

## TRADE MARKS ACT 1995

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

Re: Application for removal of registration 814929(42) **Mug n Bean** by Marlon Goldstein and opposition thereto by Shannon Associates Limited, the registered owner.

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<b>DELEGATE:</b>	<b>Iain Thompson</b>
<b>REPRESENTATION:</b>	<b>Opponent</b> Anthony Norris of Collison & Co. <b>Applicant</b> No appearance or written submissions
<b>DECISION:</b>	2007 ATMO 54 1. Section 92 removal application – ‘person aggrieved’ – applicant adopted different trade mark; application to register has lapsed; applicant not a person aggrieved; application refused. 2. Costs ordered against applicant.

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#### Background

1. Shannon Associates Limited, of Douglas, the Isle of Man, ‘the opponent’ or ‘the owner’ in these proceedings, is the registered owner of a trade mark, details of which appear below:

Appn No: 814929  
Priority Date: 24 November 1999  
Goods/Services: **Class: 42** Providing of food and drink  
Trade Mark: Mug N Bean  
‘the trade mark’

2. On 8 February 2005, Marlon Goldstein, of Westfield Shopping Centre, Chatswood, (‘the applicant’) filed an application in terms of section 92 of the *Trade Marks Act 1995* (‘the Act’) for removal of the trade mark from the Register in respect of all of the services for which it is registered. The application alleges that:

- The applicant is a person aggrieved by the registration;
- that, on the day on which the application for the registration of the trade mark was filed, the applicant for registration had no intention in good faith to use the trade mark in Australia; or,

- 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 used the trade mark in Australia;
3. The owner has filed Notice of Opposition to the removal of the trade mark. The owner cites five grounds of opposition – namely that:
- The applicant is not a person aggrieved within the meaning of the Act;
  - The owner has used the trade mark within the relevant period, which is from 13 July 2001 until 13 July 2004;
  - On the date that the application was filed, the owner had an intention to use the trade mark in good faith in Australia;
  - During the relevant period there has been use of the trade mark, or of the trade mark with additions or alterations not substantially affecting its identity, in Australia by the registered owner or an authorised user in relation to the relevant goods; and,
  - The Registrar in her discretion ought to refuse the application for removal
4. As a delegate of the Registrar of Trade Marks, I heard the submissions of the opponent, made by Anthony Norris of Collison & Co in Adelaide on 17 July 2007. The applicant did not appear or make written submissions.

### **Evidence**

5. The evidence in support of the opposition to removal is a declaration by Benjamin Conrad Filmalter who states:

That [his] company developed the trade mark MUG N BEAN in 1992 following a trip my wife and I made to Chicago. During that vacation, we happened across a coffee shop with a friendly and generous feel about it. Upon our return to South Africa, I began to develop and evolve the brand, and the fictional history behind the brand, and in particular the fictional characters of Joshua Fenomah Bean and Clement Mugg. The first store opened in the Victoria and Alfred Waterfront in Cape Town. Since then, over 75 stores have opened in South Africa alone.

That I have been involved in the food service industry for over 30 years, and the experience gained over that period was levered in the development of the concept

as well as the development of the brands identity and history, albeit fictional. The MUGG & BEAN brand was a reduction of the elements of many successful brands that I have developed for the South Africa market. Significant research was applied to the development of the brand such as: what are the correct number of syllables to be used in a brand name; how does the brand related to the product on offer; how does the name translate into other languages, and is it an offence if directly translated or used in its native English.

The company has taken great lengths to protect its intellectual property, including but not limited to the MUG N BEAN trade mark, and has either registered, or made application for the registration, of this trade mark in various guises throughout the world, including Australia, Bahrain, Botswana, Egypt, the European Community, India, Kuwait, Lebanon, Namibia, New Zealand, Oman, Qatar, Saudi Arabia, South Africa, Tanzania, United Arab Emirates, United Kingdom and the United States of America.

That once satisfied that the business model worked, and that the food systems were thoroughly tested, the brand was made available to the international market. First to respond were territories such as Australia and New Zealand. The company was advised that the trade mark MUG N BEAN was already registered in Australia. The company then took steps to purchase that trade mark from the previous owner thereof. On researching these markets, the company noted flaws in its business model particularly in the light of high labour costs. Demand for the brand in these markets (Australia and New Zealand) has not depleted, but we are currently testing the concept in the United Kingdom, where similar high labour costs exist.

That the concept was, and is viewed as an international brand. The intention at the outset was to develop this brand to the international market. South Africa is a market well known for its acceptance and critical evaluation of brands, as are parts of North America, Belgium and The Netherlands. Therefore, as a strategy, the launch of the brand in South Africa was intentional rather than a necessity.

That the company is an active member of the Franchise Association of South Africa (FASA) and has been awarded the following FASA awards:

- Winner of the Newcomer of the Year (2000)
- Winner of the Brandbuilder of the Year (2003)
- Finalist of the Franchisor of the Year (2004)

That the company has also won other awards such as:

- Institute Marketing Managements Marketer of the Year (2002)
- Winner of the "Leisure Section" Top Company of the TOP 300 COMPANIES (2005)
- Recorded in the Superbrands Journal as one of the most recognized and sought after brands.

Mugg & Bean franchisees have also won a number of awards including FASA's Franchisee of the Year award.

That as a result of the review of the companies business model, the decision was taken not to enter the Australian market until such time as the flaw relating to

high labour costs could be dealt with. It would be extremely dangerous to enter the market as a franchise operation where the business model is not appropriate.

That the company has at all times viewed Australia as an important market for the brand, and intends to promote the brand in Australia shortly.

That the company did examine the Middle Eastern markets, such as the United Arab Emirates, and subsequently, in collaboration with a group based in Abudhabi, the company has opened two stores in that city, three in Dubai, and one in Bahrain. A store is soon to open in Kuwait. The company also has one store open in Jeddah, with another store to follow during the course of this year.

That the company has begun franchising the concept in the United Kingdom, with three stores set to open over the course of the next 18 months.

That the development of the brand in North America is well advanced, with significant demand in Vancouver (where the company has an office) and Toronto.

That attached hereto and marked "Exhibit 1" is a schedule of all MUG N BEAN trade marks and derivatives thereof registered, or pending, throughout the world.

That from inception of the MUG N BEAN trade mark in 1992, approximately AU\$ 17,000,000.00 has been spent on the marketing and advertising of this the companies flagship brand.

That the company uses all forms of media to promote its brand, including television, radio, and print.

That the company has allocated in excess of AUD 220,300.00 towards the advertising and marketing of the MUG N BEAN trade mark worldwide.

That since its inception, the company has reached a total turnover of AU\$1.5 billion worldwide.

That because of the extensive use of the trade mark throughout the world, including Europe and South Africa, many Australian residents would be familiar with the mark as a result of their international travels.

That because of the extensive use of the trade mark, inquiries regarding potential franchising of the MUGG & BEAN brand are received from all over the world, including the European Union, North America and Australasia.

That Article 6bis of the Convention of Paris for the Protection of Intellectual Property (the "Paris Convention") provides that a convention country, as Australia is, must afford protection to the proprietor of a well known trade mark, where a third party seeks to use a trade mark that constitutes, or the essential part of which constitutes, a reproduction, imitation or translation of the well known trade mark, where such reproduction, imitation or translation is liable to create confusion.

That I believe the Applicant's non-use removal action has been initiated in bad faith, and in a deliberate attempt to take unfair advantage of the distinctive character and international reputation in the company's well known MUG N BEAN trade mark.

That in the circumstances, the Registrar ought to exercise her discretion and refuse to remove the registered trade mark.

6. The evidence in answer is a declaration by Natalie Evans, solicitor, of Robert James Lawyers, of Melbourne, who act for the applicant. Concerning the threshold requirement that the applicant for removal be a person aggrieved, Ms Evans states:

... the applicant is "a person aggrieved" within the meaning of section 92 of the Act. In particular, the applicant has a real interest in having the Trade Mark removed from the register and is a person who is and would continue to be appreciably disadvantaged in a legal or practical sense by the Trade Mark remaining unremoved from the Register.

The applicant is the Director of Mug N' Bean Franchising Pty Ltd ACN 113 581 445, which is the franchisor of the Mug n Bean system.

The applicant is also a Director of Mug N' Bean IP Pty Ltd ACN 113 941 236 ("Mug N' Bean IP") which was established by the applicant to hold the intellectual property, including the trade marks of the applicant for use in the applicant's business.

Through Mug N Bean IP, the Applicant applied to register trade mark 1033510 on 8 December 2004 in Classes 21, 30 and 43 in respect of the goods and services provided by the Applicant's Business (the "Applicant's Trade Mark").

The Applicant has a background in marketing and conceived of the concept of a sleek café which would combine the strengths of Australia's high level of per capita chocolate consumption and strong coffee culture and trade under the name "Mug n Bean".

The "Mug n Bean" concept is unique in that it was the first cafe concept established in Australia which combines a retro-look with high-tech entertainment and the use of a chocolate dipping fountain. The Applicant's Business includes services associated with cafes and the preparation of food and drink, and goods including hot and cold beverages, unroasted coffee, chocolates, cakes, biscuits and confectionary and cups and drinking vessels;

The Applicant established the first Mug N Bean Store in June 2004 in New South Wales.

The Applicant has invested significantly in the establishment of a network of companies, the development of the marketing concept and the creation of a franchise system under the brand "Mug N Bean". The Applicant's investments in such development include, but are in no way limited to, the engagement of external consultants, Franchise Developments Pty Ltd;

The Applicant's original stores in NSW were extremely successful and in early-mid 2005 the Applicant commenced operations as the franchisor of the Mug N Bean system.

The Applicant's Business currently operates through six (6) franchised outlets throughout NSW. The Applicant is in the process of establishing further franchised outlets in Queensland and Victoria and plans to expand the Applicant's Business to further franchised outlets in all other States and Territories in Australia.

The Applicant's Business traded under the name of "Mug N Bean" from June 2004 until June 2005, when as a result of the conflicting registration of the Trade Mark, the Applicant changed its name to "The Bean Palace". Further information about the Applicant's Business is available to the relevant market, prospective franchisees and the general public at the Applicant's website [www.thebeanpalace.com](http://www.thebeanpalace.com).

As a result of the development of marketing and business plans and the promotion of the Applicant's Business through various media including in the internet and the inclusion of Mug N Bean outlet details in shopping centre directories, the Applicant developed goodwill in the name and brand "Mug N Bean" in respect of the relevant goods and services. The Applicant's marketing also attracted interest from prospective franchisees in the establishment of further franchised outlets.

The Applicant has incurred significant expenditure in changing its trading name to "The Bean Palace" and in re-branding of all of the Applicant's franchised outlets and the Applicant's Business' marketing material to avoid infringing the rights of the Opponent until such time as the Trade Mark is removed from the register.

The Applicant's Business is seriously disadvantaged by the conflict between the legal rights of the Opponent in the Trade Mark and the goodwill and reputation the Applicant has established in the name and brand "Mug N Bean" in Australia in connection with the Applicant's Business. Further, the Applicant is unable to recover the Applicant's financial investment in the marketing, promotion and development of the Mug N Bean brand in Australia.

If the Trade Mark is not removed from the Register the Applicant will also be prevented from registering the Applicant's Trade Mark which in turn, will seriously impede the ability of the Applicant to protect the goodwill in the Applicant's Business and the interests of the franchisees of the Applicant's Business.

### **Person Aggrieved – Discussion**

7. The requirement that the applicant be a person aggrieved is a threshold requirement of section 92, which relevantly allowed at the date of the application for removal:

#### **92 Application for removal of trade mark from Register etc.**

(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.

8. In support of her arguments, Ms Evans states in the declaration:

The Opponent has failed to discharge its obligation to rebut the assumption that the application is proven. In particular, the opponent has failed to rebut the presumption that the applicant is "a person aggrieved" within the meaning of

section 92 of the Trade Marks Act 1995 (the "Act"). The opponent has simply stated that the Applicant is not "a person aggrieved" within the meaning of section 92 of the Act. However, the Opponent has not substantiated this claim in the Opponent's evidence in support. Thus the Opponent's assertion is unsupported and accordingly, it cannot be given any weight';

I refer to the judgment in *Re Application by Figgins Holdings Pty Ltd*<sup>1</sup> (IP Aust, H R Hardie, 1 July 1998, in which Deputy Registrar Hardie pointed out that:

"...the claim to standing is all that is required under the removal provisions of the *Trade Marks Act 1995*.... Once there is an opposition to the application for removal, the onus is on the opponent to rebut the allegation that the trade mark has not been used by the registered owner..."

9. It appears that Ms Evans has misunderstood that passage that she relies on. In full, Ms Hardie stated in *Figgins*:

This claim to standing is all that is required under the removal provisions of the *Trade Marks Act 1995*. In contrast to the *Trade Marks Act 1955*, the removal applicant is not required to lodge any evidence in support of the removal application. Once there is an opposition to the application for removal, the onus is on the opponent to rebut an allegation that the trade mark has not been used by the registered owner in the relevant period and to this purpose there is provision for lodgement of evidence. **If the opponent challenges** the applicant's standing, the applicant has an opportunity to provide evidence to support its claim in evidence in answer. If the removal application is made in accordance with the regulations, and there is no opposition, then as explained in the *Trade Marks Office Draft Manual of Practice and Procedure*, the trade mark registration will be removed without further inquiry. In the present case the standing of Figgins to file the removal action has not been brought into question in the opponent's evidence and I am not required to initiate any investigation into the applicant's standing. [Emphasis added]

10. For his part, Mr Norris, for the opponent, argued that:

The current authority on establishing whether a person is aggrieved can be found in *Kraft General Foods Inc v Gaines Pet Foods Corp.* (1996) 31 IPR 439. This refutes the view that an applicant for registration of a trade mark against which the allegedly unused mark would be cited as an obstacle under s 44 automatically has standing to challenge the earlier mark. Hill J said at 442:

"Because matters of standing inevitably involve issues of fact, the cases which have considered whether in particular circumstances an applicant under s 23(1) is a person aggrieved ultimately turn on their particular facts. Care must be taken to resist turning conclusions of fact into principles of law."

Further, at 444 Hill J states:

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<sup>1</sup> Ms Evans refers to *Figgins Holdings Pty Ltd v Beltrami S.p.A* [1998] ATMO 32.

"The view I take can be shortly stated. When an applicant for a trade mark in fact uses that trade mark despite the registration of the trade mark of another or intends to use that mark in business the applicant will be a person aggrieved within the meaning of s 23(1). If, however, a person is merely an applicant for a trade mark but neither uses that mark nor intends to use it in the future, the mere fact that the person is an applicant would not result in the conclusion that the person was a person aggrieved. It follows that the submission made on behalf of Kraft that an applicant for a trade mark will always be a person aggrieved could not be accepted in such wide terms. It is not the application per se for registration of a new mark which makes the applicant the person aggrieved in an expungement application, it is the fact that the applicant must, to obtain registration of the mark, either use it or propose to use it. So much is clear from the definition of 'trade mark' in s 6(1) of the Act and the reference in that definition to 'used or proposed to be used'."

11. In these proceedings, the onus is not on an opponent to show that the applicant is not a person aggrieved – the 'challenge to standing' need only be a claim in the Notice of Opposition to the removal. Once the challenge has been issued, the onus is on an applicant to establish its standing. Absent evidence which establishes an applicant's standing to my satisfaction, there should be no alternative but to refuse the application for removal.
12. Application 1033510 to register the trade mark MUGnBEAN on which the applicant (in part) relies to establish its status as a person aggrieved was publicly advertised as lapsed on 27 April 2006 – over one month before the applicant's evidence in answer was served and filed. I note that the applicant has asked to revive this application, but this request has met objections because application 1050642 (MUGG N BEAN) filed by Shannon Associates, has been accepted since then, without opposition. The situation of the applicant's reliance on the pending application at all is complicated by the fact that it was not filed in the name of the applicant but by Mug N Bean IP Pty Ltd. Further, the applicant's evidence is that, as soon as it found that the trademark MUG N BEAN was already registered by the owner of the trade mark, he (or the entities associated with him) ceased use of the trade mark and adopted the trade mark THE BEAN PALACE instead.

13. This series of events, in my opinion, does not contribute to the applicant's necessary standing as 'a person aggrieved'.
14. I do not consider that the applicant's claims to be a person aggrieved, on the basis of the evidence before me, are established. The application for removal and evidence relating thereto thus do not pass the threshold requirement of establishing that the applicant is a person aggrieved.

**Costs**

15. The opponent, having been successful in these proceedings, is entitled to its costs which I order at the official scale.

Iain Thompson  
Hearing Officer  
Trade Marks Hearings

**3 September 2007**