

O-0298-23

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATION NO. 3602773
BY BUILDXACT SOFTWARE LIMITED IN RESPECT OF THE TRADE MARK**

BUILDXACT

IN CLASSES 9, 36, 37 AND 42

**AND IN THE MATTER OF OPPOSITION THERETO UNDER NO. 425937 BY
XACTWARE SOLUTIONS, INC.**

BACKGROUND AND PLEADINGS

1. Buildxact Software Limited (“the applicant”) applied to register the following trade mark in the UK:

BUILDXACT

Filing date: 1 March 2021

Publication date: 7 May 2021

Class 9: *Computer software for construction management; computer software for lead generation and management, proposal and bid creation, project and pre-project management, customer communications, financial management, accounting integration, warranty management; downloadable application software for construction management, lead generation and management, proposal and bid creation and management, project and pre-project management, customer communications, financial management, accounting integration, warranty management; all of the foregoing in the field of construction, all the aforesaid for use by small-medium sized building and construction companies and not for the purpose of the management of insurance claims.*

Class 36: *Estimation of building project costs, all the aforesaid provided to small-medium sized building and construction companies and none being for the purpose of the management of insurance claims.*

Class 37: *Advisory services relating to building and construction services, inclusive of building or constructing new buildings, renovating or maintaining existing buildings, and adding to or extending existing buildings; project management in relation to building activities; provision of information, including by electronic means and the Internet, about all the aforesaid services; all the aforesaid provided to small-medium sized building and construction companies and none being for the purpose of the management of insurance claims.*

Class 42: *Providing temporary use of non-downloadable software for construction management; providing temporary use of non-downloadable software for lead generation and management, proposal and bid creation, project and pre-project management, customer communications, financial management, accounting integration, warranty management; computer support services (programming and software installation, repair and maintenance services); all of the foregoing in the field of construction; off-site building project management (construction drafting, design and planning); all the aforesaid provided to small-medium sized building and construction companies and none being for the purpose of the management of insurance claims.*

2. The application was filed pursuant to Article 59 of the Withdrawal Agreement between the United Kingdom and the European Union, and the EU filing date was 3 October 2019 and claimed a priority date of 20 June 2019 based upon Australian mark no. 2017749.

3. Xactware Solutions, Inc. (“the opponent”) opposes the application in full on the basis of section 5(2)(b), section 5(3) and section 5(4)(a) of the Trade Marks Act 1994 (“the Act”). The section 5(2)(b) ground is based upon the following four earlier marks, the relevant details of which are shown below:

904801437 XACTWARE

Filing date: 22 December 2005

Registration Date: 24 May 2007

Class 9: *Computer software for use in the field of insurance, construction, remodel and replacement cost estimation, valuation and process and performance management; computer software in the field of homeowner contents management; and instructional materials in electronic format, all distributed together as a unit.*

Class 35: *Electronic storage of residence insurance valuation calculations.*

Class 36: *Providing real-time insurance claim management information, reports and services to insurance carriers and restoration contractors via a secure online website; providing an online computer database in the field of home warranties and building insurance policies; provision of*

residential insurance and valuation calculations using web based tools; providing an online computer database and services in the field of insurance, and replacement cost estimation, valuation and process and performance management; providing an online computer database in the field of homeowner contents management for the purpose of insurance policies.

Class 37: *Providing an online computer database and services in the field of construction and remodel cost estimation, valuation and process and performance management.*

915215627 XACTWARE

Filing date: 15 March 2016

Registration Date: 21 October 2016

Class 9: *Software for use in building construction, repair, restoration, and remodeling and in building construction, repair, restoration and remodel cost estimating; software for measuring building structures, roofs, other features of building structures, property, and terrain, using aerial, terrestrial, and satellite imagery and other remote sensing technologies, photographic data, and geospatial data, and for creating drawings, floorplans, and schematics of building structures, roofs, other features of building structures, property, and terrain; software for integrating electronic data with real world environments for the purpose of generating digital representations of building structures, roofs, other features of building structures, property, and terrain; software for use in providing information featuring aerial, terrestrial, and satellite imagery, photographic data, and geospatial data; software for photogrammetric analysis; software for use in building inspections, risk assessment, hazard assessment, reconstruction assessment, and to assist in insurance claims management and analysis; software for taking and uploading photos and uploading videos; software used for storing and accessing images and geographic and locational data regarding the stored and accessed images; software for use in analysis, predictive modeling, and creating reports, relating to property damages, catastrophic loss information, weather events and catastrophes; software for measuring interior spaces and creating drawings, floorplans, designs, and schematics of interior spaces; software in the nature of a mobile application for measuring interior spaces and creating drawings, floorplans, designs, and schematics of interior spaces; software for controlling imaging apparatus; software for accessing pricing information used in estimating and valuing the costs of construction, remodeling, repair or replacement of residential, commercial, industrial and agricultural structures and the fixtures and contents thereof; downloadable electronic reports relating to insurance property claims, valuations of real estate, buildings, fixtures, and personal property, and building construction cost estimating; software for use in valuations of real estate, buildings, fixtures, and personal property; software for documenting, inventorying, and monitoring the damage to and operating status, condition and location of personal, commercial, and industrial property; software, namely, graphic based construction estimation software, which estimates the cost of building or repairing structures for use by the construction and insurance industries; software, namely, cost estimation,*

project management and analytic reporting software that is used in the property repair and maintenance industry; software for estimating and valuing insuring, remodeling, replacement and construction costs and for managing the insured's home contents and instructional materials sold as a unit; downloadable reports and data files featuring information and analytics regarding weather and natural hazards that have occurred at geographic locations; downloadable electronic maps featuring information and analytics regarding weather and natural hazards; downloadable software for creating and viewing reports and maps about weather and natural hazards that have occurred at geographic locations.

Class 35: *Providing pricing information for use in estimating and valuing the costs of construction, remodeling, repair or replacement of residential, commercial, industrial and agricultural structures and the fixtures and contents thereof; compilation and analysis of data in the field of insurance; auditing of insurance claims estimations.*

Class 36: *Obtaining and providing information and imagery on property damage, weather events and catastrophes, to assist in insurance claims management and analysis, risk management and analysis, financial risk assessment, financial and investment analysis, and real estate valuation, and real estate risk management and analysis; insurance appraisals and evaluations; providing a database for tracking, monitoring, and generating reports on information and statistics about the progress of insurance claims from the beginning of the claim until payment or settlement of the claim, including property valuations, remodeling costs and repair estimates; providing information in the field of insurance claims management and analysis, namely, information on weather and natural hazards.*

Class 38: *Electronic transmission of information on insurance claims, valuations of real estate, buildings, fixtures, and personal property, and building construction cost estimating and valuation; providing on-line forums in the fields of technology, use of imagery, geospatial intelligence and analysis, manned and unmanned aerial vehicles and related technology, insurance, real estate, building and construction, catastrophes, weather events and issues, and products, consulting and services related thereto; providing on-line forums which allow users to exchange information and research, provide and receive feedback, and engage in peer review, regarding research in the fields of technology, use of imagery, geospatial intelligence and analysis, manned and unmanned aerial vehicles and related technology, insurance, real estate, building and construction, catastrophes, weather events and issues, and products, consulting and services related thereto; providing online forums for on-line collaboration in the fields of technology, use of imagery, geospatial intelligence and analysis, manned and unmanned aerial vehicles and related technology, insurance, real estate, building and construction, catastrophes, weather events and issues, and products, consulting and services related thereto; providing in-person forums in the fields of technology, use of imagery, geospatial intelligence and analysis, manned and unmanned aerial vehicles and related technology,*

insurance, real estate, building and construction, catastrophes, weather events and issues, and products, consulting and services related thereto.

Class 41: *Educational services, namely, providing classes, seminars, conferences, workshops, and on-line courses of instruction in the fields of computer programming, computer software development, computer software development in the field of mobile applications and interfaces, computer system design, computer science, computer software application development, web development, and web design; educational services, namely, conducting distance learning instruction at the secondary, college and graduate levels; educational services, namely, providing courses of instruction over the Internet in the fields of computer programming, computer software development, computer software development in the field of mobile applications and interfaces, computer system design, computer science, computer software application development, web development, and web design; educational services, namely, providing internships, externships, and apprenticeships in the fields of computer programming, computer software development, computer software development in the field of mobile applications and interfaces, computer system design, computer science, computer software application development, web development, and web design; providing in-person and on-line training courses, seminars and workshops in the fields of insurance claims management, valuations of real estate, buildings, fixtures, and personal property, building construction cost estimating, and building construction, and software and technology relating thereto; non-downloadable electronic publications in the nature of reports relating to insurance property claims, valuations of real estate, buildings and personal property, and building construction cost estimating; non-downloadable electronic publications in the nature of reports with information and analysis about weather and natural hazards at geographic locations; education services, namely, multi-media training services offered to others in the field of insurance cost valuation and residential construction and remodeling; educational services, namely, providing round table and panel discussions in the fields of technology, use of imagery, geospatial intelligence and analysis, manned and unmanned aerial vehicles and related technology, insurance, real estate, building and construction, catastrophes, weather events and issues, and products, consulting and services related thereto.*

Class 42: *Obtaining information and providing information and analysis relating to images and measurements of building structures, roofs, other features of building structures, property, and terrain, using aerial, terrestrial, and satellite imagery and other remote sensing technologies; providing geographic information and measurement information through the collection, manipulation, processing, and/or formatting of images and geographic measurements of geographic locations; providing computer representations of geographic locations created from aerial, terrestrial and satellite imagery and other remote sensing technologies; providing three dimensional imagery and computer modeling relating to measurements and images of building structures, roofs, other features of building structures, property, and terrain; remote measuring services for building structures, roofs, other features of building structures, and surrounding property, using aerial, terrestrial and satellite*

imagery, other remote sensing technologies, and computer software; obtaining information and imagery, and providing information, imagery, and analysis, relating to building structures, roofs, other features of building structures, property, and terrain, and weather, natural hazards, and natural disasters, for use in building inspections, risk assessment, hazard assessment, reconstruction assessment, and to assist in insurance claims management and analysis; providing online nondownloadable software for use in building construction, repair, restoration, and remodeling and in building construction, repair, restoration and remodel cost estimating; providing online nondownloadable software for measuring building structures, roofs, other features of building structures, property, and terrain, using aerial, terrestrial, and satellite imagery and other remote sensing technologies, photographic data, and geographic information, and for creating drawings, floorplans, and schematics of building structures, roofs, other features of building structures, and surrounding property; providing online nondownloadable software for integrating electronic data with real world environments for the purpose of generating digital representations of building structures, roofs, other features of building structures, property, and terrain; providing online nondownloadable software for use in providing information featuring aerial, terrestrial, and satellite imagery, photographic data, and geospatial data; providing online nondownloadable software for photogrammetric analysis; providing online nondownloadable software for use in building inspections, risk assessment, hazard assessment, reconstruction assessment, and to assist in insurance claims management and analysis; providing online nondownloadable software for uploading photos; providing an interactive website featuring technology that allows users to order and view imagery, map images, and geospatial data; providing an interactive website featuring information, imagery, and analysis relating to building structures, roofs, other features of building structures, property, terrain, and weather and natural disasters, for use in building inspections, risk assessment, hazard assessment, reconstruction assessment, and to assist in insurance claims management and analysis; obtaining information and providing information and analysis relating to imagery and measurements of building structures, roofs, other features of building structures, property, and terrain, gathered by manned and unmanned aerial systems, namely, drones; providing online nondownloadable software for use in analysis, predictive modeling, and creating reports, relating to property damages, catastrophic loss information, weather events and catastrophes; providing information and analysis relating to landscapes and the environment, and changes and risks associated therewith using aerial, terrestrial, and satellite imagery and other remote sensing technologies; providing online nondownloadable software for measuring interior spaces and creating drawings, floorplans, designs, and schematics of interior spaces; providing online nondownloadable software for controlling imaging apparatus; providing an interactive website featuring technology that allows users to access, review, comment on, receive training on, and provide feedback on, software and services in the field of insurance and conduct interactive discussions in the field of insurance; providing online non-downloadable software for tracking, documenting, monitoring, analyzing, managing, and reporting of insurance claims, reinspections, and valuations of real estate, buildings, fixtures, and personal property; providing online non-downloadable software for communicating with insurance policyholders and insurance industry professionals, for providing and tracking customer

surveys and for estimating the costs of insurance, construction, engineering, remodeling or replacement of residential, commercial, industrial and agricultural buildings and the fixtures and contents thereof; providing online non-downloadable software for viewing and creating reports on performance metrics of third party insurance adjusters and contractors; providing a database with information and analysis about weather and natural hazards at geographic locations; providing online non-downloadable software for creating reports about weather and natural hazards at geographic locations; providing online non-downloadable software for creating maps; providing online non-downloadable software for accessing pricing information used in estimating and valuing the costs of construction, remodeling, repair or replacement of residential, commercial, industrial and agricultural structures and the fixtures and contents thereof; electronic storage services, namely, storing data for others relating to insurance claims, valuations of real estate, buildings, fixtures, and personal property, and construction, replacement and remodeling costs estimates; electronic storage services, namely, storing data for others in the fields of residential, commercial, industrial and agricultural real estate valuations, construction, replacement and remodeling costs estimates; electronic storage services, namely, storing data relating to residential insurance valuation calculations; electronic storage services, namely, storing data on insurance claims that involve damages to real property, home warranties, valuations of real estate and buildings, and insurance policies covering real estate; providing online non-downloadable software for education and training in the fields of insurance cost valuation and residential construction and remodeling; providing online non-downloadable software for documenting, inventorying, and monitoring the damage to and operating status, condition and location of personal, commercial, and industrial property; providing online non-downloadable software for calculating the costs of repairs and for monitoring of claims under home warranties and building insurance policies providing online non-downloadable software for calculating the costs of, tracking the progress and payments of, and reporting personal property claims development of industry standards and practices relating to imagery and geospatial intelligence and analysis, and use of manned and unmanned aerial vehicles and related technology; providing technology information relating to imagery and geospatial intelligence and analysis, and manned and unmanned aerial vehicles and related technology; providing on-line databases and preparation of customized reports and analytical documents delivered electronically featuring information and analytics on weather and natural hazards that have occurred at geographic locations; providing on-line, non-downloadable software for creating and viewing reports and maps about weather and natural hazards that have occurred at geographic locations; providing a website featuring non-downloadable software for creating and viewing reports and maps about weather and natural hazards that have occurred at geographic locations.

913733341 XACTANALYSIS

Filing date: 12 February 2015

Registration Date: 8 June 2015

Class 9: *Computer software for use in insurance claims management, valuations of real estate, buildings, fixtures, and personal property, building construction cost estimating, and building construction; downloadable computer software for measuring building structures and creating floor plans of buildings or structures; downloadable computer software for taking and uploading photos; downloadable electronic reports relating to insurance property claims, valuations of real estate, buildings, fixtures, and personal property, and building construction cost estimating; computer software for accessing pricing information used in estimating and valuing the costs of construction, remodeling, repair or replacement of residential, commercial, industrial and agricultural structures and the fixtures and contents thereof.*

Class 35: *Providing pricing information for use in estimating and valuing the costs of construction, remodeling, repair or replacement of residential, commercial, industrial and agricultural structures and the fixtures and contents thereof.*

Class 36: *Insurance appraisals and evaluations; compilation and analysis of data in the field of insurance; auditing of insurance claims estimations; providing information on weather and natural hazards to assist in insurance claims management and analysis.*

Class 38: *Electronic transmission of information on insurance claims, valuations of real estate, buildings, fixtures, and personal property, and building construction cost estimating and valuation.*

Class 39: *Electronic storage services, namely storing data for others relating to insurance claims, valuations of real estate, buildings, fixtures, and personal property, and construction, replacement and remodeling costs estimates.*

Class 42: *Providing online non-downloadable software for tracking, documenting, monitoring, analyzing, managing, and reporting of insurance claims, reinspections, and valuations of real estate, buildings, fixtures, and personal property, for uploading photos, for communicating with insurance policyholders and insurance industry professionals, and for providing and tracking customer surveys; providing online non-downloadable software for estimating the costs of insurance, construction, remodeling or replacement of residential, commercial, industrial and agricultural structures and the fixtures and contents thereof; providing online non-downloadable software for viewing and creating reports on performance metrics of third party insurance adjusters and contractors; providing electronic reports relating to insurance property claims, valuations of real estate, buildings and personal property, and building construction cost estimating; providing electronic reports with*

information and analysis about weather and natural hazards at geographic locations; providing a database with information and analysis about weather and natural hazards at geographic locations; providing electronic maps; providing online non-downloadable software for creating reports about weather and natural hazards at geographic locations; providing online non-downloadable software for creating maps; providing online non-downloadable software for accessing pricing information used in estimating and valuing the costs of construction, remodeling, repair or replacement of residential, commercial, industrial and agricultural structures and the fixtures and contents thereof

904800793 XACTANALYSIS

Filing date: 22 December 2005

Registration Date: 22 January 2007

Class 36: *Providing real-time insurance industry and claim management information, reports and services to insurance carriers and restoration contractors via a secure online website.*

4. The opponent asserts that the respective marks “identically coincide in the element ‘XACT’, giving rise to a strong similarity from a visual and phonetic perspective.” The opponent points to a strong reputation in many of its XACT- marks (and especially its “XACTWARE” mark) in relation to software in the field of construction and re-model cost estimation, valuation and process and performance management and related services. It asserts that it owns a family of “XACT” marks and there exists a likelihood of confusion because the consumer will believe that the applicant’s mark is part of the same family. The opponent also asserts that the respective goods and services are identical or similar.

5. In respect of the section 5(3) ground, the opponent relies upon the same four marks relied upon for section 5(2)(b) and, additionally, the following earlier mark:

904801312 XACTIMATE

Filing date: 22 December 2005

Registration Date: 14 March 2007

Class 9: *Computer programs for use in construction, remodel, replacement and insurance cost estimation, and instructional materials in electronic format, all distributed together as a unit.*

6. The opponent claims that the marks relied upon have a reputation in respect of all the goods and services listed. It also claims that:

- The respective marks are confusingly similar and that the relevant public would believe there is an economic link between the respective trade mark owners;
- Use of the contested mark would take unfair advantage of the reputation of its family of marks and would amount to riding on the coat tails of the earlier marks in order to benefit from their power of attraction and that such an advantage should be considered as unfairly taken;
- Use of the contested mark will result in detriment to reputation of the opponent's marks because the opponent's reputation is for high levels of standard and quality. The opponent has no control over the level of quality or the standard of the contested goods and services and, as a consequence, the use of the contested mark may diminish the power of attraction of the opponent's family of earlier marks;
- Use of the contested mark will result in detriment to distinctive character of the opponent's family of marks because it will weaken the ability of the earlier family of marks to identify the goods and services for which they are registered. As a consequence, the opponent's marks would no longer be capable of arousing immediate association with the goods and services for which they have been registered and used.

7. In respect of the section 5(4)(a) ground the opponent claims a goodwill since June 2007 throughout the UK identified by:

“XACTWARE” and “XACTANALYSIS in respect of software in the field of construction and remodel cost estimation, valuation and process and performance management and related services

“XACTIMATE” in respect of computer programs for use in construction, remodel, replacement and insurance cost estimation, and instructional materials in electronic format, all distributed together as a unit.

“XACTCONTENTS” in respect of *software for estimating personal property claims and building personal property inventories*.

8. The opponent contends that it has been extensively using the signs throughout the UK since as early as June 2007 and acquired goodwill in the goods identified above. On the basis of the similarity between these signs and the applicant’s mark and because of the similarity between the respective goods and services it claims that use of the applicant’s mark will result in misrepresentation likely to damage the opponent’s goodwill.

9. The applicant filed a counterstatement putting the opponent to proof of use in respect of its marks: 904801437 XACTWARE; 904800793 XACTANALYSIS; 904801312 XACTIMATE. It accepts that some of the respective goods are identical or similar but denies the other claims made by the opponent. In particular, it denies that the respective marks are similar. It also asserts that the “XACT” element of the parties’ marks will be understood as the word “EXACT” that is laudatory. It also claims that the marks are dissimilar because the initial parts of the marks are BUILD- and XACT- respectively and the mere fact that the initial part of the earlier marks is the same as the last four letters of the contested mark is insufficient for a finding of similarity.

10. The applicant also points to the fact that there are 222 “live” trade marks in the UK that feature the letter string “XACT” in the four classes covered by the contested mark. It also asserts that there are a further 110 “live” marks that feature the string of letters “EXACT” in the same four classes.

11. The parties both filed evidence and this will be referred to as and where appropriate during this decision.

12. A Hearing took place on 11 January 2023, with the opponent represented by Guy Tritton of Counsel, instructed by Noerr Alicante IP, S.L. and the applicant by Simon Malynicz KC, instructed by HGF Limited.

13. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions

of the Act relied upon in these proceedings are derived from an EU Directive. That is why this decision continues to refer to EU trade mark law.

Evidence

Opponent's Evidence-in-Chief

14. The opponent's evidence takes the form of two witness statements. The first is by Steve Gelder, CEO of Gelder Group, a customer of the opponent. He states that the Gelder Group is a construction company established in 1988 that operates across the UK and has been using Xactware's solutions, in particular, XactAnalysis and Xactimate continuously since September 2011 for claims estimating and the management of claims throughout the UK.

15. The second witness statement is that of Michael Fulton, President of the opponent, together with Exhibits MF1 – MF27. He provides background about the opponent, its activities and the use of its marks.

Applicant's Evidence

16. The applicant's evidence consists of two witness statements. The first is that of Farhan Kazi, Chartered UK Trade Mark Attorney at HGF Limited, the applicant's representative in these proceedings, together with Exhibits FK1 and FK2. He provides evidence from the UK register regarding marks that contain the element "XACT", including results for the word "EXACT".

17. The second witness statement is that of David Murray, President of the applicant, together with Exhibit DM1. He provides information regarding the history of the applicant and its trading in the UK in the field of easy-to-use construction management and estimating software designed for small builders and re-modellers.

Opponent's Evidence-in-Reply

18. This consists of the witness statement of Zuzana Peniaskova and Exhibits ZP1 – ZP6, Ms Peniaskova is a Chartered UK Trade Mark Attorney at Noerr Alicante IP, S.L., the opponent's representative in these proceedings. This evidence addresses the state of the register evidence presented by the applicant, the use of XACT by third parties and how the contested mark is used.

DECISION

Proof of use

19. Proof of use is required in respect of three of the opponent's earlier marks, namely XACTWARE (904801437), XACTANALYSIS (904800793) and XACTIMATE (904801312), however, as Mr Tritton pointed out at the hearing, the first two of these three marks are also the subject of later earlier registrations that are not subject to proof of use and where the specifications of goods and services substantially overlap. Therefore, Mr Tritton focussed his submissions on proof of use of XACTIMATE. For reasons of procedural economy, I will proceed on the basis that genuine use has been shown in respect of all the goods listed in this registration's specification of goods.

Section 5(2)(b)

20. Section 5(2)(b) of the Act is as follows:

“5(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”.

21. The following principles are obtained from the decisions of the Court of Justice of the European Union (“the CJEU”) in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik*

Meyer & Co GmbH v Klijsen Handel B.V. Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P:

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically linked undertakings, there is a likelihood of confusion.

Comparison of goods and services

22. The applicant concedes that some of the respective goods and services are identical. This is clearly the case as illustrated by the fact that the applicant's *computer software for ... warranty management* includes goods in the field of construction and, therefore, overlaps with the opponent's *computer software for use in the field of ... construction*. I will proceed on the basis that at least some of the respective goods are identical.

Comparison of marks

23. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. The

CJEU stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

“.....it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”

24. It would be wrong, therefore, to dissect the marks artificially, although it is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.

25. The respective marks are shown below:

Opponent's earlier marks	Applicant's mark
XACTWARE XACTANALYSIS	BUILDXACT

26. The earlier marks consist of the letters XACT followed by either WARE or ANALYSIS. Mr Tritton, whilst accepting that XACT is likely to be perceived as a reference to the word EXACT, submitted that the letters are dominant and distinctive. He submitted that WARE is likely to be perceived as a contraction of “software” and that it, and ANALYSIS, will be understood as ordinary English words which are descriptive or “quasi-descriptive”. In my view, the XACTWARE mark presents as an invented word where the distinctive character resides in the totality and not in any particular group of letters. I accept that in respect of the mark XACTANALYSIS, the position is slightly different. Here, the word “analysis” retains its identity within the mark so that the mark presents as a misspelling of the word EXACT, and the word

ANALYSIS conjoined, rather than as a single invented word. They form a unit to create the allusive message of “precise scrutiny” or similar. The misspelling of the first part gives the mark a slightly higher distinctive character than if it was the words “EXACT ANALYSIS”.

27. The applicant’s mark consists of the word BUILD conjoined with XACT. These two parts are conjoined and form a unit to create the allusive message “to build in an exact or precise manner”. The misspelling of the second part increases the distinctive character of the mark slightly but the distinctiveness resides in its totality.

28. In respect of visual similarity, Mr Tritton pointed to the coincidence of the XACT letters in both parties’ marks submitting that it is the dominant element and results in visual similarity of a medium degree. Mr Malynicz submitted that because both the beginning and the end of the marks are different, they are not similar. The points made by both sides are relevant and I must balance the differences and similarities. In doing so, I am of the view that because the letters XACT appear at the beginning of the opponent’s marks and at the end of the applicant’s mark, this visually detracts from the identity of this common element. This, combined with the ends of the opponent’s mark being totally different to the BUILD element of the applicant’s mark leads me to conclude that the applicant’s mark shares only a low level of visual similarity to both of the opponent’s marks.

29. Aurally, Mr Tritton submitted that in respect of the applicant’s mark, the consumer will linger on the XACT part of the mark because it is two syllables compared to the single syllable that is BUILD. He submitted that, because of this, the respective marks share a medium degree of similarity. I do not agree. I see no reason why one part of the word will be lingered upon more than another.

30. Mr Malynicz submitted that as a rule of thumb, the beginning of words has prominence, with speakers having a tendency to slur or underplay the end of words and that both the ends and beginnings of the respective marks are different. I accept that the beginning of words may, in some circumstances, have prominence, but in the current case it is not clear to me that the end of the respective marks will be slurred or underplayed. Mr Malynicz also submitted that the word XACTWARE in the opponent’s

marks will be pronounced as ZACT-WARE and the applicant's mark as BUILD-EX-ACT. I consider it very unlikely that XACT, at the start of the opponent's mark, will be pronounced as ZACT because it is most likely to be perceived as a misspelling of EXACT and this will lead the consumer to express the letter X in the same way as in EXACT.

31. The opponent's marks are likely to be expressed as the syllables EX-ACT followed by the syllables WARE or A-NAL-E-SIS. The applicant's mark is likely to be expressed as BUILD-EX-ACT. Therefore, the last two syllables of the applicant's mark will coincide with the first two syllables of the opponent's marks. The opponent's XACTWARE shares the same number of syllables and I consider that it shares a low to medium level of aural similarity. The opponent's XACTANALYSIS mark is aurally longer and has a lower level of similarity to the applicant's mark compared to its XACTWARE mark. I would characterise this aural similarity as being low.

32. In respect of conceptual similarity, Mr Tritton submitted that BUILD is totally descriptive, and that XACT is the distinctive element of the applicant's mark that connotes "precision" and he concluded that, as a result, the respective marks share a high degree of similarity. I keep in mind that when considering likelihood of confusion, I must consider what weight to give to elements of low or no distinctive character, but in terms of conceptual similarity, BUILDXACT presents as a single word and the consumer is likely to understand it as being derived from the words BUILD and EXACT. Consequently, it is likely to suggest the concept of precision building.

33. The opponent's XACTWARE mark similarly presents as a single, invented word that is most likely to be perceived as being derived from the words EXACT and WARE or possibly any word ending in WARE, such as SOFTWARE, HARDWARE, KITCHENWARE, depending on context. It would, therefore, allude to articles (ware)¹ that are precise.

¹ ware, n.3 : Oxford English Dictionary (oed.com) where "ware" is defined as "a collective term for: Articles of merchandise or manufacture ...; goods, commodities.

34. The XACTANALYSIS mark is likely to be perceived as having the same meaning as the two words EXACT ANALYSIS despite being conjoined in presentation and, therefore, will allude to “precise analysis”.

35. Taking all of the above into account, there is some overlap of concept because of the common presence of XACT in all the marks, but this element is combined with other elements that share no conceptual similarity to each other. Further, the conceptual message of the applicant’s mark is akin to use of a verb i.e. to build (precisely) whereas the opponent’s XACTWARE mark presents in a way that is akin to a noun i.e. ware (that is exact). I conclude that the applicant’s mark shares a low level of conceptual similarity to both the opponent’s XACTWARE and XACTANALYSIS marks.

Average consumer and the purchasing act

36. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, I must keep in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer*, Case C-342/97.

37. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

“60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The words “average” denotes that the person is typical. The term “average” does not denote some form of numerical mean, mode or median.”

38. The average consumer of the respective goods and services is likely to be a professional in the property/construction field. Mr Malynicz submitted that the consumer will pay a “higher than usual” level of care and attention”. Mr Tritton claimed that care and attention is an “above average degree”. Whilst not identical, both these categorisations are very similar and certainly any difference that may exist will not materially affect the outcome of these proceedings. Further, there appeared to be an understanding at the hearing that the parties agreed on the level of care and attention despite describing it in slightly different terms.

39. At the hearing, both Mr Tritton and Mr Malynicz agreed that the relevant consumer of the parties’ goods and services are specialist business users. The purchasing process is likely to be visual in nature, but I keep in mind that aural considerations may play a part where one of the parties contacts the consumer by telephone, or where there has been word of mouth recommendations.

Distinctive character of the earlier trade mark

40. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97 the CJEU stated that:

“22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested

by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51).”

41. The opponent’s marks consists of the single word XACTWARE. In the XACTANALYSIS mark, the words “(E)XACT” and “ANALYSIS” will both be identified. Mr Tritton submitted that the distinctive element of these marks is the XACT element. As I have already discussed at paragraph 26, I do not agree. The marks are allusive in nature. Consequently, they are not of the same high level of inherent distinctive character as an invented word without any allusive message. Nevertheless, I accept Mr Tritton’s further submission that the dropping of the letter “E” from the word EXACT makes for marks that possess a “visually different impact and a more abstract quality”. Mr Tritton makes much of the -WARE and -ANALYSIS part of the marks being what he described as descriptive or quasi-descriptive. I keep in mind that I must assess the distinctive character of these marks as a whole and in that respect, the first and second parts of the words combine to create invented words where both parts of the words contribute to the distinctive character.

42. Taking all of the above into account, I conclude that the distinctive character of the earlier marks is not low, nor high but, rather, it is somewhere in the middle and I categorise this as a medium level of inherent distinctive character.

43. In respect of enhanced distinctive character, Mr Tritton submitted that as a result of the claimed substantial use of the earlier marks and also as part of a family of XACT marks, that their distinctive character has been substantially enhanced. The opponent’s evidence in support of this claim can be summarised as follows:

- The opponent was founded in 1986 with an estimating system, for contractors and insurance assessors, named XACTIMATE;²

² Mr Fulton’s witness statement (“WS1”) at [2]. I keep in mind that this mark is not relied upon for the purposes of this ground.

- In 2007, the opponent launched its European operation with a physical presence in the UK (where its European headquarters was located) and the UK was the first European market where the opponent's products and services became available;³
- Operations were expanded to other European countries such as the Republic of Ireland, Belgium, Germany and France;⁴
- Major European property insurance companies are customers of the opponent;⁵
- The opponent develops "industry-leading" computer software solutions in property insurance, building and construction, remodelling and restoration fields and provides products for property insurance underwriting and claims;⁶
- Customers include insurers, loss adjusters and all types of repair and restoration firms;⁷
- The opponent provides its products and services under a family of marks sharing the common first part "XACT" and the earlier marks relied upon are all used in the UK;⁸
- XACTWARE is the trading name and principal trade mark of the opponent and is used across a wide range of goods and services;⁹
- XACTANALYSIS is the name used by the opponent for a claims management tool.¹⁰ Historical extracts from the opponent's website www.xactware.com/en-gb/ are provided ranging from 2012 to 2021;¹¹
- The opponent's UK client base consists of nearly 200 customers and include leading UK insurance businesses such as LV= General Insurance, The Davies

³ Ditto, [5] and Exhibit MF1 that includes historic extracts from the opponent's website www.xactware.co.uk from the years 2007 and 2009. Under the heading "featured items" a list includes "Xactimate" and "XactAnalysis" but no further information. Other extracts are from www.xactware.com/uk/ in various years from 2010 to 2020 showing use of XACTWARE as the provider and XACTIMATE and XACTANALYSIS as products it provides

⁴ ditto

⁵ WS1 [3]

⁶ WS1 [4]

⁷ ditto

⁸ WS1 [9]

⁹ WS1 [15] and Exhibit 15 showing more extracts from the opponent's website www.xactware.com/en-gb/ from 2012, 2014, 2015, 2020 and 2021

¹⁰ WS1 [16]

¹¹ Exhibit MF9

Group and AXA, as well as numerous contractors/builders.¹² Reference to these customers is made in a variety of articles/promotional tools;¹³

¹⁴ as shown below:

Year	Annual revenue
2016	Over 1.2m GBP
2017	Over 1m GBP
2018	Over 1m GBP
2019	Over 1.3m GBP
2020	Over 1.5m GBP
2021	Over 1m GBP

- Mr Fulton states that as an international leader in software and technology solutions for the property insurance industry, the opponent compiles an annual Property Report for the UK, first produced in 2010. The content of these reports has been the subject of a number of press reports provided;¹⁵
- Mr Fulton states that the opponent has made substantial efforts to advertise and promote its XACT- marks.¹⁶ Its marketing activities include YouTube videos, social media presence, Google Adwords etc in addition to traditional marketing such as brochures, print advertisements and attendance at industry events. The opponent's websites attracted over 33,000 views by UK consumers between October 2020 and December 2021;¹⁷
- The amounts spent on promoting and advertising the opponent's goods and services are provided and shown below:¹⁸

¹² WS1 [19]

¹³ Exhibits MF12 – MF14

¹⁴ WS1 [24] and Exhibit MF16

¹⁵ WS1 [26] and Exhibit MF18

¹⁶ WS1 [27]

¹⁷ ditto

¹⁸ Exhibit MF20

Year	Advertising expenditure
2016	Over 55k GBP
2017	Over 40k GBP
2018	Over 24k GBP
2019	Over 12k GBP
2020	Over 16k GBP

- Example flyers, brochures and product update emails are provided as examples of how the opponent has promoted itself to UK customers. These are variously from the years 2015, 2017 – 2020. These variously show both marks XACTWARE and XACTANALYSIS;¹⁹

44. Mr Tritton characterised this evidence as illustrating “substantial use of the individual earlier marks”. Mr Malynicz submitted that this evidence fails to illustrate extensive use such as the earlier marks would benefit from enhanced protection. He pointed to a client list of only 200 being not large when viewed in the context of the relative size of the sector. He also criticised the turnover figures as being “tiny” relative to the value of software products used by the insurance and construction industries.

45. The evidence illustrates that the opponent began activities (under the XACTWARE mark) in the UK in 2007 and turnover and promotional spend has been provided from 2016. It is true that the turnover is modest in respect of the potential size of the sector, but at about £1 million a year it has some significance. Mr Malynicz’s criticism is that the turnover is presented in such a way that it is not known what proportion of turnover relates to which mark. However, I accept that the evidence demonstrates that the mark XACTWARE is the trade name that the opponent uses as its house brand and is likely to be visible in all of its trading. The position is less clear in respect of the individual products identified by its mark XACTANALYSIS. These are clearly important products of the opponent, but I am unable to draw any other conclusion regarding their scale of use. The issue is further

¹⁹ WS1 [27] and Exhibit MF19

complicated by the fact that some of the turnover is likely to relate to products identified by other names. For example, the evidence also makes references to XACTIMATE and XACTCONTENTS.

46. Taking all of this into account, I find that XACTWARE benefits from some enhancement to its distinctive character based on the length of time it has been used and the turnover figures provided. I consider that such evidence only suggests a modest enhancement and only in respect to computer software solutions in insurance underwriting and claims in the fields of building, construction, and building remodelling and restoration.

47. The evidence is not sufficiently particularised to draw a conclusion that such a finding extends to the products sold under the mark XACTANALYSIS. Consequently, I conclude that these marks do not benefit from an enhanced level of distinctive character.

Global Assessment – Conclusions on Likelihood of Confusion

48. There is no simple formula for determining whether there is a likelihood of confusion. In determining whether there is a likelihood of confusion, a number of factors need to be borne in mind. I must make a global assessment of the competing factors (*Sabel* at [22]), keeping in mind the interdependency between them i.e. a lesser degree of similarity between the respective marks may be offset by a greater degree of similarity between the respective services and vice versa (*Canon* at [17]). In making my assessment, I must consider the various factors from the perspective of the average consumer, bearing in mind that the average consumer rarely has the opportunity to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has retained in his mind (*Lloyd Schuhfabrik* at [26]).

49. In the current case, I have found that:

- at least some of the respective goods and services are identical;

- The opponent's mark XACTWARE presents as an invented word where no combination of letters is more dominant than any other. The opponent's XACTANALYSIS mark presents as a misspelling of the words EXACT and the word ANALYSIS conjoined, and which form a unit;
- The applicant's mark presents as the word BUILD and the misspelling of EXACT. These two parts are conjoined and form a unit to create the allusive message "to build in an exact or precise manner". The misspelling of the second part increases the distinctive character of the mark slightly, but the distinctiveness resides in its totality.
- The applicant's mark shares a low level of visual and conceptual similarity and a low to medium level of aural similarity to the opponent's XACTWARE mark. The applicant's mark shares a low level of visual, aural and conceptual similarity to the opponent's XACTANALYSIS mark;
- It is common ground between the parties that the average consumer is a specialist who will pay an increased level of care and attention during the purchasing process. This will be visual in nature but aural considerations may be relevant in some circumstances;
- The opponent's marks are endowed with a medium level of inherent distinctive character. The XACTWARE mark benefits from a modest enhancement and only in respect to computer software solutions in insurance underwriting and claims in the fields of building, construction, and building remodelling and restoration. The XACTANALYSIS mark does not benefit from an enhanced distinctive character.

50. Mr Tritton maintained that there was a likelihood of direct confusion submitting that BUILD is so descriptive that it "falls out of the cognitive process". I disagree with this. The mark presents as a single word where both BUILD and XACT contribute equally to its allusive meaning. As Mr Malynicz submitted, elements of the global analysis point away from a finding of a likelihood of direct confusion. A specialist consumer who pays an increased level of attention and the differences between the marks combine so that the consumer is very likely to be aware of the differences between each of the opponent's marks and the applicant's mark. As a result, there is no likelihood of direct

confusion even where the respective goods and services are identical and where the respective marks may be recalled imperfectly.

51. Mr Tritton conceded that the opponent's stronger case lies with its claim that there is a likelihood of indirect confusion based upon the claim to a family of marks. At the hearing, Mr Tritton referred to the leading case on this issue, namely, *Il Ponte Finanziaria SpA v OHIM*, Case C-234/06 where the CJEU stated that:

“62. While it is true that, in the case of opposition to an application for registration of a Community trade mark based on the existence of only one earlier trade mark that is not yet subject to an obligation of use, the assessment of the likelihood of confusion is to be carried by comparing the two marks as they were registered, the same does not apply where the opposition is based on the existence of several trade marks possessing common characteristics which make it possible for them to be regarded as part of a ‘family’ or ‘series’ of marks.

63 The risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 40/94 (see *Alcon v OHIM*, paragraph 55, and, to that effect, *Canon*, paragraph 29). Where there is a ‘family’ or ‘series’ of trade marks, the likelihood of confusion results more specifically from the possibility that the consumer may be mistaken as to the provenance or origin of goods or services covered by the trade mark applied for or considers erroneously that that trade mark is part of that family or series of marks.

64 As the Advocate General stated at paragraph 101 of her Opinion, no consumer can be expected, in the absence of use of a sufficient number of trade marks capable of constituting a family or a series, to detect a common element in such a family or series and/or to associate with that family or series another trade mark containing the same common element. Accordingly, in order for there to be a likelihood that the public may be mistaken as to whether the trade mark applied for belongs to a ‘family’ or ‘series’, the earlier

trade marks which are part of that 'family' or 'series' must be present on the market.

65 Thus, contrary to what the appellant maintains, the Court of First Instance did not require proof of use as such of the earlier trade marks but only of use of a sufficient number of them as to be capable of constituting a family or series of trade marks and therefore of demonstrating that such a family or series exists for the purposes of the assessment of the likelihood of confusion.

66 It follows that, having found that there was no such use, the Court of First Instance was properly able to conclude that the Board of Appeal was entitled to disregard the arguments by which the appellant claimed the protection that could be due to 'marks in a series'."

52. Despite the issues with the evidence identified earlier, I accept that both of the opponent's marks are present on the UK market. They both contain the common prefix XACT, being the element common to the family. The applicant's mark also contains the XACT element, but at the end of the mark rather than at the beginning as with the opponent's marks.

53. Mr Tritton also relied upon the following comments of Mr Iain Purvis QC, sitting as the Appointed Person in *L.A. Sugar Limited v By Back Beat Inc*, Case BL O/375/10:

"16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: 'The later mark is different from the earlier mark, but also has something in common with it. Taking account of the

common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark’.

17. Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:

(a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right (‘26 RED TESCO’ would no doubt be such a case).

(b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as ‘LITE’, ‘EXPRESS’, ‘WORLDWIDE’, ‘MINI’ etc.).

(c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension (‘FAT FACE’ to ‘BRAT FACE’ for example)”.

54. As Mr Tritton noted, *L.A. Sugar* is not concerned with use of a family of marks but rather use of a single earlier mark. I recognise that the categories identified by Mr Purvis were not intended to be exhaustive and that use in the marketplace of a family of marks with a common element that also appears in the contested mark is “...a reasonably special set of circumstances”²⁰ where a likelihood of indirect confusion may occur.

55. Mr Tritton also submitted that consideration of the independent distinctive role of a mark’s elements is relevant and referred to the comments of Arnold J in *Whyte & Mackay*.²¹ He submitted that Arnold J’s comments support the premise that a finding of a likelihood of indirect confusion by reason of a common element having an

²⁰ *Liverpool Gin Distillery v Sazerac* [2021] EWCA Civ 1207 at [13]

²¹ *Whyte and Mackay Limited v Origin Wine UK Limited* [2015] EWHC 1271 at [18] to [21]

independent distinctive role in an applied for trade mark can arise. I agree. He further submitted that a finding of a likelihood of confusion is further enhanced where the opponent has used a family of marks containing the same element. Again, I take no issue with this premise.

56. In the present case, Mr Malynicz pointed to the applicant's evidence of a large number of trade marks on the UK Register and in use,²² that incorporate or consist of the word XACT (or EXACT). I note this but there is an obvious appeal in using, in a trade mark, a misspelling of an ordinary English word that describes what would be a desirable characteristic for many goods and services. Some of this evidence shows use consistent with this e.g. XACTWEATHER and SurveyXact. I consider this evidence relevant to the degree that it lends support to the findings I have already made in respect of the inherent distinctive character of the opponent's marks and the conceptual meanings of both sides marks, namely, that XACT is likely to be understood as a reference to the word EXACT and is not of the same level of inherent distinctive character as an element without any allusive message. In some other marks shown, the use of XACT is "buried" to the extent that the allusive message is far from clear, e.g. NEXACT, XACTUM, XACTIUM, MARXACT and SUXXACT that present as invented words with no clear meaning, allusive or otherwise.

57. Mr Malynicz also submitted that when the common element is of a descriptive/laudatory nature, the opponent "faces an uphill battle".²³ Whilst I accept this, I keep in mind that I have found the XACT part of all the marks is used in an allusive way and that there is a sliding scale between lowly allusive to wholly descriptive and Birss J's comments may have greater or lesser application depending on the impact the common element has on the mark as a whole.

58. Having regard for Mr Tritton and Mr Malynicz's submissions and the findings I have already reached, it is clear that I disagree with Mr Tritton regarding his submission that XACT plays an independent distinctive role in the opponent's XACTWARE mark. The

²² Mr Kazi's witness statement, at [3] and Exhibit FK1

²³ He also cited the comments to that effect made by Birss J in *Nicoventures Holdings Ltd v The London Vape Company Ltd* [2017] EWHC 3393 (Ch) at [31] – [36]

trade mark presents as an invented word with no part of it having independent distinctive character. The distinctive character resides in the whole word.

59. The position is slightly different in respect to the contested mark and the opponent's XACTANALYSIS mark because, despite being conjoined, they may be perceived as presenting as two separate words. However, as I have found that these words form a unit, it is the case that the XACT component will not retain an independent distinctive role.

60. Mr Tritton submitted that in the contested mark, XACT is relatively much more distinct than the BUILD component, pointing to the applicant's promotion of the mark by reference to "XACT" such as where it states: "The XACT moment we chose to be your champion" and "The XACT moment I found a better way".²⁴ I disagree that this is the conclusion to be drawn from such promotion. I keep in mind that these promotional statements use XACT in a way that may more closely align to the opponent's branding (especially as there is also evidence that the opponent's customers sometimes refer to it and its products as "XACT").²⁵ , but I am not considering promotional statements, only the contested mark. The contested mark is BUILDXACT and not just XACT. Further, the letters XACT appear at the end of the mark and not the beginning. This is significant because the family of marks relied upon by the opponent begin with the letters XACT. It is my view that because the contested mark does not follow that format it is not likely to be seen as another mark in the same family of marks even when used in respect of identical goods and services. This points away from a likelihood of confusion.

61. In addition, in all the marks, the XACT letters are likely to be perceived as a reference to the word "exact" and used in an allusive way. This is further reduces the likelihood of confusion.

²⁴ Ms Peniaskova's witness statement at [10] – [12]

²⁵ See Exhibit MF4

62. The fact that all the marks use the same misspelling of “exact” is a pointer towards the possibility of confusion, but for the reasons discussed above, this is outweighed by the factors pointing away from a likelihood of confusion.

63. Mr Tritton submitted that because the purchasing process involves a higher-than-average degree of care and attention, the consumer will be more likely to identify the similarity between the marks. This approach is contrary to the established approach that the greater the degree of attention during the purchasing process, the less likely that the consumer will be confused. Even if, as a result of paying a higher degree of attention, the consumer is more likely to notice that the respective marks all contain the same letters XACT, when factoring in the allusive message these letters convey and the respective positions of these letters in the parties’ marks, the consumer will put this down to no more than coincidence. As Mr Malynicz submitted, with the respective marks having different first parts, the increased degree of care during the purchasing act will mitigate strongly against likelihood of confusion. Therefore, I dismiss Mr Tritton’s submission.

64. Taking all of the above into account, even where the respective goods and services are identical, I find that there is no likelihood of indirect confusion. Any recognition that the respective marks share the same letters XACT will be put down to no more than coincidence.

65. In summary, the ground based upon section 5(2)(b) fails in its entirety.

Section 5(4)(a)

66. Section 5(4)(a) 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, where the condition in subsection (4A) is met,

(aa) [...]

(b) [...]

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark.”

67. Subsection (4A) of Section 5 states:

“(4A) The condition mentioned in subsection (4)(a) is that the rights to the unregistered trade mark or other sign were acquired prior to the date of application for registration of the trade mark or date of the priority claimed for that application.”

68. I will comment only briefly on the merits of this ground. I recognise that the opponent relies upon a claimed goodwill attaching to the four signs XACTWARE, XACTANALYSIS, XACTIMATE and XACTCONTENTS in respect of various types of software used in the field of construction and insurance and inventories. I intend to assume the parties are in the same field of activity and I recognise that of the four different signs relied upon, none offer a stronger case than another. Therefore, my comments apply equally to all four.

69. I recognise that the test for misrepresentation is different to that for likelihood of confusion, namely, that misrepresentation requires “a substantial number of members of the public are deceived” rather than whether the “average consumer are confused”, but I also take account of the comments of Lewison L.J. in *Marks and Spencer PLC v Interflora*, [2012] EWCA (Civ) 1501. He commented that it is doubtful whether the difference between the legal tests will produce different outcomes. Mr Tritton sought to rely upon the same reasons as relied upon in support of the opponent’s section 5(2)(b) claim. This lends support to my view that this ground has no prospect of improving on the case relied upon in respect of section 5(2)(b) and I find that members of the public are not likely to be misled into purchasing the applicant’s goods and services in the belief that they are the opponent’s goods and

services for the same reasons as set out in my considerations in respect of section 5(2)(b).

70. The opposition, insofar as it is based upon section 5(4)(a), fails in its entirety.

Section 5(3)

71. Section 5(3) states:

“(3) A trade mark which-

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 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”.

72. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, Case 252/07, *Intel*, Case C-408/01, *Adidas-Salomon*, Case C-487/07, *L’Oreal v Bellure* and Case C-323/09, *Marks and Spencer v Interflora* and Case C383/12P, *Environmental Manufacturing LLP v OHIM*. The law appears to be as follows.

(a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors*, paragraph 24.

(b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors*, paragraph 26.

(c) It is necessary for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls the earlier mark to mind; *Adidas Saloman*, paragraph 29 and *Intel*, paragraph 63.

(d) Whether such a link exists must be assessed globally taking account of all relevant factors, including the degree of similarity between the respective marks and between the goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark's reputation and distinctiveness; *Intel, paragraph 42*

(e) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is a serious likelihood that such an injury will occur in the future; *Intel, paragraph 68*; whether this is the case must also be assessed globally, taking account of all relevant factors; *Intel, paragraph 79*.

(f) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious risk that this will happen in future; *Intel, paragraphs 76 and 77* and *Environmental Manufacturing, paragraph 34*.

(g) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel, paragraph 74*.

(h) Detriment to the reputation of the earlier mark is caused when goods or services for which the later mark is used may be perceived by the public in such a way that the power of attraction of the earlier mark is reduced, and occurs particularly where the goods or services offered under the later mark have a characteristic or quality which is liable to have a negative impact of the earlier mark; *L'Oreal v Bellure NV, paragraph 40*.

(i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the

coat-tails of the senior mark in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. This 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 (*Marks and Spencer v Interflora*, paragraph 74 and the court's answer to question 1 in *L'Oreal v Bellure*).

73. The conditions of section 5(3) are cumulative. Firstly, the opponent must show that the earlier marks have achieved a level of knowledge/reputation amongst a significant part of the public. Secondly, it must be established that the level of reputation and the similarities between the marks will cause the public to make a link between them, in the sense of the earlier mark being brought to mind by the later mark. Thirdly, assuming that the first and second conditions have been met, section 5(3) requires that one or more of the types of damage claimed will occur and/or that the contested mark will, without due cause, take unfair advantage of the reputation and/or distinctive character of the reputed mark. It is unnecessary for the purposes of section 5(3) that the goods be similar, although the relative distance between them is one of the factors which must be assessed in deciding whether the public will make a link between the marks.

74. The relevant date for the assessment under section 5(3) is the date of the application i.e. 1 March 2021.

Reputation

75. The authoritative statement as to what is required to demonstrate reputation comes from the CJEU in the *General Motors* case where the court held that:

“25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.

26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.

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.

28. Territorially, the condition is fulfilled when, in the terms of Article 5(2) of the Directive, the trade mark has a reputation 'in the Member State'. In the absence of any definition of the Community provision in this respect, a trade mark cannot be required to have a reputation 'throughout' the territory of the Member State. It is sufficient for it to exist in a substantial part of it."

76. In *Burgerista Operations GmbH v Burgista Bros Limited*,²⁶ Judge Hacon stated that "*Reputation constitutes a knowledge threshold.*" The nature of the reputation may bring with it other qualities and values, but in the first instance it is simply a question of how many of the potential consumers of the goods/services covered by the earlier mark know about it.

77. I have provided a summary of the opponent's evidence at paragraph 43, and I found that this demonstrated that the opponent's XACTWARE mark benefitted from a modest enhanced distinctive character in respect of goods and services that are property insurance software solutions. I remind myself that:

- The opponent has had a presence in the UK since 2007 when it established its European headquarters here;
- Operations were then expanded to other European countries such as the Republic of Ireland, Belgium, Germany and France;

²⁶ [2018] EWHC (IPEC)

- It has a number of major European property insurance companies as customers;
- XACTWARE is the trading name and principal trade mark of the opponent and used in respect of goods and services that are property insurance software solutions;
- The opponent's UK client base consists of nearly 200 customers including leading UK insurance businesses such as LV= General Insurance, The Davies Group and AXA;
- Annual UK sales figures for the 6-year period 2016 were over £1 million year and reached £1.5 million in 2020;

78. This evidence illustrates that the XACTWARE mark has been used in the UK for nearly 14 years and in the 5 years prior to the relevant date has achieved sales in the UK of £1 million or more each year. I conclude that this illustrates that the opponent's XACTWARE mark benefits from the requisite reputation in respect to computer software solutions in insurance underwriting and claims in the fields of building, construction, and building remodelling and restoration, but the scale of the reputation is reasonably modest.

79. For the same reasons referred to in respect of my considerations regarding enhanced distinctive character, the evidence fails to show that the XACTANALYSIS mark benefit from a reputation. The evidence regarding the mark XACTIMATE is a little stronger but as Mr Tritton conceded, XACT is less dominant because the letter "T" may be read as the second letter in ESTIMATE. I consider that these marks would not have represented a stronger case than that based upon XACTWARE and the absence, or otherwise, of a reputation in respect of these two marks does not materially impact upon the opponent's section 5(3) case.

Link

80. As I noted above, my assessment of whether the public will make the required mental 'link' between the marks must take account of all relevant factors. The factors identified in *Intel* are:

The degree of similarity between the conflicting marks

I found earlier that the contested mark shares a low level of visual similarity, a low to medium level of aural similarity and a low level of conceptual similarity to the opponent's XACTWARE mark.

The nature of the goods or services for which the conflicting marks are registered, or proposed to be registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public

I have found that the opponent's reputation is in respect to computer software solutions in insurance underwriting and claims in the fields of building, construction, and building remodelling and restoration. The considerations in respect of this narrower list of goods/services compared to the applicant's goods are slightly different to those under section 5(2)(b) and it is not obvious that these goods and services are identical to the applicant's goods and services because none of the applicant's goods and services relate to insurance. In fact, the specifications specifically exclude goods/services for the purposes of the management of insurance claims. In light of this, the closest terms to the goods/services for which the opponent has a reputation is the applicant's various software "for warranty management". A warranty is a guarantee but may operate in a similar way to an insurance product in that it provides protection to the customer for when a product malfunctions, breaks or in some other way does not perform as intended. It is not clear to me whether a provider of warranty related goods and services would overlap with providers of goods and services for insurance providers, but for the purposes of my assessment, I assume that they will and this creates a medium level of similarity.

The strength of the earlier mark's reputation

I have found that the scale of the reputation of the opponent's XACTWARE mark is reasonably modest.

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

I concluded that the inherent distinctive character of the mark XACTWARE is not low, nor high but, rather, it is somewhere in the middle and I categorised it as a medium level of distinctive character. I also found that it benefited from some enhancement to its distinctive but this was only a modest enhancement.

Whether there is a likelihood of confusion

I have found that there was no likelihood of confusion.

81. I recognise that the level of similarity between the respective marks for the relevant public to make a link may be less than the level of similarity required to create a likelihood of confusion.²⁷ Nevertheless, even where identical goods and services are involved, for the same reasons why I found there was no likelihood of confusion, I also find that the requisite link will not be made. In summary, those reasons are

- (i) The fact that the common group of letters XACT will be understood as a misspelling of the word "exact", which is allusive;
- (ii) The common element appears at the start of the opponent's mark and at the end of the applicant's mark and this has the impact of reducing the ability of the mark to bring the other to mind;
- (iii) The remaining parts of the respective marks, namely, WARE and BUILD share no similarity either visually, aurally or conceptually.

²⁷ *Intra-Press SAS v OHIM*, Joined cases C-581/13P & C-582/13P at [72]

82. If there are circumstances where the applicant's mark brings the opponent's mark, it will likely be quickly dismissed as no more than coincidence.

83. In summary, in the absence of the requisite link, the ground based upon section 5(3) of the Act fails in its entirety.

SUMMARY

84. The opposition fails in respect of all three grounds and the contested mark can, subject to any appeal, proceed to registration.

COSTS

85. The applicant has been successful and is entitled to a contribution towards its costs. I calculate the award as follows:

Considering the Form TM7 and statement of case and preparing and filing the Form TM8 and counterstatement:	£450
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Considering the other side's evidence and preparing own evidence:	£1200
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Preparing for, and attending the hearing:	£ 700
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Total:	£2350
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86. I therefore order Xactware Solutions, Inc. to pay Buildxact Software Limited the sum of £2350. The above sum should be paid within twenty-one days of the expiry of the appeal period or, if there is an appeal, within twenty-one days of the conclusion of the appeal proceedings.

Dated this 23rd day of March 2023

Mark Bryant
For the Registrar