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## Liar liar... pants on fire! High Court of Ireland finds in favour of Diesel and overturns a trade mark opposition on appeal

Julius Stobbs, Mary White (Stobbs IP) · Monday, May 20th, 2024

Diesel SPA (hereafter Diesel Italy) began selling jeans in Italy in 1978. The jeans were sold in Ireland from 1982 onward. In the intervening years, a company based in Monaghan also started to produce jeans under the name Diesel (hereafter referred to as Diesel Ireland). When Diesel Italy applied to register a word and a device mark in Ireland, their applications were opposed by Diesel Ireland.

The first-instance decision on the Diesel Italy application and Opposition thereto, was made at a hearing in May 2012. The opponent's central arguments were:

- that Diesel Italy was not the proprietor of the trade mark, claiming ownership of the mark, by virtue of being the first business to use the mark in Ireland.
- that the Diesel Italy application failed to meet the requirements on the Irish Trade Marks Act 1963 (on the basis it would cause marketplace confusion, due to similarity with the earlier mark.)

Diesel Italy had asserted from the outset of the dispute that the Irish company had acted dishonestly in copying the Italian brand.

Surprisingly, when the national office considered the issue of a lack of refutation of the claims of bad faith, the lack of response was excused on the basis that the trade mark agent advising Diesel Ireland (and their Counsel) had deemed the issue of bona fides "irrelevant to the matter at hand" (§32). This assessment was incorrect, observed Mr. Justice Cregan (and Mr. Justice O'Sullivan in earlier related proceedings).

In contrast, in the appeal judgment, Mr. Justice Cregan noted that allegations of bad faith should be met with a robust reply if they are unfounded. The lack of rebuttal could imply that there was no disagreement at the time. Furthermore, the Controller had erred in accepting the submission, made by Diesel Ireland's trade mark agent at the first-instance hearing that "you do not have to be the inventor of the mark in order to be the owner of the mark... use of the mark is quite sufficient." The High Court judge found that such an argument could not hold true if such use of the mark constituted a dishonest or fraudulent act.

Diesel Ireland had later submitted a statutory declaration claiming that the name was independently invented; however, this declaration was sworn some 26 years after the events described were said to have taken place. This was also based on the recollection of one employee of conversations with

an employee who had since passed away. Furthermore, the statutory declaration was found to contain factual errors. Therefore, Diesel Ireland's late-filed arguments were neither persuasive nor credible.

Justice Cregan held that if the two marks were to co-exist, there would be confusion, and the law cannot allow a company to profit from its own wrong-doing. He concluded: "The thing speaks for itself.... 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."

Therefore, the High Court overturned the decision of the IPOI, issuing an injunction to restrain the unlawful use by Diesel Ireland of the mark "Diesel," before undertaking to revisit the issue of damages and costs.

The concept of bad faith, where a dishonest intention can be shown, is a powerful one in trade mark proceedings. If bad faith is erroneously alleged, it should be refuted swiftly and decisively. Contemporaneous documents detailing the naming process, such as dated board meeting minutes, could be used in support of witness statements.

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