



THE COURT OF APPEAL

Neutral Citation Number: [2018] IECA 299

Record Nos. 2017/14

2017/18

Peart J.
Hogan J.
Baker J.

IN THE MATTER OF THE TRADE MARKS ACT 1963,
AND IN THE MATTER OF THE TRADE MARKS ACT 1996,
AND IN THE MATTER OF APPLICATION NUMBERS 177240 AND 177245 DATED 11TH
JANUARY, 1994, PURSUANT TO THE TRADE MARKS ACT 1963, BY DIESEL S.P.A
FOR REGISTRATION OF DIESEL (DEVICE) AS TRADE MARKS
IN CLASS 25 OF THE REGISTER OF TRADE MARKS

BETWEEN

DIESEL S.p.A.

PLAINTIFF

- AND -

THE CONTROLLER OF PATENTS, DESIGNS AND TRADEMARKS

FIRST DEFENDANT

- AND -

MONTEX HOLDINGS LTD.

SECOND DEFENDANT

JUDGMENT of Mr. Justice Gerard Hogan delivered on the 2nd day of October 2018

1. Where an appellant in a trade mark appeal before the High Court wishes to adduce further evidence in that appeal, is the test governing the admission of that new evidence that articulated by the Supreme Court in *Murphy v. Minister for Defence* [1991] 2 I.R. 161? Or should a somewhat different test reflecting, perhaps, the special character of the trade mark registration process, apply in respect of that appeal?

2. This, essentially, is the principal issue which is raised in this appeal from the judgment of Binchy J. delivered in the High Court: see *Diesel SpA v. Controller of Patents, Designs and Trade Marks* [2016] IEHC 415. As the judge acknowledged in his judgment, this is the first time in which this matter was fallen to be determined at appellate level in this jurisdiction. In his judgment Binchy J. applied the more lenient standard governing the admission of new evidence in trade mark appeals which had been articulated by Laddie J. in the English High Court in *Hunt-Wesson Inc.'s Trademark Application* [1996] RPC 233 and to that extent Binchy J. departed from the Murphy test. He accordingly granted Diesel SpA leave to admit this new evidence. The Controller has now appealed to this Court against that decision.

3. Before, however, we can explore these questions, it is necessary first to sketch out the background to this appeal.

The background to the appeal

4. The present proceedings arise out of a long-running trade mark dispute between the plaintiff (which is by now a well known Italian company which specialises in the manufacture and sale of casual clothes such as jeans and jackets under the brand name "DIESEL" for the international market, including Ireland) and the defendant Irish company, Montex Holdings Ltd. ("Montex"). Although Diesel SpA was formed in Italy in 1978, the original Montex Ltd. ("Monaghan Textiles") was incorporated in the State a year later when it began to sell its fashion wear in Ireland using the Diesel brand name. Montex Ltd. went into receivership in 1988 and its good will and proprietary rights were acquired by the present defendant, Montex. This has all led to a situation where these two corporate entities have vied for the right to use the trade mark "DIESEL" in this jurisdiction in the context of clothing for the best part of twenty years.

5. There has already been significant litigation between the parties concerning this trade mark. In *Montex Holdings Ltd. v. Controller of Patents* [2001] IESC 36, [2001] 3 I.R. 85 Montex sought to have the trade mark DIESEL registered in its name, but this application was opposed by Diesel SpA on the basis that it was likely to lead to confusion so far as their products were concerned. The Supreme Court ultimately upheld the decision of the Controller to refuse registration by reason of the confusion issue having regard to the provisions of s.19 of the 1963 Act.

6. The present proceedings involve an attempt by Diesel SpA to obtain trade mark rights in respect of the use of the word "DIESEL" in the context of the sale of its own fashion wear. Not surprisingly, this registration application has been opposed by Montex and, in some ways, these present proceedings parallel the original *Montex Holdings* decision, save, of course, that the position of the parties has been reversed. It must, however, be a matter of deep concern that this application for registration before the Controller was first made by Diesel SpA as far back as January 1994.

7. While Binchy J. considered - rather charitably perhaps - that the delays in processing this application for registration between 1994 to 2001 could be excused on the basis that the parties were awaiting the outcome of the *Montex Holdings* proceedings, there is simply no excuse for the continuing delays which have beset the present proceedings since the Supreme Court gave its decision in those proceedings in April 2001. A measure of the delays which have beset these present proceedings is that it is accepted that by reason of the antiquity of the proceedings the present appeal is still governed by the provisions of the 1963 Act, even though that Act was itself repealed as far back as 1996 - some twenty-two years ago - by the Trade Marks Act 1996.

8. As this Court has so frequently stated in recent times, the judicial mandate it has been assigned by Article 34.1 of the Constitution to discharge and uphold the proper and fair administration of justice is seriously compromised by inordinate delays of this kind. One might add that delays of this magnitude do little to inspire confidence in the orderly and efficient administration of justice. There is, however, no strike out application before this Court on the grounds of undue delay and in the present circumstances I will content myself with stating that in the aftermath of this judgment there must be no further delays on the part of the parties in the processing of the appeal before the High Court.

9. As I have already indicated, the pressing issue which arises on this appeal is a different one. As Binchy J. noted in his judgment, this application arises from the application of Diesel SpA to adduce further evidence in its appeal pursuant to s. 57 of the Trade Marks Act 1963 ("the 1963 Act") and Ord. 94, r. 48 RSC, from the decision of the first named defendant ("the Controller") dated 9th September 2013. By that decision the Controller refused the plaintiff's application for registration of the trademarks "DIESEL" (word mark) and "" (device) in respect of clothing, footwear and headgear within class 25 of the Register of Trademarks.

10. Between 2001 and 2007 the application before the Controller had been characterised by a series of applications made by both parties under the Trade Mark Rules 1963 (S.I. No. 268 of 1963) for extensions of time before the respective parties filed statutory declarations dealing with the use of the name "DIESEL" in this context. Specifically, by a statutory declaration dated 7th October 2004, Mr. McKenna of Montex Holdings explained how that company had come to use the "DIESEL" mark. This, then, gave rise to a request to permit the cross-examination of Mr. McKenna.

11. On 22nd March 2007 Montex sought leave under rule 40 of the 1963 Rules to admit evidence explaining why evidence as to the choice of the word "DIESEL" as a brand had not been given in the first set of proceedings which had culminated in the Supreme Court decision in April 2001. On 26th October 2007 the Controller agreed to allow the cross-examination of Mr. McKenna, and to allow Montex to file evidence under rule 40 of the rules. This evidence was filed on 20th February 2008, by way of statutory declaration of Shane Smyth dated 15th February 2008.

12. The substantive hearing of the application took place on 21st May 2012 before the Controller. He delivered his decision on 4th April 2013, upholding the opposition of Montex and refusing the application of Diesel SpA for registration. The latter company then appealed that decision on 7th November 2013 and then by an application dated 24th February 2014 Diesel SpA sought leave to admit this additional evidence.

13. In his decision refusing Diesel SpA's application the Controller was highly critical of the plaintiff company for failing to provide more evidence than it did relating to the sale of its goods in Ireland during the relevant period. He was, in particular, critical of the failure to exhibit more invoices proving sales of its products, and magazines in which the plaintiff claimed it published advertisements or evidence in relation to the circulation of those magazines in Ireland. Rather tellingly he stated that there was a "notable lack of concrete evidence and exactitude" in the plaintiff's application.

14. The plaintiff accordingly brings this application to adduce further evidence to address the evidential deficiencies identified by the Controller. While fuller particulars of this proposed new evidence are set out in detail at paras. 9 *et seq.* of the judgment of Binchy J., it can nonetheless be summarised as comprising: (1) Better copies of invoices which had been already submitted in its application; (2) New invoices demonstrating sales of just forty-two items during the relevant period; (3) Advertisements in various magazines; (4) Proof as to the circulation of those magazines in Ireland during the relevant period and; (5) Affidavit evidence to prove the sales of its products in Ireland during the relevant period and a reputation in Ireland during that period and; (6) Affidavit evidence seeking to disprove the sale of goods bearing the Montex brand in Ireland during the relevant period and, finally, (7) Documents of public record comprising the certificate of registration of the plaintiff's trademark in Italy, and the certificate of incorporation of Montex.

The relevant statutory provisions

15. Before considering this issue further, it is next necessary to examine the relevant statutory provisions governing the scope of the appeal.

16. The statutory appeal is provided for in s.57 of the 1963 Act:

"(1) An appeal shall lie to the Court from any order or decision of the Controller under any provision of this Act (not being a decision of the Controller under section 11 or subsection (7) of section 69 of this Act) or from a correction of an error in the register by the Controller under subsection (3) of section 42 of this Act, and the Court may make such order confirming, annulling or varying the order or decision or correction of the Controller as it thinks fit.

(2) In any appeal from a decision of the Controller to the Court under this Act, the Court shall have and exercise the same discretionary powers as under this Act are conferred upon the Controller....

(4) Subject to subsection (5) of this section, a decision of the Court under this section shall be final and not appealable.

(5) By leave of the Court, an appeal from a decision of the Court under this section shall lie to the Supreme Court on a specified question of law."

17. Section 25(7) of the 1963 Act provides:

"Appeals under section 57 of this Act against decisions of the Controller under this section 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.”

18. Section 26 of the 1963 Act provides in its relevant part for the conduct of the appeal as follows:

“(7) A person desiring to appeal under section 57 of this Act against a decision of the Controller under this section shall apply to the Controller under subsection (6) of this section for the written statement therein referred to, and on the appeal the Court shall, if required, hear the parties and the Controller and shall make an order determining whether, and subject to what conditions or limitations, if any, registration is to be permitted.

... (9) On the hearing of an appeal under section 57 of this Act against a decision of the Controller under this section any party may, either in the manner prescribed or by special leave of the Court, bring forward further material for the consideration of the Court.”

19. It may also be convenient to refer to the provisions of Ord. 94, r. 48 which provide that:

“Every such appeal to the Court shall be by way of rehearing; and, subject to the provisions of the Act, every appeal under section 25 of the Trade Marks Act 1963, shall be heard on the materials stated by the Controller to have been used by him in arriving at his decision, and every other appeal shall be heard on the same evidence as that used at the hearing before the Controller. No further evidence shall be given nor further material brought forward for the consideration of the Court on the hearing of any appeal without the special leave of the Court granted on an application made at or before the hearing.”

The nature and scope of the appeal from the Controller to the High Court

20. Perhaps the first question which falls to be determined is the nature and extent of the scope of appeal from the Controller to the High Court under s. 57 of the 1963 Act. The word “appeal” can be a troublesome one and the courts have frequently wrestled with this question in a variety of different contexts: see, e.g., *Dunne v. Minister for Fisheries* [1984] I.R. 230, *Orange Ltd. v. Director of Telecommunication Regulation (No.2)* [2000] 4 I.R. 159 and *Carrickdale Hotels Ltd. v. Controller of Patents, Designs and Trade Marks* [2004] 2 I.L.R.M. 401. The tangled and extensive case-law on this topic acknowledges a spectrum of possibilities ranging from an entirely *de novo* appeal on the merits (such as is involved in an appeal from the District Court to the Circuit Court) on the one hand to a more restricted appeal based on the record at the first instance court or tribunal and where the appeal is confined to a point of law on the other. There is, I think, no *ex ante* meaning of the word “appeal”, and it essentially takes its meaning in each particular instance from the wording of the relevant statutory provisions which delineate the scope of that appeal.

21. What, then, are the relevant statutory provisions of the 1963 Act so far as the scope of the s. 57 appeal is concerned? To my mind, the provisions of s. 25(7) are the most critical ones, because they plainly envisage that the appeal from the Controller to the High Court will be based on the materials which were before the Controller in the first instance and that the admission of any new evidence on appeal will only thereafter be with the leave of the High Court itself. It may, accordingly, be said that the scope of appeal thereby envisaged is in many respects indistinguishable from that which prevailed from the High Court to the Supreme Court prior to the establishment of this Court in October 2014 and, since that date, in respect of appeals from the High Court to this Court.

The admission of new evidence and the Murphy test

22. This is, as I have already indicated, a crucial consideration because in this type of case, there is a strong leaning against the admission of new evidence on appeal for all the reasons so powerfully advanced by O'Donnell J. in *Emerald Meats Ltd v. Minister for Agriculture* [2012] IESC 48. In that case (which, of course, ante-dated the establishment of this Court) the Supreme Court was required to decide, *inter alia*, upon an application for special leave to adduce further evidence pursuant to Ord. 58, r. 8 of the (then) Rules of the Superior Courts. Addressing this point O'Donnell J. said:

“The rules on the admission of fresh evidence on an appeal are quite strict. This is as it should be. There are very few cases in which the losing side does not regret that different witnesses were called, evidence given or points made either in cross-examination or in submission. But a trial is not a laboratory experiment where one element can be substituted and all other elements maintained and a different outcome obtained. It is important that parties are aware of the finality of litigation, and bring forward their best case for adjudication. Cases develop organically and unpredictably. One of the benefits which litigation brings at some cost is certainty. A party may reasonably dispute the merits of a conclusion, but cannot doubt that it is a conclusion. The court must make its decision on the evidence and case advanced on the day, or in this case, over the 17 days. It is partly for this reason that the rules and practice of the courts go to such elaborate lengths to attempt to ensure that both sides are fairly apprised of what is in dispute and have an adequate opportunity to prepare for the litigation. It is also why appellate courts have developed rigorous tests on applications to admit fresh evidence. There are few cases which in hindsight could not be rerun with different witnesses, evidence, arguments, or advocates, but to consider that such a course is in the interests of justice is to engage in the delusion that endless litigation is a desirable rather than a tormented state.”

23. While the Supreme Court refused that particular application, O'Donnell J. did indicate that the test as regards availability of evidence is nonetheless a reasonably flexible one. He continued thus:

“In my view, the test that the relevant evidence could not with reasonable diligence have been available for the trial is a reasonably flexible test. I would not wish to rule out the possibility that where a trial takes an unexpected turn, the mere fact that some information was available and could have been obtained for the trial, should not mean that it should be excluded on an appeal, particularly when the issue may be decisive, the evidence cogent, and its potential relevance could not have been known in advance of the trial.”

24. The important public policy objectives associated with the finality of litigation and the desirability that the parties advance their entire case when given the appropriate opportunity to do so – essentially the entire jurisprudence associated with *Henderson v. Henderson* onwards and re-stated by O'Donnell J. in the passage I have just quoted – must accordingly all inform the exercise of any discretion to admit new evidence. This, essentially, is why the Supreme Court (and, for that matter, this Court) have consistently leaned against the admission of any such evidence on appeal save in the specific circumstances identified in *Murphy*.

25. In *Murphy* those factors were identified by Finlay C.J. as follows:

“The principles governing the admission of fresh evidence on an appeal to this Court have been set out in the decision of this Court in *Lynagh v. Mackin* [1970] I.R. 180. Neither counsel for the appellant nor the respondents on this motion has

suggested to the Court that any other principles apply, although the Court should review that decision. I am accordingly satisfied that the principles applicable are as follows:-

1. The evidence sought to be adduced must have been in existence at the time of the trial and must have been such that it could not have been obtained with reasonable diligence for use at the trial;
2. The evidence must be such that if given it would probably have an important influence on the result of the case, though it need not be decisive;
3. The evidence must be such as is presumably to be believed or, in other words, it must be apparently credible, though it need not be incontrovertible."

26. To this category one may, perhaps, add the *Emerald Meats* proviso identified by O'Donnell J. in that case, namely, where the course of the evidence in the High Court takes an unexpected turn and where one party is thereby effectively hampered by this unanticipated sequence of events from advancing rebutting evidence which might otherwise have been available. This proviso, however, is essentially rooted in the principles of fair procedures and is prompted by a desire to ensure that no party is thereby prejudiced as a result.

27. The *Emerald Meats* proviso does not, however, take from the fundamental premise that in an adversarial system such as ours it is for each party to advance their best case at the trial at first instance and not to litigate in a piecemeal fashion by seeking to advance evidence on appeal which might with advantage have properly been advanced at first instance. Any significant relaxation of these rules would undermine the primacy of evidence gathering and the evidence assessing role of the trial court and might possibly lead to the distortion of the appellate process. It would equally undermine the principles associated with the finality of litigation as reflected in the *Henderson v. Henderson* rule.

28. As it happens, in the High Court both Diesel SpA and Montex urged the application of a more modified version of the *Murphy* rule as reflected in the decision of the English High Court case of *Hunt-Wesson Inc.'s Trademark Application* [1996] RPC 233 in which Laddie J. proposed the following factors for consideration in respect of applications of this kind in appeals from decisions of the (UK) Registry of Trademarks:

- "(i) Whether the evidence could have been filed earlier and, if so, how much earlier.
- (ii) If it could have been, what explanation for the late filing had been offered to explain the delay.
- (iii) The nature of the mark;
- (iv) The nature of the objections to it;
- (v) The potential significance of the new evidence;
- (vi) Whether or not the other side would be significantly prejudiced by the admission of the evidence in a way which could not be, e.g., by an order for costs;
- (vii) The desirability of avoiding multiplicity of proceedings and
- (viii) The public interest in not admitting on the register invalid trademarks."

29. No Irish court has to date pronounced definitively on the *Hunt-Wesson* test, save that, by agreement of the parties, that test was applied in this jurisdiction in *Unilever v. Controller of Patents and Sunrider Corporation* [2005] IEHC 426. In that case Laffoy J. commented:

"As a general proposition, I think that the sum of the foregoing factors, if they were accepted as being applicable in this jurisdiction, would provide for a more liberal regime for the introduction of evidence on an appeal from a decision of the Controller than the principles laid down by the Supreme Court in *Murphy v. Minister for Defence* [1991] 2 I.R. 161, in relation to the admission of further evidence on an appeal from the High Court to the Supreme Court."

30. Even though she agreed to apply the more lenient *Hunt-Wesson* with the consent of the parties, it is nonetheless striking that Laffoy J. refused the application to admit new evidence when she observed:

"Apart from that, I am of the view that it would create a bad precedent to grant leave on the facts of this case. It would leave an impression that an opponent, in deciding what evidence to adduce on the opposition before the Controller, could take comfort from the fact that it would have an opportunity to mend its hand on an appeal to this court, having seen the decision of the Controller. That is clearly not what the legislature intended in enacting s. 26(9)."

31. Laffoy J. further added:

"The thrust of the case made in the affidavit grounding this application is that, while the evidence before the Controller on the various issues arising on the opposition supported Unilever's case, Unilever wishes to adduce additional evidence to augment its case on appeal. That is not a basis for granting special leave to adduce further material."

32. For my part, I entirely agree with these comments of Laffoy J. In any event, I find myself distinctly unpersuaded by the reasoning of Laddie J. in *Hunt-Wesson*. It is true that there is a public interest in ensuring that potentially invalid marks are not registered as a result of the failure to admit appropriate evidence at first instance. But if an exception were to be made in respect of the admission of new evidence on appeal in cases involving the registration of intellectual property rights, a similar exception could presumably come to be made for other types of cases involving public registers, such as the Land Registry and the Companies' Registration Office. And if an exception were to be made for cases involving public registers, a similar claim could be made for other types of applications involving administrative law, including, perhaps, statutory appeals and even judicial review applications.

33. Besides, however, the *Hunt-Wesson* approach really fails to engage with the countervailing – and in some respects even more fundamental – public policy objectives of securing finality in litigation. As Laffoy J. recognised in *Unilever*, if this test were to be adopted there would be a risk that it would encourage – even reward – casualness on the part of those who were indifferent to the

necessity to secure the orderly and efficient administration of justice and who fondly believed that any deficiencies in the evidential record before the Controller could readily be cured on appeal by an obliging judiciary. None of this would be in the public interest.

34. There is, in any event, one further difficulty with adopting the *Hunt-Wesson* approach, at least so far as this Court is concerned. The *Murphy* principles are, to all intents and purposes, binding on this Court, even though in strictness they only apply to appeals from the High Court to the Supreme Court (or, since 2014, to this Court) as distinct from appeals from the Controller to the High Court. But if, as I consider, the nature of the appeal from the Controller to the High Court is in substance similar to the appeal from the High Court on appeal, it would be somewhat artificial to say that the *Murphy* principles do not, in effect, bind this Court.

35. All of this is ultimately to say that if any changes are to be made to the *Murphy* principles they must be made by the Supreme Court and not by this Court. For all of those reasons, therefore, I consider that Binchy J. was, with respect, wrong to endorse the *Hunt-Wesson* approach and thereby to depart from the *Murphy* principles.

The application of the Murphy principles to the present case

36. I propose now to apply the *Murphy* principles to the present case. It must be recalled that the purpose of the new evidence which is now sought to be admitted is to demonstrate the extent to which the clothing and apparel of Diesel SpA was circulating in Ireland between 1982 to 1994. Much of this information relates to invoices and to advertisements in magazines dating from this period with a view to demonstrating that the plaintiff company had indeed an established – even strong – presence in Ireland prior to the present application for registration in January 1994.

37. In his judgment Binchy J. made two key findings of fact which have not really been challenged for the purposes of this appeal. First, he found that it was clear that “all of the evidence could have been gathered and filed at the time the plaintiff made its application on 11th January 1994, save for invoices dated 14th January 1994, but there would have been several opportunities thereafter to file these invoices.” Second, he noted that “no explanation has been given” for the delay. He further observed that it was clear that the evidence which was the subject of this application “has been unearthed following a root and branch assessment of the plaintiff’s records as a result of the decision of the Controller to reject the application.”

38. In effect, therefore, it seems clear that in the wake of the Controller’s decision, Diesel SpA decided to bolster its case in respect of pre-1994 user following a thorough review of its own records with a view to mending its hand before the High Court by having this further evidence admitted for the purposes of any appeal. In my view, this is an approach which should not be permitted and it flies in the face of the *Murphy* principles, and echoes the concerns of Laffoy J. in *Unilever*.

39. This, after all, is evidence which Diesel SpA could, with reasonable diligence, have obtained at the hearing before the Controller, so that it fails the very first limb of the *Murphy* test. There could be no question of any surprise because this entire question – *i.e.*, pre-1994 user – was critical to both the *Montex Holdings* proceedings before the Supreme Court and it was central again to the hearing before the Controller. It must also be recalled that the hearing before the Controller took place in 2012, some eighteen years after the application for registration was first lodged, so that Diesel SpA had ample time to engage in any thorough review of the files. On any view of the *Murphy* principles it is clear that this application for the late admission of these documents must fail and I would accordingly allow the appeal.

Conclusions

40. In summary, therefore, I would conclude as follows:

41. First, given that it is clear from the provisions of s. 25(7) of the 1963 Act that the appeal from the High Court is primarily to be based on the record of the materials before the Controller, it follows that the admission of new evidence on appeal should largely be confined to exceptional or special cases. Contrary to the view taken by the High Court, the principles articulated by the Supreme Court in *Murphy* must be taken to govern applications of this nature.

42. Second, it is clear that this application fails the first limb of the *Murphy* test because all of the additional evidence now sought to be admitted on appeal could with reasonable diligence have been admitted before the Controller. Nor could it have been said that Diesel SpA was in some way taken by surprise so far as its failure to adduce this evidence was concerned, since the question of the extent of any pre-1994 user was at the heart of this application for registration.

43. For all of these reasons, I would accordingly allow the appeal and refuse to grant Diesel SpA leave to adduce this new evidence before the Controller.