

**BL O/1064/24**

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NUMBER 3,833,327 IN THE NAME OF ZARZAR LLC

AND IN THE MATTER OF THE OPPOSITION UNDER NO 437,884 IN THE NAME OF INDUSTRIA DE DISEÑO TEXTIL, S.A

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF NATALIE MORRIS (O/355/24) DATED 17 APRIL 2024

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DECISION

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**Introduction**

1. This is an appeal from the decision of N. Rhea Morris, for the Registrar, dated 17 April 2024 (O/355/24). Industria De Diseño Textil, S.A opposed the application of ZarZar LLC under sections 5(2)(b) and 5(3) of the Trade Marks Act 1994. The opposition failed in its entirety. Industria De Diseño Textil appeals.
2. ZarZar LLC applied to register the mark ZARZAR (No. 3,833,327) in relation to the following goods and services in Classes 25, 35 and 41:
  - Class 25: Bikinis; Shirts; Tank-tops.
  - Class 35: Advertising and promotional services; Modeling agency services; Promoting the goods and services of others; Retail services relating to clothing; Online retail store services relating to cosmetic and beauty products; Retail services in relation to footwear; Retail services relating to fragrancng preparations; Retail services in relation to hair products; Online retail services relating to handbags; Retail services in relation to headgear; Talent agency services [business management of performing artists]; Wholesale services in relation to clothing.
  - Class 41: Education services; Education services relating to design; Education services relating to nutrition; Educational services relating to sports; Education services relating to modelling; Educational services for teaching acting; Education services relating to health; Education services relating to fashion; Education services relating to physical fitness; Entertainment services; Providing multi-media entertainment via a website; Providing online videos, not downloadable; Online publications, namely blogs.
3. The Appellant relied on two earlier marks. The first is the word mark ZARA, which is registered in Classes 25 and 35. This mark is relied upon in relation to the opposition under section 5(2)(b) to challenge all the goods and services in Classes 25 and 35 and in relation to the opposition under section 5(3) to challenge all the goods and services covered by the Respondent's mark. As the mark was more than five years old on the relevant date, the Appellant was required to prove use.

4. The second earlier mark is a pending application to register the word mark ZARA in Classes 25, 35 and 41. This mark is relied upon to challenge all the goods and services covered by the Respondent's application under both sections 5(2)(b) and (3).

### **Standard of appeal**

5. The standard of appeal is by way of review. Neither surprise at a Hearing Officer's conclusion nor a belief that the Hearing Officer has reached the wrong decision will suffice to justify interference in this sort of appeal. Before that is warranted, it is necessary for me to be satisfied that there was a distinct and material error of principle in the decision in question or that the Hearing Officer's findings were rationally insupportable. The principles to be applied were summarised by Joanna Smith J in *Axogen Corporation v Aviv Scientific Ltd* [2022] EWHC 95 (Ch), [24] and in relation to findings of fact this should now be read in light of the summary of Arnold LJ in *Lidl Great Britain Ltd v Tesco Stores Ltd* [2024] EWCA Civ 262, [110] and in terms of evaluative decisions the Supreme Court's guidance in *Lifestyle Equities CV v Amazon UK Services Ltd* [2024] UKSC 8, [49] where it stated that:

...on a challenge to an evaluative decision of a first instance judge, the appeal court does not carry out the balancing exercise afresh but must ask whether the decision of the judge was wrong by reason of an identifiable flaw in the judge's treatment of the question to be decided, such as a gap in logic, a lack of consistency, or a failure to take into account some material factor, which undermines the cogency of the conclusion.

6. When considering this appeal, and applying these principles, it is important to remember the high bar set.

### **Grounds of appeal**

7. The Appellant puts forward five grounds of appeal. The first is that the Hearing Officer erred in her determination of a fair specification. The second is that the Hearing Officer made an error in comparing the respective marks. The third is that the Hearing Officer was wrong in her assessment of the likelihood of confusion. The fourth is that she erred in assessing whether there would be a link made between the marks for the purposes of section 5(3). The final ground is on the basis the Hearing Officer did not consider whether the use of the Respondent's mark would be detrimental to the distinctive character or the repute of the Appellant's mark.

### **Ground One: Fair specification**

8. Ms Jones, for the Appellant, submits that the Hearing Officer's finding on proof of use was flawed. The Hearing Officer concluded at paragraph 31 of her decision that the following was a fair specification based on the genuine use:

#### **Class 25**

Clothing articles for women, belts, footwear, headgear.

#### **Class 35**

The bringing together, for the benefit of others, of a variety of goods, namely clothing articles for women, belts, footwear and headgear, enabling customers to conveniently view and purchase those goods in a retail store.

9. However, the Hearing Officer had concluded earlier at paragraph 26 that genuine use was established in respect of “clothing/hats/footwear/headgear for men, women and children”. Yet at paragraph 32 she specifically stated that:

there is insufficient material available to me to justify a finding that the Opponent has made genuine use of its mark in the UK for clothing for men and children
10. Clearly, these findings are inconsistent. It is impossible for me to resolve this inconsistency which means the determination of the fair specification is flawed.
11. Nevertheless, the Appellant’s position was that I should not consider genuine use afresh and I could accept the narrow fair specification put forward by the Hearing Officer. This was because, Ms Jones conceded, the inclusion of men’s or children’s clothes in the fair specification would not in itself have made any difference to any other findings by the Hearing Officer. Accordingly, while the Appellant succeeds on the first ground of appeal it is a pyrrhic victory.

## **Ground 2: Comparison of the signs**

12. The second ground of appeal relates to the Hearing Officer’s comparison of the signs. The Appellant challenges the findings in relation to each of the three limbs of the similarity assessment, namely the visual comparison, the aural comparison and the conceptual comparison of the marks. I will consider each in turn.

### *Visual comparison*

13. Ms Jones submits that the Hearing Officer failed to acknowledge or take into account the well-established “rule” that the relevant public gives more weight to the beginning of the marks when comparing them: see, for instance, T-183/02 and T-184/02 *El Corte Inglés v OHIM* [2004] ECR-II 965, [81]. This was, she submits, despite the written submissions of the Opponent (now Appellant) explicitly relying on this principle.
14. This “rule” does not apply irrespective of the facts of the specific case: T-378/19 *Topcart v EUIPO*, EU:T:2020:544, [47]; T-41/23 *Pollen+Grace Ltd v EUIPO*, EU:T:2023:705, [49]).
15. Nevertheless, the Opponent specifically raised the “rule” and it is routinely applied by the registrar where there are common letters at the beginning of the marks. Therefore, the Hearing Officer should have explained why the rule was not being applied. And fell into error by not doing so.
16. Nevertheless, in considering the matter myself, I agree with the points made by the Hearing Officer. The Appellant’s Mark is short, and the Respondent’s Mark is noticeably longer. This is significant because the relevant public is more likely to be aware of the differences between marks when the entire mark can be perceived at once. Likewise, the repetition of the ZAR in the Respondent’s Mark would be something striking to the relevant public. The endings also differ between the two marks. These factors negate any additional weight that might usually be given to the start of the mark. Accordingly, even when the “rule” is taken into account, I think the Hearing Officer’s conclusion that there would be a fairly low level of visual similarity is the right one.

### *Aural comparison*

17. Ms Jones submits that the Hearing Officer also failed to consider the Opponent's argument that ZARA would be enunciated as ZAR-RAH. Instead, the Hearing Officer concluded that it would be pronounced as ZAR-RUH (without mentioning the alternative). In contrast to the visual comparison, this is a case where I do not think the Hearing Officer can be criticised for expressing her conclusion without explicitly setting out why she disagreed with the Opponent. There is no usual "rule" or practice which relates to the submission and there is no obligation on a Hearing Officer to discuss every argument raised by the parties in her decision (*English v Emery Reimbold & Strick Ltd* [2002] EWCA Civ 605, [2002] 1 WLR 2409, [17]; *Fage UK Ltd v Chobani UK Ltd* [2014] EWCA Civ 5, [2014] FSR 2, [115]). Indeed, it is difficult to see what she could have said about the Opponent's submission other than to disagree. I therefore reject this limb of the challenge.

### *Conceptual comparison*

18. Ms Jones put forward two arguments why the mark ZARA would be conceptually similar to ZARZAR. The first was that ZARZAR would be seen as a diminutive of ZARA. This was considered and rejected by the Hearing Officer: Decision, [73]. This was something the Hearing Officer was fully entitled to do and so I reject this submission.

19. The second argument was that the word ZARA would be seen as a reference to the Appellant's brand. This is because, Ms Jones says, ZARA the brand has become a distinct concept for the word ZARA in the same way famous individuals have become a concept of the words PICASSO and MESSI: C-361/04 *Ruiz-Picasso v OHIM* [2006] ECR I-643 and C-449/18 *EUIPO v Messi Cuccittini*, EU:C:2020:722.

20. Ms Jones goes on to submit that as a concept for the word ZARA is the Appellant's brand, ZARZAR would be seen by the relevant public as a sub-brand of ZARA. I cannot accept this submission. It is eliding the comparison of concepts with the likelihood of confusion. The comparison of concepts involves a Hearing Officer determining the individual concept (or concepts) of each mark and then comparing those concepts.

21. The Hearing Officer, quite rightly, concluded that ZARZAR would have no concept attributed to it at all. Accordingly, the conceptual similarity between the two marks would be neutral whether or not ZARA is seen as a person's name or as the Appellant's brand.

22. I therefore reject this criticism of the Hearing Officer's decision.

### **Ground 3: Assessment of likelihood of confusion**

23. Ms Jones further submits that the Hearing Officer's assessment of the likelihood of confusion was flawed when she found there was neither direct confusion nor indirect confusion.

24. In relation to direct confusion, Ms Jones suggests that because of crinkles in clothing or labels it is quite possible that the entirety of the mark ZARZAR would not always be visible when purchasing goods. This, she says, should have been taken into account by the Hearing Officer.
25. I rejected a similar submission in *HUMA* (O/1146/23) at [9] and [10]. This was because it would be quite wrong to allow partial marks to be compared due to the circumstances in which goods might be purchased. It would offend the rule that marks are normally perceived as a whole. And it would lead to a host of permutations being treated as notional uses of a mark.
26. Secondly, Ms Jones submits that due to the average consumer's imperfect recollection the Hearing Officer should have given more weight to the beginning of the mark. I have already addressed and accounted for this argument above.
27. Thirdly, she submits that the Hearing Officer did not give sufficient weight to the fact that some of the goods covered by the marks were identical. It is clear that the Hearing Officer was aware that some of the goods were identical when considering the likelihood of confusion (Decision, [81]) and there is nothing in her decision to suggest she did not take this into account when reaching her conclusion. I therefore reject this submission.
28. Finally, Ms Jones says that the Hearing Officer did not properly take account of the extent of the enhanced distinctiveness enjoyed by the Appellant's Mark.
29. The Hearing Officer found that the distinctiveness of the Appellant's Mark had been enhanced to a high degree (Decision, [78]). Even though the Appellant suggests a higher degree should have been attributed to the mark, there is nothing to suggest the Hearing Officer did not consider all the evidence properly. Accordingly, this factual finding must stand.
30. Turning to the evaluative decision of weighing the effect of the enhanced distinctiveness, this evaluation is fraught with uncertainty, but the Hearing Officer expressly considered and weighed the effect of the strength of the mark in her assessment of the likelihood of confusion. There was no reason put forward by Ms Jones as to why it was wrong other than it did not lead to the result the Appellant would like.
31. In relation to indirect confusion, Ms Jones makes similar points and there is no need to address them twice. However, she also suggests that the Hearing Officer erred because she found that the characters ZAR cannot be said to be a be "separable element" of either mark (Decision, [84]). This, she suggests, was the incorrect test for indirect confusion under *LA Sugar v Back Beat* (O/375/10).
32. I do not accept that *LA Sugar* (or the Court of Appeal's decision in *Liverpool Gin Distillery v Sazerac Brands* [2021] EWCA Civ 1207 which endorsed it) was intending to treat the words used in paragraph 16 of *LA Sugar* as if it were akin to a statutory test.

The term ‘indirect confusion’ is a shorthand for describing when the relevant public assumes that there is an economic link between the two marks. The circumstances when this might happen are not limited to those set out in previous decision, such as *LA Sugar*.

33. The Hearing Officer’s rationale for suggesting there would be no indirect confusion is, therefore, entirely proper.

#### **Ground 4: The assessment of whether there was a link**

34. Once more, Ms Jones raised numerous criticisms of the Hearing Officer’s conclusions on whether there would be a link between the marks in the mind of the relevant public. First, she said that the comparison of the similarity of the goods and services was flawed as she did not consider the overlap that might exist between the relevant public for dissimilar goods. Secondly, she said that the Hearing Officer did not take proper account of the reputation enjoyed by the Appellant. Finally, there was a criticism of the Hearing Officer for saying that any link would be fleeting. I will address each of these in turn.

##### *Failure to consider overlap for dissimilar goods*

35. I do not think there is anything in the first criticism. It is true that the Hearing Officer did not consider explicitly whether there would be overlap between the relevant public for the dissimilar goods (she simply said they were dissimilar). However, she found there was no operative link where the goods were identical and so it would not have been open to her to find there would be a link when the goods were dissimilar. Her failure to consider the overlap could not, therefore, be material to any of her subsequent findings.

##### *Extent of reputation*

36. The second criticism by Ms Jones related to the weight given to the “very strong reputation” enjoyed by the Appellant’s Mark.
37. For the sake of completeness, I note that the conflicting findings relating to genuine use seem to have permeated the factual finding on reputation, as the Hearing Officer found that the reputation extended to “Ready-made clothing for men, women and children” (Decision, [92]). The Appellant accepts that this error was not material to the outcome and, if anything, it would have made a link more likely.
38. The Appellant further relies upon an EUIPO Cancellation Division Decision between the same parties (C 58 788) and its finding as to the reputation in the Appellant’s Mark. The finding of the Cancellation Division – even where the marks are the same – does not assist me. The rule in *Hollington v Hewthorn* [1943] KB 587 makes such decisions inadmissible as mere opinion evidence (see *Rogers v Hoyle* [2014] EWCA Civ 257, [39]).
39. Ms Jones says there was a “complete failure” by the Hearing Officer to account for the actual size and strength of the Appellant’s reputation. She submits that the “strong” reputation mentioned in her Decision (at [97]) does not go far enough and the reputation should have been classed as “outstanding”.

40. I do not dispute that the Appellant's Mark has become very strong in the United Kingdom, but the argument put forward by Ms Jones is little more than semantics. Indeed, as Arnold LJ made clear in *Tvis Ltd v Howserv Services Ltd* [2024] EWCA Civ 1103, [35] the verbal label applied to an assessment does not matter in itself, but rather it is whether that assessment is carried out properly.

41. In this case, the Hearing Officer weighed the evidence of reputation and applied her findings when assessing whether there was a link. I therefore do not see any reason to criticise her reasoning just because it does not give the result the Appellant would like.

#### *Fleeting link*

42. Finally, Ms Jones criticised the Hearing Officer for making the following finding at paragraph 101 of her decision:

That said, it is my view that there may be a significant proportion of average consumers for whom the mark 'ZARZAR' does at least call to mind, however fleetingly, the reputed mark 'ZARA' in so far that one is reminded of it upon hearing or seeing the mark 'ZARZAR'. I find that the calling to mind of the earlier mark is too fleeting to 'crystallise' into a definite mental link.

43. Her criticism was the same as that raised in the earlier cases, namely that if any link were found between the marks then it is necessary to go on to consider whether it caused injury or not. This must be done irrespective of whether that link was fleeting or otherwise.

44. It is right that where a link was brought to the mind of the relevant public it is necessary to go on to consider whether one of the necessary injuries under section 5(3) exist. However, it had been said repeatedly that it is perfectly proper to address whether the necessary injury exists very briefly. This might be by suggesting the link was fleeting and so could not cause damage (*MOTUS* (O/668/24), [37]-[39]) or that any link would be dismissed as a coincidence: *BUILDFACT* (O/934/23), [45] to [47] and *eon* (O/433/24), [48] to [51].

45. While the Hearing Officer expressed herself differently in this case by saying the link itself did not crystallize, which does explicitly link to a type of injury, it is apparent that she meant that because the link was fleeting there would not be sufficient consideration of the matter for any of the injuries required by section 5(3) to materialise. In other words, it was just another way of saying that while there might have been a link it was not an operative link.

46. Accordingly, I dismiss the fourth ground of appeal.

#### **Ground 5: Failure to consider whether use would be detrimental to the distinctive character or the repute of the earlier mark**

47. As I have dismissed Ground 4, there is no need to consider ground 5 as it is a challenge to a contingent finding by the Hearing Officer.

**Conclusion**

48. Notwithstanding some immaterial errors by the Hearing Officer, I dismiss the appeal in its entirety and uphold the Hearing Officer's ultimate decision.

49. The Respondent did not take part in the proceedings and so I make no order as to costs.

PHILLIP JOHNSON  
THE APPOINTED PERSON  
10 November 2024

**Representation:**

For the Appellant: Victoria Jones (instructed by Taylor Wessing LLP)