



Neutral Citation Number: [2015] EWCA Civ 220

Case Nos: A3/2013/3163
A3/2013/3170
A3/2014/0619

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
[2013] EWHC 2831 (Ch)
[2014] EWHC 123 (Ch)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 01/04/2015

Before:

LORD JUSTICE KITCHIN
LORD JUSTICE UNDERHILL
and
LORD JUSTICE SALES

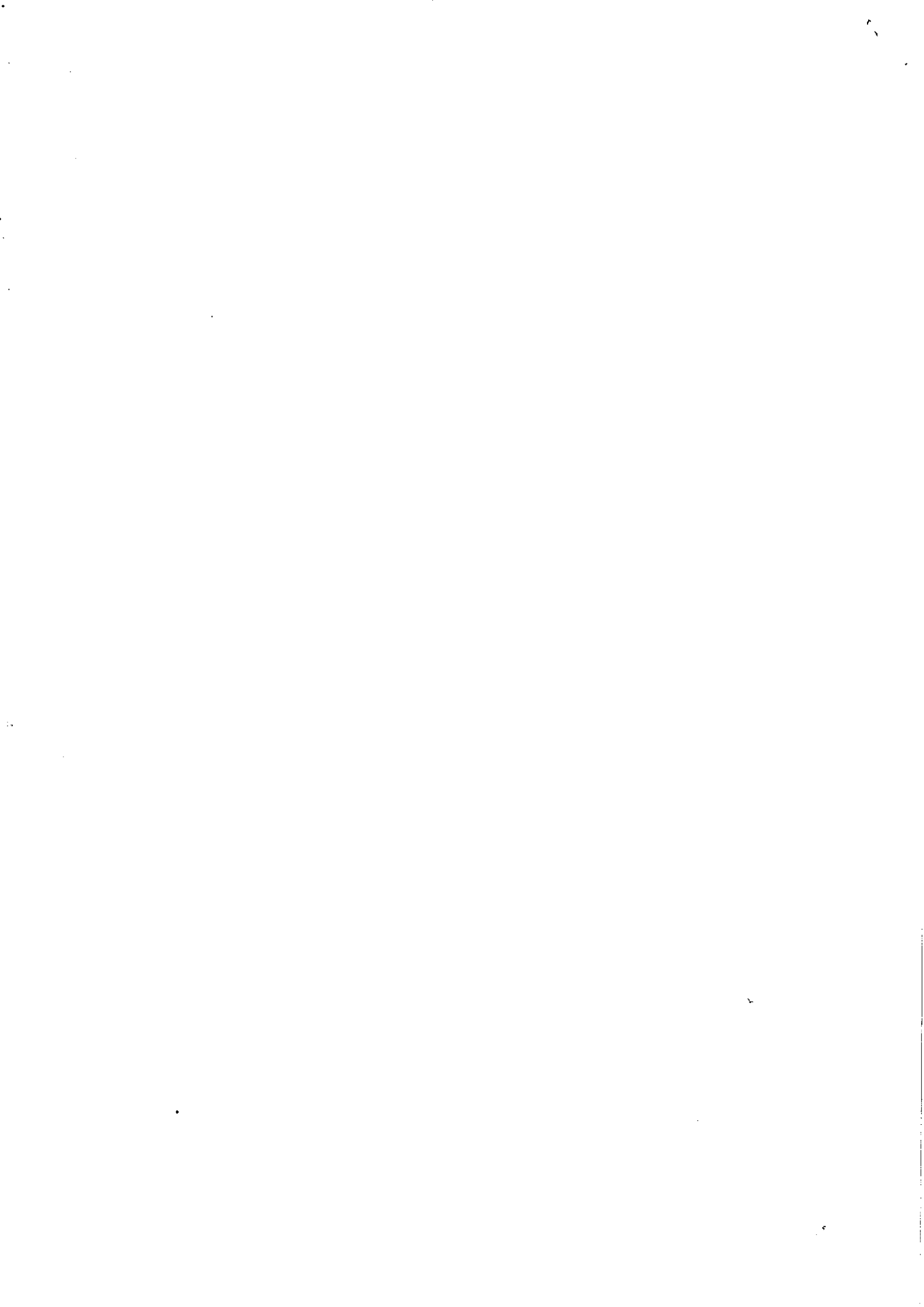
Between:

(1) Roger Maier
(2) Assos of Switzerland SA
- and -
(1) ASOS plc
(2) 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

**Judgment Approved by the court
for handing down
(subject to editorial corrections)**

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.

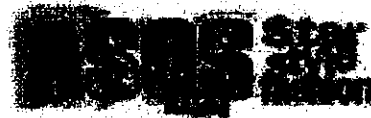
10. The business has been staggeringly successful. In its first year it achieved a turnover of just over £1 million and 10 years later that had risen to nearly £340 million. In the year ending 31 March 2012, the turnover was nearly £500 million and, as at 18 December 2012, Asos had a market capitalisation 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 Fearne 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) ...