

O/331/12

TRADE MARKS ACT 1994

**IN THE MATTER OF
Trade Mark Application
Nos: 2514675 & 2514679
in the name of Zainab
Ansell & Roger Ansell**

-and-

**Consolidated Opposition
Nos: 99693 & 99694 by
Industria de Diseno
Textil, Sociedad
Anomina (INDITEX,
S.A.)**

DECISION

Introduction

1. This is an appeal by the Opponent against the decision of Mr David Landau dated 19 July 2011 (“the Decision”) whereby he rejected the opposition to registration of the mark in issue.
2. The Opponent is responsible for the well-known high street fashion brand ZARA and has numerous trade marks protecting its business. As well as selling clothing through many stores and over the internet under the ZARA brand, the Opponent also has a more recent ZARA HOME range. Although the Opponent does not advertise through formal channels as extensively as some other leading fashion

brands, the ZARA mark has become well known in many countries in Europe principally in relation to clothing. There is no dispute that ZARA has become a leading brand, even overtaking retail giants such as GAP in sales. There is also no dispute that the mark is unique in the sense that no-one else is using that mark for any other goods or services. Equally, however, there is no dispute that the word Zara is a reasonably well known female name (having become familiar in the UK partly as a result of Zara Phillips, a member of the Royal Family and prominent equestrian).

The mark applied for

3. On 27 April 2009 Zainab Ansell and Roger Ansell (“the Applicants”) who, for some years, have run a modest business operating tours to Tanzania mainly under the mark ZARA TOURS, applied to register the mark ZARA TOURS and the following device:



4. The marks were published on 28 August 2009 for:

“Travel and tourism services; arrangement of vacations; arranging, provision and conducting of safaris, expeditions, tours and cruises; transfer, transport and escorting of travellers and passengers; sightseeing (tourism); railway, river and air transport; reservation services relating to transport, travel, tourist activities and vacations; rental of vehicles; booking of seats; information services relating to air travel, air transport, timetables, fares, schedules, connecting transport and tourist information; providing information concerning travel and travel-related topics; information relating to travel for use by travellers available electronically via a global computer network, providing travel information over computer networks and global communication networks.” (Class 39)

“Travel agency services; hotel services; resort and lodging services; provision of safari, tour and temporary accommodation; booking and reservation services for hotel and holiday accommodation; reservation and

information services; advice, information and consultancy services relating to all the aforementioned services.” (Class 43)

5. The Opponent opposed the applications under s.5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 ("the Act"). As regards the opposition under s.5(2)(b) and 5(3) it relied upon *inter alia* the following Community and UK registered trade marks, all for ZARA ("the Marks"):

- a. CTM No: 732958, registered as of 13 October 2005 for ZARA in a range of classes;
- b. UK No: 1574843, registered as of 19 July 1996 for ZARA in class 25.

Summary of grounds of appeal

6. The Hearing Officer dismissed the oppositions brought under s.5(2)(b), s.5(3) and s.5(4)(a). It is alleged on this appeal that he made errors in the following respects:

- a. Errors in the assessment of the Applicants' evidence of use of its marks and goodwill, which is relevant, in particular, to "due cause" in the s.5(3) objection;
- b. Errors of principle and of assessment in the s.5(3) objection;
- c. Errors of principle and of assessment in the s.5(2)(b) objection.

Standard of review

7. The appeal is a review, not a rehearing. The appellant must therefore show that there is a distinct and material error of principle in the decision of the Hearing Officer, or that he was clearly wrong. In *Re Reef Trade Mark* [2003] RPC 101 Robert Walker LJ said at [28]:

An appellate court should in my view show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle.

8. It is convenient to address the Opponent's arguments substantially in the order in which they were advanced in its skeleton argument.

A. Applicants' use

9. The Opponent contends that Hearing Officer made two errors when concluding, in paragraph 46 of the Decision, that the Applicants had established use of the name ZARA and consequent goodwill in the UK in relation to holiday services provided in Tanzania. That is said to be of relevance because it affected his evaluation of whether use of the Applicants' mark would be without due cause for the purpose of section 5(3) of the Act and, more generally, as to the significance of the existence of parallel trading over a considerable period.

Opponent's arguments

10. First, it is said by the Opponent that the Hearing Officer erred in principle in holding, in paragraphs 42 and 45 of the Decision, that he had to accept the Applicants' evidence concerning its use of the marks on the grounds that the evidence had not been properly challenged.

11. The Opponent referred to *Tripp Limited v Pan World Brands Limited* BL O/161/07 (*PAN WORLD*) where Richard Arnold QC, Appointed Person, said that it was open to a party to invite the tribunal to depart from such evidence in circumstances where the party has given advance notice that his evidence was to be challenged. That approach is reflected in the Manual of Trade Marks Practice (see Tribunal Section, para. 4.8.9).

12. The Opponent filed written submissions on 28 February 2011, before the hearing, which criticised the Applicants' evidence at length which the Opponent contends amounted to advance notice and provided the Applicants with an opportunity to respond to the criticisms. Accordingly, the Opponent submits that it was open to the Opponent to criticise the evidence at the hearing and it was open to the Hearing Officer to reject it. The Opponent contends that the Hearing Officer made an error of principle in holding that he was bound to accept it and that the factual position therefore needs to be considered afresh on appeal.

13. The Hearing Officer said, in paragraph 42 of the Decision, that if the Opponent wished to challenge certain evidence of Mr Wielochowski "it could have

and should have sought to cross examine him”. In my judgment, in the context of that observation, that was justified. Although the Opponent had made criticisms of this evidence and it was open to the Hearing Officer to accept them, it had not been suggested to this particular witness that his evidence should not be believed when he said that customers, when making a booking through his company, were aware that the services requested would be provided by the Applicants. The Hearing Officer was not thereby treating himself as bound to accept this evidence but was saying that the evidence indicated how that witnesses’ business operated and there was no basis for rejecting it in the absence of any direct challenge to its correctness.

14. In paragraph 45 of the Decision, the Hearing Officer referred to *PAN WORLD*, including the passage from *Phipson* on evidence, which states that the rule that a party was required to challenge in cross-examination the evidence of a witness, if he wished to submit that it should not be accepted on a particular point, is “not an inflexible one”, reflecting the fact that the approach is not rigid.

15. The Hearing Officer did not in terms say that he was bound to accept or the evidence in question. He observed that the evidence for the Applicants was not incredible, that it was coherent and that the witness statements interconnected. I am unable to conclude that the Hearing Officer approached the matter in the rigid way suggested by the Opponents. However, even had he done so and had committed an error in this respect, having reviewed the evidence myself as a whole including the various witness statements of third parties relevant to use, I agree with the Hearing Officer in his ultimate finding that, from at least 1989 the Applicants were furnishing holidays, by reference to the sign ZARA in Tanzania to people in the United Kingdom.

16. Accordingly, I do not consider that this criticism is made out.

17. Secondly, it is said that the Hearing Officer was clearly wrong in his determination of what could be concluded from the Applicants’ evidence. I am unable to accept that argument either. The evidence is criticised on the basis that it is too vague as to the territories to which it relates and that it is unsupported by sufficient documentation. A number of specific criticisms are also made as to the probative value of certain of the exhibits ZA2 and ZA3 (that they were merely seeking trade body approvals); ZA5 (that they were non-UK web-sites); ZA6 (that the testimonials were limited from the UK and after the relevant date); ZA7 and ZA8

(that evidence relating to attendance at a London travel exhibition but hearsay or too late). Criticisms are also made as to the specificity of the supporting evidence of the trade witnesses who dealt with the Applicants.

18. First, the Opponents are justified in submitting that the evidence as to use of the ZARA mark in the United Kingdom prior to 1989 was thin. In some cases (such as those under section 5(4)(a) of the Act) evidence of use to found the necessary goodwill for raising an objection may need to be more extensive: see, for example, the summary in *Advanced Perimeter Systems v. Keycorp Ltd (MULTISYS Trade Mark)* [2012] RPC 14 at [26]. Had this been in issue in this case, the Hearing Officer would have been right to take a more critical view than he did in paragraph 46 of the Decision, where he held that the Applicants enjoyed a goodwill in the United Kingdom in relation to holiday services, by reference to the name ZARA. However, particularly in the light of the *REEF* principles, I do not think that the Hearing Officer can be said to have been clearly wrong in reaching the conclusion he did, having regard to the evidence as a whole.

19. The evidence shows that the Applicants were offering holiday services prior to 1989 and were targeting the UK market: they attended a UK holiday trade show before that time. It is improbable that they attended a trade show in London and had significant UK customers at a later date but were not, at the lowest, actively promoting their business in the UK in 1989 or before. While individual criticisms may be justifiably levelled at specific items, taken as a whole, the evidence, including the evidence of the witnesses who had dealt with the Applicants gives a picture of a small business, at the lowest trying to obtain business in the UK in and before 1989. Ms Ansell, one of the Applicants says in her evidence that there has been continuous use of the trade marks in the United Kingdom since 1988. There was sufficient supporting material to justify a finding that this was (at least on the balance of probabilities) correct.

20. Second, it is important to bear in mind the purpose for which this evidence was deployed. The Applicants were not required to prove that they had a significant independent goodwill in the United Kingdom in 1989 such as would have entitled them to sue the Opponent for passing off. The evidence of the Applicant's use was there to show that they had been using the mark ZARA for their business in the UK before the Opponents started using ZARA for their own business and that their use

was therefore with due cause. Even if the criticisms of the evidence would have been justified had it been deployed in support of a different purpose, they are not justified in the context of a case concerning “due cause”, for reasons given below.

21. I therefore reject the criticisms of the Hearing Officer on this issue.

B. Section 5(3)

22. Section 5(3) of the Act 1994 provides

(3) A trade mark which –

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark or international trade mark (EC) in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

23. The Opponent contends that the Hearing Officer made a number of errors in his evaluation of the s.5(3) objection.

Link

24. The first argument relates to the “link” required for that section to apply. It is well-established that the relevant tribunal must find that the average consumer would make a relevant link between the earlier mark with a reputation and the later mark in respect of which a declaration of invalidity is sought in order for an opposition based on section 5(3) to get off the ground (Case C-252/07 *Intel Corporation Inc v. CPM United Kingdom Ltd* (“*Intel*”)).

25. The Opponent argues that the Hearing Officer was clearly wrong in concluding, in paragraph 50 of the Decision, that the Applicants’ marks would not bring to mind the Opponent’s marks. It contends that the Hearing Officer should have held that a link would have been perceived by the average consumer. The Opponent says that, in considering whether such a link would be made, the Hearing Officer failed to make the global assessment required by the CJEU in *Intel*. The Opponent argues that, had the Hearing Officer taken proper account of the factors identified as relevant in *Intel* at [42], including the identity between the dominant element of the Applicants’ marks and the Opponent’s ZARA marks; the high degree of distinctive character and the significant reputation of the Opponent’s Marks coupled with the

extent of the overlap between the relevant consumers for those services, he would have found that the relevant link would have been made.

26. In *Intel*, the Court said at [41]-[42]:

41. *The existence of such a link must be assessed globally, taking into account all factors relevant to the circumstances of the case (see, in respect of Article 5(2) of the Directive, Adidas-Salomon and Adidas Benelux, paragraph 30, and adidas and adidas Benelux, paragraph 42).*

42. *Those factors include:*

the degree of similarity between the conflicting marks;

the nature of the goods or services for which the conflicting marks were registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public;

the strength of the earlier mark's reputation;

the degree of the earlier mark's distinctive character, whether inherent or acquired through use;

the existence of the likelihood of confusion on the part of the public.

27. The Opponent refers particularly to the factors identified in [42] of *Intel*, but it is important to consider that paragraph in the context of the whole of the CJEU's judgment on this issue. In particular, the Court went on to say at [45]-[57]:

45. *However, the fact that the conflicting marks are identical, and even more so if they are merely similar, is not sufficient for it to be concluded that there is a link between those marks.*

46. *It is possible that the conflicting marks are registered for goods or services in respect of which the relevant sections of the public do not overlap.*

47. *The reputation of a trade mark must be assessed in relation to the relevant section of the public as regards the goods or services for which that mark was registered. That may be either the public at large or a more specialised public (see General Motors, paragraph 24).*

48. *It is therefore conceivable that the relevant section of the public as regards the goods or services for which the earlier mark was registered is completely distinct from the relevant section of the public as regards the goods or services for which the later mark was registered and that the earlier mark, although it has a reputation, is not known to the public targeted by the later mark. In such a case, the public targeted by each of the two marks may never*

be confronted with the other mark, so that it will not establish any link between those marks.

- 49. Furthermore, even if the relevant section of the public as regards the goods or services for which the conflicting marks are registered is the same or overlaps to some extent, those goods or services may be so dissimilar that the later mark is unlikely to bring the earlier mark to the mind of the relevant public.*
- 50. Accordingly, the nature of the goods or services for which the conflicting marks are registered must be taken into consideration for the purposes of assessing whether there is a link between those marks.*
- 51. It must also be pointed out that certain marks may have acquired such a reputation that it goes beyond the relevant public as regards the goods or services for which those marks were registered.*
- 52. In such a case, it is possible that the relevant section of the public as regards the goods or services for which the later mark is registered will make a connection between the conflicting marks, even though that public is wholly distinct from the relevant section of the public as regards goods or services for which the earlier mark was registered.*
- 53. For the purposes of assessing where there is a link between the conflicting marks, it may therefore be necessary to take into account the strength of the earlier mark's reputation in order to determine whether that reputation extends beyond the public targeted by that mark.*
- 54. Likewise, the stronger the distinctive character of the earlier mark, whether inherent or acquired through the use which has been made of it, the more likely it is that, confronted with a later identical or similar mark, the relevant public will call that earlier mark to mind.*
- 55. Accordingly, for the purposes of assessing whether there is a link between the conflicting marks, the degree of the earlier mark's distinctive character must be taken into consideration.*
- 56. In that regard, in so far as the ability of a trade mark to identify the goods or services for which it is registered and used as coming from the proprietor of that mark and, therefore, its distinctive character are all the stronger if that mark is unique that is to say, as regards a word mark such as **INTEL**, if the word of which it consists has not been used by anyone for any goods or services other than by the proprietor of the mark for the goods and services it markets it must be ascertained whether the earlier mark is unique or essentially unique.*
- 57. Finally, a link between the conflicting marks is necessarily established when there is a likelihood of confusion, that is to say, when the relevant public believes or might believe that the goods or services marketed under the earlier mark and those marketed under the later mark come from the same undertaking or from economically-linked undertakings (see to that effect, inter*

alia, Case C-342/97 Lloyd Schuhfabrik Meyer [1999] ECR I-3819, paragraph 17, and Case C-533/06 O2 Holdings and O2 (UK) [2008] ECR I-0000, paragraph 59).

28. The Court went on to observe, at [61] and [62], that it was for the national court to base its analysis on all the facts of the case in the main proceedings, taking into account all factors relevant to the circumstances of the case.

29. The Opponent points out that, in 2009, ZARA was listed at number 50 in the *Best Global Brands* produced by Interbrand and that Hearing Officer himself had held in paragraph 50 that ZARA was “unique” in respect of the goods and services for which it has a reputation, and as to that reputation, it was “huge”. The Opponent also criticises the Decision on the basis that the Hearing Officer appears to have been influenced by the fact that ZARA was not an invented word and is a well known female forename and says that this ought to have made no difference to his reasoning, because the Applicants’ marks did not use the word in a manner suggestive of a first name. The Opponent also contends that a mark may bring to mind more than one connection and it is no requirement of s.5(3) that an opponent’s mark be the only thing brought to mind.

Discussion

30. The Hearing Officer set out the passages from *Intel* above in the Decision at paragraph 49 and had well in mind the need to perform the global assessment with regard to those factors. He undertook this assessment at paragraph 50 of the Decision. He accepted that the mark ZARA was unique in respect of the goods and services for which it had “huge” reputation. He was entitled to take account of the fact that ZARA was not an invented word but a well known name and that, as such, it would not necessarily bring to mind the Opponent’s trade mark in an alien area of trade. He held that the average consumer was the public at large (thereby, in effect, finding that the case was not of a kind referred to in paragraph [48] of *Intel*). He held that there was an “*enormous distance between the respective goods and services*” and that there was no link between them (thereby, in effect, holding that paragraph [49] of *Intel* was applicable).

31. In my judgment, this, again, is a situation to which the principles from *REEF* about the appellate function apply with particular force. The Hearing Officer was

required to make a global assessment. He did so, taking account of the relevant factors, treating some as of greater weight than others. The Hearing Officer performed the exercise required in *Intel* at paragraphs [41]-[62] and he was entitled to come to the view he did on the materials before him. I can see no basis for interfering with his assessment.

32. That is sufficient to dispose of this aspect of the appeal, since the absence of a link is fatal to the section 5(3) objection, but, in deference to the high quality of submissions advanced by the Opponent, I will also deal with the other grounds of appeal briefly.

Community reputation in Classes 20, 21 and 35

33. The Opponent's second argument is that the Hearing Officer made no finding as to the Opponent's reputation outside the UK and he should have done. The Opponent contends that had he done so, he would have found that a reputation did exist at the relevant date in Europe which would have been sufficient to found a s.5(3) objection. The Opponent relies in this respect on Case C-301/07 *PAGO International GmbH v Tirolmilch registrierte Genossenschaft mbH*.

34. Even assuming that the Hearing Officer failed to have this point in mind, which is unlikely since he was aware of the fact that the Opponent's brand was European, the argument does not appear to take the Opponent further, because the Hearing Officer found that the Opponent had a very significant goodwill in the United Kingdom in any event. It does not, in my judgment provide a separate basis for appeal.

Unfair advantage

35. Third, the Opponent contends that the Hearing Officer failed to conduct the global assessment of whether there was likely to be unfair advantage and, instead, dealt with the issue of unfairness and advantage separately (in paragraphs 52-53 (unfairness) and paragraph 54 (advantage)). Although it is true that he did so, I have not been able to detect any error in his approach.

36. In C-487/07 *L'Oreal v Bellure* [2009] ECR-I-5185 [2010] RPC 1 ("*L'Oreal*"), the CJEU said at [44]:

In order to determine whether the use of a sign takes unfair advantage of the distinctive character or the repute of the mark, it is necessary to undertake a global assessment, taking into account all factors relevant to the circumstances of the case, which include the strength of the mark's reputation and the degree of distinctive character of the mark, the degree of similarity between the marks at issue and the nature and degree of proximity of the goods or services concerned. As regards the strength of the reputation and the degree of distinctive character of the mark, the Court has already held that, the stronger that mark's distinctive character and reputation are, the easier it will be to accept that detriment has been caused to it. It is also clear from the case-law that, the more immediately and strongly the mark is brought to mind by the sign, the greater the likelihood that the current or future use of the sign is taking, or will take, unfair advantage of the distinctive character or the repute of the mark or is, or will be, detrimental to them (see, to that effect, Intel Corporation, paragraphs 67 to 69).

37. The Court in *Intel* referred at [68] to the relevant factors to be taken into account when making the global assessment including:

- a. The degree of similarity between the conflicting marks;
- b. The nature of the goods or services for which the conflicting marks were registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public;
- c. the strength of the earlier mark's reputation;
- d. the degree of the earlier mark's distinctive character, whether inherent or acquired through use; and
- e. the existence of the likelihood of confusion on the part of the public.

38. Accordingly, while a global assessment of unfair advantage is required, that does not preclude a tribunal from analysing the issues of unfairness and advantage separately. Moreover, the section contemplates that an applicant's use may take advantage of an earlier mark without that use being unfair, which requires the tribunal to undertake an element of separate analysis of each aspect.

39. Fourth, it is said that the Hearing Officer made a further error of principle by focusing unduly on whether the Applicants subjectively intended to take advantage of the Opponent's ZARA mark. In this case, there is of course no suggestion that they have ever had such an intention.

40. The Opponent rightly points out that intention will normally give rise to unfairness but that it is not the only way that unfairness can result (see *L'Oreal* at [41]: “...It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation” and Case T-215/03 *Sigla SA/OHIM* at [40]: it “...encompasses instances where there is clear exploitation and 'free-riding on the coat-tails' of a famous mark or an attempt to trade upon its reputation... In other words, this concerns the risk that the image of the mark with a reputation or the characteristics which it projects are transferred to the goods covered by the mark applied for, with the result that the marketing of those goods is made easier by that association with the earlier mark with a reputation”).

41. The Hearing Officer did not proceed on the basis that intent had to be shown for there to be unfair advantage (see paragraph 53 of the Decision). Moreover, the Hearing Officer did not only rely on the absence of intention in reaching his conclusion that there was no unfair advantage. He held, at paragraph 54, that the distance between the respective goods and services meant that it was not possible to see what advantage the Applicants would gain from the use of the mark, even given the fact that the services in the application were wider than those actually offered by the Applicants.

42. Although the Opponents have a point when they say that unfair advantage must be to the Applicants not their customers and that the Hearing Officer referred to advantage to the Applicants' customers, this was merely a compressed way of emphasising that the issue had to be considered by reference to the advantage in marketing to the Applicant's customers.

43. I am therefore satisfied that the Hearing Officer made no error of principle in concluding that there would be no unfair advantage.

Dilution

44. Fifth, the Opponent contends that the Hearing Officer dealt with dilution erroneously in paragraph 55 of the Decision in concluding that the opposition failed

because it had adduced no evidence on the matter and because of the distance between the respective goods and services.

45. The Hearing Officer's assessment of this issue was brief. He said:

There is no evidence as to this matter. Owing to the distance between the respective goods and services, there is no serious likelihood of a change occurring in the future.

46. In so doing, he was applying the test from *Intel* at [77] which requires an opponent to show that the use of the trade mark in question would have an effect upon the economic behaviour of the opponent's customers. This would require evidence of a change in the economic behaviour or a serious likelihood of a change occurring in future.

47. The Opponent rightly points out that there is no requirement to prove actual and present injury for these purposes and that a serious risk that such an injury will occur in the future is sufficient (*Intel* at paragraphs [37]-[39]). The CJEU said that this may be established on the basis of logical deductions from an analysis of the probabilities and taking account of normal practice in the relevant commercial sector. The Opponent contends that the Hearing Officer should have had greater regard to the width of the specification over which there might be use: were the Applicant to open (for example) high street travel shops using the mark, the distinctiveness of the Opponent's mark would be compromised.

48. It is true that the specification is broad (encompassing such things as car rental, "transport...of travellers and passengers"). However, the Hearing Officer was conscious of the width of the specification and nonetheless concluded that the services were remote from those for which the Opponent had a reputation.

49. I am satisfied that the Hearing Officer properly directed himself as to the relevant principles and applied them both to the evidence and to what could reasonably be deduced from the evidence. His conclusion was a reasonable one and he made no error of principle.

Due cause

50. Finally, the Opponent contends that the Hearing Officer dealt erroneously with "due cause" in paragraphs 56-57 of the Decision principally because of his assessment of the Applicants' use of earlier marks considered above.

51. I am not persuaded that the Hearing Officer was wrong to conclude that there was due cause. In this case, even though the evidence as to prior use was not very robust, it showed at least on the balance of probabilities that the Applicant had made use of the mark ZARA for its business before the Opponent commenced use of the mark in the UK and had been using the marks for a lengthy period. In those circumstances, it is hard to see why the Applicants would not have had due cause to use the marks.

52. The Opponents contend that, in particular, the Applicants would not have due cause to use the marks for anything other than their limited Tanzanian tours business (and not more broadly over the whole scope of the specification). I am not persuaded by that argument either. Even though the specification may go somewhat broader than the Applicant's actual business, the services applied for are all closely related to the core services which the Applicants have provided for many years. If the Applicants expanded into related areas it would not be reasonable to expect them to adopt a quite different mark.

53. In connection with this point, the Hearing Officer referred to the judgment of Neuberger J (as he then was) in *Premier Brands UK Ltd v. Typhoon Europe Ltd & Another* [2000] ETMR 1071. In that case, Neuberger J approved the observation from the Benelux Court in *Lucas Bols* [1976] IIC 420 that what "due cause" required was that the user of the mark was under such compulsion to use it that he "...cannot honestly be asked to refrain from doing so regardless of the damages the owner of the mark would suffer from such use, or that the user is entitled to the use of the mark in his own right and does not have to yield this right to that of the owner of the mark".

54. Neuberger J also accepted that whether the alleged infringer can establish a "justifiable reason" must be "resolved by the trial judge according to the particular facts of each case".

55. The Hearing Officer held in paragraph 56 of the Decision:

The Ansell's have been using the name ZARA in the United Kingdom in relation to their business, albeit supplied in Tanzania, since at least 1989; long before the applications upon which Inditex relies were filed, long before Inditex's first store in the United Kingdom which was opened in 1998. Taking into account the earlier use in the United Kingdom of ZARA by the Ansell's, if all else failed, the use of the trade marks of the Ansell's would not be without due cause. They have every reason to use the trade mark.

56. At the hearing before me, the Opponent developed its argument under this head and submitted that, if an applicant had merely used the mark but had not used it sufficiently extensively to acquire rights against third parties in passing off that would not amount to “due cause”. The Opponent also submitted that there was not due cause here because the Applicants were not under such a compulsion to use the mark that they could not reasonably be asked to stop. They criticise the Hearing Officer for failing properly to apply the compulsion to use test.

57. I am unable to accept these submissions.

58. First, in my judgment, whether an applicant has acquired rights sufficient to prevent use by another of a similar mark is a different question from whether an applicant has due cause to use the mark within the meaning of s.5(3), for a number of reasons. In particular, an applicant may fail to prevent a third party because its goodwill in the mark is insufficiently large at a relevant date. However, such an applicant may still have a sound commercial justification for wishing to use the mark in future such that it could not reasonably be asked to stop. The former question is whether the facts are strong enough to enable the applicant to prevent third party use; the latter is whether it would be reasonable for the applicant itself to stop.

59. Second, this is, in my view, a clear case on the facts where the Applicants could not reasonably have been asked to abandon use of their mark, simply because of the later arrival of the Opponents with their mark in an unrelated field, even given the significant reputation of the Opponent. That is the position in respect of all of the services in the specification, since it would be unreasonable to expect the Applicants to adopt a different mark in respect of the other services in the specification from those of their core commercial offering.

60. In reaching the conclusion he did, the Hearing Officer was in effect saying (to adopt the language of the Benelux Court in *Lucas Bols*) that the Applicants were entitled to the use of the mark in their own right and did not have to yield this right to the Opponents. He was amply justified in reaching this conclusion.

Conclusion on s.5(3)

61. The appeal in respect of s.5(3) fails.

Section 5(2)(b)

62. The Opponent contends that the Hearing Officer made two errors in relation to s.5(2)(b) namely that he applied a threshold test when considering the similarity of services and that he erred in his assessment of the level of similarity of services. The nub of the Opponents' argument here is that there is no room for a compartmentalised approach to the evaluation of similarity of services.

63. The Opponent refers to *Esure v Direct Line* [2008] EWCA Civ 842, where the Court of Appeal said at [48] that need for a global assessment and the principle of interdependence contradicted any notion that these matters were to be treated as separate watertight compartments. At [48] the Court of Appeal also rejected the notion that there was a minimum threshold level of similarity concluding that "*If there is some similarity, then the likelihood of confusion has to be considered but it is unnecessary to interpose a need to find a minimum level of similarity*".

Threshold

64. The Opponent contends that, in the Hearing Officer's assessment of whether the goods and services were similar in paragraphs 68-75, he did not correctly apply the principles. In particular, the Opponent says that, in paragraph 73, the Hearing Officer fell into error by holding that even if there was a degree of complementarity between the services "*it would be so slight that it would not give rise to similar services*" and that he thereby incorrectly applied a threshold test as to similarity.

65. I do not accept that argument. That observation must be read in the context of the Hearing Officer's detailed evaluation of the issue of similarity as a whole. It is impossible, when that is read in its entirety, to conclude that the Hearing Officer was applying an impermissible threshold test as to similarity. To the contrary, the Hearing Officer appears there to have been seeking to analyse the matter correctly, by reference to the principles established by the CJEU and General Court which require analysis of whether there is sufficient complementarity to conclude that there is similarity of goods or services.

Assessment of similarity

66. The Opponents contend that the Hearing Officer made a clear error in his assessment of the level of similarity between the class 39 and 43 services of the Applicants' marks and "entertainment; sporting and cultural activities" (class 41 of the

Opponent's CTM). They say that he should have found that there was a reasonably high level of similarity because the provision and arrangement of entertainment, sport and cultural activities is a well-known adjunct to providing travel agency and holiday services.

50. The Opponent supports its submission by referring to the Applicants' evidence, which shows that they organise trekking holidays, cultural tours in the Karatu area, and visits to see the Bushmen and Masai village (see Exhibit ZA9). The Opponent also observes that the Hearing Officer concluded that ZARA TOURS was phonetically, visually and conceptually similar to the Opponent's marks "to the highest degree" (paragraph 66) and that the overwhelming distinctive and dominant element of the device was the word ZARA and this led to "a good degree of visual similarity" (paragraph 67) with the result that a lesser degree of similarity of services would be required for there to be confusion.

67. I am unpersuaded by the Opponent's argument that there is any error of principle in the Decision on this issue. Although the respective services may be provided on the same occasion (a tour), I do not consider that the Hearing Officer made an error, still less one of principle, in concluding that they were not similar. It is to be noted in this connection that the Opponent does not claim any enhanced reputation in its mark specifically with respect to those services. In my judgment, the Applicant's services, even if slightly similar to those of the Opponent's registration are not so similar to them that the use of the mark applied for is likely to give rise to confusion.

Conclusion on s.5(2)(b)

68. The appeal in respect of s.5(2)(b) fails.

Overall conclusion

69. The appeal is dismissed.

Costs

70. The Hearing Officer awarded the Applicants £2000 in costs including £500 for preparing for and attending the hearing. That award stands. In view of the fact that the Applicants' submissions on this appeal essentially involved only limited elaboration on the points made below, and having regard to the usual scale, I propose

to order that the Opponents pay the Applicants an additional £500 in respect of the costs of this appeal.

DANIEL ALEXANDER QC

Appointed Person

27 August 2012

Representation

Ms Jessie Bowhill instructed by Taylor Wessing LLP for the Opponent

Dr Michael Harrison of Sandiford Tennant LLP for the Applicants