

O-248-11

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION NOS 2514675 AND 2514679**

**BY**

**ZAINAB ANSELL AND ROGER ANSELL**

**TO REGISTER THE TRADE MARKS:**



**AND**

**Zara Tours**

**IN CLASSES 39 AND 43**

**AND**

**THE CONSOLIDATED OPPOSITIONS THERETO**

**UNDER NOS 99693 AND 99694**

**BY**

**INDUSTRIA DE DISEÑO TEXTIL SA (INDITEX SA)**

**Trade Marks Act 1994**

**In the matter of application nos 2514675 and 2514679  
by Zainab Ansell and Roger Ansell  
to register the trade marks:**



**and Zara Tours  
in classes 39 and 43  
and the consolidated oppositions thereto  
under nos 99693 and 99694  
by Industria de Diseño Textil SA (Inditex SA)**

1) On 27 April 2009 Zainab Ansell and Roger Ansell (the Ansell) filed applications to register the above trade marks (the trade marks). The trade marks were both published in the *Trade Marks Journal*, for opposition purposes, on 28 August 2009. Subsequent to the publication, the specifications have been amended to:

*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;*

*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.*

The above services are in classes 39 and 43 respectively of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

2) On 28 October 2009 Industria de Diseño Textil SA (Inditex SA) (Inditex) filed notices of opposition to the registration of the trade marks. Inditex relies upon sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (the Act).

3) Section 5(2)(b) of the Act states:

“(2) A trade mark shall not be registered if because -  
.....

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

Section 5(3) of the Act states:

“(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.”

Section 5(4)(a) of the Act states:

“(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented——

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade”.

The principles of the law of passing-off were summarised by Lord Oliver in *Reckitt & Colman Products Ltd v. Borden Inc* [1990] RPC 341 at page 406:

“The law of passing off can be summarised in one short, general proposition: no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are

three in number. First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. ... Thirdly he must demonstrate that he suffers, or in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff."

4) In relation to the grounds of opposition under section 5(2)(b) of the Act, Inditex relies upon Community trade mark registration no 732958 and United Kingdom registration no 1574845 of the trade mark ZARA.

5) Community trade mark registration (CTM) no 732958 has a filing date of 27 January 1998; the registration process was completed on 13 October 2005. Inditex relies upon the following goods and services of the registration:

*meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams, fruit sauces; eggs, milk and milk products; edible oils and fats;*

*coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle, yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices, ice;*

*agricultural, horticultural and forestry products and grains not included in other classes; live animals; fresh fruits and vegetables; seeds, natural plants and flowers; foodstuffs for animals; malt;*

*beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages;*

*alcoholic beverages (except beers);*

*store services; commercial or industrial management assistance by the issuing and administration of charge cards; business management services; business administration services; advertising, including advertising services undertaking*

*the distribution of advertising and commercial prospectuses and pamphlets, either directly or by mail, as well as the distribution of product samples;*

*providing of education; training; entertainment; sporting and cultural activities.*

The above goods and services are in classes 29, 30, 31, 32, 33, 35 and 41 respectively of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended. Inditex claims that all of the above goods and services are identical or similar to the services of the applications.

6) United Kingdom trade mark registration no 1574845 has a filing date of 9 June 1994. The registration process was completed on 16 August 1996, consequently, the registration is subject to proof of genuine use<sup>i</sup> for the period from 29 August 2004 to 28 August 2009. The trade mark is registered for:

*transportation, delivery and storage of consumer goods; all included in Class 39.*

Inditex claims that the trade mark has been used in relation to all of the services of the registration in the material period. Inditex claims that the services of its registration are similar to the class 39 services of the applications.

7) Under section 5(3) of the Act Inditex relies upon United Kingdom registration no 1574843 and CTM no 732958. United Kingdom registration no 1574843 has a filing date of 9 June 1994. The registration process was completed on 19 July 1996, consequently, the registration is subject to proof of genuine use for the period from 29 August 2004 to 28 August 2009. The trade mark is registered for:

*articles of clothing for men, women and children; all included in Class 25.*

Inditex claims that the trade mark has a reputation in respect of all the goods of the registration and that it has used the trade mark in the material period in respect of all of the goods. In relation to CTM no 732958 Inditex claims that it has a reputation in respect of the following goods and services:

*furniture, mirrors, picture frames; goods (not included in other classes) of wood, cork, reed, cane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, meerschaum and substitutes for all these materials, or of plastics;*

*household or kitchen utensils and containers (not of precious metal or coated therewith); combs and sponges; brushes (except paint brushes); brush-making materials; articles for cleaning purposes; steelwool; unworked or semi-worked glass (except glass used in building); glassware, porcelain and earthenware not included in other classes;*

*yarns and threads, for textile use;*

*lace and embroidery, ribbons and braid; buttons, hooks and eyes, pins and needles; artificial flowers;*

*carpets, rugs, mats and matting, linoleum and other materials for covering existing floors; wall hangings (non-textile);*

*store services; commercial or industrial management assistance by the issuing and administration of charge cards; business management services; business administration services; advertising, including advertising services undertaking the distribution of advertising and commercial prospectuses and pamphlets, either directly or by mail, as well as the distribution of product samples.*

The above goods and services are in classes 20, 21, 23, 26, 27 and 35 respectively of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

8) Inditex claims that use of the trade marks would take unfair advantage by free-riding on the distinctiveness of its trade mark. It claims that use would also dilute the distinctiveness of its trade mark. Inditex claims that use would damage the reputation of its trade mark if the services provided by the Ansell's were of inferior quality.

9) In relation to section 5(4)(a) of the Act Inditex claims that it has used the sign ZARA in the United Kingdom since 1998. It states that the sign has been used in relation to the following goods and services:

*perfumery, essential oils and cosmetics;*

*bags; trunks and travelling bags; suitcases; overnight bags; umbrellas; leather and imitations of leather and articles made therefrom; wallets; handbags (sic); purses, briefcases; shopping bags; satchels; sports bags; shoulder bags; school bags; rucksacks; duffle bags and belts;*

*furniture, mirrors, picture frames; goods (not included in other classes) of wood, cork, reed, cane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, meerschaum and substitutes for all these materials, or of plastics;*

*household or kitchen utensils and containers (not of precious metal or coated therewith); combs and sponges; brushes (except paint brushes); brush-making materials; articles for cleaning purposes; steelwool; unworked or semi-worked glass (except glass used in building); glassware, porcelain and earthenware not included in other classes;*

*yarns and threads, for textile use;*

*clothing, footwear and headgear;*

*lace and embroidery, ribbons and braid; buttons, hooks and eyes, pins and needles; artificial flowers;*

*carpets, rugs, mats and matting, linoleum and other materials for covering existing floors; wall hangings (non-textile);*

*retail services.*

Inditex claims that its earlier sign has been used as the name of a major high street fashion retail business which includes the design, manufacture and sale of clothing, footwear, headgear, articles for the home, furniture, perfumery, essential oils and cosmetics. Inditex claims that the sign has been used in the United Kingdom since 1998. Inditex claims that it has 1,529 stores worldwide, with more than half located in the European Union. It claims that it has a large flagship store in Oxford Street and 63 stores in high profile city and town centre locations throughout the United Kingdom. Inditex claims that the public will be deceived into thinking that the trade marks are related to or in some way connected to it.

10) The Ansell's filed counterstatements. They require Inditex to provide proof of use of the two United Kingdom trade mark registrations. The Ansell's deny the grounds of opposition. They claim that their trade marks differ visually, phonetically and conceptually from that of Inditex. The Ansell's deny that the respective services and goods are identical or similar. Inditex is put to strict proof of the claims that it has made under sections 5(3) and 5(4)(a) of the Act.

11) Both parties filed evidence.

12) A hearing was held on 7 July 2011. The Ansell's were represented by Dr Michael Harrison for Sandiford Tennant LLP. Inditex was represented by Ms Jessie Bowhill of counsel, instructed by Taylor Wessing LLP.

### ***Initial evidence for Inditex***

*Witness statement of Antonio Abril Abadin*

13) Mr Abril is the general counsel and secretary of the board of Inditex.

14) The first ZARA store opened in A Coruña, Spain in 1975. Inditex opened the first ZARA store in Portugal in 1978, in 1990 it opened a store in Paris and opened a store in London in 1998. As of 28 April 2010 there were ZARA stores in fifty towns and cities in the United Kingdom (as shown by exhibit AA2).

15) The ZARA HOME brand was introduced in 2003. ZARA HOME sells home furnishings; focusing on textiles, tableware, cutlery, glassware and decorative

items. ZARA HOME has more than 250 stores in 25 countries, including the United Kingdom. There is no indication as to the particular countries. Exhibited at AA3 are screenshots from the ZARA HOME website site at zarahome.com. There is no indication as to when the screen shots were taken. On pages 42,43 and 44, prices in pounds sterling can be seen. The screenshots show blankets, throws, bedspreads, quilts, curtains, tiebacks, rugs, cushions, bed linen, homewear, footwear, bath mats, towels, bathrobes, laundry baskets, body cream, cutlery, tablecloths, napkins, table runners, placemats, dinnerware, glasses, jugs, cutlery, ashtrays, frames, mirrors, boxes, vases, candles, tea lights, candelabras, lamps, lanterns, occasional furniture and incense holders. There is no indication as to when ZARA HOME began trading in the United Kingdom.

16) Exhibited at AA6 are copies of pages from *Best Global Brands 2009*, produced by Interbrand. ZARA is listed at number 50 and given a value of \$6,768 million, an increase of 14% on the previous year. The part of the extract relating to ZARA states, inter alia:

“Throughout the downturn, the Spanish clothing chain’s revenue has continued to increase....The enigma is that Zara is not a big advertising spender and instead builds awareness through word-of-mouth and retail presence.”

At page 152 the following appears:

“In the past two years, Zara has surpassed Gap and H&M to become the largest retailer in both the U.S. and Europe.”

Mr Abril states that exhibited at AA7 are copies of Interbrand reports for 2005, 2006, 2007 and 2008; in which the ZARA brand was placed 77<sup>th</sup>, 73<sup>rd</sup>, 64<sup>th</sup> and 62<sup>nd</sup> respectively. In fact the partial copies of the reports exhibited, showing the ZARA brand, are for 2009, 2008 and 2007 only.

17) Mr Abril states that customers visit ZARA stores on average 17 times a year, a number that is 3 or 4 times greater than Inditex’s competitors.

18) Distribution of ZARA goods is made through ZARA’s own transport network; all of the vehicles are heavily branded with the ZARA name.

19) At page 222 of exhibit AA10 there is a copy of an extract from *Marketing* of 29 September 2004, this refers to the launching of the “[i] interiors brand” ZARA HOME in August 2003. It states that there are 30 outlets in four countries. Page 225 consists of an article from *The Independent* of 30 March 2006 stating that Inditex intended to launch ZARA HOME in Regent Street in 2006. The article goes on to state that the opening date of the Regent Street store is not fixed and depends on whether the building is available. Exhibit AA10 includes a number of articles about the ZARA clothes business and its business model.



20) Sales of ZARA goods (excluding VAT) in pounds sterling in the United Kingdom from 28 August 2004 to 28 August 2009 were as follows:

	Clothes	Shoes	Perfume
28 August 2004 – 31 January 2005	63,336,909	4,854,301	514,492
1 February 2005 – 31 January 2006	143,477,718	10,139,130	1,176,967
1 February 2006 – 31 January 2007	188,175,231	12,202,398	1,418,058
1 February 2007 – 31 January 2008	221,849,203	14,815,691	1,256,537
1 February 2008 – 31 January 2009	255,799,007	18,120,559	1,168,071
1 February 2009 – 28 August 2009	143,863,313	13,490,738	474,022
Total	1,016,501,382	73,622,816	6,008,147

21) Mr Abril states that ZARA products are known to end users throughout the United Kingdom due to word of mouth and retail presence. Inditex does not “explicitly” advertise the ZARA brand. Mr Abril states that ZARA stores are prominently situated in major cities worldwide and main streets in the United Kingdom. Inditex used to issue general catalogues promoting the ZARA brand but ceased this in 2007. Exhibited at AA14 are the galley proofs for the last external catalogue. Also included in the exhibit are catalogues for internal use, relating to footwear and bags. The ZARA brand is primarily advertised through the website zara.com.

22) The ZARA brand has its own communications team in Inditex’s headquarters in Spain, and two people working in the United Kingdom. In Spain Inditex advertises twice a year, at the start of the sales seasons. The advertisements are published in the main newspapers. Inditex advertised twice a year in the United Kingdom until 2004. The last time that these advertisements appeared in the United Kingdom, they cost £79,722.

23) In November 2009 Inditex issued a ZARA and ZARA HOME application for mobile phones. Since its launch the application has had 1,341,665 downloads in the European Union.

24) Mr Abril states that the reputation of the ZARA brand has been recognised by the Spanish Supreme Court and the Opposition Division of the Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM). Exhibited at AA16 are copies of the judgment and the decision.

## ***Evidence for the Ansell's***

### *Witness statement of Zainab Ansell*

25) Ms Ansell is joint owner of the trade mark applications. The word ZARA contained in the trade marks was devised in 1986 by combining the first letters of each of the applicants' forenames and surnames. The trade mark was first used in Tanzania in 1987. Exhibited at ZA2 is a copy of documentation from the International Air Transport Association (IATA); this shows that Zara International Travel Agency was granted approval by IATA in 1987. The Ansell's have also registered their business with a number of other international travel organisations such as World Association of Travel Agencies (WATA), Austrian Travel Agency Association (ATAA), American Society of Travel Agents, Adventure Travel Trade Association, Women in Tourism International Alliance and Africa Travel Association. Exhibited at ZA3 are letters from WATA and ATAA to Ms Ansell at Zara International Travel Agency from 1993. The letter from WATA states that if Ms Ansell does not revert to them within one month it will be considered that she is no longer interested in WATA affiliation.

26) Use of the trade marks in connection with the services of the application commenced in 1988, shortly afterwards EWP was appointed as a United Kingdom agent for the business. Ms Ansell states that there has been continuous use of the trade marks in the United Kingdom since the date of first use. The services of the Ansell's under the trade marks are sold in the United Kingdom to and by tour operators specialising in treks and safaris such as EWP and Acacia Adventure Holidays Ltd.

27) Ms Ansell states that services under the trade marks can be booked over the Internet using the applicants' website. Exhibited at ZA5 are copies of single pages from the websites zara.co.tz, mustangtechno.com and Kilimanjaro.co.tz; the first two downloaded on 27 May 2010 and the last on 7 October 2010. The word and device trade mark can be seen on two of the pages. Reference is made on the pages to EWP handling bookings in the United Kingdom; a United Kingdom telephone number appears. The logo of EWP appears on the pages. There is reference to Zara on its own and Zara Tanzania Adventures. Exhibited at ZA6 are testimonials from customers of the Ansell's from the website zaratours.com. Amongst the pages of testimonials, three can be clearly identified as emanating from customers in the United Kingdom, they were posted on 10 September 2009, 31 March 2009 and 22 September 2007.

28) Ms Ansell states that annual sales and turnover for services sold by the applicants to customers in the United Kingdom from 2004 to 2009 were as follows:

Year	Sales – US dollars in millions
2004	0.427
2005	0.601
2006	0.732
2007	0.869
2008	1.052
2009	0.987

29) Ms Ansell states that the applicants have attended and promoted their services under the trade marks at the World Travel Market. Ms Ansell states that this event is held annually in London and attended by travel agents and tour operators from countries throughout the world. Exhibited at ZA9 is a “to whom it may concern letter” from the Tanzania Tourist Board dated 20 October 2010, which was specifically solicited for these proceedings and so is treated as hearsay evidence (as per TPN 5/2009). The letter reads:

“We are writing to inform you that ZARA TOURS/ZARA TANZANIA ADVENTURE is registered/licensed Tour Company in Tanzania. It is a reputable company and they have been in tourism business for a long time. In marketing our country as a good tourist destination Zara Tours/Zara Tanzania Adventure has been attending World Travel Market (WTM) for more than 10 years now. They have been attending this event and others under the Tanzania Tourist Board. This year they are attending WTM 2010 in London, under Tanzania stand Number AF 460. We as Tanzania Tourist Board we will not hesitate to recommend them for any assignment in tourism marketing/activities which be assigned to them.”

Exhibited at ZA8 is a printout of pages from the website [africatanzania.com](http://africatanzania.com). The printout shows the attendance of Zara Tanzania Adventure in 2003. Exhibited at ZA9 are pages downloaded from the website [zara.co.tz](http://zara.co.tz) on 10 June 2010.

30) Ms Ansell states that the applicants and their United Kingdom agents have sold services under the trade marks in the United Kingdom for more than 20 years, neither the applicants nor any of their United Kingdom agents have been made aware by Inditex or their United Kingdom representatives of any instances of confusion or association between the services being provided under the trade marks and the use of ZARA by Inditex in relation to its retailing activities.

*Witness statement of Andrzej Leszek Wielochowski*

31) Mr Wielochowski states that Factpass Limited is registered in the United Kingdom and trades under the business style of EWP. Mr Wielochowski is a director of the company. EWP first became aware of the applicants and their services in 1988 during a visit made by Mr Wielochowski to Tanzania. In 1989

EWP sent its first group to the applicants; during that year EWP agreed to become agents for the applicants in the United Kingdom and began working with them on the design of their website. EWT has since 1989 liaised with the applicants over programme design, web design, marketing issues and operational matters. EWT's annual turnover "over the last few years" has been approximately £550,000, of which 70% is attributed to the activities provided by the applicants under the trade marks.

32) EWT spends approximately £8,000 annually on advertising and "from time to time" places advertisements in travel magazines such as *Outdoor Enthusiast* and *Hosteller*. The advertisements appear under the EWP trade mark, the trade marks of the applicants or sometimes under both EWT's trade marks and those of the applicants. Mr Wielochowski states that EWT has not retained copies of any advertisements placed in magazines during its earlier years of trading. Exhibited at ALW1 is a (not very clear) copy of an advertisement placed in *Outdoor Enthusiast* in 2007. The word and device trade mark appears to be in the advertisement and reference is made to ZARA on its own. Exhibited at ALW2 is an advertisement from *Hosteller* for March 2009. EWP's logo appears on the advertisement and reference is made to "ZARA Tours".

33) Mr Wielochowski states that when making a booking through EWP, customers are aware that the services requested will be provided by the applicants. Exhibited at ALW3 is printout of a page from what Mr Wielochowski describes as the website of the applicants; it has the domain name Kilimanjaro.co.tz. It was downloaded on 15 October 2010; it is the same page as is exhibited at page 3 to ZA5.

*Witness statement of Vivian McCarthy*

34) Ms McCarthy is general manager of Acacia Adventure Holidays Ltd (Acacia). Acacia is a tour operator which specialises in arranging treks and safaris to East and Southern Africa. She states that Acacia is fully aware of and has used the services of the applicants applied for under the trade marks for over 10 years. Acacia began working with the applicants between the years of 1996 and 1997 and still is. Tours are organised by Acacia, making use of the services of the applicants in Tanzania. The net purchase of services by Acacia from the applicants for the financial year ending 30 April 2009 was to the approximate value of £70,000. The services offered by Acacia are booked by customers from its brochure or website which bear the details of Acacia. When a booking is paid for in full Acacia issues a travel voucher to the customer which bears the contact details of the applicants.

*Witness statement of Errol Sandiford*

35) Mr Sandiford is a partner of Sandiford Tennant LLP. Most of the statement is submission rather than evidence of fact; consequently, these parts of the

statement will not be recorded here, although they are borne in mind in reaching the decision in these proceedings.

36) Mr Sandiford states that the decision to seek protection for the trade marks in the United Kingdom, the European Union and Canada was made after one of the applicants' trade marks was erroneously registered by one of their former agents in the United States of America. Exhibited at ES1 are details of Canadian trade mark applications for the trade marks ZARA TANZANIA ADVENTURES and the trade mark and device the subject of these proceedings. The applications are in the name of the Ansell, who are described as being a partnership. Also included in the exhibit are details of the United States registration.

### ***Evidence in reply for Inditex***

#### *Witness statement of Rosario Valdez Knight*

37) Ms Valdez Knight is a solicitor at Taylor Wessing LLP. She states that she exhibits at RVK1 "extracts from several transport companies which offer transport of goods and passengers under one name". She also exhibits at RVK2 a notification letter from the Intellectual Property Office in relation to application no 2514679 and earlier registration no 1574845. Owing to the findings below in relation to proof of use of 1574845, it is not necessary to give further details in relation to this evidence.

#### *Witness statement of Daisy Tatton Brown*

38) Ms Tatton Brown is a trainee solicitor with Taylor Wessing LLP. Ms Tatton Brown exhibits at DTB1 a copy of a decision from the Opposition Division of OHIM, no B 1338880 (proceedings between Zico España, SL and Zeki Öztürk). A translation to one paragraph is furnished:

"With regards to the services claimed in class 39, they are not clearly apparent from the evidence of use filed by the opponent. However there are services that may logically accompany a usual business practice for a producer of ready to wear clothing, i.e. distribution services, transportation and storage of clothing in the course of trade. Given the circumstances of the case and the close link which exists between the products and the services which are the logical continuation of production [i.e. of those products], the Office considers that use of the mark for the above services can also be considered valid."

### ***Findings of fact***

39) In relation to the claims under section 5(3) of the Act Inditex must establish that at the date of the filing of the applications, 27 April 2009, its trade mark was known by a significant part of the public concerned by the products or services

covered<sup>ii</sup>. The Court of Justice of the European Union (CJEU) in *General Motors Corporation v Yplon SA* stated how a party would establish this reputation:

“27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.”

There is no doubt that at the material date the ZARA trade mark had the appropriate reputation for the goods of registration no 1574843 and *store services* of the Community trade mark, in so far as this relates to the retailing of clothing.

40) A similar provision to section 5(4)(a) of the Act is to be found in Article 8(4) of Council Regulation 40/94 of December 20, 1993. This was the subject of consideration by the General Court (GC) in *Last Minute Network Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Joined Cases T-114/07 and T-115/07, in which the GC stated:

“50 First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

51 However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non-registered national mark before the date of filing, in this case 11 March 2000.”

The reasoning of the GC, *mutatis mutandis*, is followed in relation to the Act; so Inditex must, to get off the ground, establish a protectable goodwill as of the date of the applications. There is no doubt that such a goodwill existed in relation to perfumery, clothing, footwear, headgear and fashion retail services.

41) The evidence in relation to other use is very sparse. The use in relation to ZARA HOME lacks specificity as in relation to which goods and services it has been used and at what dates. The screen prints lack any date and so are of no assistance. There is no definite date as to use in the United Kingdom; the article from *The Independent* merely indicates that there is a hope to open a store in Regent Street, but that is dependent on the premises being available. The evidence does not establish that Inditex had the requisite reputation for any other goods and services, for the purposes of section 5(3) of the Act, than those

identified in paragraph 38. In relation to passing-off, it does not establish a protectable goodwill at date of the filing of the applications other than for the goods and services identified in paragraph 39.

42) Ms Bowhill criticised the evidence filed by the Ansell's. She submitted that it did not establish that they had used ZARA in the United Kingdom prior to Inditex. She criticised the evidence of Mr Wielochowski for lacking contemporaneous documentation. Mr Wielochowski explains that he has not kept copies of advertisements. In relation to the copies of advertisements that have been submitted, she submitted that they did not establish use in the United Kingdom. EWP is the agent for the Ansell's in the United Kingdom; it is difficult to envisage that it would be advertising in publications outside the United Kingdom. The advertisements exhibited at ALW1 and ALW2 are in English, they have United Kingdom telephone numbers, with no international code. In the advertisement exhibited at ALW2 a Welsh address is given with no reference to the United Kingdom. Mr Wielochowski states that the advertisement at ALW1 clearly shows that the services of the Ansell's are sold in the United Kingdom, which clearly indicates that the advertisement is in a United Kingdom publication. Taking the evidence as a whole it is accepted that the advertisements were placed in United Kingdom publications for United Kingdom customers. Mr Wielochowski clearly states that EWP sent out its first party in 1989 and became the agent for the Ansell's in the United Kingdom in the same year. Mr Wielochowski states that 70% of the business of EWP emanates from the business of the Ansell's. Mr Wielochowski states that:

“Customers, when making a booking through my Company, are aware that the services requested will be provided by the Applicants.”

It is noted that this is hearsay, in that it relates to of what the customers are aware. However, it is clearly indicative of how EWP operates in relation to the business of the Ansell's. It is, also, a statement that is unchallenged. If Inditex wished to challenge the evidence of Mr Wielochowski, it could and should have sought to cross-examine him.

43) Ms Ansell gives clear figures as to the turnover in relation to services provided to customers from the United Kingdom from 2004 to 2009. She states how the services of the Ansell's are sold in the United Kingdom. Testimonials from customers in the United Kingdom are included in exhibit ZA6.

44) The letter exhibited at ZA7 is confirmation (if hearsay) of the attendance at WTM in London for at least 10 years.

45) There is no reason that an undertaking would keep documentation for over 20 years, which is the real basis of the criticism of Ms Bowhill. Ms Ansell makes clear statements as to the business of the Ansell's in the United Kingdom as does

Mr Wielochowski. Mr Richard Arnold QC, sitting as the appointed person in *Tripp Limited v Pan World Brands Limited* BL O/161/07 stated:

“33. *Phipson on Evidence* (16th ed) states at paragraph 12-12:

In general a party is required to challenge in cross-examination the evidence of any witness of the opposing party if he wishes to submit to the court that the evidence should not be accepted on that point. The rule applies in civil cases as it does in criminal. In general the CPR does not alter that position.

This rule [sic] serves the important function of giving the witness the opportunity of explaining any contradiction or alleged problem with his evidence. If a party has decided not to cross-examine on a particular important point, he will be in difficulty in submitting that the evidence should be rejected.

However the rule is not an inflexible one...

34. The authority cited in support of this statement of the law is the decision of the House of Lords in *Browne v Dunn* (1894) 6 R 67. The relevant passages from the speeches are set out in the judgment of Hunt J in *Allied Pastoral Holdings v Federal Commissioner of Taxation* (1983) 44 ALR 607, the material parts of which are quoted in the judgment of the Court of Appeal in *Markem Corp v Zipher Ltd* [205] EWCA Civ 267, [2005] RPC 31 at [59]-[60].

35. In my judgment the learned editors of *Phipson* are correct to say that the rule is not an inflexible one. There are at least two well-established exceptions to it. The first is that, as the speech of Lord Herschell LC in *Browne v Dunn* makes clear, it may not be necessary to cross-examine on a point if the witness has been given full notice of it before making his statement. As I pointed out in *BRUTT Trade Marks* [2007] RPC 19 at [23], this may be significant in registry proceedings where evidence is given sequentially. The second is that a court is not obliged to accept a witness's evidence in the absence of cross-examination if it is obviously incredible: see *National Westminster Bank plc v Daniel* [1993] 1 WLR 1453.

36. Where, however, evidence is given in a witness statement filed on behalf of a party to registry proceedings which is not obviously incredible and the opposing party has neither given the witness advance notice that his evidence is to be challenged nor challenged his evidence in cross-examination nor adduced evidence to contradict the witness's evidence despite having had the opportunity to do so, then I consider that the rule in *Brown v Dunn* applies and it is not open to the opposing party to invite the tribunal to disbelieve the witness's evidence.”



There is nothing incredible about the evidence for the Ansell's. The evidence is coherent and the witness statements interconnect. The evidence shows that the Ansell's from at least 1989 were furnishing holidays, by reference to the sign ZARA, in Tanzania to people in the United Kingdom and those customers purchased the holidays whilst in the United Kingdom. In *Pete Waterman Ltd v CBS United Kingdom Ltd* [1993] EMLR 27 Sir Nicolas Browne-Wilkinson VC stated:

"A. As a matter of principle, the existence of a severable English goodwill attached to a place of business in this country is not the basis of a right to complain of passing-off in this country. What is necessary is for the plaintiffs to show they have a trade connection here which will normally consist of customers forming part of their goodwill, wherever that goodwill is situate, which goodwill is being invaded by the acts of the defendant in this country;

B. The approach which I have set out at A above is not open to me as there is binding authority to the effect that the basis of [the] plaintiff's claim must be a goodwill locally situate in England; but

C. The presence of customers in this country is sufficient to constitute the carrying on of business here whether or not there is otherwise a place of business here and whether or not the services are provided here. Once it is found that there are customers, it is open to find that there is business here to which the local goodwill is attached;

D To the extent that the *Crazy Horse* case is authority to the contrary, I prefer not to follow it."

In *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others* Arnold J [2008] EWHC 3032(Ch).

"215.Fourthly, in order to found a passing off claim in the United Kingdom, the claimant must own goodwill in the United Kingdom. It is not enough to have a reputation here: see *Anheuser-Busch Inc v Budejovicky Budvar NP* [1984] FSR 413.

216.Fifthly, it is sufficient for goodwill to exist in the United Kingdom that the claimant has customers or ultimate consumers for his goods here, and for this purpose it is immaterial whether the claimant (a) has some branch here or (b) trades directly with customers here without having any physical presence in the jurisdiction (for example, by mail order) or (c) trades through intermediaries such as importers and distributors (provided that the circumstances are not such that the goodwill is owned by the intermediary): see e.g. *SA des Anciens Etablissements Panhard et Levassor v Panhard Levassor Motor Co* [1901] 2 Ch 513, *Manus v*

*Fullwood & Bland* (1949) 66 RPC 71, *Nishika Corp v Goodchild* [1990] FSR 371, and *Jian Tools for Sales v Roderick Manhattan Group* [1995] FSR 924.”

46) The Ansell's have had customers in the United Kingdom since at least 1989. The customers have purchased the services in the United Kingdom, they are purchased by reference to the name ZARA. This case revolves around the use of ZARA, so it is not key that the Ansell's have used the actual trade marks for which applications have been made. (Although there is evidence of use of the word and device trade mark.) From 1989 the Ansell's enjoyed a goodwill in the United Kingdom in relation to holiday services, by reference to the name ZARA, provided in Tanzania.

47) The CJEU in *Ajax Brandbeveiliging BV v Ansul BV* Case C-40/01 stated :

“36. “Genuine use” must therefore be understood to denote use that is not merely token, serving solely to preserve the rights conferred by the mark. Such use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin.

37. It follows that genuine use of the mark entails use of the mark on the market for the goods or services protected by that mark and not just internal use by the undertaking concerned. The protection the mark confers and the consequences of registering it in terms of enforceability vis-à-vis third parties cannot continue to operate if the mark loses its commercial *raison d'être*, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. **Use of the mark must therefore relate to goods or services already marketed or about to be marketed and for which preparations by the undertaking to secure customers are under way, particularly in the form of advertising campaigns. Such use may be either by the trade mark proprietor or, as envisaged in Article 10(3) of the Directive, by a third party with authority to use the mark.**

38. Finally, when assessing whether there has been genuine use of the trade mark, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, in particular whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark.

39. Assessing the circumstances of the case may thus include giving consideration, *inter alia*, to the nature of the goods or service at issue, the characteristics of the market concerned and the scale and frequency of use of the mark. Use of the mark need not, therefore, always be quantitatively significant for it to be deemed genuine, as that depends on the characteristics of the goods or service concerned on the corresponding market.”

48) Inditex delivers its ZARA goods in vehicles that bear the name ZARA. The part of the judgment highlighted refers to the connection between marketing or creating or maintaining a market for the services and customers. There is no suggestion that Inditex has any customers in relation to the class 39 services. Its delivery service is an internal service that effectively advertises the products on the sides of the vehicles. There has been neither a creation nor a maintenance of a market. Inditex has not established genuine use of United Kingdom trade mark registration no 1574845 for the period from 29 August 2004 to 28 August 2009 and so it cannot be taken into account for these proceedings.

### **Sections 5(3)**

49) In *Intel Corporation Inc v CPM United Kingdom Ltd* Case C-252/07 the CJEU considered Article 4(4)(a) of Directive 2008/95/EC of the European Parliament and the Council of 22 October 2008 (the Directive), which is the basis of section 5(3) of the Act:

“26 Article 4(4)(a) of the Directive establishes, for the benefit of trade marks with a reputation, a wider form of protection than that provided for in Article 4(1). The specific condition of that protection consists of a use of the later mark without due cause which takes or would take unfair advantage of, or is or would be detrimental to, the distinctive character or the repute of the earlier mark (see, to that effect, in respect of Article 5(2) of the Directive, *Marca Mode*, paragraph 36; *Adidas-Salomon and Adidas Benelux*, paragraph 27, and Case C-102/07 *adidas and adidas Benelux* [2008] ECR I-0000, paragraph 40).

27 The types of injury against which Article 4(4)(a) of the Directive ensures such protection for the benefit of trade marks with a reputation are, first, detriment to the distinctive character of the earlier mark, secondly, detriment to the repute of that mark and, thirdly, unfair advantage taken of the distinctive character or the repute of that mark.

28 Just one of those three types of injury suffices for that provision to apply.

29 As regards, in particular, detriment to the distinctive character of the earlier mark, also referred to as ‘dilution’, ‘whittling away’ or ‘blurring’, such

detriment is caused when that mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is notably the case when the earlier mark, which used to arouse immediate association with the goods and services for which it is registered, is no longer capable of doing so.

30 The types of injury referred to in Article 4(4)(a) of the Directive, where they occur, are the consequence of a certain degree of similarity between the earlier and later marks, by virtue of which the relevant section of the public makes a connection between those two marks, that is to say, establishes a link between them even though it does not confuse them (see, in relation to Article 5(2) of the Directive, *General Motors*, paragraph 23; *Adidas-Salomon and Adidas Benelux*, paragraph 29, and *adidas and adidas Benelux*, paragraph 41).

31 In the absence of such a link in the mind of the public, the use of the later mark is not likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier mark.

32 However, the existence of such a link is not sufficient, in itself, to establish that there is one of the types of injury referred to in Article 4(4)(a) of the Directive, which constitute, as was stated in paragraph 26 of this judgment, the specific condition of the protection of trade marks with a reputation laid down by that provision.....

37 In order to benefit from the protection introduced by Article 4(4)(a) of the Directive, the proprietor of the earlier mark must adduce proof that the use of the later mark 'would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark'.

38 The proprietor of the earlier trade mark is not required, for that purpose, to demonstrate actual and present injury to its mark for the purposes of Article 4(4)(a) of the Directive. When it is foreseeable that such injury will ensue from the use which the proprietor of the later mark may be led to make of its mark, the proprietor of the earlier mark cannot be required to wait for it actually to occur in order to be able to prohibit that use. The proprietor of the earlier mark must, however, prove that there is a serious risk that such an injury will occur in the future.

44 As regards the degree of similarity between the conflicting marks, the more similar they are, the more likely it is that the later mark will bring the earlier mark with a reputation to the mind of the relevant public. That is particularly the case where those marks are identical.

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).

58 However, as is apparent from paragraphs 27 to 31 of the judgment in *Adidas-Salomon and Adidas Benelux*, implementation of the protection introduced by Article 4(4)(a) of the Directive does not require the existence of a likelihood of confusion.

59 The national court asks, in particular, whether the circumstances set out in points (a) to (d) of Question 1 referred for a preliminary ruling are sufficient to establish a link between the conflicting marks.

60 As regards the circumstance referred to in point (d) of that question, the fact that, for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later mark would call the earlier mark to mind is tantamount to the existence of such a link.

61 As regards the circumstances referred to in paragraphs (a) to (c) of that question, as is apparent from paragraph 41 to 58 of this judgment, they do not necessarily imply the existence of a link between the conflicting marks,

but they do not exclude one either. It is for the national court to base its analysis on all the facts of the case in the main proceedings.

62 The answer to point (i) of Question 1 and to Question 2 must therefore be that Article 4(4)(a) of the Directive must be interpreted as meaning that whether there is a link, within the meaning of *Adidas-Salomon and Adidas Benelux*, between the earlier mark with a reputation and the later mark must be assessed globally, taking into account all factors relevant to the circumstances of the case.

63 The fact that for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later mark calls the earlier mark with a reputation to mind is tantamount to the existence of such a link, within the meaning of *Adidas-Salomon and Adidas Benelux*, between the conflicting marks.

64 The fact that:

- the earlier mark has a huge reputation for certain specific types of goods or services, and
- those goods or services and the goods or services for which the later mark is registered are dissimilar or dissimilar to a substantial degree, and
- the earlier mark is unique in respect of any goods or services,

does not necessarily imply that there is a link, within the meaning of *Adidas-Salomon and Adidas Benelux*, between the conflicting marks.”

50) In this case ZARA is unique in respect of the goods and services for which it has a reputation. Indeed, there is no evidence that ZARA is used as a trade mark at all in the European Union other than by it and the Ansell. The earlier trade mark has a huge reputation. However, ZARA is not an invented word and so, in an alien area of trade, would not necessarily bring to mind the trade mark of Inditex. Although Zara may not be a common female forename, it is a well-known one eg a granddaughter of the Queen has that forename. The average consumers of the goods and services of Inditex and those for the services of the applications, are the public at large. They are not discrete non-overlapping groups. There is no natural brand extension from the goods and services for which Inditex has a reputation and the services of the applications; as there would be, for instance, in relation to such things as clothing, eyewear and perfume. There is an enormous distance between the respective goods and services, there is no link between them. **Taking into account all of these factors, it is not considered that the use of the trade marks of the Ansell would bring to mind the trade mark of Inditex and so no link would be**

**formed and so the grounds under section 5(3) of the Act must be dismissed.**

51) In addition to this, the ground under section 5(3) of the Act fails for other reasons. Ms Bowhill abandoned the tarnishing aspect of the claim at the hearing but continued with the unfair advantage and dilution claims.

52) Ms Bowhill submitted that the judgment of the Court of Appeal in *L'Oreal SA v Bellure NV* overrode the judgment of the Court of Appeal in *Whirlpool Corporations and others v Kenwood Limited* [2009] EWCA Civ 753 and that in the former judgment unfairness was held to be an automatic sequitur of taking advantage. In the former judgment Jacob LJ stated:

“49 Turning to the substance of the point, the ECJ’s reasoning runs thus:

- (a) art.5(2) applies to same mark/same goods case, see cases cited at [35];
- (b) If a “link” in the mind of the public is established between the sign complained of and the registered mark, then there may be art.5(2) type infringement;
- (c) For such infringement it is necessary to show one of the types of injury against which art.5(2) is directed, namely detriment to distinctive character, detriment to the repute of the mark or unfair advantage taken of the distinctive character or repute of the mark—see [36]–[38].
- (d) The court explains the first two types of injury a little more in [39]–[40]. It is not necessary to go into these here because of the factual findings of no blurring and no tarnishment. What matters is its explanation of the third type—unfair advantage. Here is what it says:

“[41] As regards the concept of ‘taking unfair advantage of the distinctive character or the repute of the trade mark’, also referred to as ‘parasitism’ or ‘free-riding’, that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. 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.

[49] ... where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark,



the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark.”

So far as I can see this is saying if there is “clear exploitation on the coat-tails” that is ipso facto not only an advantage but an unfair one at that. In short, the provision should be read as though the word “unfair” was simply not there. No line between “permissible free riding” and “impermissible free riding” is to be drawn. All free-riding is “unfair”. It is a conclusion high in moral content (the thought is clearly that copyists, even of lawful products should be condemned) rather than on economic content.”

In the latter judgment Lloyd LJ stated:

“136. I do not consider that Kenwood's design involves anything like a transfer of the image of the KitchenAid mark, or of the characteristics which it projects, to the goods identified by Kenwood's sign (see *L'Oréal v Bellure* paragraph 41). Of course, as a newcomer in a specialist market of which KitchenAid had a monopoly, and being (necessarily) in the basic C-shape of a stand mixer, the kMix would remind relevant average consumers, who are design-aware, of the KitchenAid Artisan. That, however, is a very different phenomenon, in very different commercial circumstances, from the situation considered in *L'Oréal v Bellure*. I find the Court's judgment instructive, but it does not seem to me to lead to the conclusion in favour of Whirlpool for which Mr Mellor contends. On the contrary, having rejected his radical submission that the word "unfair" could just as well have been left out of the article, it seems to me that the decision points away from, rather than towards, liability under the article on the facts of the present case. It is not sufficient to show (even if Whirlpool could) that Kenwood has obtained an advantage. There must be an added factor of some kind for that advantage to be categorised as unfair. It may be that, in a case in which advantage can be proved, the unfairness of that advantage can be demonstrated by something other than intention, which was what was shown in *L'Oréal v Bellure*. No additional factor has been identified in this case other than intention.”

In the former judgment Jacob LJ refers to “clear exploitation on the coat tails”. He refers to the judgment of the CJEU in which it refers to a party attempting to ride on the coat tails. Consequently, the intent is still present in the consideration. There is not a negation of the necessity of the advantage being unfair but unfair has become the equivalent to intent, consequently, the judgments are not contradictory. (It is also to be noted that Lloyd LJ makes specific reference to paragraph 41 of *L'Oréal v Bellure* as did Jacob LJ.)

53) So, Inditex must demonstrate in evidence that there was some form of unfairness, such as intent, or it must be obvious from the facts of the case. No

evidence to, for instance, intent has been furnished. Owing to the existing business of the Ansell's and the distance between the respective goods and services, there is no basis for the claim of unfairness from the facts of the case. The claim to taking unfair advantage would fail, therefore, even if the use of ZARA brought the trade mark of Inditex to mind.

54) Taking advantage requires an advantage to the customers of the Ansell's. There is no connection between the goods and services for which Inditex has a reputation and the services of the trade mark applications. This distance means that it is not possible to see what advantage the Ansell's would gain. (It is noted that the services of the application are wider than the services furnished by the Ansell's.)

55) In relation to dilution, Inditex must establish that the use of the trade mark would have an effect upon the economic behaviour of customers of Inditex. In *Intel Corporation Inc v CPM United Kingdom Ltd* the CJEU stated:

“77 It follows that proof that the use of the later mark is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future.”

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. Consequently, Inditex would fail on this basis also.

56) In *Premier Brands UK Ltd v Typhoon Europe Ltd & Another* [2000] ETMR 1071 Neuberger J stated:

“Thirdly, it appears to me that this conclusion is consistent with the view of the Benelux Court in *Lucas Bols* [1976] I.I.C. 420 at 425, where, when discussing the meaning of “without justifiable reason” which appeared in a similar context in the Uniform Benelux Trade Mark Act as “without due cause” in section 10(3), the Court said this:

“What this requires, as a rule, is that the user (of the mark) is under such a compulsion to use this very mark 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 ...”.

On the same page, the court went on to suggest that a “justifiable reason” may be “if the user can assert an older right than that of the [registered

proprietor]” but went on to emphasise 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”.

In my judgment, those observations represent the approach which should be adopted to the words “being without due cause” in section 10(3), although it is fair to say that two criticisms can be made of this conclusion. The first criticism raises a practical problem, in the sense that this construction could be said to produce a degree of uncertainty; the second point which may be made is that, on this construction, it is not entirely to see what function the words “being without due cause” actually have. So far as the practical problem is concerned, I do not consider that it has a great deal of weight. Most cases of alleged trade mark infringement turn on their own particular facts; further, the protection potentially accorded to a trade mark proprietor by section 10(3) can be pretty wide. It does not therefore seem to me inappropriate that the tribunal considering the question of infringement under this provision is accorded some degree of flexibility as to how the provision is to be enforced. It should be made clear that I am certainly not suggesting that the court has some sort of roving commission or wide discretion; the observations I have quoted from Lucas Bols are quite clear on that point.

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.

57) It is borne in mind that the actual business of the Ansell's is narrower than that of the specifications, particularly by reference to where the holidays take place. However, the specifications are not covetous and represent the fundamental services supplied by businesses supplying holidays.

**58) The ground of opposition under section 5(3) of the Act fails.**

***Section 5(4)(a) of the Act – passing-off***

59) Inditex has established a protectable goodwill as of the date of the filing of the applications. However, this is not the only date(s) that has to be considered. Consideration has to be given to the position at the date that the behaviour complained of commenced<sup>iii</sup>. In this case this would be the commencement of the use of the name ZARA by the Ansell's in 1989. The Ansell's have established a goodwill in relation to their business by reference to the sign as from at least

1989. Mr Geoffrey Hobbs QC, sitting as the appointed person, in *Lee Alexander McQueen v Nicholas Steven Croom* BL O-120-04 held:

“45. I understand the correct approach to be as follows. When rival claims are raised with regard to the right to use a trade mark, the rights of the rival claimants fall to be resolved on the basis that within the area of conflict:

- (a) the senior user prevails over the junior user;
- (b) the junior user cannot deny the senior user’s rights;
- (c) the senior user can challenge the junior user unless and until it is inequitable for him to do so.”

**In this case Inditex did not have a shop in the United Kingdom until 1998. Consequently, the Ansell’s are very much the senior users of the sign ZARA and so, in relation to the services of the applications, Inditex could not prevent the Ansell’s using the trade marks under the law of passing-off.**

60) As with the section 5(3) ground, there is an enormous distance between goods and services for which Inditex has goodwill and the services of the applications. In *Harrods v Harrodian School* [1996] RPC 697 Millett LJ stated:

“It is not in my opinion sufficient to demonstrate that there must be a connection of some kind between the defendant and the plaintiff, if it is not a connection which would lead the public to suppose that the plaintiff has made himself responsible for the quality of the defendant’s goods or services”

In the same case he went on to state:

“The absence of a common field of activity, therefore, is not fatal; but it is not irrelevant either. In deciding whether there is a likelihood of confusion, it is an important and highly relevant consideration.”

And

“The name "Harrods" may be universally recognised, but the business with which it is associated in the minds of the public is not all embracing. To be known to everyone is not to be known for everything.”

The enormous gap between the goods and services under consideration means that the public would not believe that Inditex was responsible for the services of the applications. There would be no misrepresentation and so this ground of opposition would also fail on this basis. (In *Lego Systems A/S v Lego M Lemelstricht Ltd* [1983] FSR 155 there was no common field of activity but the gap was bridged by evidence showing the deception of the public.)

61) In *Stringfellow v McCain Foods (GB) Ltd* [1984] RPC 501 Slade L.J. said:

“even if it considers that there is a limited risk of confusion of this nature, the court should not, in my opinion, readily infer the likelihood of resulting damage to the plaintiffs as against an innocent defendant in a completely different line of business. In such a case the onus falling on plaintiffs to show that damage to their business reputation is in truth likely to ensue and to cause them more than minimal loss is in my opinion a heavy one.”

Owing to the completely different lines of business, neither would there be any damage to Inditex.

**62) The ground of opposition under section 5(4)(a) of the Act is dismissed.**

***Section 5(2)(b) of the Act – the likelihood of confusion***

***Comparison of trade marks***

63) The trade marks of the Ansell's are Zara Tours and



Inditex relies upon the trade mark ZARA. The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details<sup>iv</sup>. The visual, aural and conceptual similarities of the marks must, therefore, be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components<sup>v</sup>. Consequently, there cannot be an artificial dissection of the trade marks, although it is necessary to take into account any distinctive and dominant components. The average consumer rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he/she has kept in his/her mind and he/she is deemed to be reasonably well informed and reasonably circumspect and observant<sup>vi</sup>. The assessment of the similarity of the trade marks must be made by reference to the perception of the relevant public<sup>vii</sup>.

64) The second trade mark of the Ansell's is in colour. In *Mary Quant Cosmetics Japan Ltd v Able C & C Co Ltd* BL O/246/08 Mr Geoffrey Hobbs QC, sitting as the appointed person, stated:

“10. The present oppositions under Section 5(2)(b) are based on the rights conferred by registration of a device mark recorded in the register in black-and-white. It follows that colouring is immaterial to the distinctiveness of

the Opponent's device mark as registered and therefore irrelevant for the purposes of the assessment of similarity in both oppositions."

In *Specsavers International Healthcare Limited & Others v Asda Stores Limited* [2010] EWHC 2035 (Ch) Mann J stated:

"119. It is not clear to me that this is a debate which advances the case very much, but the position seems to me to be as follows. As a matter of principle the exercise involves comparing the offending sign with the registered mark and assessing the likelihood of confusion or association. The two things have to be compared. Since we live in a visual world, and signs are visual, some form of appearance has to be considered. If the registered mark is limited to a colour, then the mark that is used has to be compared, as used, to the mark that is registered, as registered (and therefore in colour). If the registered mark is unlimited as to colour then it is registered for all colours. This means that the colour of the offending sign becomes irrelevant. It will not be possible to say that its colour prevents there being an infringement. At this point one can take one of two courses, each of which ought to have the same result. The first is to imagine the registered mark in the same colour as the offending sign. The second is to drain the colour from the offending sign. Either way one then has the material for comparison. One could even imagine them both in a third colour. It does not matter. So in a sense both Mr Purvis and Mr Bloch are right. As a matter of visual convenience it seems to me to be easier to imagine the registered mark in a colour than to imagine the offending sign drained of colour, and I propose to adopt that course."

As the trade mark of Inditex is not limited to any colour or registered in any colour, the second trade mark of the Ansell's must be "drained of colour" and so colour plays no part in the consideration of similarity.

65) The Tours element of the first trade mark will be seen as a descriptive and non-distinctive component of the trade mark in relation to the services of the application. In the second trade mark TANZANIA ADVENTURES will indicate to the average consumer that the services relate to adventure holidays that take place in Tanzania, it is not a distinctive component. The distinctive and dominant components of the trade marks is the well-known female forename Zara. The average consumer of the goods and services of Inditex will not perceive its trade mark to be anything other than the female forename; it is, in its entirety, the distinctive and dominant component of the trade mark.

66) The word only trade mark of the Ansell's, owing to the nature of the word Tours, is phonetically, visually and conceptually similar to the trade mark of Inditex to the highest degree.

67) The word and device trade mark of the Ansell's has visual elements which are alien to the trade mark of Inditex. There is a degree of stylisation of the font of ZARA, there is the split circle and the presence of the two other words. The trade mark is in the form of a logo. However, the overwhelming distinctive and dominant element is still the word ZARA and this, despite the differences, leads to a good degree of visual similarity. Owing to the descriptive nature of the non-ZARA components of the trade mark of the Ansell's, there is a high degree of phonetic and conceptual similarity. Overall, the word and device trade mark of the Ansell's is similar to a high degree to the trade mark of Inditex.

### ***Comparison of goods and services***

68) In "construing a word used in a trade mark specification, one is concerned with how the product is, as a practical matter, regarded for the purposes of trade<sup>viii</sup>". Words should be given their natural meaning within the context in which they are used, they cannot be given an unnaturally narrow meaning<sup>ix</sup>. Consideration should be given as to how the average consumer would view the goods and/or services<sup>x</sup>. The class of the goods and/or services in which they are placed may be relevant in determining the nature of the goods and/or services<sup>xi</sup>. In assessing the similarity of goods and/or services it is necessary to take into account, inter alia, their nature, their intended purpose, their method of use and whether they are in competition with each other or are complementary<sup>xii</sup>. In *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281, Jacob J also gave guidance as to how similarity should be assessed<sup>xiii</sup>.

69) As Inditex has not proved genuine use of its trade mark in respect of registration no 1574845, this will not be taken into account for the comparison of services.

70) Ms Bowhill submitted the travel services applied for in classes 39 and 43 are similar to "*entertainment; sporting and cultural activities*" in class 41 of the Community trade mark registration as they are complementary in the sense that travel operators would ordinarily offer, organise or arrange tickets to both sporting and cultural events. (Her use of the term travel services is somewhat vague as the services encompass a range of holiday related services; from general travel agency services to conducting of safaris.) Ms Bowhill submitted that the public at large will, therefore, associate the respective activities with each other since they are often offered by the same company.

71) Jacob J in *Avnet Incorporated v Isoact Ltd* [1998] FSR 16 stated:

"In my view, specifications for services should be scrutinised carefully and they should not be given a wide construction covering a vast range of activities. They should be confined to the substance, as it were, the core of the possible meanings attributable to the rather general phrase."

72) In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T- 325/06* the General Court (GC) explained when goods were complementary:

“82 It is true that goods are complementary if there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking (see, to that effect, Case T-169/03 *Sergio Rossi v OHIM – Sissi Rossi (SISSI ROSSI)* [2005] ECR II-685, paragraph 60, upheld on appeal in Case C-214/05 P *Rossi v OHIM* [2006] ECR I-7057; Case T-364/05 *Saint-Gobain Pam v OHIM – Propamsa (PAM PLUVIAL)* [2007] ECR II-757, paragraph 94; and Case T-443/05 *El Corte Inglés v OHIM – Bolaños Sabri (PiraÑAM diseño original Juan Bolaños)* [2007] ECR I-0000, paragraph 48).”

73) It may be that a holiday company or travel agent could organise tickets for an event or arrange a holiday that is specifically linked to an event eg going to London for a show. However, the purchaser will be aware that the holiday company is not supplying the event or, vice versa, that the company organising the event is not organising the holiday. The average consumer will assume that the two services are fulfilled by different undertakings. There is also no essential close connection in the services, so that one is indispensable or important for the use of the other. It is considered that the respective services are not complementary, which was the basis of the claim for similarity at the hearing. Even if it were considered that there was a degree of complementarity, it would be so slight that it would not give rise to similar services. In *Assembled Investments (Proprietary) Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-105/05* the GC held

“34 Lastly, it should be stated that there is a degree of complementarity between some articles of glassware, in particular wine glasses, carafes and decanters, on the one hand, and wine, on the other, in so far as the first group of products is intended to be used for drinking wine. However, in so far as wine may be drunk from other vessels and the articles of glassware mentioned above can be used for other purposes, that complementarity is not sufficiently pronounced for it to be accepted that, from the consumer’s point of view, the goods in question are similar within the terms of Article 8(1)(b) of Regulation No 40/94.

35 Having regard to all of the foregoing, it must be held that articles of glassware and wine are not similar goods. Consequently, there can be no likelihood of confusion between the conflicting marks and the applicant’s second plea must therefore be accepted.”

Ms Bowhill did not make submissions in relation to the other goods and services which, in the statement of grounds, it was claimed were similar. In written



submissions Inditex had give reasons as to why it considered its class 39 services were similar to the services of the applications. However, as the proof of use in relation to these services has been rejected, these submissions do not have a bearing upon the proceedings.

74) No other submissions, oral or written, have been received in relation to the similarity of the respective goods and services. In *Canon* the CJEU stated:

“22. It is, however, important to stress that, for the purposes of applying Article 4(1)(b), even where a mark is identical to another with a highly distinctive character, it is still necessary to adduce evidence of similarity between the goods or services covered. In contrast to Article 4(4)(a), which expressly refers to the situation in which the goods or services are not similar, Article 4(1)(b) provides that the likelihood of confusion presupposes that the goods or services covered are identical or similar.”

The court required evidence of similarity to be adduced. This finding has been reiterated by the CJEU and the GC; eg in *Commercy AG v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-316/07:

“43 Consequently, for the purposes of applying Article 8(1)(b) of Regulation No 40/94, it is still necessary, even where the two marks are identical, to adduce evidence of similarity between the goods or services covered by them (see, to that effect, order of 9 March 2007 in Case C-196/06 P *Alecansan v OHIM*, not published in the ECR, paragraph 24; and Case T-150/04 *Mülhens v OHIM – Minoronzoni(TOSCA BLU)* [2007] ECR II-2353, paragraph 27).”

The above part of the *Canon* judgment has been more recognised in the breach than in the observance in this jurisdiction. It may not always be practical to adduce evidence of similarity; it may be that the nature of the goods and/or services is so well-known that it would be a waste of effort and resources to do so. In relation to the other goods and services of Inditex there is no obvious conjunction with the services of the applications within the parameters of the case law. In the absence of any evidence or submissions in relation to these other goods and services, and the absence of any obvious conjunction, a comparison is not possible. The onus is upon Inditex to advance its case, something it has failed to do in relation to the other goods and services which in its statement of grounds it claimed were similar. (It is also to be assumed that Ms Bowhill advanced what she considered what was the strongest case in relation to the similarity of goods and services.)

**75) The services of the applications are not similar to any of the goods and services upon which Inditex relies. Consequently, the grounds of**

**opposition under section 5(2)(b) of the Act must be dismissed as similarity of goods and services is essential for a finding of likelihood of confusion.**

**Costs**

76) The Anells having been successful are entitled to a contribution towards their costs on the following basis:

Preparing a statement and considering the statements of Inditex	£500
Preparing evidence and considering the evidence of Inditex	£1,000
Preparing for and attending hearing	£500
Total	£2,000

**Industria de Diseño Textil SA (Inditex SA) is ordered to pay Zainab Ansell and Roger Ansell the sum of £2,000. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.**

**Dated this 18<sup>th</sup> day of July 2011**

**David Landau  
For the Registrar  
the Comptroller-General**

<sup>i</sup> Section 6A of the Act reads:

“(1) This section applies where –

(a) an application for registration of a trade mark has been published,

(b) there is an earlier trade mark of a kind falling within section 6(1)(a), (b) or (ba) in relation to which the conditions set out in section 5(1), (2) or (3) obtain, and

(c) the registration procedure for the earlier trade mark was completed before the start of the period of five years ending with the date of publication.

(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met.

(3) The use conditions are met if –

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(a) within the period of five years ending with the date of publication of the application the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or

(b) the earlier trade mark has not been so used, but there are proper reasons for non-use.

(4) For these purposes –

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and

(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(5) In relation to a Community trade mark, any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Community.

(6) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.

(7) Nothing in this section affects –

(a) the refusal of registration on the grounds mentioned in section 3 (absolute grounds for refusal) or section 5(4)(relative grounds of refusal on the basis of an earlier right), or

(b) the making of an application for a declaration of invalidity under section 47(2) (application on relative grounds where no consent to registration).”

Under Section 100 of the Act the onus is upon the proprietor of the earlier trade mark(s) to show genuine use:

“If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

<sup>ii</sup> *General Motors Corporation v Yplon SA* Case C-375/97.

<sup>iii</sup> *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] RPC 429 and *Inter Lotto (UK) Ltd v Camelot Group PLC* [2004] RPC 8 and 9.

<sup>iv</sup> *Sabel BV v Puma AG* Case C-251/95.

<sup>v</sup> *Sabel BV v Puma AG* Case C-251/95.

<sup>vi</sup> *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* Case C-342/97.

<sup>vii</sup> *Succession Picasso v OHIM - DaimlerChrysler (PICARO)* Case T-185/02.

<sup>viii</sup> *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281.

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<sup>ix</sup> *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd and Another* [2000] FSR 267.

<sup>x</sup> *Thomson Holidays Ltd v Norwegian Cruise Lines Ltd* [2003] RPC 32 dealt with a non-use issue but are still pertinent to the consideration of the meaning and effect of specifications:

“In my view that task should be carried out so as to limit the specification so that it reflects the circumstances of the particular trade and the way that the public would perceive the use. The court, when deciding whether there is confusion under section 10(2), adopts the attitude of the average reasonably informed consumer of the products. If the test of infringement is to be applied by the court having adopted the attitude of such a person, then I believe it appropriate that the court should do the same when deciding what is the fair way to describe the use that a proprietor has made of his mark. Thus, the court should inform itself of the nature of trade and then decide how the notional consumer would describe such use”

<sup>xi</sup> *Altecnic Ltd's Trade Mark Application* [2002] RPC 34.

<sup>xii</sup> *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* Case C-39/97.

<sup>xiii</sup> He considered that the following should be taken into account when assessing the similarity of goods and/or services:

- (a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.”