

T.G.I FRIDAY'S AUSTRALIA PTY LTD v TGI FRIDAY'S INC.

[2000] FCA 720

The litigants in the "Thank God It's Friday" litigation could understandably look forward to the day that they may brief a sigh of relief and say "thank God its over!"

The battle, which has been raging for over 10 years, involves the use of the trade mark "T.G.I. Friday's". Although there are a number of parties to the litigation, essentially there are two sides. On one side there is the U.S. based franchise chain, TGI Friday's Inc. ("Friday's Inc.") and its subsidiary T.G.I. Friday's Minnesota Inc. (TGIFM). On the other side are the local users Friday's Australia Pty Limited ("Friday's Australia") and an associated company Big Country Developments Pty Limited ("Big Country").

Use

By 1996 Friday's Inc had over 400 franchise restaurant outlets entitled "TGI Friday's" in 29 countries. In that year it had commenced a restaurant in South Yarra in Melbourne.

Friday's Australia used the name at the Raby Tavern a location in Campbelltown south west of Sydney, at the Grey Gums Hotel in Penrith west of Sydney and a third proposed site in Artarmon, a northern Sydney suburb.

Background

In 1985 Friday's Inc. applied for the registration of the trade mark in respect of "restaurant services and alcoholic beverage bar services". Acceptance was advertised in 1988.

In 1991 Friday's Australia unsuccessfully opposed the registration but the mark did not proceed to registration because of the currency of another opposition by Weller Hotels & Taverns Pty Ltd ("Weller Hotels").

In 1994 following a hearing of the Weller opposition the Deputy Registrar decided to register the mark in respect of "restaurant services" only. Both Friday's Inc. and Weller Hotels appealed the decision and registration of the mark was delayed pending determination of the appeals.

In August 1996, Friday's Inc commenced action against Friday's Australia alleging passing off and breaches of the consumer protection provisions s52 and s53 of the *Trade Practices Act 1974*.¹

In April 1997 both appeals were settled and dismissed by consent or discontinued.

On 21 July 1997:

- (a) TGI Friday's Inc was registered as the owner of the mark for 10 years from the lodgement date to 19 December 1995;
- (b) TGI Fridays Inc. assigned the ownership in the mark to its subsidiary TGIFM;
- (c) TGIFM initiated proceedings against Friday's Australia and Big Country for trade mark infringement.² The respondents' cross-claimed in that action for rectification of the register.

In September 1997 Big Country commenced proceedings by way of an appeal against the decision of the Deputy Registrar of September 1994 and filed a motion seeking an extension of time for filing the appeal, which was already well out of time.³

Proceedings N678 of 1996 (the Friday's Inc. passing off/ss52 and 53 actions), N572 of 1997 (the Friday's Inc. trade mark infringement action) and N728 of 1997 (Big Country's motion to extend time) were all heard together by a judge of the Federal Court.

The primary judge:

- (a) granted an injunction to Friday's Inc. restraining Friday's Australia and Big Country from engaging in passing off and contravention of the consumer protection provisions;
- (b) considered the trade mark infringement action to be resolved by the granting of the injunction save for questions of damages and costs;
- (c) refused leave to extend time to appeal to Big Country.

¹ N678 of 1996.

² N572 of 1997.

³ N728 of 1997.

In March 1999 the Full Court of the Federal Court reversed the decision of the primary judge and dismissed proceeding N678 of 1996.⁴ The essence of the decision was that the Court determined that the differences in get up did not amount to a misrepresentation leading to damage to the applicant's goodwill nor was the public likely to be misled by the use of the name TGI Fridays that TGI Friday's Australia was associated with the franchise chain.

It became therefore necessary for the primary judge to determine the trade mark infringement action.

In December 1999 the primary judge:

- (a) ordered that Big Country be restrained from using the mark in relation to restaurant services provided at its Penrith location only;
- (b) refused injunctive relief in relation to the respondents' other sites;
- (c) dismissed the cross-claim for rectification;
- (d) made no order as to costs in each the infringement action or the passing off/ss52 and 53 action.

Friday's Australia and Big Country:

- (a) appealed the decision to grant the injunction with respect to the Penrith Hotel;
- (b) appealed the decision not to make an order for costs in the passing off action N678 of 1996;
- (c) sought leave to appeal the decision of the primary judge not to extend time to appeal the 1994 decision of the Deputy Registrar.

Issues

The appeals raised two main issues firstly, was the mark a valid mark and secondly, assuming its validity was it infringed.

⁴ [1999] FCA 304. The case was reviewed in the Australian Intellectual Property Bulletin in Vol 11, No 10, published May 1999.

Validity

The mark came within the meaning of s241 of the *Trade Marks Act* 1995 (the '1995 Act'). This was a transitional provision that affected marks that had been applied for under the *Trade Marks Act* 1955 (the '1955 Act') but whose registration was still pending as at the date of implementation of the 1995 Act, 1 January 1996.

The consequences were that:

- (a) the filing date was the date when under the 1955 Act the application was filed;⁵
- (b) if registrable under the 1955 Act it must be registered under the 1995 Act.
- (c) the filing date under the 1955 Act was 19 December 1985.
- (d) registration expired 10 years after the application, 19 December 1995⁶. However as at 19 December 1995 the mark was not registered.

The 1995 Act provided for an application for renewal of the term within 12 months before the expiry date of the mark, and the Registrar was required to register if requested to do so within 12 months after the expiry date.⁷

If there was no request the Registrar was under a duty to remove the mark. However, as the Court noted, even the period of grace of one year after expiration of the mark had elapsed without registration. Neither Friday's Inc nor TGIFM could request an extension, as registration had not occurred 12 months on either side of the registration of the mark.

The Court described as a parliamentary oversight the scenario that the registration of a mark might not have been dealt with within 10 years of the application.

The Court decided that the time limits of s75 and s79 could not apply, as the trade mark had not been registered within the 10 years from application.

Accordingly, the Registrar was not under an obligation under s78 to remove the mark from the register, as that right was associated with the time limits.

⁵ s241(5) of the 1995 Act.

⁶ s72(3) of the 1995 Act.

⁷ See s75(1), s79, s237(3) of the 1995 Act.

It was common ground that the presumption of validity for a period of 7 years after registration, applied to the mark pursuant to the provisions of s234 of the 1995 Act. Generally the section provides that where a registered trade mark had been accepted under the 1955 Act and was still pending as at 1 January 1996⁸ and hadn't after that date ceased to be registered there would be a presumption of validity.⁹

The presumption however was subject to qualification, relevantly that:

- The registration of the mark would not be contrary to s28 of the 1955 Act (which prohibited registration if the mark amongst other things would be likely to deceive or cause confusion);
- The mark did not at the commencement of proceedings distinguish the services of the registered owner.¹⁰

Friday's Australia and Big Country contended that both exceptions to the presumption of validity applied to the mark. The cancellation or removal of a mark came within the ambit of s88 of the 1995 Act, which states that the only grounds for such cancellation or removal are contained in s88(2) of the 1995 Act. Friday's Australia and Big Country sought to establish grounds within s88(2) that satisfied s234.

The issues therefore were whether the mark:

- distinguished the services of the registered owner.
- would be likely to deceive or cause confusion;
Distinguishing the Services

⁸ The date of commencement of the 1995 Act.

⁹ S234(2)(b).

¹⁰ s234(2)(d) and (e).

The Court said that the question was whether the mark, the registration issue left aside, was such that, by its use the owner was likely to attain the object of distinguishing his services from the services of others. The Court considered the likelihood of other persons with proper motives trading in the services, who might want to use the mark in relation to similar services.¹¹

The Court reminded that the quality of distinctiveness is fundamental to the concept of a mark. A trade mark is a “*sign used, or intended to be used, to distinguish....services dealt with or provided in the course of trade by a person from...services so dealt with or provided by any other person*”.¹²

Friday’s Australia and Big Country referred to a number of uses of “*Thank God It’s Friday*” or a recognisable corruption of the expression, by various businesses including those involving restaurant services. They contended that the varied uses made the mark incapable of distinguishing the services of TGIFM.

The Court acknowledged that the term “*TGI Friday’s*” or “*thank God it’s Friday*” may have been used regularly in association with restaurant services and that the expressions may suggest notions of relaxation and refreshment but it considered that the expression of itself meant nothing. The expression was not descriptive of the character of restaurant services of other persons. It did not inherently refer to restaurant services or of itself describe services of any character¹³

It therefore was capable of distinguishing the trader’s services.

Likely to Deceive or Cause Confusion

The effect of s234 (2)(d) was that the deception had to be as at the date of filing,

¹¹ See *Clark Equipment Co v Registrar of Trade Marks* (1964) 111 CLR 511 at 513-514. See also “*Cranberry Classic*” *Ocean Spray Cranberries Inc v. Registrar of Trade Marks* [2000] FCA 177

¹² S17 of the 1995 Act.

ie. 19 December 1985. In or about October 1984 Weller Hotels opened a bar by the name of “*Friday’s*” in Brisbane, but there was no evidence concerning the extent of any trade advertising or promotion carried on by it prior to 1986. It was not possible to determine whether it was likely that the mark would deceive or cause confusion.

Infringement

Friday’s Australia and Big Country relied on ss122 (use in good faith) and 124 (prior use of identical mark) of the 1995 Act by way of defence to the infringement action.

The Court considered the Penrith location, its layout, the amusement devices it offered, the position of amenities in and offerings of the Lounge Bar. The menu of the Lounge Bar was also considered in detail as well as the get up. For example on the cover of the menu was the name “*T.G.I. Friday’s*”.

Friday’s Australia and Big Country contended the mark did not distinguish the services of a particular proprietor simply a location within the Grey Gums Hotel. The Court said however that:

“It is clear that the name is used by Big Country in physical relation to the services that it provides in the lounge area.”

Were they however restaurant services? The Court said one must look at the overall nature of the business conducted by Big Country. The question was not whether the Lounge Area was a restaurant. The Court determined that Big Country was providing restaurant services even though the Grey Gums Hotel establishment could be said to be providing hotel services.¹⁴

¹³ Paragraph 62 of the judgment.

¹⁴ Paragraph 85 of the judgment.

As to good faith by the alleged infringer, both the primary judge, and the Full Court in the prior appeal, were critical of the conduct of Mr Hesky, the principal of Big Country, in relation to the motives in using the expression initially. Mr Hesky had heard the expression in the 1960's when he was a student studying in America. Subsequently, in the early 1980's he visited the TGI Friday's restaurant in Honolulu and upon his return to Australia commenced his inquiry into the use of the name.

The evidence was also that Big Country proposed to use the name at a site in Artarmon. There was a sign erected on the site that said "*TGI Friday's coming soon*". The Court said that if the use at Penrith was an infringement the use in Artarmon was a threatened infringement.

As to the defence under s124, the Court said that the use of the name at Raby Tavern in Campbelltown by Big Country was not a use as a trade mark prior to 19 December 1985, the filing date. The evidence did not establish that the name was used in connection to restaurant services prior to the filing date.

Relief

The Full Court granted injunctions in respect to the use of the name at the Grey Gums Hotel in Penrith and the Artarmon site.

In relation to the Deputy Registrar's decision, as Big Country had made an informed decision not to appeal it could not make out a case of special circumstances to justify extending the time to appeal.

In relation to the appeal against the decision of the primary judge not to make an order as to costs, the reasoning being that Friday's Inc and TGIFM were

unsuccessful in one litigation, N678 of 1996, and entitled to succeed on the other, 572 of 1997. As the Full Court had affirmed the decisions the costs order fairly reflected the outcomes.

Costs of the appeal were ordered against Friday's Australia and Big Country.

Conclusion

The case provides a helpful analysis of the tests to determine whether a mark is distinctive of the goods and/or services of a trader. Although the circumstances may appear unique in that the mark was not dealt with within 10 years of application, general principles of distinctiveness and infringement are instructive.

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