items on display there covers the field of casual clothing, and T-shirts, tracksuit tops and sports-type wear appear liberally throughout without any suggestion that they form a separate category of goods or that the consuming public would so regard

them. If the average consumer saw any items within the field of casual clothing bearing or marketed with reference to the confusingly similar 'ASOS' sign, there would be a very real risk that they would assume that the source of those items was the company which operated using the 'ASSOS' mark.

237. In my view, neither party could suggest any sensible, non-arbitrary dividing line between the sort of leisurewear which Assos has already been selling and casual wear generally. I consider that there is no other sensible dividing line of any clarity, which is non-arbitrary and avoids capricious and unjustified limitations on the protection which Assos is entitled to derive from its CTM, upon application of Article 15. In my respectful opinion, the formulation adopted by the Judge and accepted by Kitchin LJ and Underhill LJ (with a modest adjustment) is too narrow. I consider that the appropriate formulation for the present and future scope of the protection accorded by Assos's CTM is "Specialist clothing for racing cyclists and casual wear".
238. I do not consider that this Court is foreclosed from making this assessment for itself, in disagreement with the Judge. In my opinion, the Judge's assessment on this issue was coloured by her unduly narrow understanding of the protection conferred by a CTM, which is manifest at various points in her main judgment and which has been identified by Kitchin LJ (see e.g. paras. [78], [85], [87], [90] and [114] above; also see *Compass Publishing BV v Compass Logistics Ltd*, supra, at [22]-[23] per Laddie J). It is also my respectful opinion that her assessment was clearly wrong.

Article 12 – the own name defence

239. The Judge did not come to a concluded view on the availability to ASOS of the own name defence under Article 12, although she did make some findings and comments relevant to it at paras. [145]-[168] of her main judgment.
240. Article 12 is set out at para. [146] above. By virtue of that provision, a CTM does not entitle its proprietor to prevent a person from using his own name or address in the course of trade, provided he uses it "in accordance with honest practices in industrial or commercial matters." It was common ground, in line with the authorities, that the notion of "honest practices" as used in this EU legislation has an objective aspect beyond a purely subjective test of honesty, such as might be suggested to an English lawyer by that language. In relation to the Trade Mark Directive, the Court of Justice has held that the condition of "honest practice" on which the availability of the own name defence depends "constitutes in substance the expression of a duty to act fairly in relation to the legitimate interests of the trade mark owner": see Case C-100/02 *Gerolsteiner Brunnen GmbH & Co. v Putsch GmbH* [2004] ECR I-710, para. [24]; and Case C-63/97 *BWW* [1999] ECR I-905, paras. [61]-[64]. It is common ground that this guidance applies to Article 12 of the Regulation as well.
241. The rights created under the Regulation when a CTM is registered are not absolute, but are qualified or defeasible in various ways, where varying balances are struck in the Regulation regime between different relevant factors and interests. Article 8(4) (prior rights) and Article 15 (actual user) are examples of this, and Article 12 is another. As it was put in relation to a similar context in *BMW* at para. [62], provisions like this generally seek "to reconcile the fundamental interests of trade mark protection with those of free movement of goods and freedom to provide services in the common market in such a way that trade mark rights are able to fulfil their essential role in the system of undistorted competition which the Treaty seeks to establish and maintain."
242. As regards Article 12, the own name defence operates as an inroad upon the primary objectives of CTM protection referred to above. Where it applies, it allows a person using a sign which competes with a registered CTM to operate within what would otherwise be the protected market space of the CTM proprietor and to create the real risk of confusion on the part of the relevant consuming public regarding the source of goods or services, thereby undermining to some degree "the fundamental interests" of the proprietor of the CTM and the "essential role" of a CTM in protecting the interests of the consuming public. The inroad upon these interests is allowed under Article 12 because of the competing weight given by the Regulation to the interests of someone wishing to use a sign comprising their own name or address (or the other features mentioned in the Article). However, the Regulation does not grant that person an absolute right either. The requirement of use "in accordance with honest

practices in industrial or commercial matters" provides for a standard by which the reconciliation of these competing interests in the market place is to be judged. The competing interests of the CTM proprietor and of the relevant public do not drop out of the picture, but have to be brought into account and given countervailing weight in the application of that standard.

243. I consider that where a commercial undertaking has invested large amounts in branding its goods or services and developing a presence in the market using its own name before it had or ought to have had notice of the competing interests of the proprietor of a CTM, the strength of the interest of that undertaking in continuing to use its own name in that way to maintain the presence it has created will be great, and the degree of adjustment to accommodate the interests of the CTM proprietor to comply with the "honest practices" standard will be correspondingly reduced. It may be fair for the undertaking to continue with the business it has established, rather than to require it to cease using its name and treat the costs it has innocently expended on promoting its brand as wasted. In that regard, I consider that the arguments presented by Asos based upon this factor potentially have substantial force (cf paras. [161]-[162] of the main judgment, where the Judge put them to one side, since she did not have to address them). If, however, the undertaking invested and sought to develop its own name brand after it knew or should have been aware of those interests, then it might be said to have invested in circumstances where it knew it was taking a risk in disregarding those rival interests and that its own investment was in a sense precarious and deserves to carry less weight. That will particularly be so where the undertaking had no compelling reason to choose a competing name rather than another, non-competing name as the name for its brand.

244. Fundamentally, what leads me to a different conclusion on the own name defence issue from Kitchen LJ and Underhill LJ is my view regarding the weight to be given to the interests of the CTM proprietor and the relevant public in the application of the "honest practices" standard. In my opinion, the Regulation and relevant authority requires those interests to be given significantly greater weight than Kitchen LJ and Underhill LJ allow them:

i) Under the scheme of the Regulation, the objectives of creating a protected market space in which the proprietor of a CTM can expect to be able to make unimpeded use of his own mark in relation to the goods or services he sells (so that the CTM can be regarded as a form of exclusory property right) and of seeking to ensure that the relevant public is not confused are very important. This emerges not just from the basic provisions of the Regulation which create the protections for a CTM, but also from the recitals to the Regulation and from the case law of the Court of Justice (see above) which emphasises the importance of these objectives. Recitals (2), (3), (8) and (11) to the Regulation state in relevant part as follows:

"(2) It is desirable to promote throughout the Community a harmonious development of economic activities and a continuous and balanced expansion by completing an internal market which functions properly and offers conditions which are similar to those obtaining in a national market. In order to create a market of this kind and make it increasingly a single market, not only must barriers to free movement of goods and services be removed and arrangements be instituted which ensure that competition is not distorted, but, in addition, legal conditions must be created which enable undertakings to adapt their activities to the scale of the Community, whether in manufacturing and distributing goods or in providing services. For those purposes, trade marks enabling the products and services of undertakings to be distinguished by identical means throughout the entire Community, regardless of frontiers, should feature amongst the legal instruments which undertakings have at their disposal.

(3) For the purpose of pursuing the Community's said objectives it would appear necessary to provide for Community arrangements for trade marks whereby undertakings can by means of one procedural system obtain Community trade marks to which uniform protection is given and which produce their effects throughout the entire area of the Community. The principle of the unitary character of the Community trade mark thus stated should apply unless otherwise provided for in this Regulation. ...

(8) The protection afforded by a Community trade mark, the function of which is in particular to

guarantee the trade mark as an indication of origin, should be absolute in the case of identity between the mark and the sign and the goods or services. The protection should apply also in cases of similarity between the mark and the sign and the goods or services ...

(11) A Community trade mark is to be regarded as an object of property which exists separately from the undertakings whose goods or services are designated by it. Accordingly, it should be capable of being transferred, subject to the overriding need to protect the public being misled as a result of the transfer. It should also be capable of being charged as security in favour of a third party and of being the subject matter of licences."

To the extent that an own name defence is established under Article 12, the property effects of a CTM are correspondingly undermined, as is the primary function of the CTM "to guarantee the trade mark as an indication of origin" (Recital (8); and see the reference to "the overriding need to protect the public being misled" in Recital (11)).

ii) By contrast, there is no corresponding reference to, or explanation for, the own name defence in the Recitals to the Regulation. This omission may also be contrasted with the explicit reference to protection of prior rights in Recital (15). In view of the strongly purposive approach to be adopted in the interpretation of EU legislation, I consider that the Recitals to the Regulation are important indicators of the weight to be accorded to the relevant competing interests which fall to be reconciled by means of application of the "honest practices" standard. Similar points may be made by reference to the Recitals to the Trade Mark Directive.

iii) Absent reference or explanation in the Recitals to the Regulation, it is difficult to regard the interest of an undertaking in being able to use its own name as something to be accorded fundamental weight. There is nothing to indicate that an ability to use one's own name for marketing purposes is regarded as a fundamental right or interest in the legal traditions of Member States. For example, in *Parker-Knoll Ltd v Knoll International Ltd* [1962] RPC 265, the House of Lords held that a company which used its own name to brand goods in circumstances likely to cause confusion to the public had no defence to a passing off claim. In particular, it is difficult to say that the right of a company to use its own name is to be accorded fundamental weight under the scheme of the Regulation, since companies have a free choice to choose and change their names and to allow them to take the benefit of a defence under Article 12 too readily would undermine the intended objectives of the Regulation regime for CTMs to a very great extent.

iv) The defence under Article 12 is not a ground for opposition to registration of a CTM, and in that regard is to be contrasted with the range of matters to which reference may be made to oppose registration (as set out in Article 8) or to seek a declaration of invalidity (as set out in Article 53), including again by reference to the prior rights of the person opposing registration. The own name defence in Article 12 thus allows for a lesser, secondary degree of protection, against alleged claims of infringement of a CTM. Again, therefore, it is difficult to say that under the scheme of the Regulation the interest of a person to use their own name is regarded as of fundamental importance.

v) As set out in *Gerolsteiner* at para. [24], the "honest practices" formula imposes an obligation on the person seeking to rely on a defence under Article 12 "to act fairly *in relation to the legitimate interests of the trade mark owner*" (my emphasis). As I have sought to explain above, the legitimate interests of the proprietor of a CTM under the scheme of the Regulation include not just an ability to continue using his CTM as he has done in the past, but to expand and develop his use of the CTM in the market space defined by the registration of that CTM in respect of the categories of goods or services set out in the specification. In my view, this means that the person seeking to rely on the Article 12 defence is required to have regard to these legitimate interests of the proprietor of a competing CTM and should seek to accommodate them fairly when deciding whether and how to carry on his own business in his own name. In my judgment, Asos has failed to have regard to Assos's wider legitimate interests in respect of its CTM to any significant degree at all. In this respect, the point I make at paras. [199]-[200] above regarding the obvious risk of confusion of the public is also relevant. At most, Asos has taken some limited steps to prevent confusion arising in relation to cycle-wear.

vi) In the leading domestic authority relevant to the own name defence, *Reed Executive Plc v Reed Business Information Ltd* [2004] EWCA Civ 159; [2004] RPC 40, Jacob LJ said, "In practice there would have to be significant actual deception – mere possibilities of confusion, especially where ameliorated by other surrounding circumstances (mere aural confusion but clearly different bottles [as in *Gerolsteiner*]) can be within honest practices" ([129]). In my view, this dictum was framed in light of the particular facts of the case, and did not purport to address directly the sort of situation in which an undertaking (here, Asos) has occupied a market space which it knew, or should have known, was reserved for the proprietor of a CTM (here, Assos), even if the proprietor had not yet moved to occupy that space himself. In this type of situation, the degree of risk of actual deception will still be a significant factor, much as Jacob LJ indicated, but the question has to be addressed on the hypothetical basis of full notional fair use by the proprietor of his mark, since it is in relation to such legitimate interests of the proprietor that the fairness of the conduct of the user of the sign has to be assessed. Framed in that way, it is obvious in this case that there would be a high likelihood of confusion (from use of the highly similar signs "ASOS" and "ASSOS" in relation to identical or very similar goods) and that significant actual deception would occur. In my opinion, it is no answer to the "honest practices" point for Asos to say that Assos has not yet used its rights in the part of the market space reserved for Assos which Asos has chosen to occupy using its "ASOS" sign. That would accord no significant respect or weight to Assos's *rights* (as distinct from its actual use of the rights to date), contrary to the intended scheme of the Regulation. Moreover, under the scheme of the Regulation, questions of restriction of rights by reference to actual use and questions of loss of rights through acquiescence or waiver are accommodated by express provisions (in particular, Articles 15, 51 and 54), and there is no sound reason to give greater effect to these matters than is allowed for in those provisions, by treating the "honest practices" standard as limited to requiring respect for actual use made by the proprietor of his mark to date.

245. The following are the salient chronological points for the purposes of analysis under Article 12:

- i) In late 2001 Assos applied to register "ASSOS" as an international trade mark in respect of "clothing articles for sports, particularly clothing for racing cyclists", and such registration was granted.
- ii) In 2002, Asos decided to change its name and branding from "As Seen On Screen" to the acronym "Asos", for use in relation to its website, and from about 2004 or 2005 it began to sell its own, non-branded clothing items on that website. It did not check whether similar signs were already in use. It did not conduct trade mark searches. The Judge said that this was "a surprising stance for ASOS to have taken" (para. [153] of the main judgment). I agree. Asos was already a considerable business and clearly had the aim of increasing its turnover and sales of goods using the "ASOS" sign as much as it could. It knew that if there happened to be any similar trade mark in the market place, its use of the "ASOS" sign could have a big impact on that mark; the means to check were readily to hand; and Asos had plenty of resources available to it to conduct a proper check. This was not a case of an under-resourced one-man company making an unwitting and perhaps excusable blunder in choosing a confusing name. I consider that "honest business" practices for a person in Asos's position would have involved conducting reasonable checks whether "ASOS" or any similar sign was already being used to market goods of the same type which Asos intended to market, to make sure it would not trespass upon the legitimate interests of other undertakings using the same or similar names. That this is the kind of check to be expected under the "honest practices" standard in the Regulation is underlined by the fact that the Regulation itself recognises the protective effects which are associated with national and international trade marks: see Article 8(1) and (2) and Article 53(1)(a) (opposition to the registration of a CTM or a claim for a declaration of invalidity may be based on such trade marks). A crude check by googling the name "ASOS" to see if anything came up (the procedure used by Asos, as described at [152] of the main judgment) did not represent a fair attempt to have regard to the potential legitimate interests of others. In my opinion, "honest practices" within the meaning of Article 12 should have included a check for similar name trade marks. Had such a check been carried out in competent fashion, there is no reason to doubt that the registered "ASSOS" international trade mark of Assos would have been discovered. I do not regard the Judge's view that this would not have caused concern, because the field of activity described in that registration was remote from Asos's business, as sustainable. The Judge seems to have focused on the words in the registration, "particularly clothing for racing cyclists", since if she had focused on the words "Clothing articles for sports" it is clear that Asos's website and own-brand goods would have included such articles, including track suit tops and bottoms, T-shirts and so forth.

But as a matter of the language used for the registration, there is no reason to treat these wider words as limited and confined by the phrase beginning "particularly ...", which is merely illustrative of the general class. Therefore, in my view, had Asos acted in accordance with "honest practices" at this stage, before it ramped up its investment in a business using and marketing goods using the "ASOS" sign, it would have appreciated that it ought to adopt a different sign for itself, so as not to trample on Assos's existing rights and legitimate interests with respect to use of the "ASSOS" mark and to avoid the risk of confusion on the part of the relevant public.

iii) The registration of Assos's CTM "ASSOS" is treated as taking effect from June 2005.

iv) In 2006, Asos found out about Assos's CTM when Asos applied to register its own "ASOS" sign and attracted the opposition of Assos. Thereafter, Asos was well aware that Assos objected to its use of the "ASOS" sign.

v) There were a number of opposition proceedings across Europe in relation to Asos's attempts to register its sign as a trade mark. Asos failed to register its sign, but nonetheless pressed on with its plans to expand its internet business and to sell goods using the "ASOS" sign.

vi) From 2007, Asos began to sell its own clothing items on its website using the "ASOS" brand name to describe them in the display on the website. This was conduct by Asos which may be contrasted with that in other cases where the own name defence (or similar) has been prayed in aid, in which the undertaking using the confusingly similar sign sought, when it learned of the protected mark, to take steps to minimise so far as reasonable the risk of confusion for the relevant public: see *Gerolsteiner and Reed Executive Plc v Reed Business Information*, [129]-[130]. To use the "ASOS" sign directly in relation to the sale of Asos's own brand clothing on its website in this way plainly increased, rather than reduced, the risk of confusion on the part of the relevant public. In my view, this was a further distinct failure on the part of Asos to comply with "honest practices."

vii) In 2008, Asos changed its logo from "ASOS" (in capitals) to the lower case, "asos". This was clearly much closer in appearance to the lower case "assos" logo which Asos was then aware that Assos used in relation to its goods. As the Judge observed (para. [166] of the main judgment), this was a step that increased rather than diminished the risk of confusion between the two brands. This was conduct by Asos which was again the opposite of that described in *Gerolsteiner and Reed Executive Plc v Reed Business Information*, at [129]-[130], as relevant to support an own name defence. In my view, this was a further distinct failure on the part of Asos to comply with "honest practices".

viii) In 2009, Asos sold some "ASOS" brand items of clothing on its website described as "cycling shorts", but at some point (it seems, from about 2012) efforts began to be made to remove descriptions which referred to cycling wear: see paras. [159]-[160] of the main judgment. The Judge said that this indicated that Asos had taken, albeit belatedly, "an appropriately precautionary stance to ensuring that it does not promote goods bearing the ASOS name that directly relate to cycling and that it minimises the likelihood that links to ASOS products will be thrown up by a search of the internet for typical Assos goods" ([160]).

ix) From about 2010, Asos began to set up country specific own-language websites selling "ASOS" branded goods and other goods in other EU Member States, namely France, Germany, Spain and Italy. I discuss this further below.

x) Asos has bid for the word "assos" as a keyword on Google, and until recently continued to maintain its interest in this word for searches on Google: paras. [163]-[165] of the main judgment. We were told that since the judgment below, Asos had ceased to do this. The Judge said that Asos's decision to bid for the "assos" keyword caused her concern: [165]. I agree. Asos knew that this was the mark used by Assos. In my view, this behaviour by Asos involved another failure to comply with the "honest practices" standard, albeit we are told it has now been rectified.

246. Four issues emerge from the discussion above. First, is the availability of the Article 12 own name defence affected by Asos's failure to undertake reasonable checks between 2002 and 2005 regarding the existence of

trade marks similar to the "ASOS" sign which it wished to use, with respect to identical or similar categories of goods or services, before it commenced using the "ASOS" sign and invested in developing it as a brand? At that stage, Assos did not have a registered CTM in relation to its "ASSOS" mark, but only a registered international trade mark. So at that stage, Assos cannot point to any legitimate interests it had *under the Regulation*. However, at that stage Assos did have an existing business using the "ASSOS" mark for sports clothing, and by its registration of its international trade mark (with applicability in at least some states in the EU, including the United Kingdom) it had given public notice of its legitimate interests in relation to that mark.

247. I find the arguments on this point finely balanced. However, in my opinion, the availability of the own name defence is affected by Asos's failure to conduct reasonable trade mark checks in the period prior to the registration of Assos's CTM. The "honest practices" standard has been defined by the Court of Justice as a duty to act fairly "in relation to the legitimate interests of the trade mark owner" (*Gerolsteiner*, para. [24]), and I think that the relevant standard and those interests are capable of extending to take account of conduct of the alleged infringer and of the current proprietor of the CTM in the period before it came to be registered. In many cases where the own name defence is relied upon, the alleged infringer will rightly seek to point to actions taken by him at a time before he knew of the CTM (and therefore before he was aware of any specific duty owed by reason of it), just as in this case Asos points to investment in the "ASOS" brand which it made before it was aware of the "ASSOS" CTM. The relevant "honest practices" standard is not one set purely by reference to rights or interests known to arise under the Regulation, but calls for a more general, global assessment whether the alleged infringer has acted at all relevant times in accordance with objective proper standards of commercial behaviour which one would reasonably expect of a commercial undertaking acting in the particular context. It is difficult to see why Asos should be allowed to refer, as it does, to investment in its brand made before Assos's CTM was registered as a factor to be given weight (a point which in my view has considerable force: see above), but that Assos should be precluded from attacking the weight to be attached to that investment by pointing out that if Asos had behaved according to proper standards of commercial practice it would have realised that there was a substantial problem and should have adopted a different brand name.
248. In my judgment, had Asos taken appropriate steps, as it should have done in 2002-2005, to check for others using marks which would compete with its proposed "ASOS" sign, such that its choice to use that sign would give rise to a likelihood of confusion of the public, it would have discovered that Assos was already using its "ASSOS" mark in the relevant market. As a matter of ordinary "honest practices" in that commercial context, to avoid interfering with Assos's existing interest and to avoid creating the likelihood of confusion of the public, Asos should have adopted a different sign to use in selling its own-brand goods. If it was going to sell its own-brand goods on a website using the "ASOS" name, it should have adopted a name for its own-brand goods which was clearly differentiated from that name, so as to avoid the risk of confusion stemming from selling own-brand goods on a website using that name (much as supermarket chains sometimes sell their own-brand clothing using different names, such as with Sainsbury's "Tu" clothing collection). If a clearly different sign had been used for the goods, then the likelihood of confusion of the public as to whether Assos might be the source of the goods could have been avoided: just as an average member of the relevant public would not think that a branded "Adidas" sports top sold on the Asos website derives from Assos, so if Asos used a clearly differentiated own-brand sign to label its own goods confusion regarding the source of the goods could have been avoided. It should be noted that Assos did not have an international trade mark registered in respect of provision of services (such as operation of an internet portal), as distinct from goods.
249. If it is appropriate to adopt this global and historic approach to assessment of compliance with the "honest practices" standard, as I think it is, I consider that the practical effect is to undermine Asos's entire attempt to rely on the own name defence. At the time when Asos decided to use a website using the sign "ASOS" to sell own-brand goods without clearly differentiated labelling, it could and should have appreciated that it ought to use another sign which differentiated its goods from those of Assos, and should then have invested in developing its brand using that different sign. Having failed to do that, it is not a matter of fair competition (see *Gerolsteiner*, paras. [24] and [26]) for Asos now to say that it has invested in its "ASOS" branding and should be allowed to continue to use that brand name for its goods, notwithstanding Assos's rights in respect of its CTM.
250. Secondly, even if I am wrong about that, and Asos is entitled to say that its compliance with the "honest

practices" standard is really only in issue after the time when it learned of Assos's CTM in 2006, by which time it had already invested in and established its brand name (including, indirectly, for its own goods) using the "ASOS" sign, I consider that it is not appropriate to assess Asos's compliance with the standard simply by reference to the steps it took (such as they were) to minimise any collision between its expanding business and Assos's already existing business, in the cycling wear niche in which it was established. In my view, by taking only such limited conflict-avoidance measures, Asos failed to have regard to, and hence failed to "act fairly in relation to", the legitimate interests of Assos as the owner of the "ASSOS" CTM (*Gerolsteiner*, para. [24]). Those legitimate interests included not just the use which Assos had already in fact made of its mark, but the expanded uses to which it might fairly put the mark. Asos paid no regard at all to those wider interests when it expanded its business selling own-brand goods using the "ASOS" sign. Asos acted as if Assos had no rights or legitimate interests at all in respect of the market space which was supposed to be reserved for Assos's use of its mark, without fear of competition from confusingly similar marks for identical or similar goods; instead, Asos treated that market space as one which it was entirely at liberty to enter and occupy for itself.

251. At para. [151] of the main judgment, the Judge said that she did not accept that the use of the "ASOS" brand when the business expanded geographically and by the introduction of the own-label clothing was inconsistent with the "honest practices" standard: "I can see that it is important for an online retailer to have a consistent name across Europe, particularly as customers in countries where there is as yet no website may use the English language website and then be encouraged to migrate to their own country website if and when that it launched". However, I do not regard this as a good answer to Assos's case. It is striking that the Judge refers here only to Asos's own commercial interests, and makes no reference to how they ought to have been reconciled, under the "honest practices" standard, with the wider legitimate interests of Assos under the scheme of the Regulation, in relation to the wider notional fair use of its mark. I think the Judge's comment here, effectively leaving the market space open for unimpeded occupation by Asos by reference only to its own commercial interests, was affected by her own erroneous views regarding the narrowness of the interests in fact protected by Article 9(1)(b) of the Regulation. As she observed at para. [158] of the main judgment, by the stage of her discussion in relation to Article 12 she had already found (erroneously) that Assos's objections to Asos's use of its sign were based on an assumption that its mark covered a broader category of goods than she found was merited and that the likelihood of confusion was very limited.
252. I would also add that I consider that it is an error, in the context of the "honest practices" standard in Article 12, to treat the legitimate interests of the proprietor of the CTM as confined to the uses to which he has actually put the mark, when the relevant provision in the scheme of the Regulation for narrowing the rights of the proprietor is that set out in Article 15 (as has been discussed above). If the proprietor's rights, even allowing for application of Article 15, remain wider than the very specific actual uses to which the proprietor has put the mark, the proprietor has a legitimate interest to be protected with respect to such rights, and the alleged infringer on notice of those rights should seek to take steps to accommodate them.
253. Thirdly, if I am wrong on the first issue, and Asos is entitled to have the question of "honest practices" examined on the basis that its conduct was in compliance with such practices at least until it became aware of Assos's CTM in 2006, what then? On this footing, by 2006 Asos had already established a thriving business selling its own-brand goods (alongside third party goods) via a website using the "ASOS" sign. In my view, the position then would be that by the time Asos learned about Assos's competing interests with respect to its registered CTM, Asos already had a strong interest to continue developing its already established business within reasonable limits which reflected its line of development up to that point.
254. As noted above, a business is a dynamic thing, which changes to reflect market developments. The protection afforded by Article 12 would cover the continued reasonable development of Asos's business within the market space already occupied by it. That was already, in effect, the whole range of casual clothing sold via the "ASOS" branded UK website. Within that market space, new own-branded clothing items (albeit not described as "ASOS" goods on the website itself) could be introduced and sold, and Asos could seek to expand its turnover and sales of such items. However, in my opinion, Article 12 would not protect Asos in relation to expansions or ventures going significantly beyond the scope of that already established business.

255. In the present case, I consider that Asos's creation of country specific own-language "ASOS" websites directed at other EU Member States and selling "ASOS" branded clothing was a new departure of this nature. In my view, in compliance with "honest practices" in relation to the legitimate interests of Assos, Asos should not have taken that further step; or, if it was going to move to use country specific own-language "ASOS" branded websites, it should have taken care to use a different name for its own-brand goods to be sold on such sites. It should have accepted that Assos had the prior and better right to protection of its interests with respect to occupation of that market space, and should have refrained from opening up this new area of conflict with Assos's interests. Asos was entitled to continue to develop its business within its existing sphere, but outside that sphere was required to respect the rights of Assos as proprietor of the relevant CTM and not seek to move further into the other parts of the market space protected for the proprietor by the registration of its CTM.
256. I appreciate that to define the ambit of protection for Asos under Article 12 in this way is rather abstract, but in my view the drawing of rather indistinct lines is inherent in the approach required under the Regulation at various points, and the application of the "honest practices" standard is one of these. The discussion is abstract because the ideas of a legitimate commercial interest or business are often rather vague and not susceptible of precise definition, particularly where one wishes to allow for reasonable scope for their dynamic adaptation to circumstances. Asos's legitimate interests for the purposes of Article 12 (if I am wrong on the first issue above) included reasonable, but not over-extensive, development of its existing business.
257. Fourthly, issues arise regarding the effect of the other alleged failures by Asos to observe "honest practices", with due regard to the legitimate interests of Assos: the fact that steps were only taken in an attempt to remove reference to cycling-wear belatedly, several years after Asos became aware of Assos and its mark and business; the fact that Asos bid for the Assos keyword; the fact that in 2007 Asos began to describe its own-brand goods using the sign "ASOS" in the descriptions displayed on the website; and the fact that in 2008 Asos adopted the lower case "asos" sign, which in my opinion is very similar indeed to the "assos" mark in its lower case form as used by Assos. In my view, all these things constitute failures on the part of Asos to comply with "honest practices". I consider that Asos had no pressing commercial need to bid for the keyword, to start using the "ASOS" sign as a description of goods on the website or to use a lower case form of its sign, and certainly no pressing need of a kind which could allow it simply to ignore Assos's interests as the proprietor of the "ASSOS" CTM and the relevant public's interest in having conflicts between the mark and sign minimised as much as possible. Nor did Asos have any good explanation why it failed for so long to put in place steps to eliminate cycle-related references to its own-brand clothing on its website (a particularly acute form of conflict between the "ASOS" sign and the "ASSOS" mark). Overlooking or ignoring the problem is not a good excuse: Asos was on notice of Assos's CTM and the focus of its business and should have been taking steps to respect Assos's interests so far as reasonably possible, even when developing its own business in reliance on the own name defence.
258. The first and third failures listed above have now been rectified, but the second (use of the "ASOS" sign in descriptions of own-brand goods on the website) and fourth (use of a lower case "asos" sign) continue. The remedy in relation to the first and third failures would have to address any consequences which occurred as a result of those historic breaches of the standard: see *Reed Executive Plc v Reed Business Information*, [131]ff. The remedy for the second and fourth failures should address both their effects in the past and their continuing nature.

Conclusion

259. There is a thread which links each of my points of difference from Kitchen LJ and Underhill LJ. It is that I consider that greater weight should be given to the rights of the proprietor of a CTM and the protection of the interests of the relevant public, when the Regulation calls for them to be balanced against other factors (e.g. under Articles 12 and 15), than they would allow.