

O-295-06

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No 81766
BY E.A.R.L. SMITH-MORILLON
FOR A DECLARATION OF INVALIDITY
IN RESPECT OF TRADE MARK No 2247564
STANDING IN THE NAME OF
DAVID SMITH**

BACKGROUND

1) The registered proprietor has the following trade mark registered in the UK:

Mark	Number	Effective Date	Class	Specification
Chateau Morillon	2247564	05.10.00	33	Wines
Honest concurrent use with registration number 1390425				

2) By an application dated 14 June 2004 E.A.R.L. Smith-Morillon applied for a declaration of invalidity in respect of this registration. The grounds are, in summary:

a) The applicant company purchased the French trade mark in December 1999. The mark has been used on wine sold in the UK since at least 1992. Mr David Smith was the Managing Director of E.A.R.L. Smith-Morillon at the time that he registered the mark “Chateau Morillon” in his own name. Because of his position in the company he knew that the French trade mark was owned by the company of which he was an officer and that it had been used in the UK on wines. The mark has therefore been registered in breach of Section 3(6) of the Trade Marks Act 1994 as the registered proprietor had an obligation to the company he worked for to act in its best interests.

3) The registered proprietor filed a counterstatement denying the above grounds. The registered proprietor provided a full statement which I shall detail in the evidence summary below.

4) Both sides filed evidence in these proceedings. Both sides ask for an award of costs. Despite a request from Mr David Smith for a hearing a decision from the papers was issued on 6 January 2006. This decision has been set aside and the matter came to be heard on 24 May 2006 when the registered proprietor represented himself, and the applicant did not attend.

REGISTERED PROPRIETOR’S EVIDENCE

5) The registered proprietor’s counterstatement, dated 29 September 2004, gives details of the background leading up to the current dispute as follows:

“I, David Smith, and my father, Ian Smith, formed two French companies in 1999 to augment the purchase of a vineyard in France, Chateau Morillon. The two companies were called S.C.I. Smith Morillon, and E.A.R.L. Smith Morillon.

S.C.I Smith Morillon owned the land and buildings; E.A.R.L. Smith Morillon operated the vineyard, paying a yearly rental to S.C.I. Smith Morillon.

I purchased my share of the business with a mortgage from a French bank, Credit Agricole, I believe my father purchased his share using funds he holds in a trust fund in the Channel Islands, details of this are available if required.

Ian Smith, my father, had wished to own a vineyard for many years, but was unable to secure one, as he had no qualification in farming. It is very difficult to buy farms/vineyards in France as the government is committed to keeping the land in proper sustainable agricultural use; they do this by having pre-emption over land and farms/vineyards. They use this pre-emption to purchase land, and in turn they sell the land, farm/vineyard to qualified young farmers, and other qualifying individuals, such as farmers who have had land compulsorily purchased for road building. On a number of occasions my father was negotiating to purchase a vineyard, but when he was close to signing the government exercised its pre-emption. During this time he discovered that my British farming qualifications were valid in France, and that I could not only benefit from the governments pre-emption, but also secure a mortgage, and loans with reduced interest rates supported by the French ministry of agriculture. After some deliberation, and much discussion with my wife it was decided that we would go into the wine business with my father. A vineyard was found, Chateau Morillon, and the French government, through the ministry of agriculture, sanctioned the purchase. In real terms my father and I owned the business equally, however the bank, and government insisted that I was the majority shareholder, 51%, of the E.A.R.L.

The vineyard was purchased in December 1999. I remained in the UK to work; my father ran the vineyard, as he was already resident in France, having lived there since 1989. I looked after all the UK sales and marketing of the vineyards production. In August 2001 my wife and two daughters moved to France, with me following in the October after I had wound up our affairs in the UK, the plan was for me to run the vineyard from that moment forward.

In 2000 Clare Tooley of Direct Wines Limited, the company that runs amongst other things The Sunday Times Wine Club, approached me. Clare asked me whether I had ever considered registering the chateau's name, as she wanted to raise the profile of the wines from Chateau Morillon in the UK. Direct Wines Limited had been using the wine as a 'giveaway' in promotions rather than a mainstream product. I said that I would certainly look into the registering of the name. I then spoke to my father, Ian Smith, he said he didn't see the point in registering the mark, and furthermore that the company could ill afford the costs involved. After further discussion with my father I said that if he wasn't in agreement to the company registering the mark, then I would pay the costs involved in registering the mark, therefore it would be registered in my name, he accepted this, and agreed to it. Clare Tooley of Direct Wines Limited helped me in the process of registering the trademark, and as far as I am concerned Clare knew that I was registering the mark in my name, in fact I sent Clare a copy of the registration when it was approved.

The existence of the French trademark is an interesting one, and something I have only just learnt about! It appears that there are actually three Chateau Morillon's registered in France, none of which is registered to either Ian Smith or E.A.R.L. Smith Morillon, this information was gained from the French equivalent of The Patent Office, INPI, Institut National de la Propriete

Industrielle. Also, it appears that in France the name Chateau Morillon is very common, with vineyards all over France having, and using the name.”

6) Mr David Smith explains that the business relationship between he and his father broke down and resulted in him selling his part of the business to his father and resigning from the company. He states that in March 2004 he informed his father that the issue of the trademark needed to be resolved, but as Mr Ian Smith refused to pay for the mark Trade Mark Agents were instructed to resolve the matter. Mr David Smith then states:

“In conclusion, the application was made in an open and honest manner, with the full knowledge and acceptance of Ian Smith. It was always envisaged that the business was a commitment for the foreseeable future; in fact it was a contractual commitment on my behalf to the French ministry of agriculture that I would not sell my interest for at least 9 years.”

APPLICANT’S EVIDENCE

7) The applicant filed a witness statement, dated 25 March 2005, by Ian Smith the Managing Director of the applicant company. He states:

“The name Chateau Morillon has been used in the marketing of wine from Chateau Morillon for over 30 years, since. Since 1997 it has been distributed in UK by Direct Wines Ltd. [The Sunday Times Wine Club/ Laithwaites] formerly the wine was shipped by the previous proprietor, Madam Olga Bagot, and since the sale of the property in 1999, by E.A.R.L. Smith-Morillon.”

8) Mr Ian Smith provides details of UK sales of wine under the Chateau Morillon mark as follows:

“1999 vintage 36,000 bottles red wine.
2000 vintage 48,000 bottles red and white wine.
2001 vintage 72,000 bottles red and white wine.
2002 vintage 72,000 bottles red wine.
2003 vintage 108,000 bottles red and white wine.
2004 vintage not yet known as wine is shipped one year after production, but projected at 108,000 bottles mixed red and white wine.”

9) He also provides a number of exhibits which include. inter alia:

- At exhibit 4, a copy of the French trade mark registration, dated 14 March 1997, for CHATEAU MORILLON in the name of Olga Bagot.
- At exhibit 6, a copy of the sale of the above French trade mark to E.A.R.L. Smith-Morillon, dated 11 February 2005.
- At exhibit 7, an open letter, dated 31 January 2005, from Clare Tooley of Direct Wines Ltd confirming that her company has been purchasing wines from Chateau Morillon and selling them in the UK since 1997.

10) That concludes my review of the evidence. I now turn to the decision.

DECISION

11) Prior to the hearing the Registry received both written and oral communications from Anne Frances Szenassy. She claimed that Mr Ian Smith no longer acted for the applicant and that he had left the company prior to the invalidity action starting. This meant that the invalidity application form was signed by an individual who had no legal status within the company and who was therefore not authorised to sign on the company's behalf. The documents filed by Ms Szenassy prior to the hearing were in French and therefore not conclusive. At the hearing I had intended to question Mr Ian Smith as to his status as of the date of signing the invalidity application. Unfortunately he did not attend the hearing and the registered proprietor was not able to assist as he was unaware of the situation.

12) Subsequent to the hearing Ms Szenassy provided documentation translated into English which showed that when he signed the invalidity application Mr Ian Smith was not an officer of the applicant company. This consisted of a witness statement by Ms Szenassy which repeated her allegations and attached as an exhibit an extract from the French equivalent of Companies House, duly translated, which confirms the allegations that Ms Szenassy became the Managing Director of the applicant company as of 3 March 2004. The Registry wrote to Mr Ian Smith asking him to comment on the allegations made by Ms Szenassy. He has failed to respond and so I must issue this decision on the basis of the evidence before the Registry.

13) The application for invalidity was signed by Mr Ian Smith on 14 June 2004 and lodged with the Trade Marks Registry on the same day. At that time Mr Ian Smith was not an officer of the company and was not authorised by the company to act on its behalf. Therefore, the application for invalidity was itself invalid. The registered proprietor has clearly been put to expense in both providing evidence and also attending a hearing and is entitled to a contribution towards his costs. I order Mr Ian Smith to pay the registered proprietor the sum of £1000. This sum to be paid 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.

Dated this 18th day of October 2006

**George W Salthouse
For the Registrar,
the Comptroller-General**