

THE HIGH COURT

[2023] IEHC 757

[2013/641 SP]

IN THE MATTER OF THE TRADEMARKS ACT, 1963

AND IN THE MATTER OF THE TRADEMARKS ACT, 1996

AND IN THE MATTER OF AN APPLICATIONS NUMBER 177240 AND 177245

DATED 11TH JANUARY, 1994 PURSUANT TO THE TRADEMARKS ACT, 1963

BY DIESEL SPA

FOR REGISTRATION OF DIESEL AND DIESEL (DEVICE) AS TRADEMARKS

IN CLASS 25 OF THE REGISTER OF TRADEMARKS

BETWEEN

DIESEL SPA

PLAINTIFF

AND

THE CONTROLLER OF PATENTS, DESIGNS AND TRADEMARKS

FIRST DEFENDANT

AND

MONTEX HOLDINGS LIMITED

SECOND DEFENDANT

JUDGMENT of Mr. Justice Cregan delivered on the 8th day of December, 2023

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INTRODUCTION

1. This is an appeal by Diesel S.P.A. against a decision of the Controller of Patents, Designs and Trademarks, (hereinafter referred to as “the Controller”), dated 10th September, 2013 upholding the opposition of Montex Holdings Ltd to the registration by the plaintiff, Diesel S.P.A., of the trademarks DIESEL and DIESEL (DEVICE) in respect of clothing, footwear and headgear.

BACKGROUND

2. The plaintiff is a company incorporated under the law of Italy. It is the owner of the trademark “Diesel” throughout many countries in the EU and is also the applicant for registration of “Diesel” on the Irish register of trademarks. It manufactures and sells clothing – particularly jeans - under the brand name “Diesel”. It first began to sell its goods under this brand name in Italy and in a number of other European countries in 1978. It first began to sell its jeans in Ireland in 1982. For ease of reference, I will refer to this company as “Diesel Italy” in this judgment.

3. The second defendant is a company incorporated under the laws of Ireland with its registered office in County Monaghan. The second named defendant also manufactures jeans and uses the name “Diesel” on these jeans. It is opposed to the plaintiff’s application for registration of the Diesel trademark. I will refer to this company as “Diesel Ireland” in this judgment. Diesel Ireland first began to manufacture jeans in Ireland with the name Diesel in late 1979/early 1980.

4. There is a complex history in relation to the conflict between these two companies over the brand name “Diesel” which goes back over 30 years to 1992.

5. On 18th September, 1992 Diesel Ireland applied to the Controller to register the word “Diesel” as a trademark (“the Diesel Ireland application”).

6. On 15th December, 1993, the Diesel Ireland application was accepted by the Controller and advertised.

7. On 11th January, 1994, Diesel Italy applied to register the trademarks “Diesel” and “Diesel (Device)” in Ireland.
8. On 19th September, 1994 Diesel Italy opposed the registration by Diesel Ireland on the grounds that it was likely to lead to confusion with its products and constituted an attempt to dishonestly take its trademark. Likewise, Diesel Ireland opposed the registration by Diesel Italy of its mark.
9. As the Diesel Ireland application was first in time it was considered first and the Diesel Italy application was put on hold.

THE FIRST APPLICATION FOR REGISTRATION – THE DIESEL IRELAND APPLICATION

10. On 22nd April, 1998, the Controller considered the Diesel Ireland application for registration but rejected it. He upheld the opposition of Diesel Italy. In his written statement dated 1st July, 1998, the Controller held that the proposed registration by Diesel Ireland failed to meet the requirements of s. 19 of the Trademark Act, 1963 (the “1963 Act”) on the grounds that Diesel Ireland had failed to establish that there was no likelihood of deception and confusion with Diesel Italy’s products.
11. This decision of the Controller was appealed to the High Court by Diesel Ireland. In *Montex Holdings Ltd v. the Controller of Patents* [2000] 1 IR 577, the High Court (O’Sullivan J.) also refused the registration of Diesel Ireland’s application on the grounds that Diesel Ireland had failed to demonstrate that its proposed user was *bona fide*. (I will deal with this matter later in my judgment).
12. In addition, the High Court considered that the Diesel Ireland mark was likely to deceive and/or cause confusion under s. 19 of the 1963 Act and refused registration on that ground also.

13. Diesel Ireland then appealed this matter to the Supreme Court and, in *Montex Holdings Ltd v. Controller of Patents* [2001] 3 IR 85, the Supreme Court also held that the Diesel Ireland's application for registration should be refused, albeit on different grounds to those considered by the High Court. Geoghegan J., giving the judgment of the Supreme Court, held that the High Court should have considered s. 19 of the 1963 Act first, as this was mandatory in its terms, and, as it was clear that there would be confusion under s. 19, the Supreme Court held that the registration should be refused on that basis. The Court then declined to enter into a consideration of s. 25 of the 1963 Act or indeed whether Diesel Ireland had acquired its mark in a *bona fide* manner.

14. In those circumstances, the Diesel Ireland application for registration failed. The Diesel Ireland application, having been filed in September 1992, was only finally determined by the Supreme Court in 2001. This accounts for the first nine years of this saga.

THE SECOND APPLICATION FOR REGISTRATION - THE DIESEL ITALY APPLICATION

15. As set out above, on 11th January, 1994, Diesel Italy applied to register its trademark "Diesel" with the Controller. This was opposed by Diesel Ireland. The Diesel Italy application was put on hold whilst the Diesel Ireland application was considered by the Controller, by the High Court and by the Supreme Court as set out above. Thereafter the Diesel Italy application was considered by the Controller. There were however considerable delays in progressing this application as there was a dispute over the admission of extra evidence, which resulted in another appeal to the Supreme Court.

16. Eventually, following a hearing on 21st May, 2012, the Controller upheld the opposition of Diesel Ireland on 4th April, 2013 to the Diesel Italy application. On 10th September, 2013, the Controller provided a written statement of his reasons for refusing the registration of Diesel Italy's mark which included (i) that Diesel Italy was not the proprietor

of the trademark and (ii) that the application failed to meet the requirements of s. 19 of the 1963 Act (i.e. that there would be confusion or deception in the market place as a result of the two similar names).

17. Diesel Italy has appealed that decision to this Court pursuant to sections 26 and 57 of the 1963 Act and O. 94 r.45 of the Rules of the Superior Courts. This is the appeal which is currently before me.

GROUND OF APPEAL

18. The grounds of appeal stated that the Controller had erred on various questions of law and/or fact:

- (a) in permitting Diesel Ireland to introduce evidence upon an issue already determined by the High Court in proceedings between the same parties;
- (b) In determining an issue previously determined in the first set of proceedings (High Court record number 1998/582 SP) and doing so in a manner contrary to the determination of the High Court (O'Sullivan J.);
- (c) In permitting or allowing in evidence which was inadmissible by reason of being hearsay evidence and attributing undue weight to that evidence;
- (d) in giving any weight or undue weight to the evidence of Mr. Patrick McKenna in circumstances where the Controller found certain parts of Mr. McKenna's evidence to be of questionable credibility;
- (e) in failing to dismiss the opposition of Diesel Ireland to the plaintiff's application having regard to the bad faith of Diesel Ireland in the adoption of the "Diesel" mark;
- (f) in determining that Diesel Italy was not the proprietor or owner of the trademark "Diesel";

- (g) in failing to give effect to the principle that the deception caused by another should not cause disadvantage to the trademark applicant;
- (h) In finding that there would be confusion if the “Diesel” trademark of Diesel Italy were put on the register;
- (i) in failing to permit the applications of Diesel Italy to proceed to registration;
- (j) in refusing to allow the applications of Diesel Italy to proceed to registration on the basis that they offended against s. 19 of the Act;
- (k) in failing to apply the correct test about the determination of the compliance of the applications with the requirements of s. 2, 19 and 25 (1) of the Act.

19. Diesel Italy seeks an order setting aside the decision of the Controller to refuse Diesel Italy’s trademark application and an order permitting its trademark application proceed to registration.

LEGAL PRINCIPLES APPLICABLE TO SUCH AN APPEAL

20. Section 57 of the 1963 Trade Marks Act (“the 1963 Act”) provides for an appeal to the High Court against a decision of the Controller.

21. Section 25 (7) of the 1963 Act provides that an appeal to the High Court from a decision of the Controller “*shall be heard on the materials stated as aforesaid by the Controller and no further grounds of objection to the acceptance of the application shall be allowed to be taken by the Controller, other than those so stated as aforesaid by him, except by leave of the court*”.

22. Order 94 r. 28 of the Rules of the Superior Courts, which were the rules then applicable, confirms that every appeal “shall be by way of rehearing”.

23. In *Philadelphia Storage Battery Company v. The Controller of Industrial and Commercial Property* [1935] IR 575 Kennedy C.J. in considering equivalent legislation

stated (at page 593) “*while we read the views of the Controller with respect ... we are quite free to form our own opinion untrammelled by them.*”

24. In *Re Hamilton Cosco Incorporated* [1966] IR 266 Budd J. held that a similar position applied in relation to the 1963 Act and indicated that the court exercised its own jurisdiction in deciding applications for registration. He stated in his opinion (at p. 268) that the court must form its own view “*untrammelled by the opinion*” of the Controller.

25. In the Supreme Court decision in *Montex* (relating to Diesel Ireland’s first application), Geoghegan J. stated that nothing turned on the fact that the Controller failed to specify reasons for the exercise of his discretion “*as there is an appeal to the High Court which is an appeal by way of rehearing*”.

26. In *Diesel S.P.A. v. Controller of Patents* [2020] IESC 7, Irvine J in the Supreme Court stated that an appeal under section 57 of the 1963 Act is an appeal “*on the record*”, and that having considered the record of evidence and materials before the Controller, the High Court is required “*to come to its own independent conclusion as to the proper answer to the issues*”.

27. Irvine J. also stated that the High Court is not required to identify any fundamental error on the part of the Controller to set aside the conclusions of the Controller. It is entitled to reach its own conclusions on the facts. The Court also expressly rejected the suggestion that the High Court is required to show deference to the Controller’s decision. It held that the High Court “*is not restricted to find an error in the Controller’s decision but can come to its independent conclusions on the issues before it*”. (See para. 48 of the decision).

THE CENTRAL ISSUES IN THESE PROCEEDINGS

28. It is clear from the legal submissions that there are essentially three central issues to be considered in this case. These are:

1. who is the owner or proprietor of the mark “Diesel”? Is it Diesel Italy or Diesel Ireland?
2. whether any registration of Diesel Italy’s mark is likely to cause confusion under section 19 of the 1963 Act; and
3. whether the court should exercise its discretion to refuse a registration under section 25 of the Act.

29. I shall structure my judgment around these three issues.

RELEVANT SECTIONS OF 1963 ACT.

30. Section 2, the interpretation section of the Act, provides that:

“‘mark’ includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, or any combination thereof”.

31. The word “trademark” is defined in section 2 of the Act as follows:

“‘trade mark’ means, except in relation to a certification trade mark, a mark used or proposed to be used in relation to goods for the purpose of indicating, or so as to indicate, a connection in the course of trade between the goods and some person having the right either as proprietor or as registered user to use the mark, whether with or without any indication of the identity of that person, and means, in relation to a certification trade mark, a mark registered or deemed to have been registered under section 45 of this Act”. (Emphasis added).

32. An essential element of this statutory definition of trademark is the concept of “*some person having the right either as proprietor or as registered user to use the mark*”. However, the concept of proprietor is not defined in the legislation and, as is set out below, is a concept which has been derived from common law.

33. Section 19 provides:

“It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of law, or would be contrary to law or morality, or any scandalous design.”

34. Section 25(1) of the 1963 Act provides as follows:

“Any person claiming to be the proprietor of a trade mark used or proposed to be used by him who is desirous of registering it must apply in writing to the Controller in the prescribed manner for registration either in Part A or in Part B of the register.”

35. Section 25(2) of the 1963 Act provides as follows:

“Subject to this Act, the Controller may refuse the application, or may accept it absolutely or subject to such amendments, modifications, conditions or limitations, if any, as he may think right.”

THE MEANING OF “PROPRIETOR” UNDER COMMON LAW

36. It is notable however that the word “proprietor” is not defined in the 1963 Act. The definition of proprietorship is derived from the common law.

37. In *GE Trade Mark* [1973] 90 RPC 11, the House of Lords considered the UK Trademarks Act, 1938 and Lord Diplock stated at p. 325:

“The right of property in a trademark was recognised at common law before it was the subject of any enactment. The 1875 Act did not itself create any right of property in trademarksit simply provided for the registration of trademarks and spelled out the consequences of registration and non-registration on the proprietary rights of the owner of the trade mark and the remedies available to him for the protection of those proprietary rights. The 1875 Act must, therefore, be construed in the light of the common law relating to trademarks in 1875. I use the expression “common law” to include the doctrines of equity applied in what at that time was the separate Court of

Chancery In my view, the 1938 Act which purports to consolidate our existing law becomes intelligible only when this course is adopted”.

38. In considering s. 25(1) therefore, in relation to the facts of this case this Court must consider whether Diesel Italy is the proprietor of the trademark. If it is the proprietor of the trademark, then it is entitled to apply in writing to the Controller for registration. On the contrary if it is not the proprietor then it has no right to seek to have the trademark registered.

39. Likewise, if Diesel Ireland is the proprietor, then it is entitled to argue that Diesel Italy is not the proprietor and therefore that Diesel Italy’s application for registration should be refused.

40. In *Re Nicholson and Sons Application* [1931] 2 Ch. 1, Lawrence L.J. stated that no evidence of recognition by the public is required in order to prove that a distinctive mark was in use as a trademark before 1875 and continued:

“What is required for that purpose is proof that the mark before that date was in fact used as a trademark.....and it is not necessary to prove either the length of the use or the extent of the trade. In other words, the character and not the length or extent of the user is the only thing that has to be established Before the Act of 1875 it had been definitely established that the only essential quality for constituting property in a trademark was that it should have been used by the proprietor in his business upon or in connection with some vendable article”.

41. Lawrence L.J. also approved the following statement in *Hall v. Burrows* [1863] 32 LJ (Ch.) 548,

“It must therefore be conceded that some property exists in the use of a trademark, which at present is sufficient to support an action and to maintain an injunction. It is true that this property, like property in a goodwill, is of a very evanescent character; still, frequently, it is one of great value. It is clear from a variety of decided cases that

a manufacturer who has originally stamped his goods with a particular brand, has a property in his mark at law, and can sustain an action for damages for the use of it by another. It is also clear that Courts of equity will restrain the use of it by another person”.

42. Lawrence L.J. also referred to the decision in *McAndrew v. Bassett* [1864] 4 Deg J & S 380 where Lord Westbury stated:

“An element of the right to that property may be represented as being the fact of the article being in the market as a vendible article, with that stamp or trademark, at the time when the defendants imitate it. The essential ingredients for constituting an infringement of that right probably would be found to be no other than these: -
First, that the mark has been applied by the plaintiffs properly (that is to say) that they have not copied any other persons mark, and that the mark does not involve any false representation; secondly that the article so marked is actually a vendible article in the market; and thirdly that the defendants, knowing that to be so, have imitated the mark for the purpose of passing in the market other articles of a similar description”.

43. In *Burberrys v. L.C. Cording and Company Ltd* [1909] 26 RPC 693 the court stated that no person is entitled by the use of any word to represent his goods as being the goods of another because to do so would injure the goodwill of the other’s business.

44. In *Gynomin* [1961] 78 RPC 15 the court held that an application for registration by a person who had received knowledge of the formula of a product in confidence had made a false claim of proprietorship.

45. It is also clear that if an applicant cannot claim proprietorship in good faith the court will expunge registration. See *Casson* (1910) 27 RPC 65.

FUNDAMENTAL ISSUE

46. It is clear therefore that the fundamental issue in these proceedings is: who is the owner/proprietor of the trade mark “Diesel”. Diesel Italy claims that it is the owner because:

(i) it designed the mark, thought up the name “Diesel” and applied the name “Diesel” to its jeans and related products;

(ii) Diesel Ireland has improperly and dishonestly, and with a lack of good faith, “copied” its mark and is using that mark on its jeans in flagrant violation of Diesel Italy’s rights as owner of the mark.

47. Diesel Ireland claims that it is the proprietor of the mark “Diesel” – even though it was refused registration in the first application - because

(i) it came up with the name “Diesel” independently of Diesel Italy and

(ii) it was the first user in Ireland and was therefore, under the case law, entitled to be regarded as the owner of the mark.

48. This issue of who is the owner of the mark “Diesel” is a question which has to be decided under the principles of common law rather than under the provisions of the 1963 Act. As such it is a question which has to be decided first before one can embark on an analysis of the provisions of the 1963 Act in relation to registration. I will consider first the question of whether Diesel Ireland is the owner of the mark.

THE CHAIN OF TITLE ISSUE

49. The first – preliminary - issue to be considered is whether Diesel Ireland owns any mark at all called “Diesel”. Diesel Ireland claims it does because it purchased it from Monaghan Textiles Ltd (“Monaghan Textiles”) an Irish company which went into receivership in 1988.

50. Mr. Michael Heery, the managing director of Diesel Ireland, claims that Diesel Ireland purchased the Diesel mark from the receiver of Monaghan Textiles at some point after a receiver was appointed to Monaghan Textiles in 1988.

51. Diesel Italy disputes this assignment and submits that Diesel Ireland has failed to prove the mark was validly assigned to it by Monaghan Textiles. It submits that no evidence of assignment has been produced such as a contract for the purchase of the assets of Monaghan. I will therefore consider this “chain of title” argument first.

52. On 20th February, 1996, Mr. Michael Heery managing director of Diesel Ireland made a statutory declaration in which, at paragraph 3, he states that the Diesel trademark has been used by Diesel Ireland (or its predecessor in title) in respect of jeans since 1979 and that it is *“an extremely well known trademark identifying as it does the goods originating from the applicant”*.

53. At paragraph 7 of his declaration, he states that the Diesel trademark was first owned by Monaghan Textiles of which company he was a director. He says that the Diesel trademark was used by both Monaghan Textiles and Banner of Ireland Ltd (“Banner”). Both Monaghan Textiles and Banner were wholly owned subsidiaries of Beon Investments Ltd (“Beon”). In 1982 Beon was acquired by Mitzi Ltd and Beon subsequently changed its name to Mitzi Monaghan Ltd.”

54. At paragraph 8 he states: *“On February 10th, 1988 Monaghan Textiles went into receivership. Hugh Cooney of the accountancy firm of Cooney Carey and Ferris was appointed as receiver and manager of the assets and undertaking of Monaghan Textiles.. On behalf of the applicant, I purchased from the receiver through negotiations with his partner, Martin Ferris, the entire assets of Monaghan Textiles – buildings, machinery, trimmings and all brand rights which included the Diesel trademark and attached goodwill”*.

55. Diesel Ireland also filed a statutory declaration of Mr. Martin Ferris made on 21st February, 1996. Mr. Ferris is an insolvency practitioner and he declares that he was involved in the receivership of Monaghan Textiles which owned all the assets, including goodwill relating to the mark “Diesel”. He also exhibits a letter from him dated 20th December, 1995 to

Mr. Michael Heery of Montex Holdings Ltd stating that he had been unsuccessful in locating the files relating to Monaghan Textiles. He stated in the letter that his former partner Mr. Hugh Cooney, was appointed receiver and manager over the assets and undertaking of Monaghan Textiles on 10th February, 1988. He also says that he negotiated the sale of the assets to Mr. Heery and/or his company. He states:

“As far as I recall, the substantive assets of the company namely the plant and machinery and land and buildings were sold to you on foot of a contract for sale. I recall certain other transactions pertaining to the sale of goodwill, stocks, trimmings, patterns, trademarks and the database of the company were sold to you on foot of the contract for sale or by invoice. I regret at this point that I cannot provide you with more detailed information on the matter. You will recall that the transaction took place quite some years ago”.

56. Diesel Italy submits that this evidence is not of itself sufficient to establish that Diesel Ireland is the holder of the mark “Diesel” in Ireland.

57. However Diesel Italy is not in a position to put any contrary evidence before the court in relation to this matter.

58. I am satisfied that, on the balance of the probabilities, on the basis of the above evidence, Diesel Ireland purchased the trademark and goodwill in the mark “Diesel” from the Receiver of Monaghan Textiles. Mr. Heery has sworn a statutory declaration to say that he purchased it and the receiver has sworn a statutory declaration exhibiting a letter which indicates that, to the best of his recollection, the receiver did indeed sell the assets, trademark and goodwill of Monaghan Textiles to Diesel Ireland. The receiver therefore is corroborating, to the best of his ability, the evidence of Mr. Heery. Whilst it is true that no contract of sale for the purchase of the assets and goodwill(including the mark “Diesel”) has been put before

the court, I am satisfied, on the balance of probabilities, that the above evidence is sufficient to establish that Diesel Ireland acquired this from Monaghan Textiles.

59. I note that the High Court (O’Sullivan J.) came to a similar conclusion in respect of a similar argument in the first set of proceedings. I have arrived at the above conclusion independently of the fact that O’Sullivan J. came to the same conclusion. In other words I do not regard myself as being bound by the finding of O’Sullivan J. on this matter, nor do I regard this matter as *res judicata*.

WHETHER DIESEL IRELAND HAS A *BONA FIDE* CLAIM TO OWNERSHIP OF THE MARK “DIESEL” OR WHETHER IT DISHONESTLY COPIED DIESEL ITALY’S MARK.

60. However the question of whether Diesel Ireland has a bona fide claim to be the owner of the mark “Diesel” is a different matter. Diesel Italy’s case is that Diesel Ireland wrongfully and dishonestly copied Diesel Italy’s mark. I will now consider this issue.

(i) The evidence in the first application

61. Counsel for Diesel Italy carefully went through the various evidence in all the statutory declarations in the first application(i.e. the Diesel Ireland application). As set out above, the first application for registration in respect of the word “Diesel” was made on 18th September, 1992 by Diesel Ireland. Diesel Italy filed its notice of opposition on 19th September, 1994. This was therefore the first document put in by Diesel Italy opposing the Diesel Ireland application for registration of the mark “Diesel”. In its notice of opposition, Diesel Italy pleaded that Diesel Ireland was not the proprietor of the trademark “Diesel” and therefore that registration would be contrary to section 25 of the Trademarks Act, 1963. It also pleaded that Diesel Italy was the true proprietor of the trademark “Diesel”.

62. On 7th October, 1994, Diesel Ireland filed a counter-statement saying that Diesel Ireland and its predecessors in title had been using the “Diesel” trademark in Ireland for a long number of years.

63. In his Declaration, dated 22 February 1995, in the first set of proceedings opposing the Diesel Ireland application, Mr. Renzo Rosso, the manager of Diesel Italy stated that his company was incorporated in 1978 under the title “Diesel SPA” and that his company has been engaged for many years in the manufacturing of a wide range of goods, including jeans, jackets and other casual clothing. He stated that his company was the proprietor of the mark “Diesel” and that this mark was first used by his company in 1978 and has been continuously used by his company since that date in many countries especially continental European countries. He said that the trademark “Diesel” and its logo has been registered by his company in many countries throughout the world. Mr. Rosso also said that Diesel Italy’s goods have been sold under the mark “Diesel” in Ireland since at least the year 1982.

(ii) Allegations that Diesel Ireland is not bona fide owner of the mark

64. Most importantly, at paragraph 8 Mr. Rosso states as follows:

“Montex Holdings Ltd are not the bona fide proprietors of the trademark Diesel in Ireland. As stated above, the trademark Diesel was first used by my company in 1982. Since the word “Diesel” is an unusual one for use as a trademark in respect of clothing and the like, I consider it unlikely that the applicants chose the word Diesel independently and without being aware of the existence of my company and/or its reputation in the trademark Diesel”. (Emphasis added)

65. He also said that *“In view of my company’s ownership of the trademark Diesel and its use of the trademark in Ireland in relation to the goods covered by application number 147773, I believe the applicants [Diesel Ireland] are not entitled to registration of the trademark Diesel”.*

66. This was a very significant averment by Mr. Rosso. To state as he did that Montex [Diesel Ireland], was not the *bona fide* proprietor of the trademark Diesel was an allegation of dishonesty or lack of *bona fides* that demanded a robust reply. It was therefore “up in lights” from the very start that Diesel Italy was arguing that Diesel Ireland was not the *bona fide* proprietor of the mark.

(iii) Diesel Ireland’s reply

67. The first opportunity therefore for Mr. Heery of Diesel Ireland to reply to the allegation that Diesel Ireland was not the *bona fide* proprietor of the trademark was in his first statutory declaration made, on 20th February, 1996, in reply to Mr. Rosso’s declaration. Mr. Heery said that he was the managing director of Montex Holdings Ltd and that “*I am familiar with the trademark matters pertaining to the applicant*”. He said that the “Diesel” trademark had been used by Diesel Ireland (or its predecessor in title) in respect of jeans since 1979 and that it was a well-known trademark - identifying as it does the goods originating from Diesel Ireland. He said that the use of the “Diesel” trademark has been continuous and substantial since its first use in Ireland by Diesel Ireland in 1979. He said the “Diesel” trademark was first owned by Monaghan Textiles of which he was a director. He says that Monaghan Textiles went into receivership on 10th February, 1988 and that Diesel Ireland purchased the assets including the trademark “Diesel” from the receiver of Monaghan Textiles.

68. He said that he noted from Diesel Italy’s evidence that it was claiming that it had first used its Diesel mark in Ireland in May 1982 but he said that Diesel Ireland had been using the mark in Ireland for several years prior to this - having commenced sales of jeans under the “Diesel” trademark in 1979.

69. However what is remarkable about Mr. Heery’s statutory declaration (running to over 58 pages with its many exhibits) is that nowhere in this declaration does Mr. Heery ever take exception to, or seek to refute, or deny in any way, the allegation by Mr. Rosso that Diesel

Ireland “*are not the bona fide proprietors of the trademark Diesel in Ireland*”. This was an astonishing omission. To allege, as Mr. Rosso did, that Diesel Ireland was not the *bona fide* proprietor was not merely an allegation that Diesel Ireland was not the proprietor of the trademark but an allegation that Diesel Ireland was not the “*bona fide* proprietor”. In other words, it was a clear allegation that Diesel Ireland was acting dishonestly and/or wrongfully and with a lack of good faith. This was such a serious allegation that it demanded an immediate and compelling reply. None was ever given. Mr. Heery went into significant detail about invoices and purchase notes dating back to 1979 and 1980 and yet nowhere does he deny the serious allegation that Diesel Ireland was not the *bona fide* proprietor of the trademark.

70. Diesel Ireland also furnished a statutory declaration by Ms. Roisin McKenna, the retail sales person responsible for the factory shop of Diesel Ireland in Monaghan. She confirmed that she worked in the factory shop since 1975 and that Diesel Ireland had been selling jeans under the brand named “Diesel” to the general public since 1979. Again Ms. McKenna never sought to take issue with the allegation that Diesel Ireland was not the *bona fide* proprietor of the trademark Diesel.

71. Ms. Ann McGuire, an office clerk of Diesel Ireland, also swore a statutory declaration and she also never sought to take issue with the allegation that Diesel Ireland was not the *bona fide* proprietor.

72. Ms. Mena Higgins, a dispatch and shipping manager of Diesel Ireland, also swore a statutory declaration on 21st December, 1995 confirming that Diesel Ireland commenced making jeans under the brand name “Diesel” and had been manufacturing and selling jeans on a continuous basis since 1979. Again Ms. Higgins never sought to, in any way, take issue with the allegation that Diesel Ireland was not the *bona fide* proprietor.

73. Similar statutory declarations were sworn on behalf of Diesel Ireland by Ms. Margaret Crudden, and Mr. Luke McAdam. None of these persons sought to refute, or reject, in any way the claim made by Mr. Rosso that Diesel Ireland was not the *bona fide* proprietor of the Diesel mark.

(iv) Diesel Italy's rejoinder

74. Having considered all of these statutory declarations, Mr. Rosso then made a further statutory declaration on 9th July, 1996. He took issue with the claims made by Mr. Heery that Diesel Ireland was using the mark on a “continuous and substantial basis” since its first use in 1979. At paragraph 8 of his statutory declaration, he says that his company’s trademark “Diesel” has been in continuous use since 1978 and he exhibits worldwide sales figures for the years 1979 to 1995 in respect of the Diesel brand. He also says that his company had extensively advertised its products bearing the trademark “Diesel” for many years in English magazines such as “*The Face*” and “*Arena*”.

75. More importantly, he states at paragraph 9 of his declaration:

“Mr. Heery in his declaration has not attempted to provide any explanation as to how the trademark Diesel came to be adopted by the applicant or its alleged predecessor in business. I believe that the adoption of the trademark was not bona fide and consequently any use made of the trademark Diesel by the applicant or its alleged predecessor in business is not bona fide use. I beg to refer to exhibit 2 of Mr. Heery’s declaration which comprises of various labels. I would in particular refer to the label, a copy of which is attached hereto marked exhibit ‘RR3’ I believe that the wording ‘ALL OVER THE WORLD IN SHIPYARDS FROM GDANSK TO MAINE, THE DEMAND IS OUT FOR THE HARD WORKING PROTECTION OF DIESEL’ is an illustration that the applicant is seeking to trade on my company’s international reputation in the trademark Diesel”.

76. This is a very significant averment. Again, for a second time, Mr. Rosso is stating, in clear and categorical terms, that the adoption of the mark “Diesel” by Diesel Ireland was not made *bona fide* and therefore that any use made of “Diesel” by Diesel Ireland or its alleged predecessor in title was not *bona fide*. This cried out for a response – and a robust response – from Diesel Ireland. None was ever given.

(v) The High Court proceedings in the first application

77. In the first application for registration, the Controller decided on or about 1st July, 1998, that Diesel Ireland’s application to register a trademark “Diesel” failed to meet the requirements of section 19 of the Trademarks Act, 1963 and that therefore Diesel Ireland’s application should be refused. Diesel Ireland then issued High Court proceedings to set aside this decision. These High Court proceedings were entitled *Montex Holdings Ltd plaintiff and The Controller of Patents Designs and Trademarks and Diesel S.P.A. defendants* [2001] I.R. 577. These proceedings were issued by special summons and were grounded upon the affidavit of Mr. Heery, sworn on 28th August, 1998. Nowhere in this affidavit did Mr. Heery address the issue raised by Mr. Rosso that Diesel Ireland was not the *bona fide* proprietor of the trademark Diesel.

78. O’Sullivan J. in the High Court dealt first with the issue of whether Diesel Ireland’s application was made in a *bona fide* manner O’Sullivan J. states as follows (at page 587):

“I turn now to deal with the second defendant’s claim [Diesel Italy’s] that the application itself is wanting in bona fides.

This serious charge was first made by Renzo Rosso in his declaration of the 22nd of February 1995. He pulled no punches. He alleged that the ‘plaintiff’ is not the bona fide proprietor of the trademark ‘DIESEL’ in Ireland”.

He gave a reason:-

'Since the word 'Diesel' is an unusual one for use as a trademark in respect of clothing and the like, I consider it unlikely that the plaintiff chose the word 'Diesel' independently and without being aware of the existence (of) my Company and/or its reputation in the trademark Diesel'.

"Almost a year later to the day, Michael Heery on behalf of the plaintiff made a declaration in response to that of Renzo Rosso. In his declaration Michael Heery criticises some aspects of the declaration of Renzo Rosso including an allegation made at paragraph 9 thereof (that is the paragraph immediately following that in which the charge of lack of bona fides is made) to the effect that the Applicant's use of the mark 'has been insignificant and therefore insufficient for the plaintiff to have acquired a reputation in the market'. Michael Heery in his replying declaration says: 'I categorically refute these claims' and 'Indeed, would suggest that these claims are in fact true of the Opponent'. He does not, however, deal with the serious allegation of lack of bona fides.

It is to be recalled that Michael Heery was a Director of Monaghan Textiles Limited, which was the Company which initially decided to use the mark in connection with the sale of jeans and so forth in this country. He was therefore in a position to explain why this mark was chosen and, if possible, to refute the charge of lack of bona fides in selecting it.

As already indicated, a further declaration was made by Renzo Rosso on the 9th of July 1996 wherein he again takes up the cudgels on this topic at paragraph 9 in which, where relevant, he swears:-

'Mr Heery in his declaration has not attempted to provide any explanation as to how the trademark 'Diesel' came to be adopted by the plaintiff or its alleged predecessor in business. I believe that the adoption of the trademark

was not bona fide and consequently any use made of the trademark 'Diesel' by the plaintiff or its alleged predecessor in business is not bona fide use."

79. Mr. Justice O'Sullivan continues:

"Michael Heery did not reply to this second charge in evidence before the first defendant. Furthermore, he has sworn an Affidavit supporting the Special Summons for the purposes of the proceedings before this Court. The charge of lack of bona fides is not dealt with in that Affidavit although he does repeat, therein, that he was a Director of Monaghan Textiles Limited."

80. O'Sullivan J. then states as follows:

"In my opinion, the use of the word 'Diesel' in connection with jeans and other clothing is not self-explanatory. Counsel for the second defendant [Diesel Italy] suggested the plaintiff might have come across the Mark at a trade fair or in some such informal way. Whilst it is of course conceivable that the selection by Monaghan Textiles Limited of this word for use as a mark in connection with precisely the same range of clothing and for the same market in exactly the same way as had been done by the second defendant was a mere coincidence, such of itself would have required an explanation on the part of the plaintiff. Once, however, a charge of lack of bona fides against the Applicant was made, on this ground, on behalf of the second defendant, there could be no doubt, in my view, that such a charge required refutation. Michael Heery was a Director of Monaghan Textiles Limited and was therefore in a position to afford such a refutation if it existed. He did not do so in his declaration made in response to the second defendant's case. Even if it could be suggested that this might have been an oversight (and I would not agree that it could be so suggested) there can be no overlooking the fact that Renzo Rosso repeated the charge in a further subsequent declaration and effectively challenged the Applicants

to deny the charge by pointing out that ‘Mr Heery in his declaration has not attempted to provide any explanation as to how the trademark ‘Diesel’ came to be adopted by the plaintiff or its alleged predecessor in business.’

As indicated Michael Heery has sworn a subsequent Affidavit, but once again, he has not attempted to defend or even allude to this serious allegation. (Emphasis added).

In these circumstances I am not satisfied on the evidence before me that the plaintiff’s proposed use of the mark is bona fide and on this ground I would refuse permission for the proposed registration.

The foregoing is, of course, sufficient to determine this Appeal. However, in deference to the comprehensive submissions made on the point by Counsel for all three parties, I am prepared to indicate my views on what is the correct test under Section 19.”

81. It is clear therefore from the above passage in the judgment of O’Sullivan J. that he was satisfied that the allegations made by Diesel Italy required a response and that, as no response was forthcoming, he concluded that the use by Diesel Ireland of the mark “Diesel” was not done in a *bona fide* manner.

82. It is also interesting to note that in the decision of the Controller(in the first application for registration i.e. by Diesel Ireland), the Controller (at paragraph 12 of his decision) recites a submission made at that hearing by counsel for Diesel Ireland who said that it was a matter for the Controller to decide the question of ownership of the mark and that *“the question of ownership should be determined on the basis of first use in this country provided there is an absence of fraud, and I say there is no evidence of fraud in this case. I say that the important point is that you do not have to be the inventor of the mark in order to be the owner of the mark and use of the mark is quite sufficient.”*

83. However, as counsel for Diesel Italy submitted in this appeal before me, there was evidence of fraud (i.e. fraud in the trademark sense) at the very start, in Mr. Rosso's declaration of opposition.

84. Counsel for Diesel Italy also submitted that this submission - to the effect that Diesel Ireland did not have to be the inventor of the mark in order to be the owner of the mark and that first user was quite sufficient - was a peculiar submission to make in the first application, in circumstances where Diesel Ireland was now seeking to argue that in fact it was - independently – the inventor of the mark Diesel – because of the circumstances outlined in Mr. McKenna's affidavit (which is considered below). I agree with this submission.

(vi) The Supreme Court decision in the first application

85. When the matter was considered by the Supreme Court, the Supreme Court held that the High Court had erred in law and that it should have, as a matter of law, first addressed the question as to whether it was mandatory on it to refuse registration under section 19 (on grounds of deception and/or confusion) before addressing whether, as a matter of discretion under section 25, it should do so. It also held that there was ample evidence before the High Court to justify a finding of likelihood of confusion under section 19 of the 1963 Act and to refuse registration on that basis.

86. Giving the unanimous decision of the Supreme Court, Geoghegan J. states as follows(at page 88 of the judgment):

“On the appeal to the High Court, the learned High Court judge held that there was a lack of bona fides in the plaintiff's proposed user of the mark and that on this ground he would refuse registration. Effectively, this was a purported exercise of his discretion under s. 25(2) of the 1963 Act cited above. The High Court then went on to observe that that was sufficient to determine the appeal but that in deference to the comprehensive submissions which had been made on the point by counsel for all three

parties, he was prepared to indicate his views on what was the correct test under s. 19 of the 1963 Act also cited above. He then went on to find that the proposed mark offended s. 19. With respect to the learned High Court judge, he appears to have dealt with the matter in the wrong order. In paragraph 4-09 of Kerly's Law of Trade Marks and Trade Names 12th ed. the following is stated:

‘The discretion of the registrar only arises if he decides preliminary questions of fact in favour of an applicant. There is no room for the exercise of the registrar's discretion where the opponent succeeds in opposition under sections 11 or 12(1).’

Three different cases are cited in support of that proposition. The ‘section 11’ referred to is section 11 of the English Trade Marks Act, 1938 and is in the same terms as section 19 of the Irish 1963 Act. If the principle therein stated is correct in relation to the Registrar (in Ireland, the first defendant), it must equally apply to the judge on appeal, who is engaged in a rehearing. The principle thus stated in Kerly would seem to be clearly correct because it must surely be important that the first defendant or the judge on appeal should first address the question as to whether it is mandatory on him to refuse registration before he addresses the question as to whether as a matter of discretion he should do so.”

87. The learned Supreme Court judge then considered the section 19 issues and concluded that O’Sullivan J. was correct in his decision on section 19. Geoghegan J. stated: *“in those circumstances I think it inappropriate to give any consideration to the discretionary issue.”*

88. The Supreme Court therefore dismissed Diesel Ireland’s appeal on this point.

(vii) The issue of res judicata

89. Counsel for Diesel Italy submitted that as the question of the lack of *bona fides* of Diesel Ireland had already been decided by the High Court in the first application, the matter was now *res judicata*, that Diesel Ireland could not reopen the matter in this second application and that I was, in effect, bound by the decision of O’Sullivan J. (i.e. that Diesel Ireland had used the Diesel mark in a manner which was lacking in *bona fides*.) This was contested by Diesel Ireland.

90. I turn therefore to consider the legal principles applicable to the issue of *res judicata* and to the question of whether this finding of O’Sullivan J. is *res judicata*.

91. The issue of *res judicata* was considered in *McConnon v. President of Ireland* [2012] 1IR 449 in which Kelly J. (as he then was) stated as follows:

“The inherent jurisdiction to dismiss or strike out the proceedings in limine can also be invoked in circumstances where somebody attempts to relitigate matters already decided conclusively by a judicial tribunal of competent jurisdiction. Such a determination is conclusive. A party is precluded from litigating the matters decided in the judgment or indeed from giving evidence to contradict them in subsequent proceedings”

92. Kelly J. in *McConnon* identified four relevant factors which must be present in order for a party to be entitled to rely upon the doctrine of *res judicata*. These are as follows:

- (a) there must be a previous decision of a judicial tribunal of competent jurisdiction;*
- (b) that decision must have been a final and conclusive judgment;*
- (c) there must be an identity of parties; and*
- (d) there must be an identity of subject matter.*

93. Based on the facts of the present case, I would add a fifth criterion: that the “res” which has been adjudicated on should be clear and unambiguous.

94. I turn therefore to consider whether these criteria are fulfilled in the present case.

95. The first issue I would like to consider is whether the decision of O’Sullivan J. (that Diesel Ireland is not a *bona fide* user of the mark) is a final and conclusive judgment on this matter. In considering this matter, it is necessary to have regard not only to the decision of the High Court, but also to the decision of the Supreme Court in this matter.

96. In his judgment, in the section headed “Law and Conclusions”, O’Sullivan J. stated that he accepted that the test of ownership in the mark is that ownership vests in the party first using it in this jurisdiction and he referred to the decisions of *Al Bassam* and *Nicholson and Sons* applications. (I will come back to this issue later. In my view, it is implicit in his decision that this principle does not apply if the first user is carried out dishonestly and/or not in a *bona fide* manner). O’Sullivan J. accepted that Diesel Ireland had established a sufficient user prior to the date of application to entitle it *prima facie* to be registered as owner. However he held that the Diesel Ireland’s proposed user of the mark was not *bona fide* and, on that ground, he said he would refuse permission for the proposed registration.

97. The next sentence however is critical to an analysis of O’Sullivan J.’s decision. He states:

“The foregoing is of course sufficient to determine this appeal; however, in deference to the comprehensive submissions made on the point by counsel for all three parties I am prepared to indicate my views on what is the correct test under section 19.”

98. The learned High Court judge then dealt with the test under section 19 of the 1963 Act, which provides that it shall not be lawful to register a trademark where it is likely to deceive or cause confusion or would be contrary to law or morality, or any scandalous design. He then reviewed the case law in relation to the appropriate test and concluded that *“the plain meaning of the words of s. 19 is that it is unlawful to register a trademark which is entitled to protection in the court of law by reason of its being likely to deceive or cause*

confusion or otherwise". He agreed with the Controller that it was obvious that the use of the same word "Diesel" on the same type of garments in the same market must raise the likelihood that a substantial number of persons would be confused and that the Controller was correct to refuse to register the mark "Diesel" by Diesel Ireland.

99. In my view, it is clear from the above, that the *ratio decidendi* for O'Sullivan J.'s decision was his conclusion that Diesel Ireland was not a *bona fide* user of the trademark. It is also clear from his remarks that, although he had decided that issue, in deference to counsel, he would proceed to decide the section 19 issue. This indicates, in my view, that his remarks in relation to section 19 were *obiter dicta*.

100. In the Supreme Court however, the Supreme Court stated that the High Court judge erred in law in considering discretionary matters under section 25 of the Act before considering the mandatory issues under section 19 of the Act. (The Supreme Court in its decision appears to have assumed that the analysis of O'Sullivan J. as to the *bona fide* use by Diesel Ireland of the mark was a decision made by the High Court under section 25 (2) of the 1963 Act - and not a decision as to whether Diesel Ireland was, properly speaking, the proprietor of the mark). The Supreme Court then decided the matter on section 19 and indicated that it was not necessary for the purposes of its judgment to make any decision in relation to section 25 (2) (i.e. whether or not Diesel Ireland was a *bona fide* user of the mark).

101. It is clear therefore that the *ratio decidendi* of the Supreme Court decision is that the section 19 mandatory issues must be first considered by the Controller and the High Court before the Controller or the High Court embark on the exercise of its discretion under section 25(2) of the Act. As it declined to enter into a consideration of whether Diesel Ireland had engaged in a *bona fide* user of the mark, it is impossible to know what conclusion the Supreme Court might have come to on that matter. The Supreme Court did not uphold, or

decline to uphold, the decision of the High Court in relation to the *bona fide* issue, but it indicated that the proper approach was to consider the section 19 issues first.

102. In those circumstances, where the Supreme Court held that the High Court had made an error of law but upheld the High Court decision on the section 19 “confusion” issue, I am of the view that this question as to whether Diesel Ireland had engaged or had not engaged in a *bona fide* use of the trademark is not a matter which has “*already been decided conclusively by a judicial tribunal of competent jurisdiction*”. I am not satisfied that the determination of O’Sullivan J. could be regarded as a “final and conclusive” judgment on this matter.

103. Secondly, the fourth condition which must be fulfilled before there is a finding of *res judicata* is that there must be an identity of subject matter. Whilst there is undoubtedly an identity of parties between (i) the first application for registration and the first High Court and Supreme Court proceedings and (ii) the second application for registration, I am not satisfied that there is an identity of subject matter. The crucial issue in the first set of proceedings was whether Diesel Ireland was the proprietor of the mark “Diesel”, whether it had engaged in a *bona fide* user of the mark and whether Diesel Ireland was entitled to registration of its mark under the Trademarks Act. The Controller, the High Court and the Supreme Court all decided that Diesel Ireland was not entitled to registration - albeit on different grounds. The issue in this case is not whether Diesel Ireland is entitled to registration but whether Diesel Italy is entitled to registration of its mark. The kernel of the first set of proceedings was whether Diesel Ireland was the proprietor of the trademark and was entitled to registration; the kernel of the second set of proceedings is whether Diesel Italy is the proprietor of the mark and is entitled to registration.

104. The two sets of proceedings are analogous to overlapping Venn diagrams, in which there is an identity of parties, similar but not identical facts and similar but not identical

issues. However I am of the view that the two cases are, analytically speaking, separate and distinct and as a result there is no identity of subject matter.

105. I am also of the view that there is a lack of clarity about what precisely O’Sullivan J. decided. It is not clear whether his decision in relation to the lack of bona fides by Diesel Ireland relates to the issue of proprietorship or to an exercise of his discretion under section 25(2) of the 1963 Act.

106. For all these reasons, I am of the view that the finding of the High Court that Diesel Ireland did not engage in a *bona fide* user of the mark “Diesel” is not *res judicata*. In the circumstances it is an issue which this Court will have to consider for itself in this appeal.

(viii) Henderson v. Henderson

107. Diesel Italy also submitted that Diesel Ireland came within the rule in *Henderson v. Henderson* and could not bring forward any further evidence or argument in relation to the issue as to whether it engaged or did not engage in a *bona fide* user.

108. The rule in *Henderson v. Henderson* [1843] 3 Hare 100 was set out by Wigram V.C. as follows:

“where a given matter becomes the subject of litigation in, and of adjudication by, a Court of competent jurisdiction, the Court requires the parties to that litigation to bring forward their whole case, and will not (except under special circumstances) permit the same parties to open the same subject of litigation in respect of matter[s] which might have been brought forward as part of the subject in contest, but which was not brought forward, only because they have, from negligence, inadvertence, or even accident, omitted part of their case. It is plain that litigation would be interminable if such a rule did not prevail.”

109. This rule was later summarised by Lord Woolf in *Taylor v. Lawrence* [2003] QB 528 where he stated:

“parties who are involved in litigation are expected to put before the court all the issues relevant to that litigation. If they do not, they will not normally be permitted to have a second bite at the cherry”.

110. In *McAteer v. Burke* [2017] IEHC 247, Noonan J. specifically adopted the summary of the rule as set out above by Lord Woolf in *Taylor*. Likewise the rule in *Henderson v. Henderson* was adopted by the Supreme Court in *A.A. v. The Medical Council* [2003] 4 IR 302.

111. The question which arises therefore in this case is whether Diesel Ireland is precluded from bringing forward additional evidence or additional arguments in relation to whether Diesel Ireland did or did not, engage in a *bona fide* user of the mark “Diesel”.

112. However, I am of the view that because there is a difference between the first and second set of proceedings, that Diesel Ireland is entitled to bring forward admissible evidence in relation to the *bona fide* issue and that, in doing so, it is not infringing the rule in *Henderson v. Henderson*.

113. In the circumstances I now turn to consider the allegations of dishonesty, copying and/or lack of good faith made in this second application and the new evidence put forward on this by Diesel Ireland.

(ix) The allegations of dishonesty and/or lack of good faith made in the second application

114. The second application was brought by Diesel Italy. On 11th January, 1994 Diesel Italy applied to the Controller for registration of its trademark Diesel. In its application, it claimed to be the proprietor of this mark.

115. Diesel Ireland then filed a notice of opposition to this application on 21st February, 2002. At paragraph 1, it stated that its grounds of opposition were based on the fact that “We

have for many years exclusively carried on business in Ireland under the Diesel trademark as manufacturers and merchants of clothing.”

116. At paragraph 2 Diesel Ireland pleads:

“The Applicant cannot make any lawful claim to be the proprietor of the Diesel trademark in Ireland and in accordance with the provisions of sections 2 and 25 of the Act should be refused registration”.

117. Paragraph 3 of the notice of opposition states that:

“The proposed use of the trademark which the Applicant has applied to register is calculated to deceive and cause confusion and is otherwise disentitled to protection in a court of law and in accordance with the provisions of section 19 of the Act should be refused registration”.

118. On 10th May, 2002, Diesel Italy filed its counter-statement denying the statements and allegations at paragraphs 1 to 5 of the notice of opposition. Diesel Italy also denied that it could not make any lawful claim to be the proprietor of Diesel mark in Ireland.

(x) Mr. Heery’s first statutory declaration in this second application

119. On 19th December, 2002, Mr. Heery of Diesel Ireland made a statutory declaration seeking to oppose Diesel Italy’s application. This was the first opportunity for Diesel Ireland to put in its evidence to contest the application. (see p. 35 of Book 1 of the Pleadings.) (The usual procedure is that the party seeking to oppose the application for registration puts in its evidence first to contest the application).

120. The first point made by Mr. Heery was that Diesel Ireland and Diesel Italy were involved in a long running dispute in which Diesel Ireland had applied to register the trademark Diesel in Ireland and Diesel Italy had opposed the application. Mr. Heery referred to the decision of the Controller, the decision of the High Court and the decision of the Supreme Court. As a result of these decisions Diesel Ireland was refused registration of its

trademark. However, Mr. Heery claimed that all of these decisions meant that the same principles which were applicable in the first application were also applicable in the second application, and that the relevant portions of the High Court and the Supreme Court decisions should be followed with the result that the present application by Diesel Italy should be refused registration – on grounds of confusion under section 19.

121. The parties in their submissions have taken to calling this the “mirror image” argument and I will maintain that appellation. The “mirror image” argument made by Diesel Ireland is that because Diesel Ireland was refused registration of its trademark on the grounds of confusion, that therefore Diesel Italy’s application should also be refused registration on the grounds of confusion. However Diesel Italy’s counter-argument is (a) Diesel Ireland did not acquire the use of the name Diesel in good faith but rather through dishonesty and (b) that Diesel Ireland cannot rely on any confusion in the market place caused by its dishonesty to argue for a refusal of the Diesel Italy application on this ground. (As will be seen in this judgment I agree with Diesel Italy’s submissions on this matter)

122. Mr. Heery also stated at paragraph 6 of his statutory declaration in these proceedings that the High Court in the first application had accepted that “*the test of ownership in the mark is that ownership vests in the first party using it in this jurisdiction*” (see p. 586 para. 4) (I do not believe that this is a correct statement of the law for reasons which I will come back to later in this judgment). He stated that the evidence in the first application indicated that the first use of the mark “Diesel” by Diesel Ireland was in 1979 and the first use by Diesel Italy of the mark “Diesel” in Ireland was in 1982. He also said the High Court held that Diesel Ireland “*had established sufficient user prior to the date of application to entitle it, prima facie, to be registered as owner*” (see p. 586 at para. 5). He also stated these findings were not overturned by the Supreme Court. Mr. Heery stated therefore that Diesel Ireland is the owner of the mark “Diesel” in Ireland by virtue of the fact that it used the mark first in

Ireland. Therefore, he says, any registration by Diesel Italy would be contrary to section 19 of the 1963 Act in that the use of the mark would deceive or cause confusion or would be otherwise disentitled to protection in a court of law.

123. Mr. Heery also states: (at paragraph 7 of his declaration)

“The present opposition is based on exactly the same circumstances as the previous action even though this time the roles are reversed. In the previous action the High Court held that the use of an identical mark on identical goods in the same market must raise the likelihood that a substantial number of persons will be confused at least in the sense that they will be left in no doubt as to whether these are the marks of Montex or Diesel Italy”.

124. He also stated at para. 8 as follows:

“The intentions or bona fides of Diesel Italy are also not relevant to the present opposition. The Supreme Court held that whether the applicant’s conduct in using the mark is blameworthy or not is irrelevant to the issue of whether the registration must be refused under section 19:

‘Confusion other than the special instances of permitted confusion under the Act prevents registration irrespective of whether there is blameworthy conduct such as passing off or not’ (para. 22 of the decision)”

125. However, in my view, whilst blameworthy conduct might not be relevant to an assessment of confusion and deception under Section 19, it is very relevant to a consideration of who is the owner or proprietor of a mark. I will come back to this later in my judgment.

126. What is noteworthy about this statutory declaration by Mr. Heery is that yet again he fails to address the allegations of a lack of bona fides made in the first application by Diesel Italy and which had been the subject of a critical finding by O’Sullivan J in the High Court in January 2000 – almost two years earlier.

(xi) Mr. Rosso's replying statutory declaration

127. On 14th October, 2003 (at p. 170 of Book 1 of the Pleadings) Mr. Rosso of Diesel Italy made his statutory declaration in respect of the second application. He stated that he made this declaration in reply to the declaration of Mr. Heery dated 19th December, 2002.

128. Most importantly, at paragraph 7 of his statutory declaration, Mr. Rosso states:

“In making the aforementioned claim of ownership and then purporting to invoke s. 19 of the Trademarks Act, 1963, Mr. Heery hurriedly passes over crucial observations and findings that were made by the High Court in the light of Mr. Heery's failure to explain how Monaghan Textiles Ltd (a company of which Mr. Heery had been a director) had chosen the word Diesel as a mark for clothing. In the High Court O'Sullivan J. states as follows:

[Mr. Rosso then sets out the various paragraphs from the judgment of O'Sullivan J. in relation to the lack of *bona fides* of Diesel Ireland which have been set out above.]

129. Mr. Rosso then states at the end of paragraph 7:

“It is noteworthy that notwithstanding the aforementioned comments of O'Sullivan J., Mr. Heery's reluctance to divulge how Monaghan Textiles Ltd came to use a mark that has been used by Diesel SPA since 1978 has persisted up to the present day and is once again manifest in the statutory declaration made by him in the context of the present Opposition.”

130. At paragraph 9, in refusing to accept Mr. Heery's argument in relation to the “mirror image argument” (i.e. that because Diesel Ireland's application was unsuccessful Diesel Italy's application should also be unsuccessful) Mr. Rosso states:

“However I wish to make it clear that this is not a case where ‘the roles are reversed’ or ‘confusion as to origin would apply in both directions’ as claimed by Mr. Heery. Diesel SPA's application cannot be viewed in the same light as that previously

brought by Montex. This is because Diesel S.P.A.'s creation of the mark Diesel and its use and development of that mark has been completely legitimate and honest from the outset, whereas the basis for such use as was relied upon by Montex (both in the context of its previous application (147773) and the present opposition) is dubious to say the least, and the High Court was prepared to treat it as such, and for this reason to reject Montex's application for registration. The likelihood of confusion on which Montex now seeks to rely flows from the wrongful appropriation of the mark Diesel by Monaghan Textiles Ltd and its continued use by Montex. Any likelihood of confusion which that creates cannot be regarded as disentitling Diesel S.P.A.'s use of the mark Diesel to protection in a court of law within the meaning of s. 19 of the 1963 Act and therefore cannot justify the rejection of Diesel SPA's application". [Emphasis added].

131. It is clear that, once again, Mr. Rosso was putting "up in lights" the fact that he maintained that the use by Diesel Ireland of the mark Diesel has not been either legitimate or honest and was "*dubious to say the least and amounts to "wrongful appropriation of the mark Diesel"*" by Diesel Ireland.

132. At paragraph 10 he states:

"Moreover, if (as was held by the Supreme Court) confusion caused by honest concurrent use would not have prevented the granting of injunctive relief against a third party, it would be absurd if use that could not be classified as honest (as is the case in respect of the use by Monaghan Textiles Ltd and Montex) brought about a disentitlement to such relief". (emphasis added)

133. Again it is clear that Mr. Rosso is making an allegation that Diesel Ireland's use of the mark "Diesel" could not be "*classified as honest*".

134. At paragraph 11 Mr. Rosso states:

“Similarly Mr. Heery is incorrect when he complains that the bona fides of Diesel SPA are irrelevant. On the contrary, this is an important factor which demonstrates why the outcome of the previous opposition brought by Diesel SPA does not govern the present application. Mr. Heery’s reference to the decision of the Supreme Court on the inapplicability of the criterion of blameworthiness misses the point that here it is the conduct of the opponent and not the applicant that requires close scrutiny”.

135. Again, Mr. Rosso is drawing attention to the central issue in this case which is whether Diesel Ireland acted in a manner which amounted to “wrongful appropriation” or a “lack of honesty” or “lack of *bona fides*” in coming to use the “Diesel” mark.

(xii) Mr. Heery’s reply

136. Mr. Heery swore a statutory declaration in reply on the 5th October, 2004 (see p. 436 of volume 2 of the pleadings). At paragraph 3, he states that Diesel Ireland is the owner of the trademark Diesel in Ireland by virtue of its first use in Ireland. However he said *“the question of whether my company is entitled to be registered as owner is a separate matter”*. Clearly both the High Court and the Supreme Court had held that Diesel Ireland was not entitled to be registered as owner of the Diesel mark. Despite these two judgments, Diesel Ireland still maintains that it is the owner and proprietor of the Diesel mark in Ireland by virtue of its first use of the mark in Ireland.

137. At paragraph 5 of his replying declaration, Mr. Heery addresses the issue of a lack of *bona fides* for the first time. He stated at paragraph 5:

5. *“The High Court raised the issue of bona fides in the use of the mark by my company. I say and believe that in the course of the High Court and the Supreme Court proceedings, my company was of the opinion that the issue of bona fides was irrelevant to the matter at hand. My company was of the view that because bona fides are only mentioned in the Trademarks Act, 1963 in Section 16 (own*

name/descriptive use exception), Section 28(4) (consideration of expired registrations in examination of applications) and Section 34 (removal of a registered trademark from the register), it was not relevant to an issue which fell to be decided under Section 19. Further, as regards a discretion under Section 25(2), my company was of the view that the issue of bona fides did not require refutation as no evidence had been provided to suggest there was any lack of bona fides and that the onus was on the opponent to provide such evidence rather than on the applicant to prove an negative. Therefore this issue was not addressed by my company. I say and believe that my company is still of the view that bona fides are not relevant to a decision under Section 19 and therefore the bona fides of my company are not a matter which is relevant to the present opposition. The High Court held that Section 19 does not require any element of blameworthiness and therefore I say and believe that blameworthiness (or as it could be known, lack of bona fides) are not factors which may be taken into account in an assessment of Section 19. In the concluding words of the High Court decision. “The Irish Cases appear to proceed on the basis that simple confusion or deception is sufficient to exclude registration under Section 19.

6. *Without prejudice to the foregoing, my company will be submitting as part of its rule 39 evidence, a Statutory Declaration of Patrick McKenna, a director of my company, which sets out the background to the adoption of the mark by my company and therefore addresses the issues of bona fides, in the event that this is held to be relevant”.*
7. *I say and believe that in emphasising the issue of bona fides raised by the High Court, the applicant is seeking to misrepresent its role in the decision of the High Court. The issue of bona fides raised in the High Court decision was in the context of the*

discretion of the Controller under Section 25(2), which the Supreme Court held should not have been considered. Bona fides were not considered in the Supreme Court decision at all. In this case, if discretion under Section 25(2) is to be considered, I say and believe that the motives of the applicant in seeking the monopoly that consist of a trademark registration despite the earlier and continuous use by my company should be examined. The bona fides of my company will be addressed as part of the evidence under rule 39”.

138. In paragraph 8 of his statutory declaration he says that there is a likelihood of confusion because both parties are using the same trademark.

139. At paragraph 11 of his declaration Mr. Heery states that:

- (a) The issue of *bona fides* and any role it may have in Section 25(2) must be left aside while an examination of Section 19 is undertaken;
- (b) If the opposition is upheld under s. 19, then these issues need not and should not be considered;
- (c) It is only if the opposition is rejected under Section 19, that these issues may come into play;
- (d) Both the Supreme Court and the High Court held that the use of the same word on the same type of garment in the same markets must raise the likelihood that a substantial number of persons will be confused within the meaning of section 19;
- (e) Therefore, applying the same reasoning to this case, the same conclusion must be drawn i.e. that there will be confusion within the meaning of section 19.

140. When dealing with the issue of Diesel Ireland’s alleged lack of *bona fides* Mr. Heery stated at paragraph 12 of his statutory declaration:

“Furthermore as indicated above, my company did not and does not believe that bona fides are in any way relevant to Section 19. Without prejudice to this and as I set out

above, part of the evidence submitted under rule 39 will consist of a sworn statement relating to the adoption by my company of the Diesel mark. As regards the contention by Mr. Rosso that the High Court was prepared to treat my company's use as dubious, I note again that the Supreme Court held that the High Court should never have considered the discretionary issue and therefore its findings are of no relevance and of no effect. I say and believe that if the Supreme Court had made a decision on the issue of bona fides in Section. 25(2), it may have differed substantially from the ultra vires opinion expressed by the High Court judge. If it had been indicated that the Supreme Court considered that the opponent had provided evidence to suggest that there may have been a lack of bona fides, evidence as to bona fides could have been provided to the court".

141. At paragraph 13 Mr. Heery states as follows:

"I utterly reject the contention by Mr. Rosso that the use by my company of the mark Diesel is dubious. I do not propose to revisit all of the evidence supplied relating to my company's use of the mark but merely to state that the use by my company and its predecessor in title of the mark Diesel in Ireland dates back to 1979 which is prior to the claimed date of first use by the applicant of its mark in Ireland by some three years. The use by my company of the mark has been continuous and extensive and encompasses the entire territory of Ireland. The High Court accepted my company has good title to the mark and accepted the evidence of its use in Ireland. The fact that the High Court when considering a section in contravention of the proper procedures, believed that an issue had been raised which my company believed did not require refutation has no bearing on the present opposition. Further, as stated above, my company believed and believes that bona fides are not relevant to the issue to be

decided on under s. 19 and the Supreme Court agreed with this view.” (emphasis added).

142. I would note in passing that this statement “*The High Court accepted my company has good title to the mark*” is a misleading and incorrect statement. The High Court said that Diesel Ireland had established a “*sufficient user prior to the date of application to entitle it, prima facie, to be registered as owner*”. The addition of these words “*prima facie*” is of crucial importance because O’Sullivan J. appears to have held that the lack of good faith negated the *prima facie* claim to ownership.

143. At paragraph 18 Mr. Heery states as follows:

“Further I completely reject his assertion that the use by my company is not honest and I note this has never been established. The fact that the High Court in wrongly considering an issue held that the question of bona fides had not been answered, when my company thought it irrelevant, in no [way] establishes that the use by my company is not honest. Without prejudice to the foregoing I note that evidence regarding my company’s bona fides is being presented as part of the evidence under rule 39.”

144. At paragraph 19 he states:

“As regards paragraph 11 of Mr. Rosso’s declaration, he states that the bona fides of his company are an important factor and mean that the decision in the previous opposition should not be followed in the present opposition. I say and believe that the usual English translation of a lack of bona fides is ‘bad faith’ which I would contend equates to blameworthy conduct. From the clear terms of the decision of the Supreme Court and High Court, blameworthy conduct is not relevant to Section 19. Further the Trademark Act, 1963 does not mention bona fides, bad faith or similar concepts anywhere in relation to Section 19. Further I say and believe that Mr. Rosso was

attempting to argue that because the High Court raised the issue of bona fides under Section 25(2) that the Controller should now raise the issue of bona fides in Section 19. I note that Mr. Rosso does not provide any substantiation for his claim that the conduct of the opponent in the present matter requires scrutiny whereas the conduct of the applicant does not. If it is held that bona fides is relevant to Section 25(2), I say and believe that the bona fides of both parties should be examined. The bona fides of my company are being addressed in the rule 39 evidence. However the bona fides of the applicant have not been established. The applicant is seeking to obtain a monopoly in the mark to the detriment of my company with its earlier and continuous use of the mark. I say and believe that this constitutes a lack of bona fides and that the applications ought to be refused.” (emphasis added).

145. I would make a number of comments in passing about this averment. First, whilst the concept of dishonesty or bad faith might not be relevant to an assessment under section 19, it is clearly relevant to an assessment as to who is the owner of the mark.

146. Secondly, in my view, there is simply no evidence at all of a lack of *bona fides* on the part of Diesel Italy and the allegations put forward by Diesel Ireland are simply bald assertions devoid of any substance.

147. Thirdly, it is clear that Mr. Heery has now raised - for the first time - the issue of *bona fides* on the part of Diesel Ireland and has sought to refute that allegation by:

- (a) A legal submission that the issue of *bona fides* is not relevant to any consideration to be given by a court under Section 19 and/or Section 25(2);
- (b) Putting forward additional evidence by Mr. Patrick McKenna, another director of the company, in relation to this matter.

148. However before I consider the evidence of Mr. Patrick McKenna, I wish to consider the submission of Diesel Ireland that it did not put in any refutation of the allegation of bad faith in the first set of proceedings because of legal advice it received on this issue.

(xiii) The issue of legal advice given in the first set of proceedings

149. Mr. Shane Smith a Community Trade Mark attorney practising in Dublin with F.R. Kelly, Patent Attorneys (who act on behalf of Diesel Ireland in this application and in the first application), swore a statutory declaration on 15th February, 2008 in the second application.

150. At paragraph 3 of his declaration he states as follows:

3. *“The High Court raised the issue of bona fides in the use of the mark by Montex. I say and believe that during the course of the previous proceedings, F.R. Kelly was of the opinion that the issue of bona fides was irrelevant to the matter at hand. The basis of this opinion was as follows. As bona fides are only mentioned in the Trademarks Act, 1963 in s. 16 (own name/descriptive use exception), s. 28(4) (consideration of expired registrations in examination of applications) and s. 34 (removal of a registered trademark from the register), they were not relevant to an issue which fell to be decided under s. 19. Further, as regards a discretion under s. 25(2), the issue of bona fides did not require refutation as no evidence had been provided to suggest there was any lack of bona fides and the onus was on the opponent to provide such evidence rather than on the applicant to prove a negative. I say and believe that the opinion of F.R. Kelly was also shared by the Counsel acting on behalf of Montex in the High Court and Supreme Court proceedings. Therefore this issue was not addressed by Montex in those previous proceedings.”*
4. *“I say and believe that F.R. Kelly is still of the opinion bona fides are not relevant to a decision under s. 19 and therefore the bona fides of Montex are not a matter which is relevant to the present opposition. Section 19 requires an examination as to*

whether there is a likelihood of confusion or deception as regards the use between the earlier right and the mark applied for.

In the concluding words of the High Court decision “The Irish cases appear to proceed on the basis that simple confusion or deception is sufficient to exclude registration under s. 19. The issue of bona fides of the applicant or the opponent in an opposition under the Trademarks Act, 1963 simply does not arise under s. 19.”

5. *“However in the High Court, Mr. Justice O’Sullivan purported to hold that there was a lack of bona fides in Montex’s proposed user of the mark and that, on this ground, he would refuse registration. Mr. Justice Geoghegan in the Supreme Court described this as a ‘purported exercise of his [Mr. Justice O’ Sullivan] discretion under s. 25(2) of the 1963 Act....’ The Supreme Court took the view that Mr. Justice O’Sullivan was wrong to proceed in that way; that he ought to have addressed s. 19 first and it was only if it was necessary to do that that he should have considered any possible discretionary ground under s. 25(2). In light of the approach taken in the Supreme Court, F.R. Kelly does not believe it that it can be contended that the issue of bona fides has been determined and that accordingly the issue of bona fides should be assessed afresh in this opposition in the light of the evidence presented and in the light of the circumstances as they existed on the filing date of these applications which are the subject of these opposition proceedings.”*
6. *“The issue of bona fides and any potential role it may have in s. 25(2) must be left aside while an examination of s. 19 is undertaken. If the opposition is upheld under s. 19, these issues need not and should not be considered. It is only if the opposition is rejected under s. 19 that these issues may come into play.”*
7. *“As is clear from the Supreme Court decision, bona fides and the discretion of s. 25(2) are not relevant until s.19 has been considered and discounted as a ground of*

opposition. Furthermore, F.R. Kelly did not and does not believe that bona fides are in any way relevant to s. 19. Nevertheless I say and believe that if it had been indicated during the conduct of the High Court or Supreme Court proceedings that the court considered that the opponent had provided evidence to suggest there may have been a lack of bona fides, sworn evidence to bona fides could have been provided to the court.”

151. It is clear therefore that Mr. Smith, and counsel, took the view that the issue of *bona fides* was not relevant to any issue arising under s. 19 of the 1963 Act and/or s. 25(2) of the 1963 Act; secondly, they formed the view that no evidence had been provided by Diesel Italy to suggest there had been a lack of *bona fide* conduct on the part of Diesel Ireland; thirdly, he stated that if the High Court had requested evidence from Diesel Ireland about its *bona fides*, that evidence could have been provided to the court.

152. It is difficult to know what to make of these averments. The primary issue is that while Mr. Smith says that both he, and the counsel involved in the case, formed the view that the issue of *bona fides* was not relevant to the first application, it turned out that this assessment was incorrect in that the High Court (Mr. Justice O’Sullivan) clearly concluded that the issue of *bona fides* was relevant, that Diesel Ireland was guilty of a lack of *bona fides*, that the allegations and inferences raised by Diesel Italy about Diesel Ireland’s lack of *bona fides* called out for an answer, and, as no answer was given, he concluded that Diesel Ireland was indeed engaged in a lack of *bona fides*.

153. Secondly, as I stated above, whilst dishonesty or a lack of good faith might not be relevant to a consideration under section 19, it is clearly relevant to an assessment as to who is the lawful owner or proprietor of the mark.

154. However the question of what legal advice was, or was not given, by F.R. Kelly to its client in the first application on the issue of *bona fides* is not an issue which should trouble

this Court. In dealing with the second application (i.e. this one by Diesel Italy), the issue of the *bona fides* of Diesel Ireland is clearly an allegation which is made for a second time by Diesel Italy in these proceedings also - and Diesel Ireland has put forward evidence before the Controller and before the court to enable me to consider this *bona fide* issue afresh. This I am now proposing to do. Whether F.R. Kelly was right or wrong in the first application is now a moot point; I am now considering the second application and Diesel Ireland has now sought to plug that gap, as it were, by providing additional evidence (i.e. the evidence of Mr. Patrick McKenna) in relation to how Diesel Ireland came to use the name "Diesel". I turn now to consider that evidence.

(xiv) The statutory declaration of Patrick McKenna

155. Mr Patrick McKenna, a director of Montex Holdings Ltd (i.e. Diesel Ireland) swore a statutory declaration in the second application, on 5th October, 2004. At paragraph 1, he says that he is a director of Montex Holdings Ltd and, that he has been with this company since its incorporation in 1984 and before that, he was with Monaghan Textiles since 1963.

156. Importantly, he states at paragraph 2:

- “2. The mark Diesel was suggested as a suitable name for jeans by Gene McKenna, a colleague of mine at my company’s predecessor in title, Monaghan Textiles Ltd and no relation of mine, in 1978. Gene McKenna is now deceased. At that time Monaghan Textiles Ltd was developing a range of jeans to sell as a work wear product aimed at the agricultural and industrial market.*
- 3. At that time, Gene McKenna was a supervisor in the cutting room of Monaghan Textiles Ltd and I was the factory engineer for Monaghan Textiles Ltd. We both worked on the factory floor together. We were involved in establishing the fit of the intended jeans range and we had a general discussion on the type of name that would be acceptable.*

4. *At the time these events occurred, the factory of Monaghan Textiles Ltd on the Mall Road in Monaghan was adjacent to a petrol station which had a big red and white [sic] Diesel sign on display, similar to many such stations around Ireland. As we were trying to develop a tough hardworking image, Gene McKenna felt that the name "Diesel" would do the job.*
5. *I recall at the time we also considered "Silver Dollar" as a trademark but the trademark "Diesel" was adopted as it was shorter and more industrial.*
6. *I say and believe that the foregoing is exactly how I recall the events surrounding the adoption of the Diesel mark and how we came to use it."*

157. I will come back to the statutory declaration of Mr. McKenna later in this judgment. It is the subject of an objection by Diesel Italy on the grounds that it is clearly hearsay.

(xv) The oral evidence of Mr. Patrick McKenna. (see page 59 of Book 2.)

158. Mr Peter Crawford, a solicitor with Philip Lee, solicitors for Diesel Ireland, swore an affidavit in these proceedings, exhibiting a transcript of the oral evidence of Patrick McKenna heard on 21st May, 2012 before the Controller.

159. Mr. McKenna was asked by his counsel to explain the circumstances in which Mr. Gene McKenna suggested the name Diesel for Diesel Ireland. He said in his reply that:

"Gene McKenna worked on – was the foreman in the cutting room in the factory, he was there when I started. And Mr. Harry Doherty was the manager of the factory and Mr. Doherty had asked for names of jeans, names for workwear or hardworking jeans and Gene McKenna claimed that he came up with the name Diesel.

Question: And did various people in the company at the time provide suggested names for the jeans?

Answer: Yes, there was quite a few other names suggested.

Question: And were you one of those people who provided names?

Answer: Yes I was one of those people because when I was one of those people that attended those production meetings.”

160. Later in his examination he was asked:

“Question: And where did Mr. Gene McKenna get the name from?”

Answer: Gene McKenna boasted on many occasions that from the sign, the red and white sign that was on the filling station, on the garage beside the factory that that is where he saw it.

Question: There was a filling station beside the factory?

Answer: Yes which is still there.

Question: And it had a red and white sign, what was on the sign?

Answer: Diesel sign – it was a Texaco sign with Diesel on it.”

161. Mr. McKenna also gave evidence that Mr. Heery first mentioned Mr. Rosso’s allegation (that Diesel Ireland was not the *bona fide* proprietor of the trademark Diesel in Ireland) after the High Court judge (O’Sullivan J.) had given his decision in January 2000.

162. Mr. McKenna said in his evidence that he did not know why Mr. Heery’s first statutory declaration in these second proceedings was completely silent on the subject. Mr. Gordon SC in cross examination asked as follows:

“Question: Have you any idea of where Mr. McKenna got the word ‘Diesel’?”

Answer: Yes, he told me on numerous occasions where he got the word Diesel.

Question: Where did he get the word do you know?

Answer: On a red and white sign at the filling station outside adjacent to the factory which is still there.

Question: And does this account for the coincidence that the Diesel mark itself is portrayed in red and white?

Answer: No, the sign was a red and white sign.

Question: My client's mark is portrayed in red and white isn't it?

Answer: I don't know.

Question: You don't know?

Answer: No.

Question: Have you never looked at my client's mark?

Answer: No.

Question: Not even to this day?

Answer: No."

163. Mr. McKenna also gave the following evidence.

"Question: Would he [Gene McKenna] have any input into what jeans look like?

Answer: No, fit of the jeans he would have but not what they looked like. At that time jeans was just fabric. Jeans was not – it is only in later years that jeans became casual wear. Not then, it was just raw fabric, sixteen ounce fabric.

Question: Mr. McKenna weren't they already casual wear in 1978?

Answer: No they were not.

Question: Are you seriously saying in 1978 jeans were not being worn by half of the population as casualwear?

Answer: The jeans we made in 1978 were made from raw fabric. The Banner jeans was all packed and exported and the jeans that we made in 1978 for the home market was made in raw fabric, taken off the floor, clipped and pressed and put into boxes in solid sizes and sold to people. They were nothing else. There was no other process took place in jeans. It was only in 1983 that the wash plant in Montex was set up in Monaghan, was the first people who set up a wash plant in 1983 for to wash, soft wash denim jeans and then in subsequent years after that the stonewash jeans, the

bleached washed jeans, sandblasted jeans, the different washes on jeans, then came casualwear.

Question: I have no further questions.”

(xvi) Admissibility of Mr. McKenna’s evidence/the rule against hearsay

164. Counsel for Diesel Italy submitted that the statutory declaration and other evidence of Mr. McKenna - insofar as it purports to put forward the evidence of Gene McKenna as a true explanation for how Diesel Ireland came to adopt the name “Diesel” - was inadmissible as it offended the rule against hearsay.

165. It is clear that Mr. McKenna is giving evidence of something which was purportedly stated by Mr. Gene McKenna in 1978 - some 26 years before he swore his statutory declaration.

166. It is also clear that Mr. McKenna and Diesel Ireland are putting forward this evidence not only as evidence of what Mr. Gene McKenna said but also to assert the truth of what was said i.e. that Diesel came to adopt the name “Diesel” because the factory was adjacent to a petrol station which had a Diesel sign on display.

(xvii) The rule against hearsay

167. In *Cullen v. Clarke* [1963] IR 368 Kingsmill Moore J. stated:

“It is necessary to emphasise that there is no general rule of evidence to the effect that a witness may not testify as to the words spoken by a person who is not produced as a witness. There is a general rule, subject to many exceptions, that evidence of the speaking of such words is inadmissible to prove the truth of the facts which they assert This is known as the rule of hearsay.”

168. This passage was described as the *locus classicus* of the rule against hearsay in this jurisdiction by Keane J. in *Eastern Health Board v. M.K.* [1999] 2 IR 99 at 123.

169. As is stated by McGrath on Evidence (2nd ed.) on p. 275:

“By virtue of the exclusionary rule in respect of hearsay evidence, a statement whether made orally, in writing or by communicative conduct, other than one made by a person testifying in proceedings in which it is sought to be admitted, is inadmissible if tendered as evidence of the truth of any fact asserted”.

170. As is also stated by McGrath at p. 277:

“Underlying the hearsay rule is a concern that, if evidence could be given of the out of court statements of persons who were not called to testify, those assertions could be false and it would be easy to fabricate and concoct evidence. This danger is particularly acute in the case of statements attributed to unidentified witnesses but is also present when the witness is identified but not available to attend. Apart from the dangers of deliberate fabrication and distortion, hearsay evidence is also considered to be unreliable because of the risk of mistake, misperception or inaccuracy. It is obvious that these dangers increase as the levels of hearsay multiply”.

171. McGrath also states on p. 278:

“Whilst the foregoing factors are clearly important, in more recent times the primary focus has been on the absence of fundamental procedural protections where hearsay evidence is admitted, namely:

(a) The absence of an oath;

(b) The absence of an opportunity on the part of the tribunal of fact to observe the demeanour of the declarant when the statement was made; and

(c) The absence of an opportunity for cross examination by the party adversely affected by it.”

172. McGrath also goes on to say:

“Thus it is the lack of opportunity to cross examine which must be regarded as the principal foundation of the hearsay rule. In Director of Corporate Enforcement v.

Bailey [2011] IESC 24 Hardiman J. declared that ‘the fundamental objection to the admissibility of hearsay evidence in proceedings before a court is that, to the extent that it is admitted, it deprives the applicant of his right to cross examine’.

173. At paragraph 5.15, McGrath states:

“The hearsay rule can, thus, be seen to be a requirement of fair procedures and to have a constitutional foundation in this jurisdiction. Article 38.1 guarantees the right to a trial in due course of law and in State (Healy) v. Donohue Allen J. stated that among the procedural rights enjoyed by an accused was the right ‘to hear and test by examination the evidence offered by or on behalf of his accuser’. This right was subsequently described by Hamilton C.J. in Donnelly v. Ireland as a ‘essential ingredient in the concept of fair procedures’ The right to cross examine also enjoys constitutional protection in civil cases by virtue of the guarantee of the personal rights of the citizen contained in Article 3.”

174. At para. 5.17 McGrath says:

“It can be seen therefore, that the rule against hearsay is not just a rule of evidence but is a constitutionally mandated ingredient of fair procedures. This was the view taken in Borges v. Medical Counsel [2004] IESC 9 where Keane J. delivering the judgment of the court explained that

‘The right of a person to have the evidence against him given orally and tested by cross examination before the tribunal in question may be of such importance in a particular case that to deprive a person concerned of that right would amount to a breach of the basic fairness of procedure to which he is entitled to by Article 40.1 [sic] of the Constitution. It is not simply because the tribunal is in greater danger of arriving at an unfair conclusion, absent the safeguard of material evidence being given orally and tested by cross

examinationit is because, depending on the nature of the evidence, its submission in that form may offend against the fundamental concepts of fairness which are not simply rooted in the law of evidence, either in its statutory or common law vesture’.”

175. As this matter was so central to the issues in this case, I requested the parties to file additional legal submissions on the rule against hearsay, which they both did. However counsel for Diesel Ireland at the hearing of the action, when questioned by the court on this issue, properly conceded that this part of Mr. McKenna’s evidence which related to Mr. Gene McKenna was hearsay if the statements were relied upon to prove the truth of their content.

176. Mr. Gene McKenna is now deceased and cannot give evidence in this matter. He cannot be subject to cross examination. Therefore any evidence tendered by Mr. Patrick McKenna designed to prove the truth of those statements that Gene McKenna made as to how he came up with the name for Diesel for Monaghan Textiles jeans at that time clearly offends against the rule against hearsay and must be excluded. It is not admissible evidence.

177. I note in this regard that the Controller’s decision of 10th December 2013 states at para. 43:

“I have given due consideration to the objection to the admission of Mr. McKenna’s evidence, based on it being mere hearsay and I have decided that the account he proffers of the genesis of the Montex Diesel trademark cannot be considered mere hearsay. His evidence as to his role and responsibilities within Montex, actions he took in carrying out his responsibilities and to conversations and meetings he participated in. Therefore I cannot reject it on the basis that it is mere hearsay”.

178. It is clear from what I have set out above that this statement and conclusion of the Controller are wrong as a matter of law and this clearly considerably undermines the decision of the Controller in this case.

179. Other parts of Mr. Patrick McKenna's evidence are also hearsay. In the transcript of his oral evidence Mr. McKenna says "*And Mr. Harry Doherty was the manager of the factory and Mr. Doherty had asked for names of jeans, names for workwear or hardworking jeans and Gene McKenna claimed that he came up with the name Diesel*". Counsel for Diesel Italy submitted that this evidence also was hearsay as Mr. Doherty has not given evidence and has not been made available for cross examination. I agree with this submission. The above statement is clearly hearsay and should be excluded.

(xviii) What weight is to be given to the rest of Mr. McKenna's evidence?

180. I have also considered, what weight should be put on the remaining evidence of Mr. Patrick McKenna insofar as Diesel Ireland seek to rely on other parts of his evidence.

181. I am of the view that little or no weight should be put on any of the evidence of Patrick McKenna for a number of reasons.

1. First, as I set out above, Mr. McKenna's statutory declaration was sworn on 5th October, 2004 i.e. some 26 years after the events about which he gives evidence. It is of course well known that memories fade with time and that people's recollection becomes blurred after such a lengthy period of time.
2. Secondly, his oral evidence was given in 2012 – some 34 years after the events;
3. Thirdly, it is noteworthy, if not astonishing, that Mr. Patrick McKenna's version of how Diesel Ireland came to adopt the name "Diesel" is not corroborated by a single other witness of Diesel Ireland. Although numerous other witnesses gave statutory declarations in the first set of proceedings none of those have given evidence in the second set of proceedings to verify or corroborate Mr. McKenna's version of events.

4. Fourthly, it is also notable that Mr. Heery, who was at all times employed with Monaghan Textiles, and then with Diesel Ireland, also failed to swear any statutory declaration to the effect that Mr. McKenna's evidence jogged his memory and that he now recollects that this was indeed how Diesel Ireland came to adopt the name "Diesel".
5. Fifthly, it is also noticeable that there is not a shred of documentary evidence to back up Mr. McKenna's assertions. There are no minutes; there are no letters from one party to another stating how the name Diesel came to be adopted; there is simply nothing apart from the inadmissible evidence of Mr. McKenna;

182. Mr. McKenna says in his evidence that production meetings were held every Monday evening and minutes were produced for these meetings. Despite this not a single minute has been exhibited to prove Diesel Ireland's contention as to how it first began to use the mark Diesel in 1978 or 1979. This is all the more peculiar given that Diesel Ireland has put before the court evidence of invoices, purchase notes and other matters to show that it was selling jeans with the name "Diesel" in 1979.

183. Counsel for Diesel Ireland submitted that it wanted to rely on the admittedly hearsay evidence of Mr. McKenna in relation to Mr. Gene McKenna, for a non hearsay purpose - which was to enable the court to understand how Diesel Ireland came to adopt Diesel as a name because of "the grittiness and the industrial use of the jeans". However, in my view, the fact that Monaghan Textiles wanted to develop a gritty and industrial mark for its range of jeans could have led to the adoption of a whole variety of names not just Diesel. (Transcript day 3 p. 14). I do not regard this argument as persuasive.

(xix) Clear error of fact in Mr. McKenna's evidence

184. There is another important issue on which Mr. McKenna's evidence is clearly wrong. He gave evidence that the mark "Diesel" was suggested as a suitable name for jeans in 1978 and he said that "*at that time Monaghan Textiles Ltd was developing a range of jeans to sell ...*" (see his statutory declaration para. 2). At para. 6 he says that "*The foregoing is exactly how I recall the events surrounding the adoption of the Diesel mark*". In his oral evidence he said "*in 1978 [Monaghan Textiles] quit making dresses altogether and switched the plant completely over -not completely, to make shirts and jeans*". He confirmed later in his evidence that the company was making jeans "*from 1978*". He also said the Diesel mark was first used by Monaghan Textiles in 1978 (see transcript p. 23).

185. However Mr. Michael Heery, the managing director of Diesel Ireland (who had also been a director of Monaghan Textiles) swore in his statutory declaration in the first application sworn on 20 February, 1996 that the Diesel trade mark has been used by the applicant [Diesel Ireland] (or its predecessor in title) ... "*on jeans since 1979*" (see para. 3).

186. At para. 5 Mr. Heery says the use of the Diesel trade mark has been "*continuous and substantial since its first use in 1979*". At para. 9, he repeats that Diesel Ireland "*commenced sales of jeans under the Diesel trade mark in 1979*". The first invoice he exhibits in respect of the sale of such jeans (at exhibit MH4) is in fact dated 8 February, 1980. (see p. 295 of Vol. 1). At exhibit MH3, he exhibits some invoices in respect of purchases of raw materials for such jeans. However the date of the first invoice is obscured and illegible; the date of the second invoice is 8 October, 1980; the date of the third invoice is 25 February, 198? (the year is obscured but is clearly 1980 or 1981) and the date on the fourth is 24 March, 1981.

187. It is clear that Mr. Heery is categorical that the first time the jeans were manufactured by Diesel Ireland was 1979 - but it appears that the first sales were not made until in or about February 1980 – two years after Diesel Italy sold its products in Italy.

188. Ms. Roisin McKenna in her statutory declaration filed on behalf of Diesel Ireland also said Diesel Ireland had been selling jeans under the brand name “Diesel” since 1979; Ann Maguire also filed a declaration in similar terms as did Mena Higgins, Margaret Crudden and Luke McAdam all on behalf of Diesel Ireland. They can’t all be wrong and their evidence flatly contradicts Mr. McKenna’s evidence that Diesel Ireland commenced selling jeans in 1978.

189. Mr. McGirr, a clothing retailer, also swore a statutory declaration on behalf of Diesel Ireland stating that he had been purchasing jeans from Diesel Ireland under the name “Diesel” since 1980 but these jeans had only been sold in the Irish market by him since 1981.

190. Finally, Mr. Heery in his sworn affidavit dated 28 August, 1998 in the first set of proceedings swore at paragraph 4 that Diesel Ireland had used the Diesel mark on its jeans since 1979.

191. There can be no doubt therefore, on Diesel Ireland’s own evidence, that it first began to use the mark “Diesel” on its jeans in 1979 not 1978 and Mr. McKenna’s evidence on this crucial fact is simply wrong. However given that he swore in his statutory declaration that it was 1978 and that this was “exactly” as he recalls it, his recall is clearly wrong. In these circumstances, it is impossible to put any weight on his evidence. It is unreliable.

192. It is also interesting to note that the first evidence of any sales by Diesel Ireland (as opposed to purchasing raw materials) in Ireland is February 1980. This pushes out the time of Diesel Ireland’s first sales to 1980 – a significant period of time after Diesel Italy had first used its mark in 1978 (having applied for registration of this mark in Italy on 12 July, 1977).

193. Diesel Italy began to sell its products in Italy on 15 October, 1978, in Denmark, Sweden, Austria and Germany on 25 October, 1978, in Switzerland on 28 February, 1979, in

the USA on 5 April, 1979, in Holland on 3 October, 1979 and, in the UK and France on 8 November, 1979, - all of which predate Diesel Ireland's first sales in Ireland in 1980.

(xx) Credibility of Mr. McKenna

194. Apart from the obvious errors and problems set out above there are also, in my view, significant question marks about the credibility of Mr. McKenna as a witness.

195. Mr. McKenna gave evidence that Mr. Gene McKenna told him that he got the word Diesel from a "*red and white sign filling station outside adjacent to the factory which is still there*".

196. And when asked: -

"Question: And does this account for the coincidence that the Diesel market itself is portrayed in red and white?"

Answer: No the sign was a red and white sign.

Question: My client's mark is portrayed in red and white isn't it?"

Answer: I don't know.

Question: You don't know.

Answer: No.

Question: Have you never looked at my client's mark?"

Answer: No.

Question: Not even to this day?"

Answer: No."

197. It seems incredible that Mr. McKenna when giving evidence in a trademark case, in which he is the director and shareholder of a company, where he knows that allegations of bad faith are being made against his company in connection with the use of a mark "Diesel" that he says that he has never looked at Diesel Italy's mark. Such evidence, to put it mildly, strains credulity.

198. Moreover, the Controller in his decision at para. 69 cast doubt on the credibility of Mr. McKenna as a credible witness. He stated:

“I do however find certain of Mr. McKenna’s evidence to be questionable to say the least. In particular I find it incredible that he as a director and one third owner of Montex had very little interest in the previous litigation because in his words ‘he had a factory with a lot of people in it to run’. Montex was not a large company and was spending what must have seemed a significant amount of money pursuing its trademark application all the way to the Supreme Court. His contention that he never read the High Court decision and that he attended board meetings but did not get involved in anything to do with legal proceedings including the decision to bring these opposition proceedings against the Diesel SPA application is not credible. Nor is his evidence that he does not know that the Diesel SPA mark is portrayed in red and white as he has never looked at it not even to the day he gave his evidence”.

199. I agree with these observations of the Controller.

(xxi) Conclusion – no bona fide claim to ownership of mark

200. It is clear from the evidence that Diesel Ireland is only able to demonstrate use of the mark from 1979 onwards i.e., the year after Diesel Italy’s first use of the mark in Italy and three other European countries. Indeed, it seems clear from the evidence that as a matter of fact, Diesel Ireland’s first sales of jeans with the Diesel mark was in 1980, albeit that it might have commenced manufacturing them in late 1979. Even in late 1979, this is at least one year after Diesel Italy began selling its products using its mark. This is important because it makes Diesel Italy’s allegation that Diesel Ireland dishonestly appropriated its tradename more plausible.

201. Diesel Ireland is seeking to rely on the amount of turnover of Diesel Italy outside Italy in 1979 to conclude that it is unlikely that Monaghan Textiles copied the Diesel mark. Thus it

is inviting the court to infer that it was statistically unlikely that Monaghan Textiles would have become aware of the first use by Diesel Italy. However, as Diesel Italy submitted

“Such an approach does not take into consideration the fact that Monaghan was situate in a border county where the prospect of travel into the United Kingdom is probable”.

202. The court is therefore left in the position in this second application that:

- (a) Diesel Ireland has not put forward any admissible evidence about how it adopted the mark “Diesel” in Ireland in 1979 and,
- (b) The evidence that it did adopt the mark independently of Diesel Italy is of little or no weight, is given by a single witness, whose credibility is questionable, in respect of which there is not a single corroborative piece of documentation, and who is wrong on a crucial matter of fact.

203. I am satisfied therefore that Diesel Ireland has not put forward any admissible or credible evidence to explain how it came to use the word “Diesel” on its jeans.

204. I also find it noteworthy that Mr. Heery has not given sworn evidence in relation to this matter to support Mr. McKenna. Mr. Heery is the managing director of Diesel Ireland; he was also a director of Monaghan Textiles at the time it went into receivership; he is the main witness in this case and is the person who has given all of the primary evidence in relation to this matter. The fact that Mr. Heery can give no evidence on the circumstances in which Diesel Ireland adopted Diesel as a name but has decided to remain silent on the subject and has only proffered the evidence of Mr. Patrick McKenna speaks volumes. Mr. Heery, one would have thought, would have given evidence about the process through which Monaghan Textiles started to manufacture jeans, the circumstances in which it began a search for a suitable trademark name and the circumstances in which it came to adopt the name Diesel.

One would also have thought that the documentary evidence in support of this in 1979 would have been produced. None of this has been produced.

205. This means that there is no legally admissible or credible evidence as to how or why Diesel Ireland came to use the name “Diesel” in 1979. In the circumstances, there is no proper explanation as to how Diesel Ireland came to use the same name as Diesel Italy. I agree with Mr. Rosso’s statement that the name “Diesel” is so unusual as a mark for jeans, that it cannot be a coincidence. It requires an explanation. No proper explanation was given.

206. In the absence of credible or admissible evidence, Diesel Ireland would have this Court believe that it is just simply an amazing coincidence that one year after Diesel Italy launched its product range of jeans and other brands of clothing throughout Europe, with the brand name “Diesel”, that a company in Monaghan also began to manufacture jeans using the name “Diesel”. The coincidence is so improbable as to be extremely unlikely.

207. In my view, the more reasonable conclusion from the facts is that Diesel Italy launched its product range in 1978 throughout Europe advertising in trade magazines and fashion magazines, that someone in Monaghan Textiles saw the brand name and believed that they could use a similar mark with the name “Diesel” in Ireland and proceeded to copy Diesel Italy’s mark.

208. I am also of the view that the maxim “*res ipsa loquitur*” applies in this case. The thing speaks for itself. (See Wynn-Parry J. in *Brown Shoe Company*) [1959] 76 RPC 1. It is clear that Diesel Italy came up with the mark first; the idea that Diesel Ireland independently and in a bona fide manner came up with the very same unusual name and mark one year later for the very same product (i.e. jeans) is completely fanciful. There was no coincidence. It improperly, and unlawfully copied the Diesel Italy’s mark and it has been copying it ever since 1979.

209. Diesel Ireland submits that it is not open to this court to make a finding that Diesel Ireland is engaged in “bad faith” in circumstances where there is no fixed concept of what may or may not constitute “good faith” or bad faith. I do not accept this submission.

210. Whether one uses the phrase, “lack of bona fides”, or “mala fides”, or “bad faith” or “fraud” (in the trademark sense) or “dishonesty”, the substance is the same. I have concluded, based on the evidence, that Diesel Ireland has copied Diesel Italy’s trademark “Diesel” and used it on its own products. This is clearly a dishonest use of the mark “Diesel” by Diesel Ireland. This is not a difficult concept to understand. In copying the mark, Diesel Ireland is purporting to use a mark which is not properly theirs and to wrongfully use that mark to persuade customers to buy their jeans thinking that they are jeans belonging to Diesel Italy.

211. In the circumstances I am driven to the conclusion, on the balance of probabilities, that Diesel Ireland copied the Diesel Italy mark “Diesel” for its own ends. In so doing, it acted dishonestly, and not in a bona fide manner.

THE OTHER CENTRAL ARGUMENT OF DIESEL IRELAND – IT WAS THE FIRST USER IN IRELAND AND THEREFORE IT IS THE OWNER OF THE MARK IN IRELAND

(i) The argument

212. Diesel Ireland also submits that it is the proprietor/owner of the mark because it was the company which first used the mark in Ireland between 1979 and 1982 and that, under the case law, the person who first used the mark in a particular jurisdiction is the proprietor or owner of that mark.

213. Diesel Ireland also submits that even if Diesel Italy was the originator of the mark, it was not the first user of the mark in Ireland and therefore it is not the proprietor or owner of the mark in Ireland.

214. Diesel Ireland also submits that the concept of bad faith simply does not arise in relation to the concept of proprietorship. This argument has two limbs. Firstly, Diesel Ireland say that, as a matter of first principles, the concept of bad faith does not exist in relation to the concept of proprietorship or ownership of a mark and that a company which uses the mark first in a particular jurisdiction is the owner - even if the originator of that mark has utilised the mark in another jurisdiction; secondly, Diesel Ireland argue that even if the concept of bad faith does exist in relation to the concept of proprietorship or ownership of the mark, it is limited to specific situations where for example there is a special relationship (e.g. an employer/employee relationship or principal/agent relationship) between the originator of the mark and the person who is then seeking to be the first user of the mark in a particular jurisdiction. Diesel Ireland submits that there is no other type of conduct which would justify stripping the status of owner from the first user of the mark in a jurisdiction. It says that an inference of copying the mark could not operate to divest Diesel Ireland of its proprietorship or ownership of the mark in this case where it was the first user in this jurisdiction.

215. I am of the view that it is wrong on all these submissions.

216. In order to consider these propositions, it is necessary to consider carefully the case law on this issue.

(ii) The relevant case law

217. In *Hall v. Burrows* [1863] 32 L.J. (Ch). 548 Sir John Romilly stated as follows:

“It must therefore be conceded that some property exists in the use of a trademark, which at present is sufficient to support an action and to maintain an injunction. It is true that this property, like property in a goodwill is of a very evanescent character; still, frequently, it is one of great value. It is clear from a variety of decided cases, that a manufacturer who has originally stamped his goods with a particular brand, has a property in his mark at law, and can sustain an action for damages for the use

of it by another. It is also clear that courts of equity will restrain the use of it by another person. It has sometimes been supposed that a manufacturer can only acquire such a property in a trademark as will enable him to maintain an injunction against the piracy of it by others, by means of a long-continued use of it, or at least such a use of it as is sufficient to give it a reputation in the market where such goods are sold. But I entertain great doubt as to the correctness of this view of the case. The interference of a Court of Equity cannot depend on the length of time a manufacturer has used it. If the brand or mark be an old one, formerly used, but since discontinued, the former proprietor of the mark undoubtedly cannot retain such a property in it or prevent others from using it; but provided it has been originally adopted by a manufacturer, and continuously, and still used by him to denote his own goods when brought into the market and offered for sale, then I apprehend, although the mark may not have been adopted a week, and may not have acquired any reputation in the market, his neighbours cannot use that mark. Were it otherwise and were the question to depend entirely on the time the mark had been used, or the reputation of it had been acquired, a very difficult if not insoluble inquiry, would have to be opened in every case, namely, whether the mark had acquired in the market a distinct character denoting goods of the person who first used it". (emphasis added).

218. I am of the view that this statement of principle in *Hall v. Burrows* is of direct application in the present case. It is a clear statement of the equitable principles in an application such as this. – principles which have been followed in all the cases thereafter. In this case Diesel Italy clearly applied to register the trademark in Italy in 1977; it launched its products in Italy and throughout Europe in 1978. It originated the mark. It has, therefore, a proprietary right to the use of its mark. Therefore, it can sustain an action for an injunction for the use of it by another person if that other person copies the mark. It is also clear that the

courts of equity will restrain the dishonest use of it by another party. The mark was originally adopted by Diesel Italy and was used continuously and is still used by it, to denote its own goods when brought into the market and offered for sale. Diesel Ireland cannot use that mark. It is an interference with the property rights of Diesel Italy.

219. In *Re Cassons Trademark* [1910] 27 RPC 3, an employee of a company sought to register in his own name, a trademark which properly belonged to the company. The court held that the registration by the employee of the trademark in his own name was inconsistent with the good faith which ought to exist between employer and employee and that the register must be rectified by expunging the entry.

220. Diesel Ireland seeks to rely on this case to establish that any cases of a lack of good faith in relation to proprietorship only extend to a limited category of cases, e.g., employer/employee relationships. Having read and considered this case, it is clear that there was no review at all of any previous authorities by the court considering this matter. It was all decided on the evidence, and from first principles. It is clear however, in my view, that the court was of the view that the trademark should have been registered in the name of the company, rather than the name of the employee, that the actions of the employee in registering it in his own name were improper and wrongful and that, on that basis, the registration should be expunged. However, there is no statement of principle in this case which indicates that the only basis to expunge a claim to ownership of a mark is limited to those cases of employer/employee relationship. In fact, in my view, the statement of principle set out in *Hall v. Burrows* is more likely to be the principle which was applied in *Casson* - albeit this case is not mentioned.

221. The above passage of Romilly M.R. in *Hall v. Burrows* was also approved by the Court of Appeal in *Nicholson and Sons Ltd* [1931] 48 RPC 7. Lawrence L.J. stated in the Court of Appeal at p. 251:

“Be that as it may however, I am clearly of opinion that no evidence of recognition by the public is required in order to prove that a distinctive mark was in use as a trademark before 1875. What is required for that purpose is proof that the mark before that date was in fact used as a trade mark, that is, was used by the trader in his business upon or in connection with his goods, and it is not necessary to prove either the length of user or the extent of the trade. In other words the character and not the length or extent of the user is the only thing that has to be established. Ever since Lord Cottenham in Millington v. Fox (1838) 3 M & Cr. 388 decided that fraud was not an essential ingredient in order to obtain an injunction to restrain infringement of a trademark, it was recognised by courts of equity that there was a right of property in a trademark and that such right did not depend on length of user or reputation in the market. Before the Act of 1875 it had been definitively established that the only essential quality for constituting property in a trademark (unobjectionable in itself) was that it should have been used by the proprietor in its business upon or in connection with some vendible article”. (emphasis added).

222. Again, I am of the view that this statement of principle is also of application in the present case. In this case, Diesel Italy used its trademark as a mark in its business upon or in connection with its goods. It is not necessary to prove either the length of the user or the extent of the trade. It is clear however that Diesel Italy applied to register it in 1977 in Italy, in 1979 in the UK, and in later years throughout the EU and indeed throughout the world. It also launched its products in Italy and a number of other European countries in 1978. In other words, it is the character and not the length or extent of the user which is the only thing that has to be established. In this case the character of the mark is that it is a mark applied by Diesel Italy in connection with its goods from 1978 onwards

223. Lawrence J. also stated at p. 253:

“The cases to which I have referred (and there are others to like effect) show that it was firmly established at the time when the Act of 1875 was passed that a trader acquired a right of property in a distinctive mark merely by using it upon or in connection with his goods irrespective of the length of such user and of the extent of his trade and that such right of property would be protected by an injunction restraining any other person from using the mark. It follows from this that when the Registration Acts speak of a “trademark in use before 13th August, 1875”, a trademark which has “been used in the manner indicated by Lord Esher in Spencer’s case is intended, and that it is not necessary to embark upon an inquiry (which Lord Romilly characterised as very difficult if not insoluble) whether and when first the mark became recognised by the public denoting the goods of the trader, unless the mark proposed to be registered is prima facie non distinctive and consequently does not become a trademark at all until by reputation in the market it has come to denote the goods of the trader using it”.

224. I have also considered the *Vitamins* trademark case [1956] 73 RPC 1. In this case, a UK company, V Ltd, applied to register a mark called “Pabalate”. The application was opposed by a U.S. company called AHR Coy Inc. on the grounds it had registered this word in various countries throughout the world, and had advertised it extensively in medical journals which also circulated in the U.K. The Controller held that the American corporation’s mark had not acquired such a reputation in the UK as to enable him to find in their favour and its opposition was dismissed. The U.S. company then appealed to the High Court and the High Court held that the claim made by the applicants (V Ltd) to be the proprietors of the mark “Pabalate” was an improper claim; that in the case of marks of medicinal products, the public interest required that articles of different origin should not be

advertised and sold in the UK and abroad under the same mark, and that the court would, in its discretion, refuse registration of the mark.

225. Lloyd Jacob J. stated at page 12:

'In my judgment the form which an applicant is required to sign wherein he claims to be the proprietor indicates an assertion of a present proprietary right. The respondents urge that this is merely an assertion that he claims to become the proprietor or to assume proprietary rights as and when the application is granted. I do not accept that as the true interpretation of a form intended to be completed before registration can be applied for. A proprietary right in a mark sought to be registered can be obtained in a number of ways. The mark can be originated by a person or can be acquired but in all cases it is necessary that the person putting forward the application should be in possession of some proprietary right which, if questioned, can be substantiated. Where, as here, another party in the same way of business had already put forward a claim to be the proprietor of the identical trademark and had withdrawn the application for registration merely to avoid controversy and expense, it seems to me impossible to hold that the party who had by opposition secured that result could a few weeks later merely as a result of the withdrawal claim proprietary rights.'

226. Thus the court held that the UK company, V. Ltd, was not the proprietor but rather that the American company was the proprietor and owner of the mark "Pabalate". The learned judge in that case decided to use what he regarded as an improper representation to the trademarks registry by V. Ltd that it was the proprietor, as one factor in the exercise of his discretion to refuse the registration of the name "Pabalate" to V. Ltd..

227. The next case to consider is *Gaines Animal Foods* [1958] 75 RPC 12. Gaines Animal Foods Ltd applied for registration of a trademark “Gro-Pup” as a mark for “Food for Dogs”. The application was opposed by the Kellogg Company of America who argued (1) that Kellogg’s had imported into England, before the war, a small quantity of dog food under their mark “Gro-Pup” in which they had an extensive reputation in America and which was extensively advertised in American periodicals which circulated also in the UK; and (2) that the applicants were engaged in a dishonest system of conduct in that (a) they adopted a name similar to that of an American corporation which had a trademark in England in which the name “Gaines” formed a prominent part and (b) that by applying for the mark “Gro-Pup” they were attempting to wrongfully acquire the benefit of the opponent’s goodwill in their trademark.

228. The Assistant Controller held that:

- (1) In view of the small amounts of dog food imported into the UK under the mark “Gro-Pup”, Kellogg’s had failed to establish that it had acquired a reputation under this mark such as would justify inclusion in its favour under s.11 of the UK Act and
- (2) the conduct of the applicants, in relation to their adoption of the name “Gaines” together with their attempts to register in the UK the marks “Gro-Pup” and other marks which were already in use in America in respect of dog food, was such that he refused registration in the exercise of his discretion.

229. The Controller stated as follows:

“It is on the basis of the above series of facts that Mr. Aldous submitted that such a dishonest system of conduct had been established that, in the exercise of my discretion, I should refuse to register the applicant’s mark. The most important matter to my mind in this connection are the unexplained choice of the name “Gaines” by

the applicants in the face of the presence on the Register of a trade mark in the name of the large and well known makers of dog food in America, the Gaines Food Corporation, which has a prominent feature of the name "Gaines", and the choice by the applicants of the mark "Gro-Pup", when they knew, as the result of the "Gro-Pal" proceedings, that not only had the opponents imported dog food into this country before the war under the mark "Gro-Pup", accompanied by the circulation in this country of American periodicals carrying "Gro-Pup" advertisements, but they also knew of the opponent's intention to resume the dog food under this mark when circumstances allow them to do so. These matters appear from Mr. H. McEvoy's declarations. It is not without significance, as Mr. Aldous pointed out, that the applicants have not thought fit to submit any evidence to refute these allegations which are contained in paras. 10-17 of Mr. McEvoy's declaration although they had the opportunity to do so....

In the result after a consideration of all the circumstances of the case, I have come to the conclusion that I ought to refuse to register the mark in suit in the exercise of my discretion". (emphasis added.)

230. It is clear from this judgment that the Assistant Controller believed that the applicant engaged in a dishonest system of conduct, and that the fact that they refused to put any relevant evidence before the tribunal was also of relevance.

231. The next relevant case is the *Brown Shoe Company* [1959] 76 RPC 1. In this case, Brown Shoe Company Inc. ("BSC"), a USA company having an extensive business in the sale of ladies' shoes, applied to register the US trademark "Naturaliser" for such shoes. However, objections were raised, and the application did not proceed. When it renewed its application in 1955 – some three years later – it found that AS Ltd, an English company had registered the word "Naterlizet" for shoes and certain other articles. BSC then applied for

rectification of the register by expunging the mark “Naturalizet” on the grounds that its mark “Naturaliser” was so well known at the date of AS Ltd.’s application for registration that confusion was likely to occur. It further submitted that AS Ltd had copied BSC Inc’s mark and that the registrar should therefore exercise his discretion by ordering that the mark be expunged.

232. The Assistant Controller held that the application for rectification should be refused:

- (1) because there had been no sales in the UK of shoes under the mark “Naturaliser”, (although advertisements of such shoes had appeared in paper circulation in the UK and were known to certain persons in the UK) there would have been no ground for rejecting the mark “Naturalizet” under s. 11;
- (2) and because there was nothing in the evidence to show that AS Ltd had copied the mark “Naturaliser”.

233. BSC then appealed to the High Court and the High Court held:

- (1) that the Assistant Controller’s decision under 1 was correct but
- (2) the evidence and the similarity of the words showed that the respondent’s words “Naturalizet” was copied from “Naturaliser” and that therefore the respondents were not, in truth, proprietors of the mark “Naturalizet” and that the court should, in the exercise of its discretion, order that the register be rectified.

234. Wynn-Parry J. in the High Court agreed with the Assistant Controller that the evidence did not establish the necessary degree of reputation of the appellant’s mark in the UK to enable them protection under that head. However, he went on to say as follows:

“This however does not end the matter. There remains the question as to how I should exercise the discretion vested in me by the Act. The appellant’s contention was that the respondent had in fact copied the appellant’s mark; the respondents could not

therefore be regarded as the true proprietors of the mark and that these circumstances, taken in conjunction with the international character of the trade in question should result in the court exercising its discretion in favour of the appellants.” (emphasis added).

235. The learned High Court judge then considered the issues on discretion and said as follows:

“The first ground may, I think, be put thus. It is incumbent on an applicant for registration of a trade mark which has not yet been used in trade to assert that it is proposed to be used by him and that he claims to be the proprietor thereof. If there is an owner of a similar trade mark who has made an earlier assertion of proprietorship and who has not abandoned that claim, then the claim of the applicant is not well founded and the application should not be allowed to go forward.”

236. Wynn-Parry J. disagreed with the Assistant Controller (who had concluded that there was nothing in the evidence to establish that the respondents had copied the appellant’s mark) stating as follows:

“With all respect to him, that can hardly be a satisfactory way of dealing with the problem. No evidence by the Appellants on such a point could be expected. It must to my mind be a question of res ipsa loquitur or nothing. I find it impossible to treat the case as one of coincidence and to take the view that in evolving the word "Nатурlizet" as a Trade Mark in relation to ladies' shoes the Respondents had no regard to the Appellants' mark " Naturalizer ".

Apart from the application of the principle res ipsa loquitur, there is a circumstance on which the Appellants relied to which no reference is made by the Assistant-Comptroller, but to which, in my view, considerable significance ought to be attached. The Chairman of the Respondents made a declaration: the Appellants then intimated

that they would desire to cross-examine him at the hearing before the Assistant-Comptroller. On receipt of this intimation, the Respondents withdrew the declaration. I was asked by Mr. Bevan to regard this withdrawal as being quite colourless. I am unable to do so.”

“In those circumstances and bearing in mind the use of the two marks in relation to ladies shoes, would by reason of their similarity be liable to cause confusion, it appears to me to follow that the respondent must be taken in effect to have copied the appellant’s mark”. (emphasis added)

237. *Re Brown Shoes* was referred to by the U.K. Court of Appeal,(without any suggestion that it was incorrect), in *Re Genettes Trade Mark* [1969] 86 RPC 7.

238. I am of the view that the principles set out in *Re Brown Shoes* and the reasons set out therein are equally applicable to the facts of the present case. It is clear that names of the marks used by Diesel Italy and Diesel Ireland are identical. Likewise, I find it impossible to treat the case as one of coincidence. The principle *res ipsa loquitur*, (though normally used in other contexts), provides an insight which is equally applicable here. The facts speak for themselves. That coincidence is not a coincidence. It was in fact a decision by Diesel Ireland to improperly copy and use Diesel Italy’s mark for its own gains.

239. The next case to which I was referred was the *Gynomim* trademark case [1961] 78 RPC 15. In this case, the former agent of a foreign manufacturer received knowledge of the formula of a product, in confidence, from his principal. He then registered that mark. The Assistant Controller held that the former agent could not claim to be the proprietor of the mark for the purpose of registration, and furthermore, that the former agent’s mark, being an appropriation of the property of the former principal, was disentitled to protection. It was also held that where an applicant for registration knowingly makes a false claim to be the proprietor of the mark, the registration is “obtained by fraud”. The mark in question consisted

of the word “Gynomin” which was a pharmaceutical preparation. It was conceded that “Gynomin” and the words ‘Gynamin’ (the name used by the employer or manufacturer) were virtually identical.

240. In his judgment, the Assistant Controller stated at p. 413:

“In my opinion the two fundamental matters which fall to be determined in these proceedings are: first whether the registration of the mark in suit was obtained by fraud and secondly whether the mark offends against the provisions of s. 11”.

241. The Assistant Controller also noted that it was argued on behalf of the registered proprietors that the allegation amounted to an allegation of dishonesty on the part of the applicant.

242. The Assistant Controller held, because of the close relationship between the parties that knowledge of the information which was communicated by them to him, meant that the agent was not entitled to claim to be the proprietor. He also said, *“In my view the fact that they so described themselves [as proprietors] amounts to ‘fraud’ within the meaning of s. 13”.*

243. The Assistant Controller held:

“In all the circumstances of the case therefore I conclude that the trademark is disentitled to protection in a court of justice because its use amounts to an appropriation of the property of the applicant”.

244. In my view, a similar principle applies to the facts of this case. The use of the mark “Diesel” by Diesel Ireland amounts to an appropriation of the property of Diesel Italy by Diesel Ireland. As such, it amounts to wrongful and dishonest conduct on the part of Diesel Ireland. As such Diesel Ireland is not, and could not be, regarded as the proprietor of the mark “Diesel”.

245. I have also considered the *Rawhide* trademark decision [1962] 79 RPC 5. In this case the applicants for registration made a practice of studying the titles of films shown on American television and, if they expected that any particular one was likely to be produced in England, of applying for a trademark in respect of that title.

246. In this case, Cheryl Playthings Ltd, in the UK, applied for the registration of a trademark consisting of the word “Rawhide” in respect of board games and other matters. A notice of opposition was filed by Grenada TV, which held merchandising rights in respect of the film on the grounds that:

- (1) The applicant was not entitled to claim to be the proprietor of the trademark “Rawhide” and the application was false insofar as the applicant company claimed to be the proprietors of it;
- (2) Registration would contravene the provisions of section 9 of the U.K. Act because it was not distinctive; and
- (3) Registration would be contrary to the public interest and would prejudice the opponent company in the lawful conduct of its business.

247. The High Court held that registration must be refused in the exercise of its discretion. The Court held that the titles of films once they have been shown are public property unless and until they are registered as trademarks.

248. Cross J. held that “Rawhide” was the title of a series of westerns shown on television in the United States made by Columbia Broadcasting System. Columbia granted the right to broadcast the series in the UK to Grenada TV. Grenada, or a related company, were also granted the merchandising rights in respect of the series. It applied to register Rawhide as a trademark but found that Cheryl had already made a similar application some months earlier.

249. The court said that:

“It is however one thing to say that a man who is using or proposes now to use a mark on his goods is entitled to be registered notwithstanding that his reason for choosing that mark is the hope of getting the benefit of publicity for which he has not paid, but it is quite another thing to say that a man can put himself in the position of reaping the advantage of any publicity which may subsequently attach to the name though he has no intention of making any substantial use of the mark unless and until it is clear that publicity will attach to it”.

250. Cross J. said:

“The point that I have to decide is whether or not in the discretion of the registrar, the protection of the Trademarks Act should be given to business methods of this kind. In my opinion it should not, because I think it is wrong that the applicant’s knowing of potential commercial advantage to be obtained from names and titles which have publicity in American films should obtain trademark registrations for such names in the United Kingdom and thus be already armed as it were, with the statutory monopoly in these names should the films come to the country...Therefore in the exercise of the discretion vested in the registrar, I decline to proceed with the registration of the trademark Rawhide”.

251. The next case to consider is *GE Trademark* [1973] 90 RPC 11 part of which has been considered earlier in this judgment. At p. 325 - 326 of the decision, Lord Diplock in the House of Lords stated as follows:

“Property in a trademark could therefore only be acquired by public use of it as such by the proprietor and was lost by disuse. The property was assignable, transmissible and divisible, but only along with the goodwill of the business in which it was used. Since the only right of the proprietor of a trademark was to prevent its use by other persons the original remedy for the protection of this right was an injunction to

restrain infringement. This continued to be the principal remedy, though by the middle of the nineteenth century damages for infringement were also recoverable, at any rate where the infringement was intentional and deceitful at common law. The equitable remedy by injunction was discretionary and the principles as to the way in which the discretion should be exercised had become settled by the Court of Chancery by the time the Act of 1875 was passed.”

252. The principles set out in this case are clearly of assistance to Diesel Italy as it seeks to protect its proprietary interest in the name “Diesel”.

(iii) Al Bassam

253. However, the case which Diesel Ireland has placed greatest reliance on is *Al Bassam* [1995] RPC 511. Diesel Ireland says this case is authority for the proposition that the owner or proprietor of the mark is the person who first uses it in this jurisdiction. It says that it first used the mark in Ireland from 1979 to 1982 and that Diesel Italy only began to sell its products in Ireland in 1982. However I do not accept that *Al Bassam* is authority for such a broad proposition .

254. In that case, the applicants for registration manufactured head shawls bearing the mark “Albassam” and supplied them only to “A” in Saudi Arabia. The head shawls were marketed at the instigation of “A” who provided the stamp for the mark. “A” was the registered supplier of the mark in Saudi Arabia and elsewhere in the Middle East, but had no business in the UK. The Applicants made their application for registration in the UK with A’s consent and encouragement. However, notices of opposition were lodged against the application in the trademark registry. These applications were dismissed by the trademark registry. The opponents appealed. The High Court held in dismissing the appeal that:

- (a) Section 17 of the 1938 U.K. Act was primarily concerned with the procedure to be adopted in applying for the registration of trademarks and provided an

applicant's claim was *bona fide*, the tribunal was under no obligation to look into the validity of the claim: disputes between rival claimants were to be decided under ss. 11 and 12;

- (b) That, in fact, the applicants had a good claim to be proprietors of the mark "Albassam" and
- (c) that it qualified for registration.

255. The opponents then appealed to the Court of Appeal. The Court of Appeal however dismissed the appeal, holding:

- (1) that questions of proprietorship might raise different issues to those of deception. If an applicant's claim to proprietorship was challenged in opposition proceedings, it had to be decided as a matter of legal right on the basis of evidence before the tribunal whether the opponent had a rival claim to proprietorship or not:
- (2) in deciding questions of proprietorship of unregistered marks, it was necessary to start with common law principles, namely: the owner of a mark which had been used was the one who first used it; the right to a mark used as an indication of origin could not be assigned separately from the goodwill of the business; in the case of an unused mark the person with the best claim to use was the designer or inventor of it;
- (3) that the mark "Albassam" was applied as part of the applicant's manufacturing process to distinguish their goods; only the applicants had any business or goodwill in the UK to which the use of the mark could be incidental, and they were the proprietors;

- (4) the fact that “A” might have devised the mark and was the registered proprietor of it in Saudi Arabia and elsewhere and the fact that it regarded itself as having rights in the mark in the UK was irrelevant; and
- (5) although the name “Albassam” was very common in Saudi Arabia, it was little known in the UK and the ability of the mark to distinguish the applicant’s goods had to be considered by reference to its position in the UK only.

Therefore, the mark qualified for registration.

256. As Morritt L.J. stated at p. 373 of the judgment:

“Accordingly, it is necessary to start with the common law principles applicable to questions of the ownership of unregistered marks. These are not in doubt and may be shortly stated. First the owner of the mark which had been used in conjunction with goods was he who first used it. (he then referred to Nicholson & Sons application and Lawrence L.J.’s statement).

Second, the right to the used mark as an indication of the origin of goods could not be assigned separately from the goodwill of the business in which it had been used. For that would have been to assign the right to commit a fraud on the public. In the case of an unused mark the person with the best right to use it was the designer or inventor. See Hudson’s Trademarks [1886] 3 RPC 155.” (emphasis added)

257. Morritt L.J. also stated at p. 522:

“In my view, it is plain that the proprietor is he who satisfies the principles of the common law to which I have referred. Accordingly in the case of a used mark, as in this case, the owner or proprietor is he who first used it in relation to goods for the purpose indicated in the definition of trademark contained in s. 68 which I have already quoted. Ownership of the mark is a different concept to deceptiveness of the mark, the principles applicable to the two concepts are different and I do not see how

one can determine whether there is likely to be confusion without first deciding who is the proprietor. I reject the submission that the opening words of s. 17(2) [s. 25(2) in the Irish Act] refer only to sections 9 to 16. They must also refer to section 3 and if they comprehend a section in that part of the Act, I see no reason to exclude s. 1(1). Moreover s. 17(2) deals with acceptance of the application; the hearing and decision on whether to permit registration referred to in section 18(5) is a later stage following advertisements. Accordingly, I reject the submission for Courtaulds that the proprietor of the mark is he whose use of it will not cause deception or confusion etc. In my view proprietorship may raise different issues to that of deception within s. 11, though no doubt it is true they will often overlap”. (emphasis added).

258. I would note however that the “deceptiveness” of the mark to which Morritt L.J. is referring is the question of deception and/or confusion under the U.K. equivalent of Section 19 of the 1963 Irish Act. It does not mean that the question of deception or deceit or dishonest or wrongful conduct has no role to play in considering questions of proprietorship.

259. Morritt L.J. also stated at p. 523:

“In my judgment the position is clear from a consideration of the Trademarks Act, 1938 alone. As s. 17(1) [Irish section 25] prescribes, an application may only be made by one who claims to be the proprietor. At that stage all that is required is a bona fide claim. If no opposition on that ground is raised and the claim is not obviously mistaken on the case of the application, then no doubt the registrar is entitled to accept the claim as enough. But if, as permitted by s. 18(2) a person opposes registration it seems to me evident that lack of the proprietorship claimed must be a permissible ground given the legal consequences of registration as the proprietor. Then, as required by section 18(5) the registrar must consider on the evidence whether registration (which includes the name of the proprietor, is to be

permitted. In my view, this cannot mean consideration only whether or not the claim is bona fide. In the case of an opponent who is also a claimant the rights have to be determined. I see no reason why so different a test should be required merely because the opponent is not a rival claimant... Accordingly in my judgment the question of proprietorship has to be determined as matter of legal right on the basis of the evidence then before the Registrar”. (emphasis added).

260. Likewise, in the present case, it is clear that before a court can decide on the issue of confusion under section 19, it must decide who is the proprietor of the mark under the principles of common law.

261. However in my view, the *Al Bassam* case can be distinguished from the facts of the present case because there is no suggestion in *Al Bassam* of wrongdoing or dishonest conduct or bad faith on the part of any of the parties – particularly by the applicant. It is quite different to the facts of the present case where Diesel Italy alleges that Diesel Ireland has dishonestly and wrongfully copied its mark.

(iv) Cases under E.U. Directives and Regulations

262. I am conscious that the 1996 Trademarks Act in this jurisdiction implemented the Trademarks Directive (then Council Directive No. 89/104/EC, now Directive 2015/2436) and the Regulation on the Unitary EU Trademark (originally Council Regulation EC No. 40/94 and now Regulation (EU) 2017/2001). However, I have to make this decision based on the law as it was at the time i.e. under the Trade Marks Act, 1963 and therefore I am of the view that any consideration of the 1996 Act, the Trademarks Directive or the Trademark Regulation or any of the cases of the CJEU or the U.K. or Irish courts on these matters should be treated with caution – as both counsel urged upon the court.

263. In the circumstances I do not believe that I should consider those principles of law which have been developed since the passing of the EU Directive, the EU Regulation and the

1996 Act. The principles laid down by the case law which I have referred to above are the principles applicable to the matter which I have to decide

(v) **Conclusion - Diesel Ireland is not the owner of the mark .**

264. I do not accept that Al Bassam can be authority for the proposition that the person who first uses a mark in this jurisdiction is the proprietor of the mark – even if he has used dishonest or wrongful or unlawful means to copy that mark and thus be the first user in this jurisdiction. That offends against every rule of equity in all branches of the law. You cannot act dishonestly and then acquire a proprietary right in anything – from a house to a trademark. In my view, Diesel Ireland has incorrectly characterised the true ratio of Al Bassam and this error pervades its entire submission and its entire case. It might have been the first user in Ireland from 1979 to 1982 but that use was dishonest and wrongful. Therefore it was never honestly or lawfully the first user. Diesel Italy was clearly the first user in Italy and three other European countries in 1978 and 1979. Diesel Italy was also the first lawful user in Ireland from 1982 onwards.

265. Diesel Ireland also submitted that even if it did copy the Diesel Italy mark, that was perfectly legitimate because it was not an employee of Diesel Italy and Diesel Italy had not registered its mark in Ireland. In other words, it submitted that the copying of Diesel Italy's mark was a perfectly acceptable commercial practice and as it was the first user in Ireland between 1979 – 1982, it was the proprietor of the mark. I do not accept this submission. In my view, the copying of a mark is an act of dishonesty. Dishonesty is never a legitimate business practice. Diesel Ireland could have used the mark "Gasoline" and this thirty year battle need never have occurred. But it used the name "Diesel" to effectively "piggyback" on Diesel Italy's marketing and advertising of its products and to increase its own sales.

266. Diesel Ireland submits that it is not open to this court to make a finding of "bad faith" when there is no fixed concept of what is "good faith" or "bad faith". I do not agree with this

submission. Courts decide on issues of fraud, dishonesty, wrongful appropriation of property, lack of bona fides and bad faith all the time. To copy a competitor's mark without consent and to use that mark to sell your own jeans and thereby to "piggy back" on the advertising and marketing campaigns financed by a competitor is manifestly dishonest and wrongful.

267. In the present case, I am of the view that the fact that Diesel Italy applied to register its trademark in Italy in 1977 and launched its products throughout Europe in 1978, together with the lack of any plausible explanation by Diesel Ireland as to how it came to adopt the name "Diesel", leads inevitably to the conclusion that Diesel Ireland is seeking to dishonestly copy the mark "Diesel" in order to "piggyback on", and to expropriate, the goodwill generated by Diesel Italy's marketing and sale of its jeans.

268. In the circumstances I would conclude that Diesel Ireland is not, and has never been, the bona fide or lawful proprietor of the mark.

DIESEL ITALY IS THE PROPRIETOR

269. Mr. Renzo Rosso, in the first set of proceedings, in his statutory declaration made on 22nd February 1995, stated that his company was incorporated in 1978 under the title Diesel S.P.A. He said his company first used the trademark "Diesel" in 1978 and had been using it continuously since that time. He also stated that the trademark "Diesel" had been registered by his company in many countries throughout the world for a wide range of goods. He exhibited at Exhibit 2 details of such registrations. It seems clear from this exhibit that the trademark was first applied for in Italy on 12th July 1977, and in the U.K. on the 24th October, 1979. He also exhibited a list of countries where Diesel Italy's goods were sold. It is clear from this that Diesel Italy's goods were sold in Italy from October 1978, in Denmark, Sweden, Austria and Germany from October 1978, in Switzerland from February 1979, in the UK from November 1979, in France from November 1979, in Ireland from May 1982.

270. Mr. Rosso also refers to *“by virtue of spill over advertising from the UK and elsewhere I believe that my company’s trademark Diesel is well known in Ireland”*.

271. I am satisfied from the evidence that it was Diesel Italy which first came up with the mark “Diesel” for its products. It was the originator and first owner of the mark.

272. I am satisfied on the facts of this case that Diesel Italy is the proprietor of the mark in Ireland. It was the originator of the mark in Italy in 1978; it sold its goods with this mark in Italy and three other European countries from 1978 onwards; were it not for the Diesel Ireland’s wrongful copying, it would have been the first user in Ireland. As a matter of fact and law, it was the first *bona fide* and lawful user of the mark “Diesel” in Ireland. As such it has a right to be recognised as the proprietor of the mark in Ireland.

THE ISSUE OF CONFUSION

273. Section 19 of the Trademark 1963 (the 1963 Act) provides:

“It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of law, or would be contrary to law or morality, or any scandalous design.”

274. In *Coca Cola Company v. F. Cade & Sons Ltd* [1957] IR 196 the Supreme Court adopted the decision of Parker J. in *Pianotist Company Ltd* [1906] 23 RPC 32, which set out the correct approach to be taken when considering whether confusion exists, stating as follows:

“You must take the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trademarks is used in a normal way

as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion—that is to say, not necessarily that one man will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public which will lead to confusion in the goods - then you may refuse the registration, or rather you must refuse the registration in that case." See p. 207-208.

275. In *Montex (No. 2)*, Geoghegan J. interpreted Section 19 of the Act as compelling the Controller to refuse registration if the mark is likely to deceive or cause confusion.

276. In *Jaguar Cars Ltd* [2006] 1 IR 607 Clark J. (as he then was) stated that the test to be applied under section 19 of the 1963 Act was that set out by Evershed J. in *Smith Hayden & Co. Ltd.*'s application [1946] 63 RPC 6 as restated by Lord Upjohn in *Bali Trademark* [1969] 86 RPC 14. He stated that, in order to refuse to register a mark under section 19 of the 1963 Act, the court must be satisfied, having regard to the user of the name, that the mark applied for is used in a normal and fair manner in connection with any goods covered by the registration proposed and would be reasonably likely to cause deception and confusion amongst a substantial number of persons.

277. Likewise in *Unilever Plc v. Controller of Patents* [2006] IEHC 427, Smith J. held that the persons to be considered "*are all of those persons who are likely to become purchasers of the product or products upon which the marks are used provided that such persons use ordinary intelligence and care*".

278. In this present case, it is clear- as was found by the High Court and Supreme Court - that the simultaneous use of the two identical marks is likely to deceive and/or cause confusion within the meaning of section 19.

279. However, the cause of this deception and/or confusion is the dishonest, wrongful and unlawful copying of Diesel Italy's mark by Diesel Ireland. As a matter of first principles, a

company like Diesel Ireland, cannot commit an act of deception and/or dishonesty by copying a mark and then argue that Diesel Italy should be refused registration because of the deception and/or confusion caused thereby. That would allow Diesel Ireland to profit from its own wrongdoing.

280. The appropriate remedy in this case is to consider an application for injunctive relief to be brought by Diesel Italy to restrain the ongoing use by Diesel Ireland of the mark “Diesel”. This will remove any possible deception or confusion under section 19.

DISCRETION

281. Diesel Ireland submitted that where the Court is not required to refuse registration under s. 19 of the 1963 Act, it retains a discretion to refuse the application.

282. I am of the view that there are no grounds on which I should exercise my discretion to refuse registration of its trade mark “Diesel” to Diesel Italy.

CONCLUSIONS

283. I would therefore conclude as follows:

1. Diesel Italy is the originator, owner and proprietor of the mark “Diesel”;
2. Diesel Ireland has dishonestly and wrongfully copied Diesel Italy’s mark in Ireland since 1979;
3. There would be confusion and deception within the meaning of section 19 of the 1963 Act if both marks were to continue to be used in Ireland; however that confusion and/or deception is caused by the dishonest, wrongful and unlawful copying of the mark by Diesel Ireland;
4. Diesel Ireland cannot rely on its dishonest, wrongful and/or unlawful acts of copying to argue that there will be confusion or deception in the market place when it is the cause of that deception by virtue of its dishonest, wrongful or

unlawful acts; that would be to allow Diesel Ireland to profit from its own wrong;

5. This court will fashion an appropriate remedy by way of injunction to restrain the unlawful use by Diesel Ireland of the mark “Diesel”;
6. Such remedy will remove all risk of confusion and/or deception;
7. There are no reasons why I should exercise my discretion under section 25(2) of the 1963 Act to refuse registration of the mark “Diesel” to Diesel Italy;
8. Diesel Italy is entitled to register its mark “Diesel” as a trademark in Ireland;
9. I will hear the parties further on the issue of the remedy and costs.