

O-219-14

TRADE MARKS ACT 1994

**IN THE MATTER OF UNITED KINGDOM DESIGNATION OF INTERNATIONAL
REGISTRATION 1074946
BY DALSOUPLE SOCIETE SAUMUROISE DU CAOUTCHOUC TO REGISTER
THE TRADE MARK**

DALSOUPLE

IN CLASSES 17, 19 AND 27

**AND IN THE MATTER OF OPPOSITION
THERE TO UNDER NO 72362
BY TIM GAUKROGER, DALSOUPLE DIRECT LIMITED AND DALHAUS
LIMITED**

AND

**IN THE MATTER OF REGISTRATION NO 2183458
IN THE NAME OF DALHAUS LIMITED IN RESPECT OF THE TRADE MARK**

DALSOUPLE

IN CLASSES 17 AND 27

**AND IN THE MATTER OF AN APPLICATION FOR INVALIDATION
THERE TO UNDER NO 84543
BY DALSOUPLE SOCIETE SAUMUROISE DU CAOUTCHOUC**

BACKGROUND AND PLEADINGS

1) Dalsouple Societe Saumuroise du Caoutchouc (hereafter “Dalsouple France”) is the holder of International Registration (“IR”) 1074946 for the mark DALSOUPLE.

2) Protection in the UK was requested on 23 March 2011. The request for protection was published in the United Kingdom, for opposition purposes, in the Trade Marks Journal on 23 September 2011. Protection is sought in respect of the following goods:

Class 17: *Natural rubber, latex, synthetic rubber and insulating materials and articles made of these materials included in this class; insulating materials and articles included in this class having been tempered, covered or coated in natural or synthetic rubber; vulcanized fibers; threads of rubber, not for use in textiles.*

Class 19: *Paving and flooring materials (non-metal construction materials), non-metal floor slabs, floor tiles and floor materials and surfacing (non-metal construction materials); non-metal materials for use in construction and civil engineering works; surfaces for courts, tracks, arenas, all for sports and gymnastics (non-metal construction materials); edge trims for basins and pools all included in class 19 (non-metal construction materials).*

Class 27: *Rugs, carpets, doormats, carpet tiles; mats for animals, floor coverings; non-textile wall hangings; artificial turf.*

3) On 30 April 2012, Timothy Gaukroger, Dalsouple Direct Limited (hereafter “DDL”) and Dalhaus Limited (hereafter, collectively referred to as “Dalsouple UK”) filed notice of opposition to the granting of protection in the UK. The grounds of opposition are as follows:

- a) the designation offends under Section 5(1) and 5(2)(a) of the Trade Marks Act (“the Act”) because it is in respect of a mark that is identical to both an earlier Community Trade Mark (“CTM”) and an earlier UK mark, the first in the name of Dalhaus Ltd and the second in the name of Mr Gaukroger (and subsequently assigned to Dalhaus Ltd), and in respect of similar or identical goods.
- b) The designation offends under Section 5(3) of the Act because of a claimed conflict with Dalhaus Limited’s UK mark where a reputation is claimed. It claims unfair advantage is obtained because the designation will benefit from the investment in marketing of the earlier mark over a period of two decades or more. Dalsouple UK also claims that it has experienced serious problems connected with the poor quality of

products supplied by Dalsouple France resulting in damage to Dalsouple UK's reputation.

- c) The designation offends under Section 5(4)(a) of the Act by virtue of the law of passing off. Dalsouple UK claims rights in the unregistered sign DALSOUPLE dating back to 1986 by virtue of use made by Dalsouple Direct Limited or its predecessor in title. This use is claimed in respect of "rubber flooring products".

4) The relevant details of the two marks relied upon for the Section 5(1), 5(2)(b) and 5(3) grounds are shown below:

Mark and relevant dates	Goods and services relied upon
CTM 3692175 DALSOUPLE Filing date: 26 February 2004 Date of entry in register: 15 July 2005	<p>Class 17: <i>Natural rubber, latex, synthetic rubber and articles and materials made therefrom included in class 17; articles and materials included in class 17 which have been dipped, covered or coated in natural or synthetic rubber ; vulcanised fibres; threads of rubber, not for textile purposes.</i></p> <p>Class 19: <i>Floors and flooring material; floor tiles and floor coverings and materials; non-metallic materials for use in building and civil engineering construction; surfaces for courts, tracks, arenas, all for sporting and gymnastic purposes; surrounds for pools and swimming pools all included in class 19.</i></p> <p>Class 27: <i>Carpets, rugs, mats and matting, carpet tiles, floor tiles; animal mats, matting and rugs; floor and wall coverings; wall hangings; artificial turf.</i></p>
2183458 DALSOUPLE Filing date: 26 November 1998 Date of entry in register: 25 June 1999	<p>Class 17: <i>Natural rubber and synthetic rubber; goods made from these materials or dipped or covered in these materials.</i></p> <p>Class 27: <i>Resilient materials to cover existing surfaces; resilient materials to cover floors, walls and ceilings.</i></p>

5) Dalsouple France subsequently filed a counterstatement. Other than admitting that the respective marks are identical, it denies all other claims. In addition, it claims that if any genuine use can be shown by Dalsouple UK then it is use on behalf of Dalsouple France. It further claims that the application does not breach the provision of Section 5(3) because its use is with due cause. It puts Dalsouple UK to strict proof of use.

6) On 30 August 2012, Dalsouple France also filed an application for invalidation of Dalhaus Ltd's earlier mark no. 2183458. The grounds for invalidation are:

- a) The registration offends under Section 47(1) and Section 3(6) of the Act because Mr Gaukroger registered the earlier UK mark without knowledge or consent of Dalsouple France (which only became aware of it in December 2009). The application for registration was made at a time when Mr Gaukroger and/or his company were agents and/or distributors of Dalsouple France's goods in the United Kingdom. At all material times, Mr Gaukroger was fully aware of Dalsouple France's business under the mark DALSOUPLE and of its goodwill and reputation in the United Kingdom. Therefore, the registration should be declared invalid;
- b) The registration offends under Section 47(2)(b) and Section 5(4)(a) because use of the mark by Dalsouple UK in respect to any goods other than Dalsouple France's goods is liable to be prevented under the laws of passing off. It claims that no consent to the registration has ever been given by Dalsouple France;
- c) The registration offends under Section 60(3)(a). Dalsouple France claims that in about 1986, DDL, a company principally owned by Mr Gaukroger was appointed as Dalsouple France's "sales agent and distributor" of its goods in the UK and at the filing of the registration and all material times, Mr Gaukroger was an agent or representative of Dalsouple France within the meaning of Section 60 of the Act.

7) Dalsouple UK filed a detailed counterstatement in response to Dalsouple France's claims. The main points are:

- the application to register the mark DALSOUPLE was made with the explicit knowledge and consent of the then managing director of Dalsouple France, Raymond Mortoire. Further, Mr Gaukroger also raised the issue of the registration with Mr Mortoire's son, Pierre Mortoire in 2004 when he was seeking permission to register DALSOUPLE as a CTM;
- Dalsouple France's trading activity was confined to France and/or other continental European countries. It has never traded in the United Kingdom and has no claim to goodwill in the United Kingdom;
- For much of the time of the commercial relationship between the parties, Dalsouple UK was responsible for "a very considerable proportion" of Dalsouple France's business;
- Because of issues of non-payment by UK customers, the trading relationship established in 1986 between Dalsouple France and Mr Gaukroger's company changed so that Mr Gaukroger's company began invoicing and supplying customers direct. In September 1999, to reflect this new trading relationship and with Dalsouple France's consent, Mr Gaukroger's company changed its name to DDL. It is claimed that this

illustrates a change of role from Dalsouple France's agent and principal to one of supplier and distributor. In 1999, the parties agreed that DDL should become the principal in the United Kingdom. It is claimed that by the time the registration was filed, Mr Gaukroger or his companies were not merely agents or representatives within the meaning of Section 60 of the Act;

- Mr Gaukroger's company has sold goods in the United Kingdom bearing the DALSOUPLE mark since 1986 and these have not all been goods sourced from Dalsouple France, but were sourced with the knowledge of Dalsouple France, even providing details of such goods to Dalsouple France with a view of it selling these products in its own territory;
- Over the last 20 years, DALSOUPLE goods sold by DDL have contained no reference to Dalsouple France and the purchasing public have only associated these goods with DDL. Packaging and advertising has only carried DDL's contact details and all complaints etc have been directed at DDL;
- Mr Gaukroger concludes that goodwill has accrued to DDL;
- Dalsouple France has acquiesced to use and registration of the mark for over 10 years;
- Mr Gaukroger sought consent from Raymond Mortoire prior to applying to register the mark. The business and personal relationship between the two men was so good that Raymond Mortoire eventually indicated that Mr Gaukroger's company enjoyed "autonomy of representation" in the United Kingdom. Consequently, Mr Gaukroger denies that the registration was obtained in bad faith.

8) The two sets of proceedings were subsequently consolidated.

9) Dalsouple France also filed a cancellation action against Dalhaus's earlier CTM, but as of the time of writing, there is no final outcome.

10) Both sides filed evidence in these proceedings. Both sides ask for an award of costs. The matter came to be heard on 19th and 20th March 2014 when Dalsouple France was represented by Ian Bartlett for Beck Greener and Dalsouple UK was represented by Guy Tritton of Counsel, instructed by Carpmaels & Ransford. Pierre Mortoire and Paul Bartlett for Dalsouple France and Timothy and Julie Gaukroger for Dalsouple UK also attended for cross examination.

Evidence

11) Dalsouple France's evidence consists of the following:

- i. Three witness statements by Pascal Le Saec, President of Dalsouple France since 2009;
- ii. A witness statement by Duncan James Morgan, registered trade mark attorney with Beck Greener, the representatives for Dalsouple France;
- iii. Two witness statements by Paul Royston Bartlett, UK Sales Manager with Entrance Matting Systems Ltd. Mr Bartlett has worked in the flooring business since 1987 with a company called Jaymart (the original agent for Dalsouple France's goods in the UK) and between 1997 and 2009 he worked for Dalsouple Direct Limited;
- iv. A witness statement by Pierre Mortoire, the son of the deceased chief executive of Dalsouple France, Raymond Mortoire. Pierre Mortoire worked for Dalsouple France since 1979, and as chief executive since 1989, up to when it was sold to Mr Le Saec in 2009;
- v. A witness statement by Anthony Ronald Langdon, director of Ufit Limited and Tony Langdon Limited, both being companies retailing in floor coverings;
- vi. Two witness statements by Sean William Martin. Mr Martin has many years experience in the flooring trade and worked as UK Sales Manager at Jaymart until 2002. Since 2004 he has been director of Entrance Matting Systems Limited and since July 2012, he has also been director of DRF (France) Limited, which now represents Dalsouple France in the UK.

12) Dalsouple UK's evidence consists of witness statements from the following:

- i. Timothy P Gaukroger, managing director of Dalsouple Direct Limited and Dalhaus Limited;
- ii. Gillian Carol Fox, director of Fox Fleming Ltd, a firm of Chartered Accountants who undertook work for Dalsouple Direct Ltd;
- iii. Aiden Walker, editor, writer, seminar and conference producer who has edited or editorially directed almost all of the professional design magazines in the UK. The Gaukrogers and their company have been regular advertisers and source of case studies in many of his magazines;
- iv. Jim Hamilton, Creative Director with Graven Images Limited. He has worked with DDL since 1992;
- v. Annabelle Van Winden, Director of First Floor (Fulham) Ltd, a specialist retailer of floor coverings and customer of DDL;
- vi. Julie Gaukroger, Director of DDL and wife of Timothy Gaukroger.

13) The background and chronology as set out in the parties' evidence is summarised below:

History of Dalsouple France and its activities in the UK – uncontested facts

- Dalsouple France has been producing flooring since about 1966 and has traded continuously since;
- Turnover for Dalsouple France in 2011 was €2,568,108 and its floor tiles have always been marketed under the primary name DALSOUPLE;
- Dalsouple France was run from the 1960s by Raymond Mortoire, until his death in 2001. One of his two sons, Pierre Mortoire states that he became “Directeur General” in 1989. There was some discussion at the hearing whether this equated to “Chief Executive”, but it is stated by Pierre Mortoire that his father remained effectively in charge until his death and no important decisions would be made without his input and agreement;
- Dalsouple France made sales in the UK since at least 1982 initially through a company called Jaymart. Jaymart’s turnover in respect to DALSOUPLE goods was approximately £100,000 per annum;
- Mr Gaukroger was on the sales team at Jaymart and this is how he first came to know Raymond Mortoire and of DALSOUPLE goods;
- In May 1986, Dalsouple France began doing business with Mr Gaukroger through his company The Launch Rubber Company Limited, that later became DDL;
- From 1991, DDL were the exclusive provider of DALSOUPLE goods in the UK;
- In 1995, an agency agreement was signed between DDL and Dalsouple France, with DDL being identified as Dalsouple France’s exclusive agent in the UK and some other territories;
- Under DDL, sales of DALSOUPLE products in the UK flourished and by the late 1990s, amounted to £2 million a year;
- In 2001, Raymond Mortoire died and Pierre Mortoire took control of the company. In 2009, he sold Dalsouple France to Mr Le Saec.

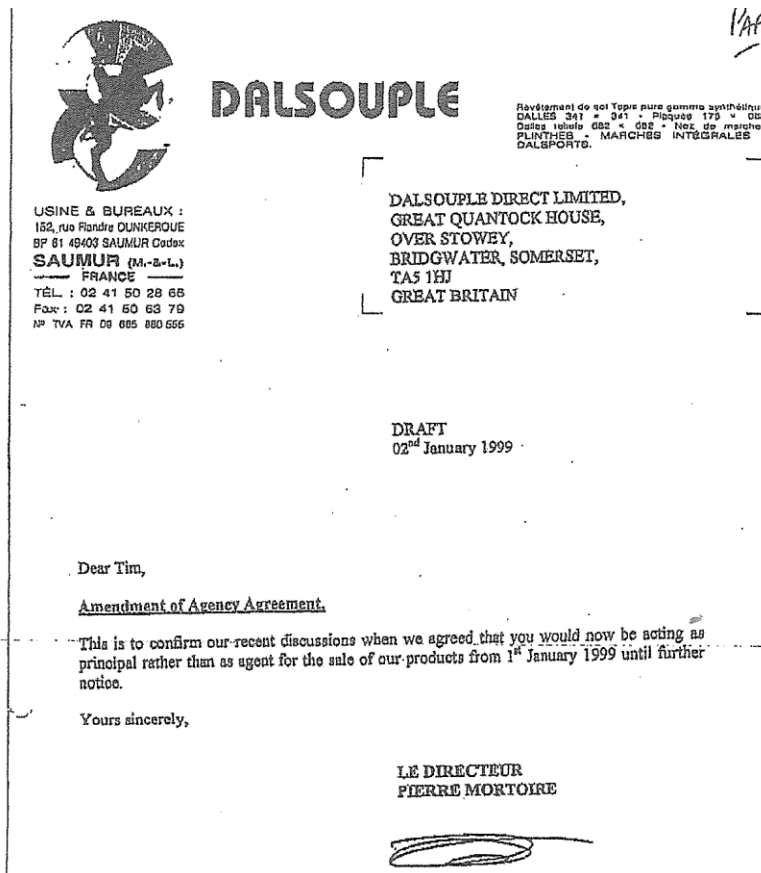
Disagreement between the parties

14) The evidence of Dalsouple UK illustrates fairly extensive use of the mark in the UK by DDL. In the majority of cases this relates to use in respect of goods manufactured by Dalsouple France, but there is also some evidence of use of the

mark in respect of goods sourced from third parties by DDL. Dalsouple UK claim that all this use demonstrates that the goodwill has accrued to DDL. On the other hand, Dalsouple France dispute a claim of use of the mark on goods not produced by them and claim that the goodwill flows to them as manufacturer of the goods and founder of the mark.

15) Dalsouple France claims that DDL's activities were defined by the written agency agreement entered into on 1 November 1995 (Exhibit TPG3 of Mr Gaukroger's witness statement). Mr Gaukroger maintains that this agreement was drafted on the recommendation of DDL's accountants but that, in reality, DDL's role was far more extensive than as a mere agent.

16) To reflect a change of relationship between DDL and Dalsouple France, Mr Gaukroger states that he first discussed a formally recognised change with Raymond Mortoire's other son, Bruno Mortoire, then after his departure from Dalsouple France, his brother Pierre. He claims that the result of these discussions was implemented by Pierre Mortoire's letter of 2 January 1999 (Exhibit TPG41 to Mr Gaukroger's witness statement). The original of this letter has been inspected by the representatives for Dalsouple France. Pierre Mortoire claims that he has no recollection of drafting or signing this letter:



17) Mr Gaukroger claims that he obtained verbal consent to register the mark in the UK from Raymond Mortoire. There is no direct evidence of this. Pierre Mortoire denies that his father would have provided such consent and that, further, it was never mentioned to him by his brother or father. He claims that he only became aware of the claimed consent after selling the business to Mr Le Saec in 2009.

18) Mr Gaukroger states that in 1998, he discussed with Raymond Mortoire, the advantages of registering the mark DALSOUPLE in the UK. He claims that he asked if Mr Mortoire wanted to undertake this work, but that he was reluctant to spend money because the registration would primarily benefit DDL. Mr Gaukroger states that, instead, he gave consent to Mr Gaukroger to register the mark. Pierre Mortoire expresses the view that his father “would never have consented to [DDL] owning and controlling what was its single most valuable asset”. Mrs Gaukroger points out that Dalsouple France’s German distributor also registered the DALSOUPLE name in its own name in Germany around the same time (case details provided at Exhibit JG8);

19) Dalsouple France provides evidence from Paul Bartlett to suggest that the registering of the DALSOUPLE mark in the UK by DDL was part of a pattern of behaviour. It is common ground that DDL also sold another range of flooring called KRAIBURG since the early 2000s. Paul Bartlett recounts a time in 2002/3 when Mr Gaukroger told him and others present in the office at the time that he was having difficulties with the German manufacturing company because it had discovered he had registered the mark KRAIBURG in the UK and that they would have to pay him to get it back. It was assigned to the German company in 2005. Mrs Gaukroger explains that there is a perfectly logical explanation for the registration and its subsequent transfer to the German manufacturer. A company called Kreiburg Limited was jointly set up by Mr Gaukroger and the German manufacturer of KREIBURG goods. Mrs Gaukroger, acting for Kreiburg Limited, legitimately applied for the UK trade mark KREIBURG. Several years later, the German company had a change of policy where it decided that if it owned less than 50% of a company (and this was the case with Kreiburg Limited) then it did not want these companies to be called KREIBURG. Therefore, upon request from the German company, Mr Gaukroger changed the name and also, at the request of the German company, agreed to transfer ownership of the mark. The German company compensated the UK concern by giving a discount on the purchase price over a period of time. Mrs Gaukroger states that the trading relationship continued throughout.

20) Mr Gaukroger states that between the mid-1990s and the mid-2000s, with Pierre Mortoire being the production specialist at Dalsouple France, Mr Gaukroger was seen as being responsible for much of the rest of the business, from product conception and development through to sales. Whilst Pierre Mortoire’s recollections do not quite correspond to this, when being questioned

under cross examination about the payment procedures in respect to business brought to them by DDL, he did concede that it was his brother who dealt with commercial arrangements (page 63 of the transcript of the first day of the hearing).

20) Mr Gaukroger states that as the 1990s progressed and his company's business in Dalsouple goods continued to grow, it reached the point when Raymond Mortoire considered him effectively an equal partner in the business. This, he states, is reflected in Raymond Mortoire's letter of 8 February 1998 (at Exhibit TPG4 of Mr Gaukroger's witness statement) which refers to a plan to establish a new company with Mr Gaukroger having equal shares with Raymond Mortoire's two sons. Mr Gaukroger states that it did not come to fruition because the two Mortoire sons could not work together. Pierre Mortoire confirms that Mr Gaukroger discussed, with Raymond Mortoire, taking a share in the DALSOUPLE business, but suggested that it was unlikely that his father would favour Mr Gaukroger over his sons. A letter from Raymond Mortoire to Tim Gaukroger dated 14 July 1999 made specific reference to this issue. As I explain later, this letter is subject to a confidentiality order; however, it can be recorded here that Raymond Mortoire makes reference to an offer to Mr Gaukroger to join the company but that this needed to be re-considered as a result of a breakdown in the relationship between his sons. Pierre Mortoire denies that Mr Gaukroger's relationship with Raymond Mortoire was as close as claimed by Mr Gaukroger.

21) Following the death of Raymond Mortoire, his executors decided to sell Dalsouple France. Pierre Mortoire claims that Mr Gaukroger was invited to attend meetings with two prospective purchasers. He believes that neither decided to purchase the business because they were concerned about DDL's dominant position and the fact that it owned the CTM;

22) It is not contested that when Dalsouple France was eventually sold to Mr Le Saec in 2009 he was not made aware of the existence of DDL's UK registration. Pierre Mortoire maintains that this was because he, himself, was not aware of it at that time.

23) Evidence has also provided by both parties on a range of other issues, but for the reasons of procedural economy, I have not detailed them here.

THE HEARING

24) Two preliminary points were discussed at the hearing. Firstly, there was a request to admit a fourth witness statement on behalf of Mr Le Saec. The purpose of this was to correct his statement about when he became aware of DDL's UK registration for DALSOUPLE. He makes it clear that he only became aware of the existence of this registration when notified by his UK representatives after he had purchased Dalsouple France in 2009. I admitted this into the proceedings.

25) The second point concerns Dalsouple UK's request to admit a letter (and translation from French) from Raymond Mortoire to Mr Gaukroger, dated 14 July 1999, and for this letter to be covered by a confidentiality order due to its highly personal nature. I had indicated previously at a case management conference that if Dalsouple UK wished to put this into the proceedings that I would allow it and grant the requested confidentiality order. The exhibit was not provided under the cover of a witness statement, but there is no question over its authenticity and I admitted it into the proceedings.

Cross Examination

26) Because of the potential for a substantially determinative effect upon the proceedings and for reasons of procedural economy, I will limit my record of the examination of the witnesses to comments that I consider relevant to the issue of consent.

Witnesses for Dalsouple France

Pierre Mortoire

27) Mr Mortoire struggled to understand the questions being put to him and, at times, had to rely upon interpretation of the questions by the interpreter. However, he provided his answers in English and this occasionally left those present unsure of what his answer was, requiring clarification from myself or the other side's counsel. Nevertheless, the impression was that Mr Mortoire was not always wholly consistent in his answers, but that he was both honest and sincere.

28) It is alleged by the other side that consent for the UK registration was granted verbally by Mr Mortoire's father after it was suggested to Mr Gaukroger by Mr Mortoire's brother, Bruno Mortoire that DDL register the mark in the UK because Dalsouple France's German agent had recently done the same in Germany. It is clear that Pierre Mortoire is unable to provide first hand testimony regarding this as he had no direct involvement. However, he clearly holds strong views on what his father would and would not have done and stated that his father was an astute business man who would not have given away Dalsouple France's trade mark. He also stated that the alleged consent was never mentioned by his father and he knew nothing of the alleged consent until after Dalsouple France had been sold to Mr Le Saec.

Paul Bartlett

29) Mr Bartlett struck me as honest and provided succinct answers, and whilst it was pointed out by counsel for the other side that he had a vested interest in the proceedings being determined in favour of Dalsouple France and had ended his

employment for the Gaukrogers "under a cloud", I did not detect that he attempted to give anything other than truthful answers.

30) Mr Bartlett was not questioned on the issue of consent. However, he was questioned on an issue that arguably goes to the issue of the alleged consent being part of a pattern of behaviour. He was questioned on his comment at paragraph 30 of his witness statement regarding a claim that Mr Gaukroger had also registered the mark of another third party supplier of goods (called Kraiburg) to DDL:

Q. Then what you say at paragraph 30 is: "Mr. Gaukroger came into the office, that Kraiburg had discovered that he owned the Kraiburg trade mark registration." In fact, I think you then go on to say it was actually Mrs. Gaukroger who owned it. Did he say she owned it or he owned it or what was the position when he came into the office?

A. From my best recollection it was -- no, it was. It was him. He said he owned the trade mark.

...

Q. Then what you say later on is: "I heard no more about it but have recently come to learn that it was Mr. Gaukroger's Julie who had applied to register the Kraiburg trade mark." Do you see that?

A. Yes.

...

Q. Can I ask you to turn to PB5 with that in mind. If you turn to page 5 what you will see is you will see, basically, what is called an historical event?

A. Yes.

Q. It says: "Date action: 20 September 2005, signed in full to Gummiwork Kraiburg. Previous details: Proprietor." Do you see that?

A. Yes.

Q. It says: "Julie Gaukroger, Kraiburg Ltd" etcetera. Do you see that?

A. Yes.

Q. There, if I can put it like that, she is applying in the name of Kraiburg Ltd. is she not?

A. Yes.

...

Q. What you then say in paragraph 31, Mr. Bartlett, is this: "I understand the domain name was registered by Mr. Gaukroger ..." -- that is Kraiburg.co.uk -- "... for the original company Kraiburg. I am struck by the fact that the way in which the website reads suggests that Gaukroger's

business is in fact Kraiburg or the UK division of Kraiburg." Do you see that?

A. Yes.

Q. In fact, actually the position is that he was, in effect, the UK distributor of Kraiburg products?

A. Yes.

...

Q. Can I put it like this, Mr. Bartlett -- I am going to put it like this -- you have done a bit of a muck spreading exercise here. When you read this the intention appears to be that you are intending to throw some dirt, if I may say so, at the Gaukrogers but when you actually look at it and all the facts they have done absolutely nothing wrong at all have they?

A. I do not agree.

...

A. ... He believed that he had got one over on them to get money. That is exactly what he told me.

Q. But the position is that at that time the trade mark was intending to be applied for and, in effect, probably was -- it depends on legal interpretation -- in the name of Kraiburg Ltd?

A. I do not know. I am just saying to you that that is what was said to me at the time.

...

Witnesses for Dalsouple UK

Timothy Gaukroger

31) Mr Gaukroger came across as calm and collected and he provided considered and very plausible answers. He appeared both honest and trustworthy.

32) On the issue of consent from Raymond Mortoire to register the mark in the UK, Mr Gaukroger stated (see page 27 onwards of the transcript) that Bruno Mortoire, one of Raymond Mortoire's two sons, was his prime contact in those days (being the late 1990s). He stated that Bruno Mortoire had told him that their German distributor had registered DALSOUPLE in Germany and that Dalsouple France were unable to register it in France. Mr Gaukroger claimed that Bruno Mortoire suggested that "it would be a good thing if we registered it in the UK". Mr Gaukroger stated that "Bruno is a nice guy but he was always up to no good" and that he and his father "did not get on at all". For this reason, he claims that he checked if this was acceptable to his father (page 28 of transcript):

“...I said, ‘Rene has registered the trade mark in Germany, is it okay if I do it for the UK?’. He just said yes because, again, it was not a big thing back then. It just was not. For me, if I am doing all this work, I am building a brand, the logic would be that I try and protect the brand that I am building. The guys in Germany had done it so I am going, ‘Okay, we will just do the same’.

And later (page 28 and 29):

A. ... I registered it because the German distributor had registered it. It had not actually entered into my conscious at the time that it was something that I should or I should not do. They are doing it, why don't we do the same? It had been suggested to me by Bruno to do it. I checked with the father, who clearly was not bothered. They could not register their one in France apparently. I think Bruno tried again in 2000 but I think it failed, I am not sure, and so I went ahead and did it.

Q. You did not ask him to put anything in writing?

A. No. There was no need.

Q. There was no need? Why is that?

A. Because it was just a conversation that we had. He was going, "That is okay, yes Tim".

...

Q. You did not feel the need, for that reason, to put in any kind of writing as far as ----

A. No. The vast majority of stuff that I did. We had been trading for, I do not know how many years. If you look at the actual amount of written correspondence there is between the two companies there is not a huge amount. Pierre might phone me every day or might phone me three times a week, four times a week. We would have a conversation but there was very little written between the two companies. Most of it was just done purely with a phone call, a chat or, if we met up with Raymond, Raymond used to come over. I would go there and we would have some conversations and that would be it.

Q. Someone, looking at this from afar, might think it is a little odd that there is nothing that post-dates it in writing, the consent either. For instance you do not say, "I did what I did and here is a copy of the registration"?

A. I did not feel the need to.

Q. You did not feel the need?

A. No, because there was ----

Q. You never mentioned it again actually?

A. No because, again, it was done and dusted. It was also done as a protection so that other people could not come into the market and start

using the DALSOUPLE name because we thought we are building something now, we should protect that and we did it. That was it, forgotten about.

Julie Gaukroger

33) Mrs Gaukroger also struck me as a plausible and honest witness, answering the questions in a calm and considered way.

34) Mrs Gaukroger was questioned on the issue of registering the KRAIBURG mark in the UK. The transcript (at page 48) records:

Q. Did you get a consent from Kraiburg when you registered the Kraiburg trade mark?

A. At the time we did not need to because we were in a company of which they had a 10% stake.

Q. When you say "we" it was you that registered the trade mark, was it not, in your name?

A. So I am told now, but when I look at the papers I see very clearly my name followed by Kraiburg Limited.

Q. So that was all a mistake was it? It should have been Kraiburg Limited that owned the trade mark, not you?

A. Yes. I thought I was registering as the point of contact for Kraiburg Limited.

DECISION

Relevant parts of the Act

35) The relevant parts of Section 47 of the Act read as follows:

(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

...

(2) The registration of a trade mark may be declared invalid on the ground-

(a) ...

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied, unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

...

(5) Where the grounds of invalidity exists in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made: Provided that this shall not affect transactions past and closed.

36) Section 3(6) of the Act reads:

“3(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

37) Section 5(4)(a) and Section 5(5) read:

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

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

(5) Nothing in this section prevents the registration of a trade mark where the proprietor of the earlier trade mark or other earlier right consents to the registration.

38) The relevant parts of Section 60 read:

(1) The following provisions apply where an application for registration of a trade mark is made by a person who is an agent or representative of a person who is the proprietor of the mark in a Convention country.

(2) ...

(3) If the application (not being so opposed) is granted, the proprietor may-

(a) apply for a declaration of the invalidity of the registration, or

(b) apply for the rectification of the register so as to substitute his name as the proprietor of the registered trade mark.

(4) ...

(5) Subsections (2), (3) and (4) do not apply if, or to the extent that, the agent or representative justifies his action.

(6) An application under subsection (3)(a) or (b) must be made within three years of the proprietor becoming aware of the registration; and no injunction shall be granted under subsection (4) in respect of a use in which the proprietor has acquiesced for a continuous period of three years or more.

39) Also of relevance is Section 55, which reads:

(1) In this Act-

(a) “the Paris Convention” means the Paris Convention for the Protection of Industrial Property of March 20th 1883, as revised or amended from time to time,

(aa) ...

(b) a “Convention country” means a country, other than the United Kingdom, which is a party to that Convention ...

Core issues and order of decision

40) There is general agreement between the parties that the outcome of Dalsouple France’s invalidation action will flow into the determination of Dalsouple UK’s opposition case, with the one possible exception that the CTM registration may have suspensive effect until such time as the outcome of the pending appeal proceedings involving that registration have been resolved.

41) The core issues of the dispute can be characterised as follows:

- Did DDL apply to register the UK mark with the consent of Raymond Mortoire?
- What was the true nature of the relationship between the two sides?
- Where does the goodwill in the UK lie? With DDL or with Dalsouple France?

42) The answers to these issues will inform my findings in respect Dalsouple France’s grounds of invalidation insofar as it is based upon Section 3(6) and Section 5(4)(a). In particular, a finding that consent was provided would defeat the ground based upon Section 5(4)(a) because of the proviso provided at Section 5(5) and may also determine the outcome of the ground based upon Section 3(6). Accordingly, it is appropriate that I begin by considering this issue.

Section 3(6) and Section 5(4)(a) and the issue of consent

43) Mr Gaukroger has characterised the circumstances surrounding the granting of consent as follows:

- In 1998, he was approached by Bruno Mortoire who pointed out that Dalsouple France's German agent had registered the mark DALSOUPLE in Germany and suggested that Mr Gaukroger should do the same in the UK;
- In light of Bruno Mortoire's reputation for unreliability, Mr Gaukroger checked with his father, Raymond Mortoire who verbally agreed subject to Mr Gaukroger bearing the costs. This was because, as Mr Gaukroger states, Mr Mortoire's view was that a UK registration would primarily be to the benefit of DDL;

44) Pierre Mortoire states that he had no knowledge of the registration until 2009 and that his father would never give away the most valuable asset of the business. He states that neither his father nor his brother, Bruno, ever told him about it. This led him to conclude it could not have happened.

45) There is an accusation that Mr Gaukroger obtained registration of the mark without consent in order to use it as "insurance" in case of a future break down in the relationship between the parties. It is submitted by Mr Gaukroger that this is implausible in light of the very good and close relationship he enjoyed with Raymond Mortoire and the fact that the mark was applied for at the time of the "zenith" in the relationship between the parties.

46) Mr Bartlett also submitted that consent must be in writing. In support of this contention he referred to the OHIM's Manual Concerning Opposition, Part 3, page 15 that comments that for the purposes of Article 8(3), CTMR (equivalent of Section 60 of the UK Act) consent must be sufficiently clear, specific and unconditional. However, on page 16 of the same publication it is also stated "It will be generally easier to assess whether the filing was authorised by the proprietor where the conditions under which an agent or representative may apply for a CTM application are adequately regulated by contract, or are given by other kinds of direct evidence (letters, written representations etc.)." I do not understand this as creating an absolute requirement that consent must be in writing. Rather, it identifies how useful written evidence may be in establishing the true position. Whilst, I take this guidance into account (but also note that I am not bound by it), I do not believe that it supports Mr Bartlett's submission.

47) Mr Tritton submitted that, unlike an assignment, consent does not need to be in written form and nor is there any legal requirement that it should be in written form. Mr Tritton argued that there is a distinction because one is the formal transfer of property, the other being permission to use. This is not quite the case

as the consent alleged in this case related to more than just use, but also to registration. In other words, it is consent for Mr Gaukroger/DDL to obtain a property right, namely a UK trade mark registration. Nevertheless, it is not a transfer and, as Mr Tritton pointed out, there is nothing in the Act that requires consent to be in writing.

48) Mr Gaukroger has stated that the relationship between himself and Raymond Mortoire was a close and friendly one and this is corroborated by a number of exhibits, notably the letter from Raymond Mortoire to Mr Gaukroger, dated 14 July 1999 and accepted into the proceedings at the hearing. This discussed in detail a very personal family matter and the fact that it may impact upon plans for a company to be set up where Mr Gaukroger and Mr Mortoire's two sons would each take a third ownership.

49) Further Mr Gaukroger stated that despite the legal agreement that was in place between the parties, in fact it was not really adhered to and the relationship was, instead, built upon verbal agreements from Dalsouple France to DDL's extensive activities in the UK. Certainly there is no evidence that Dalsouple France was unhappy in any way with DDL activities.

50) Pierre Mortoire denied all knowledge of the alleged consent, but I do not consider this as being tantamount to the consent not been given by his father. At the time, in 1998, Pierre Mortoire was focussed on the manufacturing side of the business and it appears that it was his father and brother who were responsible for the other aspects of the business. As the evidence shows, there was a very poor relationship between Pierre Mortoire and his brother and this must bring into question whether or not Bruno Mortoire would have shared with him information about the consent and existence of DDL's UK mark. There is no obvious reason why his father would not have mentioned it, but it is plausible that he did not. Also, bearing in mind the length of time between the alleged consent and the time when Pierre Mortoire provided his evidence, it is also possible that he has forgotten his father's mention of it. This would be particularly plausible if Pierre Mortoire was not aware of the potential importance of consent.

51) The very nature of business relations being agreed verbally is that the parties do not have the benefit of expert advice at the time of making the agreement and may not seek advice. The nature is one of informality. If, as Mr Gaukroger states, verbal consent was given, it is, once again, plausible that Raymond Mortoire did so without being fully aware of the consequences. This may also explain why it was not discussed with Pierre Mortoire.

52) Taking all of this into account, with hindsight, to provide consent (verbal or otherwise) may not have been in the best interests of Dalsouple France, but Raymond Mortoire did not have the benefit of hindsight in 1998. In cross examination, Mr Gaukroger showed himself to be a very plausible witness and his version of events is supported by evidence of the high level of trust placed in

him by Raymond Mortoire. Further, Pierre Mortoire's lack of knowledge of the alleged consent does not create sufficient doubt in my mind.

53) One issue raised by Mr Bartlett is that, not only is the consent not in writing, but further, the scope of the consent is unknown. In particular, it is unknown whether any consent included permission for DDL to register the mark in its own name as opposed to in the name of Dalsouple France. Mr Gaukroger has explained circumstances where Bruno Mortoire alerted him to Dalsouple France's German agent registering the mark in Germany and that he should do the same in the UK. This version of events provides some support for any consent to be in respect of DDL also registering the mark in its own name.

54) There is an absence of detailed supporting evidence, what evidence there is appears to corroborate Mr Gaukroger's version of events. He clearly had a close and trusting relationship with Raymond Mortoire and this increases the likelihood that Mr Mortoire trusted him to register the mark in the UK, Dalsouple France was becoming increasingly reliant upon DDL to produce growth of the business and the German agent had done the same, apparently without sanction from Dalsouple France. Further, Mr Gaukroger has provided convincing statements under cross examination to support his version of events. Against this is Pierre Mortoire's insistence that his father would not have given away the businesses most valuable asset and that if he had, Pierre Mortoire would have known about it, but he did not. I have already discussed these points and concluded that it is plausible that Pierre Mortoire is incorrect on both these points.

55) Further, I am not persuaded by Dalsouple France's claim that DDL's registration of the DALSOUPLE mark was part of a pattern of behaviour. Mrs Gaukroger, under cross examination provided a credible explanation regarding the use of her name in the proprietor details of the application to register the KRAIBURG mark. Whilst it is arguable whether, in fact, it was made in her own personal name or whether it was in the name of Kraiburg Limited with Mrs Gaukroger as its contact name, I am satisfied that the intention was to file in the name of Kraiburg Limited. As the German manufacturer had a stake in this company, I see nothing underhand in Mrs Gaukroger's actions.

56) Taking all of the above into account, I find that the most likely position is that Raymond Mortoire did indeed, give verbal consent to DDL applying to register the mark in its own name.

57) This finding, at first reading, would appear to conflict with the findings of the OHIM's opposition division in respect of the proceedings between the parties in respect of DDL's CTM registration. However, the contested consent in that case was allegedly provided by a different person (Pierre Mortoire rather than Raymond Mortoire) who was in a position to provide first hand evidence to refute the claim that he gave verbal consent. Further, the scope of the consequences of DDL holding a CTM are somewhat different to holding a national mark (as at

issue in the current proceedings) and may have led Dalsouple France to consider the issue of consent in a different light. In summary, I do not believe that my finding is contrary to those of the OHIM.

58) The consequence of this finding is that Dalsouple France's invalidation ground based upon Section 5(4)(a) must fail because of the provision set down in Section 5(5) of the Act. In respect to Section 3(6), it is not obvious to me how Mr Gaukroger's and DDL's actions of registering the mark DALSOUPLE in the UK can be classified as an act of bad faith when I have found that it had the consent of Raymond Mortoire to do so.

59) Therefore, Dalsouple France's invalidation action, insofar as it is based upon Section 3(6) and Section 5(4)(a) fails.

Section 60(3)

60) This part of the Act states as follows:

60. - (1) The following provisions apply where an application for registration of a trade mark is made by a person who is an agent or representative of a person who is the proprietor of the mark in a Convention country.

(2) If the proprietor opposes the application, registration shall be refused.

(3) If the application (not being so opposed) is granted, the proprietor may-

(a) apply for a declaration of the invalidity of the registration, or

(b) apply for the rectification of the register so as to substitute his name as the proprietor of the registered trade mark.

(4) The proprietor may (notwithstanding the rights conferred by this Act in relation to a registered trade mark) by injunction restrain any use of the trade mark in the United Kingdom which is not authorised by him.

(5) Subsections (2), (3) and (4) do not apply if, or to the extent that, the agent or representative justifies his action.

(6) An application under subsection (3)(a) or (b) must be made within three years of the proprietor becoming aware of the registration; and no injunction shall be granted under subsection (4) in respect of a use in which the proprietor has acquiesced for a continuous period of three years or more.

61) Of course it can be argued that having found that DDL had the necessary consent, then this provides the necessary justification referred to in Section 60(5). However, in case of any doubt on this point, I will briefly consider what I see as the other determinative issues in respect of this ground.

62) Mr Tritton submitted that:

- Section 60 is merely a subset of Section 3(6) and consequently, my finding should follow that in respect of Section 3(6).;
- Additionally or alternatively, he submits that this ground fails from the outset because Section 60 requires that the party bringing the action must be the proprietor of the mark in a “Convention country” and Section 55 defines “Convention country” as country, **other than the United Kingdom** (my emphasis), which is a party to that Convention. Dalsouple France’s case relies upon a claimed unregistered mark **in the UK**. Alternatively, Mr Bartlett, at the hearing, appeared to make the case based upon an undefined mark outside the UK.

63) As Mr Bartlett submitted, it is clear from the comments of Richard Arnold QC, sitting as the Appointed Person (as he then was) in *Sribhan Jacob Company Limited* (BL O/066/08), paragraph 49, that an unregistered mark can be relied upon for the purposes of Section 60. In his skeleton argument, Mr Bartlett made a case that Dalsouple France owned the goodwill in the mark in the UK and “(i)t was therefore the proprietor of the mark for the purposes of section 60”. As Mr Tritton has pointed out, this is clearly not the case because Section 55 of the Act prohibits reliance upon a mark in the UK. Mr Bartlett’s supports his position by reference to OHIM’s manual, Annex V, pages 6 and 7 that relates to treatment of cases under Article 8(3) of the CTMR (equivalent to Section 60 of the UK Act). Crucially, as Mr Tritton pointed out, the CTMR has no equivalent to Section 55 and as a result, OHIM’s treatment of such a scenario may differ from that in the UK. Perhaps this is why Mr Bartlett characterised his position somewhat differently in his aural submissions when he claimed that Dalsouple France has been trading “not only in the UK ... but in other convention countries as well including, by way of example, France”. This is a shift in position, but in my view does not assist Dalsouple France. Mr Bartlett’s reference to “other convention countries” is too vague for me to give any consideration to the existence of the necessary earlier mark. There is no evidence to assist me in understanding whether or not the laws in France recognise the rights related to an unregistered mark and, if so, to what extent. Further, his specific mention of France being the convention country relied upon does not noticeably improve his case. In this respect I am fully with Mr Tritton.

64) Whilst Mr Bartlett did not rely upon it, there is evidence of Dalsouple France having a registration in France (paragraph 23 and Exhibit PM5 of Pierre Morteire’s witness statement). However, because this was not obtained until

2008, it does not provide Dalsouple France with the necessary right at the relevant date, namely the filing date (26 November 1998) of DDL's UK registration.

65) For the reasons, I conclude that Dalsouple France is unable to rely upon its ground based upon Section 60. It has not shown that it is the proprietor of the necessary mark in a Convention country required by Section 60(1) of the Act.

Outcome of Dalsouple France's invalidation action and consequences for the opposition proceedings

66) The invalidation action fails in respect of all three grounds. As a result, Dalhaus' UK application stands and can be relied upon as an earlier mark in the opposition proceedings, subject to the issue of proof of use. That said, whilst Dalsouple France put Dalsouple UK to proof of such use in its counterstatement, I also understand that it was not challenging the use *per se*, but rather it was claiming that the use was on behalf of Dalsouple France. In light of my finding in respect of consent, it follows from this that DDL was using the mark in respect of a wide range of flooring products, albeit with Dalsouple France's consent. Approximate turnover figures have been provided and the evidence is littered with references to the various types of flooring that DDL has supplied over the years under the mark DALSOUPLE.

67) Taking the above into account, I find that Dalhaus Ltd is able to rely upon the following list of goods:

Class 17: ~~Natural rubber and synthetic rubber;~~ **Flooring** goods made from ~~these materials~~ **natural rubber or synthetic rubber** or dipped or covered in these materials.

Class 27: Resilient materials to cover existing surfaces; resilient materials to cover floors, ~~walls and ceilings.~~

68) Whilst the specification of goods of Dalhaus Ltd's earlier UK mark has been narrowed, the remaining goods are all either identical or similar to those listed in Dalsouple France's IR. When this is factored in to the overall analysis together with the fact that the marks are identical and the relevant consumers will be the same, I find that that Dalsouple UK's opposition to Dalsouple France's attempt to extend the scope of its IR by designating the UK succeeds in its entirety.

69) In light of this finding, Dalsouple UK is no better position when relying upon Dalhaus Ltd's CTM. Consequently, the parallel proceedings at the OHIM, involving this other earlier mark, have no bearing on the outcome of these proceedings.

COSTS

70) Both the invalidation action and the opposition have been found in favour of Dalhaus Ltd and Dalsouple UK respectively. Consequently, they are entitled to a contribution towards their costs. I take account of the fact that a hearing has taken place and that two witnesses from both sides appeared for cross examination. I award costs on the following basis:

Opposition fee	£200
Preparing Notice of Opposition and considering statement of case in reply	£300
Considering Notice of invalidation and preparing statement of case in reply	£300
Preparing and filing evidence and considering other side's evidence	£1000
Preparing and attending hearing	£1600
TOTAL	£3400

71) In addition to this award of costs, Dalsouple UK are also entitled to request the reasonable travel and accommodation expenses for their witnesses, Mr and Mrs Gaukroger. If Dalsouple UK wish to claim such expenses, they must send submissions to that effect, with a breakdown of expenses supported by receipts, to the Registry within ten days of the date of this decision. Dalsouple France will have ten days from receipt of these submissions to file any submissions in reply concerning the claimed expenses in relation to Dalsouple UK's witnesses. I will then issue a supplementary decision covering this aspect of costs, unless there are no submissions from Dalsouple UK.

72) In relation to the above stated award of £3400, I order Dalsouple Societe Saumuroise du Caoutchouc to pay this sum together with any additional costs specified in a supplementary decision in respect of expenses relating to the travel and accommodation expenses of Mr and Mrs Gaukroger to attend the hearing. This sum is to be paid to Tim Gaukroger, Dalsouple Direct Limited and Dalhaus Limited within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful. The appeal period will begin from the date of this decision, or from the date of a supplementary decision, if one is issued.

Dated this 20th day of May 2014

**Mark Bryant
For the Registrar,
the Comptroller-General**