BL O/1133/24

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NO. 3805374 IN THE NAME OF WEN CHIS JOSPH KO

AND IN THE MATTER OT OPPOSITION NO. 436656 IN THE NAME OF INDUSTRIA DE DISENO TEXTIL, S.A. (INDITEX, S.A.)

DECISION

Introduction

1. This is an appeal against the decision of Clare Boucher, acting on behalf of the Registrar of Trade Marks (O-0006-24) in which the opposition under sections 5(2(b) and 5(3) of the Trade Marks Act 1994 ("***the 1994 Act***") were dismissed in their entirety ("***the Decision***").

2. On 2 July 2022 Wen Chi Joseph Ko ("***the applicant***") applied to register **ZAREUS** as a trade mark in the United Kingdon in respect of a number of goods in class 10, 18 and 25 ("***the contested mark***").

3. On 4 October 2022 the application was opposed by Industria de Diseno Textil, S.A. (Inditex S.A.)("***the opponent***"). The opposition was based upon sections 5(2) and 5(3) of the 1994 Act and was maintained across all the classes of goods applied for.

4. For the purposes of the opposition under section 5(2)(b) of the 1994 Act the opponent relied upon three earlier marks (1) UKTM No. 1574846 ("***the 846 mark***") registered with respect to a number of goods in class 18 and 25; (2) UKTM No. 2166165 ("***the 165 mark***") registered with respect to a number of goods in class 25; and (3) UKTM Application No. 3640305 ("***the 304 mark***") registered with respect to a number of goods in class 10, 18 and 25. All three registrations were for the mark **ZARA**.

5. Both the 846 mark and the 165 mark having been registered for more than 5 years prior to the filing of the application were the subject of the use provisions in section 6A of the 1994 Act.

6. For the purposes of the opposition under section 5(3) of the 1994 Act the opponent claimed a reputation with respect to (1) various goods in class 25 for the 846 mark; (2) various goods and services in classes 25 and 35 for the 165 mark; and (3) various goods and services in classes 25 and 35 for the 304 mark.

7. The applicant filed a defence and counterstatement denying all the claims made and putting the opponent to proof of use of the 846 and 165 marks.[1]

8. Only the opponent filed evidence. Both parties filed final written submissions in lieu of attendance at a hearing. The Hearing Officer accordingly made the Decision on the papers.

9. In the Decision the Hearing Officer rejected the opposition both under section 5(2)(b) and section 5(3) of the 1994 Act and made an order that the opponent pay the applicant £1,100 as a contribution towards the costs of the proceedings.

The basis for the appeal

10. A Form TM55P was filed on behalf of the opponent on 2 February 2024. It was accompanied by a Grounds of Appeal. The Grounds of Appeal were conveniently summarised in paragraph 6 where the following errors were identified:

    (1) That the Hearing Officer erred in her comparison of the respective marks.

    (2) That the Hearing Officer made a factual error in relation to the class 10 goods.

    (3) That the Hearing Officer erred in her assessment of whether there was a likelihood of confusion under section 5(2)(b) of the 1994 Act.

    (4) That the Hearing Officer made an incoherent statement at paragraph [67] of the Decision and did not adequately assess the grounds of opposition under section 5(3) of the 1994 Act.

    (5) That the Hearing Officer erred in her findings under section 5(3) of the 1994 Act in relation to whether the public would make the required mental link between the marks.

11. The applicant did not file a Respondent's Notice.

12. At the hearing of the appeal, which took place by video link, the opponent was represented by Ms Victoria Jones instructed by Taylor Wessing LLP. The applicant was represented by Mr Aaron Wood instructed by Neo Percept IP Limited.

13. Written skeletons of argument were filed by both representatives.

[1] At the hearing below the applicant admitted that the opponent had proved that it had used the 846 and 165 marks and therefore the Hearing Officer considered the opposition under section 5(2)(b) of the 1994 Act on the basis of all the goods relied upon: see the Decision paragraph [16].

The Standard of Review

14. The Court of Appeal addressed the question of the standard of review on appeals in Lidl Great Britain Ltd v. Tesco Stores Ltd [2024] EWCA Civ 262 at [110] where Arnold LJ stated the position to be as follows:

> The test on appeal
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> 110. It is common ground that, in so far as the appeals challenge findings of fact made by the judge, this Court is only entitled to intervene if those findings are rationally insupportable: *Volpi v Volpi* [2022] EWCA Civ 464, [2022] 4 WLR 48 at [2] (v) (Lewison LJ). Equally, it is common ground that, in so far as the appeals challenge multi-factorial evaluations by the judge, this Court is only entitled to intervene if the judge erred in law or principle: compare *Magmatic Ltd v PMS International Group plc* [2016] UKSC 12, [2016] Bus LR 371 at [24] (Lord Neuberger of Abbotsbury) and *Actavis Group PTC EHF v ICOS Corp* [2019] UKSC 15, [2019] Bus LR 1318 at [78]- [81] (Lord Hodge) , and see *Re Sprintroom Ltd* [2019] EWCA Civ 932, [2019] BCC 1031 at [72]-[78] (McCombe, Leggatt and Rose LJJ) , which was cited with approval by the Supreme Court in *Lifestyle Equities CV v Amazon UK Services Ltd* [2024] UKSC 8 at [49] (Lord Briggs and Lord Kitchin) .

15. See further the in the Supreme Court in Lifestyle Equities CV. Amazon UK Services Ltd [2024] UKSC 8 referred to by the Court of Appeal which likewise reaffirmed the approach to appeals of the kind at [46] to [50]. Of particular relevance are paragraphs [49] and [50] of the Judgement of Lord Briggs and Lord Kitchen JJSC which state as follows:

> 49. That does not, however, mean the appeal court is powerless to intervene where the judge has fallen into error in arriving at an evaluative decision such as whether an activity was or was not targeted at a particular territory. It may be possible to establish that the judge was plainly wrong or that there has been a significant error of principle; but the circumstances in which an effective challenge may be mounted to an evaluative decision are not limited to such cases. Many of the important authorities in this area were reviewed by the Court of Appeal in In *re Sprintroom Ltd* [2019] 2 BCLC 617, paras 72–76 . There, in a judgment to which all members of the court (McCombe, Leggatt and Rose LJJ) contributed, the court concluded, at para 76, in terms with which we agree, 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.
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> 50. On the other hand, it is equally clear that, for the decision to be "wrong" under CPR r 52.21(3) , it is not enough to show, without more, that the appellate court might have arrived at a different evaluation.

16. I have kept these principles in mind when considering the present appeal.

Decision

17. The Grounds of Appeal can be conveniently split into two halves as the first three grounds are directed to the ground of opposition under section 5(2)(b) of the 1994 Act and the last two grounds to the ground of opposition under section 5(3) of the 1994 Act.

Section 5(2)(b) Grounds of Appeal

18. The first three Grounds of Appeal are concerned with section 5(2)(b) of the 1994 Act.

19. In this connection it is to be observed that the Court of Appeal has explicitly confirmed in TVIS Ltd v. Howserv Services Ltd [2024] EWCA Ci 1103 at [31] that:

> Since the judge's conclusion that there was no likelihood of confusion involved a multi-factorial evaluation, this Court can only intervene if he erred in law or in principle: compare *Actavis Group PTC EHF v ICOS Corp* [2019] UKSC 15 , [2019] Bus LR 1318 at [78]-[81] (Lord Hodge) and see *Lifestyle Equities CV v Amazon UK Services Ltd* [2024] UKSC 8 , [2024] Bus LR 532 at [46]-[50] (Lord Briggs and Lord Kitchin).

20. I can see from paragraphs [15], [17]-[18], [29]-[30], [34], [44]-[45], [54]-[56] and [63]-[64] of the Decision that the Hearing Officer directed herself correctly as to the applicable legal principles. It is not suggested by the opponent on this appeal that those paragraphs contain any errors.

Ground 1 – aural and conceptual comparison

21. Turning to the first ground of appeal it is maintained by the opponent that the Hearing Officer erred in her aural and conceptual comparison of the respective marks.

22. With respect to the aural comparison the Hearing Officer found in paragraph [38] of the Decision that the marks were aurally similar to a low to medium degree. However it is maintained on this appeal that the Hearing Officer should have found that the respective marks were aurally similar to a medium to high degree on the basis that the first syllable of the respective marks would be pronounced in the same way; and not as the Hearing Officer found at paragraph [38] of the Decision that the contested mark

would be pronounces "ZA-" with a short "A" whereas the first syllable of the mark ZARA would be pronounced "ZAH-" with a longer first "A".

23. I do not accept this argument. First no error or of principle has been identified. The assessment of the degree of aural similarity between a sign and a trade mark is a matter for the first instance tribunal. Nor in my view can it be said that the Hearing Officer's assessment of aural similarity is plainly wrong.

24. Secondly, for the reasons explained in paragraph [35] of TVIS Ltd v. Howserv Services Ltd (above):

> 35. The second and more fundamental reason is that, while it is conventional for first instance tribunals in trade mark cases to articulate their assessment of the degree of visual and aural similarity between signs and trade marks using words such as "high", "medium" or "low", there is no legal requirement for tribunals to do so. All that is required is for the tribunal to assess the nature and extent of any similarities. This is because what matters is not the verbal label that is applied to the assessment, but whether the similarities in conjunction with the other factors which must be taken into account lead to a likelihood of confusion. It is possible for there to be no likelihood of confusion despite a relatively high degree of visual and aural similarity. Equally it is possible for there to be a likelihood of confusion despite a relatively low degree of visual and aural similarity. It depends on the other factors that are in play.

25. With respect to the conceptual similarity at paragraph [43] of the Decision the Hearing Officer found that there was no conceptual similarity between the marks on the basis that the average consumer would perceive the contested mark as an invented word and the mark ZARA as a female name.

26. On this appeal the opponent maintained that the Hearing Officer should have found either conceptual similarity on the basis: (1) that the reputation of the earlier mark in the UK was such that it would be perceived as meaning the opponent's business and the contested mark would be perceived as a sub-brand or brand extension of that business; or (2) that the contested mark would also be perceived as '*a name of some sort (whether or not identified as the name of a Greek god*)'.

27. I shall deal with each of these points in turn.

28. As to the first point this was considered and expressly rejected by the Hearing Officer on the basis that the point was misguided on the basis of the decision of Mr Philip Harris sitting as the appointed Person in Retail Royalty Company v. Harringtons Clothing Limited (O-593-20). The opponent submits that the Hearing Officer should not have dismissed the point as misguided but rather should have gone on to consider

whether the reputation of ZARA as a trade mark was such that it had relevance to the conceptual meaning of the earlier mark.

29. I do not agree. It is clear from the case law that the reputation of an earlier trade mark or its particular distinctive character must be taken into account for the purposes of assessing the likelihood of confusion but not for the purposes of assessing similarity: see for example the case law cited in paragraph [79] of Retail Royalty Company (above). The evidence filed in the present case was directed to establishing such an acquired distinctive character and reputation of ZARA. That is to say it was evidence to support the reputation and acquired distinctive character of the earlier mark as a trade mark i.e., as a badge of origin.

30. In my view what that evidence did not and could not provide support for was a claim that ZARA had, in the minds of the average consumer, a conceptual meaning i.e. a non-trade mark meaning other than as a female name. That is to say there is nothing in the present case to equate the position, as the opponent seeks to, with that in either Case C-361/04P PICASSO/PICARO or C-499/18 MESSI.

31. Further, I am reinforced in my view that it was open to the Hearing Officer to find that ZARA would be perceived by the average consumer as a female name as that is the position that has been adopted by the opponent in the context of another opposition: see ZARZAR TM (O-0355/24) at [72].

32. As to the second point the opponent has not identified any error in principle or indeed any other reason why it was not open to the Hearing Officer to make the findings that she did at paragraphs [41] and [43] of the Decision that the contested mark would be perceived by the average consumer as an invented word rather than as a name of some sort. Moreover, having considered the findings made in those paragraphs it seems to me that those were findings that it was open to the Hearing Officer to make.

33. At this point I should note that in paragraph [40] of the Decision the Hearing Officer stated that '*the average consumer would understand the contested mark to be a female name*'. This was clearly an error but it does not seem to me to be a material error. It is clear from paragraph [40] being the conclusionary paragraph to the Hearing Officer's findings with respect to the earlier mark; and from paragraph [43] of the Decision that the reference in paragraph [40] should have been to the average consumer as understanding the earlier mark to be a female name. Moreover it is apparent that that was the basis upon which the Hearing Officer proceeded in reaching her conclusion. I should further add that at the hearing of the appeal that this error was recognised as such on behalf of the opponent.

34. Alternatively, it was maintained that if one or both of the marks was perceived as a name then there should have been a finding of conceptual neutrality. The difficulty as I see it with this point is that the Hearing Officer made her assessment on the basis that there was '*no conceptual similarity*' (paragraphs [43] , [57] and [61] of the Decision). I note that there was no express finding of conceptual dissimilarity in the

Decision. Given that I consider that it was open to the Hearing Officer to find that ZARA would be perceived as a girl's name and ZAREUS as an invented word that was a finding that it was open to her to make. It was therefore open to the Hearing Officer to proceed to consider the likelihood of confusion on that basis.

35. In the circumstances I dismiss Ground 1 of the Appeal.

Ground 2 – factual error as to the nature of class 10 goods

36. The second ground of appeal was put forward on the basis that the Hearing Officer had made a factual error with regard to the nature of class 10 goods. In particular it was maintained that the Hearing Officer erred in her comparison of '*compression garments*' in class 10 with '*clothing*' in class 25 and that she should have found such goods were similar to a medium to high degree as opposed to finding at paragraph [22] that there was '*at best a low degree of similarity*'.

37. I do not accept that argument. First the points made all seem to revolve around the submission that the Hearing Officer should not have regarded '*compression garments*' in Class 10 as having a therapeutic purpose being worn by individuals to relieve medical or other conditions but rather would be regarded as average consumers as '*athleisure*' clothing or '*athletic wear*'. However, the points in support of this submission do not it seems to me to identify any error of principle. Nor, having considered the materials referred to by the opponent, can it be said that the Hearing Officer's assessment was clearly wrong.

38. Against that background the Hearing Officer cannot be criticised for taking the view that the average consumer of Class 10 goods would pay a slightly higher degree of attention than the average consumers of '*general clothing*' i.e., clothing in Class 25.

39. Secondly, on the present appeal the opponent seeks to replace a finding of at best a low degree of similarity with that of a medium to a high degree of similarity. This argument cannot be accepted *c.f.,* for the reasons explained in paragraph [35] of TVIS Ltd v. Howserv Services Ltd (above).

40. In the circumstances I dismiss Ground 2 of the Appeal.

Ground 3 – assessment of the likelihood of confusion

41. As to the third ground of appeal that the Hearing Officer had erred in her assessment of the likelihood of confusion this was maintained at the hearing before me on three bases. First on the basis that the errors identified in Grounds 1 and 2 would vitiate the Hearing Officer's findings with respect to Grounds 3. For the reasons set out above Grounds 1 and 2 of this Appeal have been dismissed and therefore I need not consider this point further.

42. Second, that the Hearing Officer had erred by stating in paragraph [58] that she had found that the marks were '*visually similar to a low to medium degree*' when in fact at paragraph [37] of the Decision the Hearing Officer had found that the marks were '*visually similar to a medium degree*'. That is correct. However, I note that in paragraph [57] of the Decision that the Hearing Officer correctly summarised her findings including that '*the marks were visually similar to a medium degree*'. It therefore does not seem to me to amount to a material error. I also note that this was not a ground that was specifically referred to in the Grounds of Appeal. In the circumstances it does not seem to me that this basis adds anything to the others that were maintained before me.

43. Third, that the Hearing Officer erred in her approach to the assessment of indirect confusion. That submission is maintained on the basis of:

    (1) The errors identified in Grounds 1 and 2;

    (2) That insufficient weight had been attached to the huge degree of distinctiveness enjoyed by the Earlier Mark and fact that the common element was at the beginning of the marks;

    (3) The Hearing Officer wrongly suggested that there could not be indirect confusion if part of the Earlier Mark is removed and replaced with another element; and

    (4) The Hearing Officer ignored or wrongly applied the test for indirect confusion as she rejected the possibility of indirect confusion because the average consumer would have to undertake a mental process.

44. Taking the points in turn.

45. Point (1). For the reasons set out above Grounds 1 and 2 have already been dismissed.

46. Point (2). The Hearing Officer clearly had in mind that (a) the distinctive character of the Earlier Mark had been enhanced to a high degree with respect to '*Articles of clothing for men and woman*' and '*Clothing articles for men and woman*' she explicitly found that to be the case in paragraph [50] of the Decision and took that finding into account in paragraphs [57] and [61] of the Decision; and (b) the beginning of words tend to have more of a visual impact than the ends and appreciated that both marks she had to consider started with the same three letters namely 'ZAR-' as she explicitly said so in paragraph [37] of the Decision.

47. Points (3) and (4). These can most conveniently be taken together. Neither point was expressly raised in the Grounds of Appeal. However, in neither case do I accept the criticisms of the Hearing Officer. It is correct that the Hearing Officer did not cite paragraph [16] of the decision of Iain Purvis QC sitting as the Appointed Person in

LA Sugar (O-375-10) but only paragraph [17]. However, it seems to me clear that in paragraph [65] of the Decision the Hearing Officer sets out her reasoning, by reference to the opponent's submissions, as to why in the particular instance of this case the contested mark would not be regarded by the average consumer as a brand extension and then goes on to decline to make a finding of indirect confusion on the basis put forward by the opponent or on any other basis. I do not accept that in making that finding the Hearing Officer was finding as a matter of principle that there could not be indirect confusion if part of the earlier mark was removed and replaced with another element; or that such a finding was precluded where the average consumer engaged in a mental process.

48. To conclude, I have reviewed the Hearing Officer's evaluations in the light of the opponent's criticisms. Having done so, I am satisfied that that these do not reveal any substantive mistakes on the part of the Hearing Officer such as to establish that the Hearing Officer's findings with respect to her assessment of the similarity of marks, similarity of goods or her conclusion as to the likelihood of confusion are liable to be set aside. In my view it was open to the Hearing Officer on the basis of the materials before her to come to the conclusion that she did. For that reason, the first three grounds of appeal are dismissed.

Section 5(3) Grounds of Appeal – Grounds 4 and 5

49. The fourth Ground of Appeal is that in paragraph [67] there was an incorrect statement namely '*Given the success of the opposition, I shall deal with this ground relatively briefly, for the sake of completeness*'. Of course, the Hearing Officer had in fact found '*The opposition under section 5(2)(b) fails*'. That there was an error in paragraph [67] of the Decision was quite rightly not in dispute. What was in dispute was the consequences that flowed from that error.

50. Ms Jones on behalf of the opponent submitted that this erroneous statement '*renders the [Hearing Officer's] approach to section 5(3) flawed*' and that '*it potentially gives rise to the [Hearing Officer] having taken into account irrelevant matters or failed to take into account relevant matters, it gives rise to significant ambiguity and uncertainty in relation to the Decision generally . . .'*.

51. For the reasons already set out above I do not consider that the Hearing Officer's approach to the section 5(2)(b) ground of opposition is flawed. Rather that the Hearing Officer made findings and reached conclusions that were entirely open to her to make. However, it does not seem to me that the same can be said with respect to the findings and conclusions with respect to the section 5(3) ground of opposition. In my view, the error in paragraph [67] is properly to be regarded as a flaw in the treatment of the assessment of the question that the Hearing Officer was required to make under section 5(3) of the 1994 Act such as to undermine the cogency of the conclusion.

52. Mr Wood on behalf of the applicant maintains that in fact, despite the error in paragraph [67] the Hearing Officer did go on to address the section 5(3) ground sufficiently a submission that is made by reference to other decisions of the Registrar in what are said to be similar circumstances and which are said to be of similar length. However, I do not consider that this is of assistance to the applicant. Those decisions did not contain the flaw in analysis identified above.

53. Nor do I accept the submission made on behalf of the applicant that the appropriate answer to the Hearing Officer's error is for a supplementary corrective decision to be issued before going on to suggest that '*it is a matter between the parties as to whether to inform the UKIPO of the mistake in the Decision . . . and to invite it to correct its decision*'. It does not seem to me that the finding in paragraph [67] is one that can properly be regarded as a '*procedural irregularity*' such that it may be amenable to a 'correction' other than by way of an appeal. See the decisions of Geoffrey Hobbs QC (as he then was) sitting as the Appointed Person in Andreas Stihl's Trade Mark Application (O-379-00) [2001] RPC 215; and TWG Tea Co Pte Ltd v. Mariage Frères SA (O-396-15) [2016] RPC 7.

54. It seems to me that the submissions of Mr Wood on this point do not assist him as they do not address the main thrust of the complaint made on behalf of the opponent as set out above. In particular, given the incorrect statement, there is no way of knowing whether the Hearing Officer has engaged in or properly engaged in the required assessment under section 5(3) of the Act.

55. Given my view on the fourth Ground of Appeal it seems to that the only appropriate course is to remit the opposition under section 5(3) of the 1994 Act to be considered afresh by a different Hearing Officer.

56. In the circumstances it would be inappropriate for me to go on to consider the substance of the fifth Ground of Appeal and I therefore say no more about it.

Conclusion

57. For the reasons set out above it seems to me that the appeal against the Hearing Officer's (1) findings under section 5(2)(b) of the 1994 Act should be dismissed; and (2) conclusion under section 5(3) of the 1994 Act should be allowed.

58. In the circumstance it seems to me that the appropriate course is that the ground of opposition under section 5(3) of the 1994 Act should be remitted to be heard by a different Hearing Officer.

59. With respect to the costs of this appeal both sides have had a degree of success. I therefore consider in the exercise of my discretion that there should be no order as to costs on the appeal.

60. With respect to the order as to costs made by the Hearing Officer below it seems to me that the appropriate course is for such costs be reserved to the Hearing Officer who hears the opposition pursuant to section 5(3) of the 1994 Act in order that the appropriate order can be made by that Hearing Officer at the conclusion of such proceedings taking into account all relevant factors as of that date.

EMMA HIMSWORTH KC

Appointed Person

26 November 2024