

# TRADE MARKS ACT, 1996

## Decision in Hearing

IN THE MATTER OF an application for registration of Trade Mark No. 221227 and in the matter of an Opposition thereto.

**SHAMROCK SEA-CAL LIMITED**

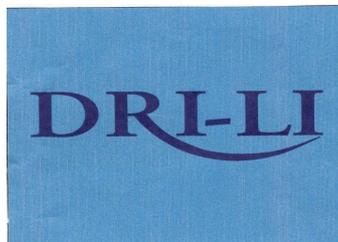
**Applicant**

**MARIGOT LIMITED t/a CELTIC SEA MINERALS**

**Opponent**

### Application for registration

1. On 15 May, 2000, Shamrock Sea-Cal Limited of Bishopswood, Dundrum, Co. Tipperary made application (No. 2000/01689) under Section 37 of the Trade Marks Act, 1996 (“the Act”) to register the mark shown below<sup>1</sup> as a trade mark in respect of a specification of goods in Class 31<sup>2</sup> that was amended in the course of the examination of the application to read as indicated:



Class 31 : *Bedding materials for animals, namely, cubicle liners, seaweed based, designed to keep animals dry (drier)*

2. The application was accepted for registration and advertised accordingly under No. 221227 in Journal No. 1935 on 6 February, 2002<sup>3</sup>.

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<sup>1</sup> The representation of the mark shown is one that was filed on 8 August, 2002 but it is virtually identical in all material respects to that originally filed.

<sup>2</sup> The application also included goods in Class 5 but these were deleted in the course of the examination of the application.

<sup>3</sup> The advertisement wrongly stated the Applicant’s address as 8 St. Michael Street, Tipperary, which is, in fact, the address of the Applicant’s solicitors, Messrs. English Leahy Donovan, Solicitors

3. Notice of opposition to the registration of the mark pursuant to Section 43 of the Act was filed on 2 May, 2002 by Marigot Limited, also trading as Celtic Sea Minerals, an Irish company of Strand Farm, Currabinny, Carrigaline, Co. Cork. The Applicant filed a counter-statement on 8 August, 2002 and evidence was subsequently filed by the parties under Rules 20, 21 and 22 of the Trade Marks Rules, 1996 (“the Rules”).
4. The matter became the subject of a Hearing before me, acting for the Controller, on 16 November, 2006. The parties were notified on 12 December, 2006 that I had decided to uphold the opposition and to refuse the application for registration. I now state the grounds of my decision and the materials used in arriving thereat.

### **Scope of the opposition**

5. While the notice of opposition filed by the Opponent cites eight different grounds of opposition under Sections 8, 10, 37 and 42 of the Act, several of these are obviously without any foundation or were not subsequently substantiated in the evidence filed. So, for example, grounds of opposition under Section 10(2) and Section 10(3) were raised but no earlier trade mark within the meaning of Section 11 of the Act was identified by the Opponent in the notice of opposition or subsequently. Similarly, no evidence or argument was presented to support the Opponent’s contentions that the mark applied for is non-distinctive and deceptive and that its use is prohibited by law, so that the objections raised in the notice of opposition under Section 8(1)(b), Section 8(3)(b) and Section 8(4)(a) also fall away. An objection was also raised under Sections 37(2) and 42(3) on the basis that the Applicant did not intend to use the mark applied for in relation to the goods of the application but no evidence was given in support of that assertion and, in fact, the evidence is to the contrary effect.
6. In reality, the Opponent’s case is to the effect that it is the proprietor of the unregistered trade mark DRI-LI and that the application for registration was made in bad faith by the Applicant and should be refused under Section 8(4)(b) of the Act (*paragraph 8 of the notice of opposition*) and/or that the use of the mark by the Applicant is liable to be prevented by virtue of any rule of law protecting an unregistered trade mark or other sign used in the course of trade so that the

application should be refused under Section 10(4)(a) of the Act (*paragraph 9 of the notice of opposition*). The Applicant denies both of these grounds of opposition (and all others raised). It specifically denies that the Opponent is the proprietor of the trade mark DRI-LI (*paragraph 2 of the counter-statement*) and claims that the opposition is vexatious and lacking in all merit and *bona fides* (*paragraph 15 of the counter-statement*).

#### **The evidence<sup>4</sup>**

##### *Rule 20*

7. Evidence submitted by the Opponent under Rule 20 consisted of a statutory declaration (and Exhibits DL1-DL3), dated 28 April, 2003, of Michael Ryan, its Managing Director. He says that the Opponent commenced research of a product for use as bedding in dairy housing in the year 1995, carrying out farm trials to determine its efficiency. The trials were successful and it was decided to continue with the product, for which the name DRI-LI was chosen. Sales commenced in October, 1995 to a company in Northern Ireland. The Opponent also produced, under the trade mark SeaCal, a soil conditioner based on calcified seaweed, which it supplied to the present Applicant, which in turn sold the product to farmers. In February 1996 the Opponent began selling DRI-LI to the Applicant and was still doing so at the time that the Statutory Declaration was made. The Applicant distributed the Opponent's DRI-LI product within the State only. Between 1996 and 2002 the Opponent's sales of goods under the trade mark amounted to over €640,000. In 1997 sales of goods under the mark were extended to the United Kingdom and Spain. On 15 September, 1998 the Opponent and the Applicant entered into a marketing partnership agreement in respect of goods bearing the trade marks SEA CAL and DRI-LI.

##### *Rule 21*

8. Evidence submitted by the Applicant under Rule 21 consisted of a statutory declaration (and Exhibits JOD1-JOD4) dated 26 November, 2003 of James O'Doherty, a director of the Applicant. He says that the Applicant entered into negotiations with the Opponent in October, 1995 with a view to distributing in the State the product known as SeaCal (formerly known as Calmin) and that an

agreement was entered into between the parties as a result. He says that the name Dri-Li was not mentioned at that time and, in fact, that he invented that name for a new product which was developed at his request by an entity called Biocell in Cork. The Applicant commenced marketing the new product under the name Shamrock Dri-Li in December, 1995 and sales commenced under that name in February, 1996. Mr. O'Doherty says that, shortly after Dri-Li came on the market, the Opponent sought to emulate it and to market the Applicant's product under its (the Opponent's) name, including "selling its own version of the Applicant's Dri-Li in the Applicant's wrapping in Spain and later in the United Kingdom". At no time did the Opponent ever take issue with the Applicant's marketing or selling of Dri-Li as the Applicant's own product. The Applicant has always printed the word Dri-Li on the packaging of its goods in the same distinctive manner, i.e., with the extended R as shown in the representation of the trade mark filed in support of the application for registration and Mr. O'Doherty asserts that the Opponent initially printed the word in ordinary typeface but has subsequently adopted the same style of lettering as used by the Applicant.

*Rule 22*

9. Evidence in reply submitted by the Opponent under Rule 22 consisted of a further statutory declaration (and Exhibits M1-M5) dated 18 March, 2005 of Michael Ryan. In addition to expanding on some of the facts to which he averred in his earlier Declaration, he says that,
  - the agreement referred to by Mr. O'Doherty in respect of SeaCal never came into effect,
  - the trade mark DRI-LI was coined at a meeting of the Opponent attended by Mr. Ryan and a Mr. Russell Jennings, an employee of the Opponent, on 20 March, 1995, and

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<sup>4</sup> review of the evidence confined to matters or relevant fact or claimed fact

- reports compiled by Mr. Jennings of visits of clients of the Opponent to its former premises during October and November, 1995 include reference to the DRI-LI product.

### **The hearing and arguments of the parties**

10. At the hearing the Opponent was represented by Mr. Jonathan Newman, BL instructed by Tomkins & Co., Trade Mark Agents and the Applicant by Mr. Niall Mooney, BL instructed by English Leahy Donovan, Solicitors.

11. A preliminary point was raised by Mr. Mooney in relation to the Opponent's evidence under Rule 22, being the second statutory declaration of Mr. Ryan. Mr. Mooney noted that that Declaration was filed almost 17 months after the filing by the Applicant of its evidence under Rule 21, notwithstanding that Rule 22 requires the filing of the Opponent's evidence in reply within 2 months of receipt by it of a copy of the Applicant's Rule 21 evidence. Mr. Mooney asserted that the Opponent's delay in filing its evidence under Rule 22 was unwarranted and that the evidence in question should be disregarded and should not be relied on for the purposes of the determination of the matter. I rejected that submission for the reason that the Rules confer a discretion on the Controller to extend the time for filing evidence in reply under Rule 22 and that such discretion had been exercised favourably towards the Opponent with no demur having been raised on behalf of the Applicant at the relevant times. It was my opinion that, in the circumstances, it was too late in the day for the Applicant to complain at the hearing about the time taken for filing of Rule 22 evidence and I ruled accordingly that the evidence was to be regarded as validly filed and could be relied upon by the Opponent at the hearing.

12. As to the substance of the opposition, Mr. Newman asserted that the Opponent must be held to be the true proprietor of the trade mark at issue on the basis of first user of the mark. By virtue of the commercial relationship that obtained between the Applicant and the Opponent, the Applicant would have been aware of the Opponent's proprietorship of the trade mark and, in fact, the Applicant effectively acknowledged the Opponent's proprietorship of the trade mark in the marketing partnership agreement of 15 September, 1998. In those circumstances, the

application for registration of the mark in the name of the Applicant must be seen as an attempt by the Applicant to lay its hands on the Opponent's property. Such an application is one made in bad faith. Additionally and alternatively, Mr. Newman argued that the trade mark being the property of the Opponent, its use by the Applicant would be liable to be prevented by means of an injunction granted at the suit of the Opponent. The application thus falls foul of Section 10(4)(a) of the Act in light of the Opponent's rights in its unregistered trade mark DRI-LI.

13. In reply, Mr. Mooney referred to the fact that the Applicant has, for several years, sold goods under the trade mark that it seeks to register without any objection or any threat of proceedings having being raised on the part of the Opponent. The agreement of 15 September, 1998 was understood by the Applicant as being in the nature of a pricing agreement, the purpose of which was not to address the question of proprietorship of the trade mark DRI-LI. The fact of the Applicant having entered into that agreement should not be taken as an admission on its part that the Opponent is the proprietor of the mark. The manner in which the Applicant has used the trade mark DRI-LI in conjunction with the name Shamrock, which identifies the Applicant, reflects the Applicant's view, and that of Mr. O'Doherty as its director, that it is the owner of the trade mark and has been at all material times.

#### **Grounds of decision**

14. Both of the grounds of opposition pursued by the Opponent rely on its claim that it is the proprietor of the trade mark DRI-LI, which claim is denied by the Applicant, and it is necessary to address that question first of all. In my opinion, the evidence filed by the Opponent clearly supports its claim to proprietorship of the trade mark and I find the Applicant's evidence on this aspect of the matter wholly unconvincing. Mr. O'Doherty, for the Applicant, says that he invented the name DRI-LI for a new product developed at his request by Biocell in Cork but there is no evidence in corroboration of this claim, not even a statutory declaration from an officer of the said Biocell to the effect that it was ever commissioned by Mr. O'Doherty to develop a particular product. Nor has the Applicant shown that it manufactured or caused to be manufactured on its behalf any product that it marked or caused to be marked with the name DRI-LI. It appears that the product

which the Applicant commenced selling in February, 1996 under the name DRI-LI was supplied to it by the Opponent and, despite Mr. O'Doherty's assertions that the contractual relationship between the parties "*did not exclude the company [the Applicant] from developing its own product*" and that "*there is no suggestion that this Dri-Li [product sold by the Applicant under the name Shamrock Dri-Li] was distributed for or on behalf or under licence from any other party*", there is no evidence that the Applicant has ever sold any product under the name DRI-LI other than the product bearing that name which it received from the Opponent.

15. Furthermore, Mr. O'Doherty places his claimed creation of the mark in December, 1995 but the Opponent has given irrefutable evidence of having sold goods bearing the mark in October of that year. The copy invoice dated 31 October, 1995, No. 1030/00130 addressed to An-Min-AI Supplies of Lurgan, Co. Armagh exhibited at Exhibit DL1 to Mr. Ryan's first Statutory Declaration filed under Rule 20 includes a listing for "1 TONNE DRI-LI", which shows that the Opponent was using the mark as of that date. That material was available to the Applicant at the time that Mr. O'Doherty made his Statutory Declaration under Rule 21 and his failure to offer any credible rebuttal of it fundamentally undermines his unsubstantiated claim to have created the mark in December, 1995. The material exhibited at Exhibit M1 of Mr. Ryan's second statutory declaration provides further evidence of the Opponent's use of the trade mark prior to Mr. O'Doherty's claimed creation of it. This exhibit consists of notes of meetings in October and November, 1995 during which the Opponent's Mr. Jennings was clearly promoting a new product under the name DRI-LI, including by distributing leaflets to potential distributors. In the light of that evidence, I am not prepared to accept Mr. O'Doherty's version of events. To do so would be to believe that he independently invented the name DRI-LI for an unnamed product supplied to his company by the Opponent, which product the Opponent had, coincidentally, previously sold under that name. That is simply not a credible proposition.

16. Looked at in the round and on the balance of probabilities, I am satisfied that the evidence establishes that the Opponent adopted the trade mark DRI-LI for an animal bedding product which it began to market and sell under that trade mark in

October, 1995 and that the Applicant has, since February, 1996, been a customer for that product which it retails to farmers as “Shamrock Dri-Li”. In my opinion, the evidence does not support any claim on the part of the Applicant to proprietorship of the trade mark DRI-LI, *per se*. It reflects, rather, a scenario in which the Applicant was in an analogous position to that of a distributor of the Opponent’s goods, although there are some aspects of the evidence which suggest that things may not have been quite as straightforward as that. I note, for example, that the invoices exhibited at Exhibit DL1 to Mr. Ryan’s first statutory declaration include one dated 26 August, 1997 in respect of “Contribution re DRI-LI bags” in the amount of £400, another dated 26 September, 1997 in respect of “12 tonnes **SHAMROCK** DRI-LI” (my emphasis) and a third dated 15 October, 1997 in respect of “2,400 Dri-Li Bags” at 40p each, total £960. I suspect that the circumstances that gave rise to the raising of those invoices were that the Applicant paid for the bags into which the bulk product manufactured by the Opponent was packaged for supply to the Applicant and that the bags in question bore the name SHAMROCK DRI-LI together with the device of a shamrock and accompanying wording “A Quality Shamrock Product” in the manner appearing on the sample bag exhibited by Mr. O’Doherty at Exhibit JOD4 to his statutory declaration filed under Rule 21. If that is the case (and I accept that it is far from certain), then it can be argued that the Opponent acquiesced to some extent in the Applicant’s association with itself of the name and trade mark DRI-LI. Nevertheless, I do not think that these exhibits are sufficient to dislodge the principle fact that emerges from the evidence as a whole, which is that it was the Opponent and not the Applicant that invented the trade mark DRI-LI and that the goods identified by that trade mark are, and always have been, of the Opponent’s manufacture.

17. In light of that finding, I turn to address the two specific grounds of opposition against the application for registration, namely (i) that it was made in bad faith by the Applicant and, (ii) that the use of the trade mark by the Applicant is, or was, liable to be prevented by any rule of law protecting an unregistered trade mark.

***Bad faith***

18. Section 8(4)(b) of the Act provides that a trade mark shall not be registered if, or to the extent that, the application for registration is made in bad faith by the applicant. The circumstances in which an application for registration may be regarded as having been made in bad faith must include an application that gives expression to a deliberately dishonest intention on the part of the applicant. In my opinion, the present application is founded on such a dishonest intention. By it, the Applicant sought to acquire for itself a statutory monopoly in the name DRI-LI as used in relation to a seaweed-based animal bedding material in the full knowledge that the name in question was the Opponent's trade mark and was used by the latter in relation to that specific product. The application for registration was, therefore, an attempt by the Applicant to take for itself and itself alone a trade mark to which it was not entitled and to which it knew that it was not entitled when making the application.

19. The fundamental dishonesty of the application is not diminished to any significant extent by, and may not be excused because of, the Opponent's apparent acquiescence in the use of the mark in such a way as to suggest a connection between the relevant goods and the Applicant as something more than a mere distributor. Such acquiescence of that nature as there may have been on the part of the Opponent was not susceptible of interpretation by any reasonable person as an invitation to go ahead and take the trade mark and the rights that go with registration. Knowing of the Opponent's proprietorship and use of the mark and, therefore, the fact that the mark served to distinguish the Opponent's goods, the filing of the application can only have served the dishonest purpose of representing that the goods identified by the mark were the Applicant's goods and not those of the Opponent. That being the case, the application for registration was made in bad faith by the Applicant and must be refused under Section 8(4)(b) of the Act.

***Rights in unregistered trade mark***

20. Section 10(4)(a) of the Act provides that a trade mark shall not be registered if, or to the extent that, its use in the State is liable to be prevented 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. It is clear from the wording of that provision that it may have application in cases of objection based on grounds other than passing off but, in practice, that is almost inevitably the basis of an objection raised under the Section. In the present case, the Opponent did not specify in its notice of opposition whether its objection under this Section was limited to a claim that the use by the Applicant of the mark propounded for registration would amount to passing off or whether it claimed, additionally, that such use would be liable to be prevented by virtue of some other rule of law also. At the hearing, Mr. Newman opened his argument in relation to this ground of opposition by referring to the decision of O’Sullivan J in the High Court in the *DIESEL* case<sup>5</sup> and to the learned judge’s reference to the decision of Morritt L.J. in *AL BASSAM Trade Mark* [1995] RPC 511 at page 522, as follows:

*“Accordingly, it is necessary to start with the common law principles applicable to the question of the ownership of unregistered marks. These are not in doubt and may be shortly stated. First, the owner of a mark which had been used in conjunction with goods was he who first used it. Thus in Nicholson & Sons Ltd.’s Application (1931) 48 RPC 227, at page 253 Lawrence L.J. said:*

*“The cases to which I have referred (and there are others to the 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.”*”

21. That prompted me to ask Mr. Newman whether the Opponent claimed that a ground of objection existed under Section 10(4)(a) based solely on its claim to proprietorship of the mark by virtue of first user, i.e., whether or not the claimed usage was found to have been likely to have established the kind of goodwill that

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<sup>5</sup> *Montex Holdings Limited –v- The Controller of Patents, design and Trade Marks and Diesel S.P.A.*, (2000) 1 I.R. 577

would be required to ground an objection based on passing off. In response, Mr. Newman referred to the very clear statement of the law set out above to the effect that first use of a trade mark creates in the user a protectable right of property and to the fact that the High Court has endorsed that statement as recently as the DIESEL case. In his submission, it was not incumbent on the Opponent to say whether its claim based on prior use of the trade mark was or was not limited to the law of passing off and, in any event, there were several cases in which it was acknowledged that the necessary reputation to ground such a claim could be acquired in a very short period of time – see *Kerly's Law of Trade Marks and Trade Names*, 14<sup>th</sup> Edition at paragraph 15-022.

22. In my opinion, the Opponent cannot succeed under Section 10(4)(a) based on a claim that the use of the mark propounded for registration would be liable to be prevented by virtue of a rule of law other than the law of passing off. For one thing – and this is quite fundamental – the Opponent has not specified, in the notice of opposition or subsequently, a rule of law other than the law of passing off on which it claims an entitlement to prevent the use of the mark. The statement of the law relied upon by Mr. Newman at the hearing was delivered by Lawrence L.J. in the context of proceedings under the English equivalent of the Trade Marks Act, 1963 and was followed by O'Sullivan J in *DIESEL*, which also was a case under that Act. The question under consideration in each of those cases was whether a particular party could legitimately claim to be the owner of the mark in suit. That question arose because an application for registration under the 1963 Act could only validly be made by the owner of a trade mark. The reference in the passage quoted to the state of the law in England prior to the enactment of the Trade Marks Registration Act of 1875 does not amount to a statement by the High Court that there is in effect here a rule of law equivalent to that under which an owner of a trade mark could, prior to 1875, secure an injunction in a court of equity restraining its use by any other trader, regardless of the length or extent of his use of the mark. I am not persuaded that there is any rule of law to that effect and, as I have indicated, none has been specified by the Opponent. In the circumstances, I need only consider the objection under this Section of the Act in relation to the question of passing off and whether the use by

the Applicant of the mark put forward for registration would be liable to be prevented by virtue of that rule of law.

23. In considering that question, it is important to distinguish between the discrete functions of the Controller and the Court and to recall that it is not the function of the Controller to say whether passing off has actually occurred, as that is a matter within the jurisdiction of the Court alone. However, in deciding whether the ingredients of an action for passing off existed as of the relevant date of these proceedings, i.e. the date of filing of the application for registration, 15 May, 2000, the Controller must have regard to the facts of the case as shown by the evidence filed. Those facts are that the Opponent's use of the trade mark DRI-LI commenced just four months prior to the Applicant's use of it – October, 1995 as against February, 1996 – and that the only use made of the mark by the Opponent in the intervening period was in relation to sales of goods to a company in Northern Ireland, i.e., outside of the State. On the basis that the relevant date for proving reputation in an action for passing off is the date on which the acts complained of are commenced<sup>6</sup>, it seems to me that the objection under Section 10(4)(a) can only succeed if I accept that the Opponent enjoyed a reputation in the State under the trade mark DRI-LI as of February, 1996 such that the Applicant's use of it as of that date would have constituted a misrepresentation as to the origin of the relevant goods that would have resulted in damage to the Opponent. I do not accept that the evidence filed by the Opponent establishes any such reputation under the trade mark as of that date and I find, therefore, that the opposition should be dismissed insofar as it relates to Section 10(4)(a) of the Act.

Tim Cleary  
Acting for the Controller

31 January, 2007

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<sup>6</sup> *Cadbury-Schweppes Pty. Ltd. v The Pub Squash Co. Ltd* [1981] R.P.C. 429 at 494