

Court of Appeal Divided Over Use of ‘Own Name’ Defence to Trade Mark Infringement

The Court of Appeal has delivered its decision on *Roger Maier and Assos of Switzerland SA v. ASOS plc and ASOS.com Limited*, the latest in a long-running series of trade mark disputes between Assos, the manufacturer of high-quality cycling clothing and sportswear, and Asos, the online fashion retailer. The case considers the extent to which an infringer is able to rely on the “own name” defence to trade mark infringement under Article 12 of the Community Trade Mark Regulation (CTMR).

The decision demonstrates the difficulties faced by brand owners and practitioners alike in predicting the outcome of trade mark disputes, with much of the first instance decision being overturned and the Lord Justices of the Court of Appeal unable to reach a unanimous verdict. By a majority of 2-1, the Lord Justices held that, whilst Asos's use of the mark ASOS had infringed Assos's earlier rights in the mark ASSOS, Asos was entitled to rely on the “own name” defence to trade mark infringement and was therefore not liable for trade mark infringement. In a lengthy dissenting judgement, Sales LJ disagreed with the application of the own name defence, stating that greater weight should be given to the rights of the trade mark owner and the protection of the interests of the relevant public.

Background

Assos is the owner of various registered trade marks, including an International Registration dating from 2001 for the stylised word mark ASSOS, covering bicycles and parts in Class 12 and clothing for racing cyclists in Class 25. In 2006, Assos registered a European Community Trade Mark (CTM) for the word mark ASSOS in respect of, among other things, clothing, footwear and headgear. In 2011, they brought trade mark infringement and passing off proceedings in respect of Asos's use of the mark ASOS in relation to their online fashion retail business and their ASOS own brand clothing. Assos also contended that a UK trade mark registration of the mark ASOS, registered by Asos in 2012, was invalid.

Asos contended that there was no infringement and relied on a number of defences, including the “own name” defence (Asos being its corporate name), which entitles a party to use in the course of trade his own name or address, provided such use is “in accordance with honest practices in industrial or commercial matters”. Asos was initially founded in 1999 under the name “As Seen On Screen”, but adopted the acronym ASOS as its business name and on its website in 2002. Asos also counterclaimed that the CTM relied upon by Assos was liable to be revoked for non-use and that it was invalid on the basis of Asos's earlier unregistered rights in the mark ASOS.

First Instance Decision

In her judgement delivered in 2013, Rose J held at first instance that:

- i. Asos's CTM should be partially revoked, being limited to “Specialist clothing for racing cyclists; jackets, t-shirts, polo shirts, track-suit tops, track-suit bottoms, casual shorts, caps”;
- ii. Asos's invalidity claim failed as Asos had insufficient goodwill in the mark ASOS at the relevant date to mount a successful passing off claim;
- iii. There was no likelihood of confusion between the use of the mark ASOS and the registered mark ASSOS, and use of the mark ASOS has not damaged the distinctive character or repute of Assos's CTM; and
- iv. On the basis that there was no infringement of Assos's CTM, there was no need to consider whether the own name defence applied.

Both parties appealed the decision.

Judgement of the Court of Appeal

The Court's judgement was unanimous on certain issues, but notably divided on others. The Court unanimously overturned Rose J's decision on the likelihood of confusion and damage to distinctive character, holding that the Judge had mistakenly focussed solely on the actual use made of the ASSOS mark rather than a notional and fair use of the mark across the entirety of the specification (as restricted). In particular, and unlike the Judge, the Court was not swayed by the fact that there was little “actual confusion” between the marks, noting that the parties' channels of trade had, to date, been different. The Lord Justices therefore held unanimously that the use of ASOS had infringed the earlier ASSOS CTM. The Court was divided, however, on the extent to which Assos's CTM should be revoked and on the application of the own name defence.

Revocation of the ASSOS CTM

By majority, the Court held that the specification of Assos's CTM should be limited as found by the Judge, save that the word “racing” should be deleted as Assos's cycling clothing was aimed at amateur as well as professional cyclists. The Lord Justices agreed with the Judge that “jackets, t-shirts, polo shirts, track-suit tops, track-suit bottoms, casual shorts, caps” was an appropriate limitation as far as Assos's range of casual clothing was concerned, stating that the term “casual clothing” as proposed by Assos was too broad a category to be supported by the use shown.

Sales LJ, dissenting, considered this limitation too narrow and

unduly restrictive on Assos's legitimate interest in having CTM protection which allows for the reasonable future development of its established pattern of business. Sales LJ therefore agreed with Assos that "casual clothing" was a more appropriate formulation, this being the only sensible dividing line of any clarity which was non-arbitrary and avoided capricious and unjustified limitations, in his view.

The Own Name Defence

Having unanimously upheld Assos's claims for infringement, the Court held by majority that Asos could rely on the own name defence. The crucial question was whether Asos's use of ASOS had been "in accordance with honest practices in industrial or commercial matters". Kitchin LJ and Underhill LJ considered the following circumstances to be relevant in reaching the conclusion that Asos had fulfilled its duty to act fairly:

- i. The name ASOS had been adopted innocently, it being an acronym of the previous name "As Seen On Screen". It had never been Asos's intention to confuse the public or to trade off or otherwise damage the goodwill associated with the Assos business.
- ii. Whilst Asos did not conduct a trade mark search when adopting the name in 2002, had it done so, it would only have revealed that the Assos business was directed to and focussed upon the supply of specialist cycling wear, which Asos did not believe would be affected by its own services in the provision of fashion wear.
- iii. Both parties had developed their respective businesses over the years that followed and had each acquired a substantial reputation and goodwill.
- iv. There had been no actual confusion in practice and Asos's activities had not benefitted from, nor been detrimental to, Assos's activities and its reputation.
- v. Whilst the Lord Justices had found infringement based on a notional and fair use of the mark ASSOS across the breadth of the CTM specification, on the evidence, Assos had no intention of making such broad use.
- vi. Asos had not taken any steps towards the Assos business model and, to the contrary, had, albeit belatedly, taken steps to ensure that it did not sell cycling-inspired fashion wear. Asos had conducted its business as it began in such a way as not to cause confusion and, in doing so, had been alert to the need not to take steps which might lead to a real conflict.

In his dissenting judgement, Sales LJ held that the own name defence should not apply, considering that more weight should be given to the rights of the trade mark proprietor and the interests of the public in not being confused. In finding that Asos had not fulfilled its duty to act in accordance with honest practices, he considered the following facts to be relevant:

- i. Asos had failed to conduct trade mark searches or reasonable

checks when adopting the ASOS name.

- ii. In 2007, after it became aware of Assos's CTM and of Assos's objection to its use of the mark ASOS, Asos began selling own-brand clothing under the mark ASOS.
- iii. In 2008, Asos changed its logo from "ASOS" (in capitals) to a lower case logo "asos" which was much closer in appearance to the lower case "assos" logo used by Assos and of which Asos was aware.
- iv. In 2009, Asos sold ASOS branded cycling shorts on its website and only took steps to remove descriptions referring to cycling wear in around 2012.
- v. From around 2010, Asos began expanding its use by way of country-specific websites selling ASOS branded goods in other EU countries.
- vi. Asos had bid for the word "assos" as a keyword on Google and continued to maintain its interest in the keyword until around the time of the first instance decision.

Sales LJ considered all of the above to constitute failings on the part of Asos to comply with "honest practices".

Invalidity of Asos's UK Registration

The final part of the Court's judgement focused on Assos's challenge to the validity of Asos's UK registration, based on the earlier ASSOS CTM. Assos was successful in invalidating the UK registration in respect of, among other things, all of the goods in Class 25 (essentially clothing and headgear) and all of the services in Class 35 (essentially online, mail order and in-store retailing) insofar as they related to clothing.

Comment

The Court's majority decision on the availability of the own name defence is likely to have come as a surprise to many, and is of particular interest in view of the fact that the European Commission's proposed reforms to EU trade mark law, originally published in draft in 2013, include clarification that provisions allowing third parties to use their own name or address without risk of infringement will apply only to personal names and addresses and not to corporate ones.

The case also illustrates several other issues facing brand owners, practitioners and the courts, including the balance to be struck between affording adequate protection to brand owners and the need to avoid overly wide specifications which do not fairly reflect the use made of a mark and which may unduly restrict competition. The case also highlights the importance and value of having full trade mark availability searches conducted prior to adopting a new brand.

For now, the Court of Appeal has denied Assos's request for leave to appeal, as well as their request to refer questions to the Court of Justice of the European Union. Assos will therefore need to seek permission to appeal directly from the Supreme Court if they wish to appeal the decision.