

TRADE MARKS ACT 1995

DECISION OF A DELEGATE OF THE REGISTRAR OF TRADE MARKS, WITH REASONS

Re: Oppositions by Pinky's Pizza Ribs on the run Pty Ltd to applications under section 92 of the Act by Exxonmobil Oil Corporation to remove trade mark number 667934 (classes 29, 30, 42) - **Pinky's Pizza ribs on the run** - in the name of Pinky's Pizza Ribs on the run Pty Ltd

| | |
|------------------------|--|
| DELEGATE: | Terry Williams |
| REPRESENTATION: | Removal Opponent: Doug Berecic, General Manager, and Milan Mandic, Managing Director Removal Applicant: Greg Chambers, Phillips Ormonde and Fitzpatrick, patent attorneys |
| DECISION: | 2007 ATMO 38 S 92 opposition: use by franchisees, no evidence of exercise of control as part of authorised use. Registration to be removed. |

Background

1. The following trade mark has been registered under number 667934



2. The trade mark was registered in 1998. It stands now, as it did then, in the name of Pinky's Pizza Ribs on the run Pty Ltd ("Pinky"). The registration is in respect of goods listed as meat, poultry, game, meat extracts, edible oils, fats, preserved, dried and cooked vegetables in class 29; pizzas, savoury sauces, spices, bread, cereals and pastry in class 30, and services, in what was then class 42, being restaurant, take-away and delivery services in relation to food including pizzas, meat, poultry, bread, cereals and pastry.

3. ExxonMobil Oil Corporation (“Exxon”), for its part, uses the trade mark ON THE RUN in respect of convenience stores in Australia. It has applied to register that trade mark and finds its application for registration impeded, in terms of s 44 the *Trade Marks Act 1995* (“the Act”) by the existence of Pinky’s registration. To come to the present matter, Exxon has the necessary standing as a person aggrieved to seek removal of Pinky’s trade mark on the ground that it has not been used in Australia in the terms set out by s 92 of the Act. Very briefly, it is argued by Exxon that the trade mark has not been used in trade during the three year period beginning on 17 June 1999 and ending 17 June 2002 (“the non-use period”).
4. The onus is, as set out in s 101, on Pinky to show use of its trade mark, using the process governed by parts 9 and 5 of the Trade Mark Regulations. Pinky has filed and served a copy of its evidence in support, while Exxon relies on evidence in answer. I was assigned to hear the matter and to decide it under delegation from the Registrar of Trade Marks.
5. At the hearing, Pinky was represented by Doug Berecic, its General Manager, and Milan Mandic, its Managing Director, while Exxon was represented by its patent attorney, Greg Chambers of the patent attorney firm of Phillips Ormonde and Fitzpatrick.

Evidence – general matters

6. There is no evidence that establishes use by the registered owner of the trade mark, Pinky. It is clear that Pinky’s use of the trade mark is primarily as a franchising operation, the franchise being quite substantial and involving stores in 42 different locations. The turnover of these stores is, in total, substantial.
7. Pinky’s case relies on a single declaration, by Mr Berecic. I note that the evidence relied on by Pinky was prepared with the assistance of a firm of patent attorneys. However, despite this, the evidence is unsatisfactory from a number of points of view. While Mr Berecic has declared to a number of facts, a substantial part of his declaration is given over to assertions about questions of law that are for my decision. For example, there are bald assertions that “the trade mark was during the relevant period used” and “the registered owner has exercised control over both the quality of the services provided by its franchisees and the quality of the food...”. While I accept

that Mr Berecic has made these statements honestly, they are no substitute for a proper demonstration of the actions and facts which he believes show such usage and such control. And, as Mr Chambers pointed out at the hearing, the chief assertion of them all is as follows: “The trade mark has been used extensively by and under the control of the registered owner during the period *ending* three years and one month prior to the date upon which the removal application was filed (‘the Relevant Period’)”.

8. This unfortunate definition impacts on other clauses of Mr Berecic’s declaration which also refer to actions during the so-called relevant period. For example, clause 7, “The trade mark is, and was during the Relevant Period, used by (Pinky)”. The definition would, perhaps, be capable of being read as per s 92, “The trade mark has been used ...during the period *beginning*...”. Such was presumably the intention of the persons who prepared the evidence. Fortunately, I do not need to go into the merits of this construction because, as I have said, such clauses, with or without a favourable reading of “Relevant Period”, are pure assertion. The notice of opposition which Pinky has filed adequately defines what I will refer to as “the non-use period”, itself set out by s 92, and Pinky’s opposition will have to stand or fall on the specifics to which Mr Berecic declares.
9. Much of Mr Berecic’s declaration is, with this in mind, cast in the present tense. For example, “The trade mark features prominently on various Pinky’s Pizza promotional items”. A sample of these is provided, but undated. Again, “The trade mark *is* used on packaging...”. Exxon’s evidence drives a wedge into this latter weakness by showing that, in recent times, some of the packaging used by the franchisees does not match the assertions made by Mr Berecic. The packaging fails to feature the words RIBS ON THE RUN or, in two instances, fails to show any trade mark at all.
10. Again, while Mr Berecic relies on photographs of the franchisee’s premises, these are undated. This persistent failure to specifically address actions that took place during the non-use period requires me to discount much of his declaration to being mere illustrative examples which can, at best, shed some light on what might have been done in the past, during the non-use period.

11. Exhibits DB-1 and DB-6 are of more substance. The former shows a franchise agreement, whereby Pinky claims to controls certain actions of the franchisees. The latter exhibit sets out a list of the 42 franchisees, who Mr Berecic declares have signed a franchise. He declares, “A sample of such a franchise agreement is attached and marked DB-1. All franchise agreements contain provisions which permit the franchisee to use the trade mark subject always to the control of the Registered Owner. During the relevant period the registered owner exercised control over both the quality of the services provided by its franchisees and the quality of the food and beverages provided by franchisees.”
12. Pinky would have me infer that the franchise agreements date back to the mid 1990’s. DB-6 lists “year of start” and a date after the name of each licensee but Mr Berecic’s declaration stops short of saying that the licences are of the form of DB-1. The individual agreement the subject of DB-1 itself was apparently entered into in 2003, the year after the end of the non-use period. But, as Mr Chambers noted, DB-1 is in any case exhibited in unsigned form. Beyond this, it defines the subject trade marks rather curiously. The agreement is in relation to “the trade names and marks PINKY’S PIZZA and RIBS ON THE RUN” yet this apparent 2003 document refers to the trade marks as being “Applications Pending”.
13. At the hearing, Mr Chambers was very critical of the general nature of this agreement, which he submitted could not in any case amount to sufficient control of the franchisees’ operations to allow me to decide that there was, even potentially, authorised use of the trade mark. I will deal with that issue below.

Evidence in the light of Legislative issues

14. It is necessary, at this point, to set out some of the legislative framework.

The relevant portions of s 92 specify:

(1) A person aggrieved by the fact that a trade mark is or may be registered may, subject to subsection (3), apply to the Registrar for the trade mark to be removed from the Register.

(4) An application under subsection (1) or (3) (*non-use application*) may be made on either or both of the following grounds, and on no other grounds:

(b) that the trade mark has remained registered for a continuous period of 3 years ending one month before the day on which the non-use application

is filed, and, at no time during that period, the person who was then the registered owner:

- (i) used the trade mark in Australia; or
- (ii) used the trade mark in good faith in Australia;

in relation to the goods and/or services to which the application relates.

15. Equally significantly, since Mr Berecic argued his case without legal advice at the time of the hearing, I should explain that “use” for this purpose is not just a matter of the ordinary English sense of that word. Not everything that might answer, in ordinary conversation, to being a use of a trade mark in one sense or another would amount to use that is relevant to s 92. In short, the use that would save this registration is use as a trade mark.

16. A trade mark is defined under s 17;

A trade mark is a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person.

17. Put simply, a trade mark is an indication of origin of the goods or services in question. There is no evidence at all of any actions by Pinky, other than its actions as a franchisor, which might amount to such use. This becomes critical because if use *by others* is to save the registration it must be “authorised use”. Section 8 relevantly provides (my emphasis):

8.(1) A person is an authorised user of a trade mark if the person uses the trade mark in relation to goods or services under the control of the owner of the trade mark.

(2) The use of a trade mark by an authorised user of the trade mark is an **authorised use** of the trade mark *to the extent only that the user uses the trade mark under the control of the owner of the trade mark*.

(3) If the owner of a trade mark **exercises quality control** over goods or services:

- (a) dealt with or provided in the course of trade by another person; and
- (b) in relation to which the trade mark is used;

the other person is taken, for the purposes of subsection (1), to use the trade mark in relation to the goods or services under the control of the owner.

18. There is no evidence that any agreement actually resulted in quality control of the franchisees during the non-use period. DB-1 requires the franchisee to keep the premises “clean and attractive”, with equipment in working, clean and safe order. The franchisee must also keep its store-front clean and illuminated and painted according to the company’s specifications and colour scheme. There is no evidence

that Pinky has ever assessed the cleanliness of any of the franchisees, or the standard to which the food is cooked or any other matter in the conduct of the services or the sale of the goods. Attendance at “training seminars” organised by Pinky is compulsory, but there is no evidence that any have ever been conducted. The franchisees and its staff are required to abide by provisions in the operations manual but no such manual is in evidence, nor does Mr Berecic refer to it in his own declaration. There is a clause that refers to the attendance of a Pinky-appointed trainer for “new-store training”. “New-store” is defined in the agreement as a store opening with untrained staff and new franchisees. However, there is no evidence that any such training was ever provided. Nor is there any evidence that any incoming franchisee completed the required 100 hours of training in a “training store”. The latter term is undefined and there is no evidence that any such training store or stores exist.

19. Consistently, there is no evidence of the required payment from the franchisee to Pinky for the 3000 advertising pamphlets that the agreement specifies be delivered to the store every 6 weeks. Payment to Pinky for promotional material could not, of course, amount to use of the trade mark since it would not establish the actual usage of the pamphlets. However, it would be at least circumstantial evidence that the agreement, or something like it, was in effect during the non-use period and might lend some semblance of a verifiable date to the otherwise undated exhibits of such material.
20. At the hearing, Mr Berecic portrayed Pinky as a successful chain of stores. He noted the evidence of the names and locations of the stores, their signage and packaging. He noted that, in addition to the aspects that I have set out above, the agreement guaranteed that franchisees would purchase relevant ingredients from Pinky. However, as I observe, the agreement goes on to stipulate an alternative, purchase from “its nominated supplier”, and it is restricted to “those products and ingredients as directed for the production of pizzas, spareribs and chicken, including sauces”. There is no evidence of the extent or otherwise of these nominated suppliers, nor of the scope of the “directed” products and ingredients. In other words, the agreement, if it had been enforced at all, might have been applied so as to require no more than that the franchisees buy a particular brand-name sauce from a specified wholesaler.

21. Let me say that I have stressed the failures in the detail of this evidence, not because I disbelieve the strong protestations of Mr Berecic at the hearing, but because the matter is not to be resolved by the honest assertions, at the hearing, of the owner company, Pinky. This opposition is not a question of the honour or credibility of the trade mark owner but of the need for a company reliant entirely on franchising to show that this franchising was also accompanied by sufficient actual control of the use of the trade mark. The two are not synonyms. The agreement relied on by Pinky appears to be effective as a franchise agreement and could have been used to bring about control of the usage of the trade mark in the sense required under the Act, but there is no evidence that it was ever so used.

Conclusion

22. The burden is on Pinky, as set out in s 101, to show that its trade mark has been used in the terms set out in the legislation. Following from the above, I am not satisfied that the trade mark has been so used, and Pinky has not met the onus that is on it.
23. Nor is there any reason for me to exercise my discretion under s 101(3) and leave the trade mark on the register in spite of Pinky's failure to meet its responsibilities. This is not a case where a removal applicant seeks to rely on technicalities to exploit loopholes in relevant evidence of use. The evidence of Pinky is well short of the necessary standard, while there is entirely unanswered counter-evidence from Exxon suggesting that at least some of the (undated) packaging on which Pinky relies does not bear the relevant trade mark at all.
24. The overall thrust of Pinky's evidence is that it clearly has some form of franchising arrangements in place, and the trade mark appears to have achieved a fair degree of public recognition. Such trade marks are not lightly to be removed from the register. I note that, in a somewhat comparable case, *Cosmos European Travels Anstalt v Federal Express Corporation* - (1999) 46 IPR 189, Hearing Officer Murray noted:

Although I have found that I have not been provided with evidence that will allow me to impute Circuit Travel's evidence of use to be use authorised by Cosmos, I am of an open mind as to whether or not such evidence actually exists.
25. However, that level of comfort would not be open to me here. On the contrary, I am fairly confident that, had the proper and necessary control existed, some suggestion of

its exercise would have been before me. Pinky has been unable to show that it has anything better than an uncaring or haphazard approach to the serious business of controlling, as distinct from licencing, the use of its registered trade mark. Whatever the state and extent of Pinky's common law rights, Pinky has not, with this history, shown itself to be deserving of a favourable exercise of the relevant discretion.

26. I am reluctant, however, to say more on this question. I note that Pinky has applied to register the plain words PINKY'S PIZZA RIBS ON THE RUN. That application has been accepted for registration under the provisions of s 44(4) although, unsurprisingly, such registration is opposed by Exxon. I think that undue liberality in the present matter might be seen as pre-judging the fate of the later opposition. I suggest that Pinky may, should it believe my decision to be wrongly based, also wish to review the detail and sufficiency of its evidence in that opposition, which is not yet ready for hearing.
27. I direct that registration 667934 be removed from the register after one month from the date of this decision. If the Registrar has been served with a notice of appeal before that time, I direct that removal shall not occur until the appeal has been discontinued or, in the event of a decision from the Court, the application be subject to its orders.
28. I direct that Pinky pay the costs of Exxon, to the extent set out in the official scale.

Terry Williams
Hearing Officer
Trade Marks Hearings
10 July 2007