

CASE REVIEW

Conquip Holdings Pty Ltd (“Conquip”)

v

S & A Restaurant Corp (“S & A”)

[2000] FCA 256

Background

This is a decision of a single judge of the Federal Court of Australia.

Conquip has operated a restaurant in Chapel Street, South Yarra since February 1994 trading as “Bennigans”. S & A was the proprietor of 7 trade marks, which consisted of or included the name Bennigans.¹

Conquip had applied for the removal of one of the respondent’s marks (376352 for the name “Bennigans” in Class 42) under the provisions as to non-use of a trade mark contained in the *Trade Marks Act* 1955 (the “1955 Act”). Conquip appealed to the Federal Court under s23(7) of the 1955 act against a decision of the Deputy Registrar of Trade Marks dismissing its application.

Conquip further applied under s92(1)² of the *Trade Marks Act* 1995 (the “1995 Act”) for the removal of all 7 of S & A’s marks from the Register.

S & A opened its first Bennigans restaurant in Atlanta, Georgia in 1976. It progressively opened restaurants so that by December 1998 it had 200 outlets in the

¹ The list of S & A’s trade marks and the classes in which they are registered is set out on page 2 of the judgment.

² The grounds for removal for non-use are set out in s92(4) of the 1995 Act.

United States. S & A opened restaurants outside the U.S. either by itself or by franchise commencing in 1995.

Patrons at Conquip's licensed restaurant are mainly in the 18 – 45 year range and the restaurant provides cabaret entertainment by musicians and comedians. S & A's

Bennigan's restaurants feature "casual dinner-house dining and beverages, with the targeted clientele being younger adults."³

S & A's Use in Australia

S & A did not suggest that it had ever established or franchised a restaurant under the name Bennigan's (or any other name) in Australia or sold any goods in Australia by that name. The court felt this was prima facie evidence of non-use.⁴

Its case for use particularly that it had an intention in good faith to use or authorise the use of the mark in Australia fell into the following categories:

US advertisements and news stories

S & A referred to numerous advertisements and news reports in which the restaurant chain was exposed to the public. The court however noted that there was no evidence that any of the publications reached Australia or that any Australian resident read them.

³ Note a similar factual situation involving a passing off action where interestingly the décor of the establishments, the age catered for and the types of foods were significant distinguishing features in the Full Court decision of the Federal Court last year of *TGI Friday's Australia Pty Ltd v TGI Friday's Inc* [1999] FCA 304.

⁴ p14 of the judgment.

Discussions with Rydges/Radisson

S & A led evidence that it had commenced communications in 1992/1993 with a group of interested prospective franchisees Rydges/Radisson. The group was interested in being the head franchisee but the court noted that no “prospective franchisees” nor the representative of Rydges with whom the discussions took place gave evidence.

Discussions with Humpday Inc

Evidence was given by S & A of an enquiry in 1995 by a Texas corporation interested in opening a franchise chain on the Australian east coast but it did not carry any weight as it was only an enquiry and it was between two American companies. It was also not relevant for the 3 year period 1992 – 1995.

Evidence of Interested Australians

S & A senior management gave evidence of periodic enquiries from potential franchisees interested in opening franchises. Again none of these Australians were named or called as witnesses.

US visitors to Australia

S & A provided some statistics for the 1988-1998 period from the Australian Bureau of Statistics to show US tourist movements and took a sample to show that 9% came from the US.⁵

Also on 1 August 1998 S & A established a Bennigan’s web site at www.bennigans.net which contained information on the nature and location of Bennigan’s restaurants and details of opportunities for franchises. There was however no evidence of anyone in Australia accessing the site or requesting franchise information.

The court concluded that even though:

- (a) S & A had a substantial restaurant business in the US and in other countries that didn't establish use in Australia;
- (b) There were American tourists in Australia that knew the Bennigan's mark that didn't establish use;
- (c) There were discussions about establishing franchise networks in Australia these didn't lead to any use in Australia.

Relying on the “leading” decision of *Moorgate Tobacco Co Ltd v Phillip Morris Ltd (No 2)* (1984) 156 CLR 414 his honour said that there had to be some trade or offer to trade in the goods bearing the mark. In particular he noted the comment in that case that there was no local use of the mark but merely preliminary discussions and negotiations about whether the mark would be used.

Conduct of the Applicant

Conquip gave evidence that its choice of the name Bennigans was the result of a desire to break away from the traditional Italian, French or Greek names in the South Yarra area. This focus together with the need to have a name suggesting “a fun and lively mixed club/bar atmosphere.” The directors thought an Irish name would suit.

Conquip abandoned a business name registration for “Shannigans” when it was discovered that there was a similar sounding name “Shanika's” operating in Richmond and Springvale.

⁵ Note that similar evidence was unsuccessfully used in the passing off/TPA case of *Targett Pty Ltd v Target Australia Pty Ltd* (1993) 26 IPR 51.

The directors adopted “Bennigan’s” and even though there was a registrant under the *Business Names Act* that registration was removed after Conquip provided evidence of abandonment of the business name.

His honour accepted the submission by counsel for Conquip that the bona fides of an applicant are not relevant in the case of application for removal for non-use. Heerey J said it seemed unlikely that Conquip innocently came up with a name that coincidentally had a 200 restaurant chain in the US.⁶

Ultimately it did not matter even if it did use a name that it was aware was name used by the US restaurant chain because it was not misappropriating any goodwill existing in Australia. Nor were they opportunistically taking a name they hoped would be brought out to Australia.⁷

Decision

His honour concluded that S & A had not used the marks in Australia in the relevant period. He accepted that S & A did not intend to abandon the marks and hoped to use them in Australia one day, but did not use them in the relevant periods.

It is interesting to note that there was a prima facie case for non-use made simply by the fact that S & A hadn’t operated as a restaurant or franchise in Australia. His honour was critical that Conquip expended allot of money to prove something that was not really contested.⁸

⁶ See p17 of the judgment.

⁷ See the TGI Friday case where the name was registered knowing that the chain might come to Australia.

⁸ See page 16 of the judgment.