



Australian Government

Advisory Council on Intellectual Property

**A review of the relationship between trade
marks and business names, company
names and domain names**

March 2006



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The Hon Bob Baldwin MP
Parliamentary Secretary to the Minister for
Industry, Tourism and Resources
Parliament House
CANBERRA ACT 2600

Dear Mr Baldwin,

In early 2003 the former Parliamentary Secretary, the Hon Warren Entsch MP, asked ACIP to examine the issue of the relationship between trade marks and business names, company names and domain names, in particular whether these various identifiers cause confusion in the market place and whether businesses in Australia have encountered any problems with the interface between these identifiers. I am pleased to provide you with the report.


As a result of its inquiries, ACIP is convinced a large proportion of traders do not fully comprehend the legal significance of or inherent differences between these identifiers. ACIP believes this lack of understanding leads to expensive legal disputes and commercial uncertainty. While educational measures to promote a better understanding of the differences between these various identifiers would be highly beneficial they will not be sufficient on their own.

In order to ameliorate the problems identified by ACIP a number of significant structural and procedural measures will be required. Without such reforms these problems will continue to affect a growing number of traders.

In preparing this report ACIP widely circulated an issues paper and held consultations with various parties and undertook empirical research. The majority of responses advocated that significant changes were necessary to address, misconceptions, to increase understanding of the various identifiers used in business and to provide a level of protection to owners.

I look forward to the Government's response to the report.

Yours sincerely,


Anne Trimmer
Chair

23 March 2006

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1 Glossary of Terms

ABN	Australian Business Number
ABR	Australian Business Register
ACIP	Advisory Council on Intellectual Property
ACN	Australian Company Number
AFS	Assisted Filing Service
AIPPI	Association Internationale pour la Protection de la Propriété Intellectuelle
ARBN	Australian Registered Body Number
ASIC	Australian Securities and Investment Commission
ATO	Australian Taxation Office
ATMOSS	Australian Trade Mark Online Search System
auDRP	.au Dispute Resolution Policy
auDA	.au Domain Administration
BASS	Business Names Applicant Search Service
CAN	Canada
ccTLD	Country Code Top Level Domain
CIRA	Canadian Internet Registration Authority
CNNIC	China Internet Network Information Centre
CPA	Certified Public Accountants
CTMO	Chinese Trade Marks Office
FICPI	Federation of Intellectual Property Attorneys
GST	Goods and Services Tax
gTLD	Global Top Level Domain
ICANN	Internet Corporation for Assigned Names and Numbers
IP	Intellectual Property
IPD	Intellectual Property Department
IPONZ	Intellectual Property Office of New Zealand
IPTA	Institute of Patent and Trade Mark Attorneys of Australia
LIV	Law Institute of Victoria
NNI	National Names Index
NOIE	National Office for the Information Economy
NUANS	Newly Upgraded Automated Name Search
OFT	Office of Fair Trading
OSB	Office of Small Business
SAIC	State Administration of Industry and Commerce
SME	Small to Medium Enterprise
TLD	Top Level Domain
TRIPS	Trade-Related Aspects of Intellectual Property
UDRP	Uniform Domain Name Dispute Resolution Policy
UK	United Kingdom

UKPO	United Kingdom Patent Office
USA	United States of America
WIPO	World Intellectual Property Office
2LD	Second Level Domains
3LD	Third Level Domains

2 Terms of Reference

In April 2003 the former Parliamentary Secretary, the Hon Warren Entsch MP, having responsibility for patent, trade mark, designs and plant breeder's right matters within the portfolio of Industry, Tourism and Resources, asked the Advisory Council on Intellectual Property (ACIP) to:

Examine the issue of the relationship between trade marks and business names, company names and domain names, as the interface between these identifiers appears to create confusion in the market place.

3 Executive Summary

In formulating this Report ACIP considered the submissions received, the discussions held with key stakeholders and the results of commissioned market research. In doing so, ACIP is convinced that a significant number of traders do not fully comprehend the legal significance or inherent differences between trade marks and business names, company names and domain names. Compounding this is the resulting confusion that exists in the business community as to the nature of the rights, if any, associated with each identifier. ACIP believes the lack of overall understanding of these identifiers leads to expensive legal disputes, gross misconceptions and commercial uncertainty. In order to address the problems faced by traders who use these identifiers a number of significant structural and procedural changes will be required. Without such reforms the problems identified in this Report will continue to affect a growing number of traders.

Business Names

The proper purpose of registering a business name is ultimately to ensure that consumers and business know exactly who they are trading with and to identify the registrant of the business name. However, evidence gathered by ACIP indicates major misconceptions amongst traders regarding the purpose and function of business names. It appears evident that a significant number of business name registrants do not understand the real purpose of registration and further believe that it confers some form of proprietary right.

Two common misconceptions are that business name registration provides immunity from infringement of others' rights and gives exclusivity to the name. The result of such misconceptions is that business owners conduct inadequate checks for common law and registered trade marks before embarking on a business activity. This often results in business name registrants becoming aware that their name infringes a pre-existing common law or registered trade mark only after they have made a major investment in their business. In such cases these traders may incur their own legal and re-branding costs in addition to possible compensation payable to the party whose rights they have infringed. ACIP believes that such issues are not unique to Australia.

Under the Paris Convention Australia is obliged to protect trade names. At this stage, ACIP has no reason to believe that we are not currently satisfying this, but believes this protection could be strengthened. Internationally there is a wide range of business name systems that are utilized. None offers an ideal solution, but several have more stringent requirements that there be no conflict with registered trade marks. The Canadian NUANS system is one such solution and is of great interest. This system highlights that modern technology has the potential to solve many of these issues.

ACIP considers there are three possible approaches:

Maintain the status quo

In light of the evidence gathered by ACIP, maintaining the status quo over time would most likely exacerbate the problems identified in this Report. There is alarming evidence of widespread misconceptions regarding the nature and purpose of business names. Internationally, the systems of business name registration are becoming more modernized, integrated, efficient and technologically advanced. Australia could benefit from changes similar to those that have occurred in various developed countries. ACIP believes that maintaining the status quo is not desirable and fails to address the systemic problems experienced by business.

Abolish business name registration

ACIP considered whether this may be a solution to public misconceptions in Australia because business owners cannot make incorrect assumptions about what business name registration confers if it does not exist. However, this would involve significant change at the state and federal level and the net benefits are not clear. Some misconceptions would be removed, but other problems may replace them and valuable systems and infrastructure would be lost that could be used to better resolve these issues.

Reform the current business name system

This may be the most cost effective approach as it entails improving existing systems and infrastructure. It is possible to effect significant change with relatively minor legislative amendments. Structural and procedural reforms can address most of the inherent problems in the current system. In addition, new educational programs could complement these reforms and better inform registrants of the purpose, effect and nature of business name registration. ACIP believes that reforming the current system is the most beneficial approach to address the problems relating to business names.

Recommendations

The following recommendations can be considered in their own right; however, adopting all the recommendations in this Report will achieve the maximum benefit for business.

Recommendation 1 - Mandatory trade mark search

Mandate that business names may only be registered if searches of the trade mark register shows there to be no conflict with registered or pending trade marks in the same field of business activity. Where the field of business activity does not match, or where comparing business activities is not possible, the trade mark search results should be provided to the business name owner for information purposes. This option would greatly help to protect business name owners from infringing prior rights.

Recommendation 2 – Rebuttable presumption of prior use

Amend the *Trade Marks Act 1995* so that business name registration provides a “rebuttable presumption of prior use” for the purpose of the s 124 (1) defence to trade mark infringement actions. Owners of subsequently obtained trade marks should bear the onus to prove that an alleged infringing business name has not been continuously used in the course of trade on similar goods and/or services from a time before the date of registration of the trade mark or when the trade mark was first used, whichever is earlier. This relatively minor amendment would help business name owners defend themselves against allegations of infringement of subsequently obtained trade marks.

Recommendation 3 – Integration of systems

Integrate the State/Territory business name systems. Better integration would greatly facilitate the provision of the above two IP solutions, as well as reduce the regulatory burden on the business community. ACIP is not in a position to recommend what form of integration is most appropriate, but some options are:

- a single national system, similar to the company name system administered by one authority;
- a single national system similar to that for domain names, where competing registrars are administered by a federal authority; or
- a combination of State and Territory registers accessed as one integrated system.

Recommendation 3 would involve a coordinated whole of government approach. ACIP considers that moving from separate State/Territory based systems into a more integrated Australian system would be a natural evolution, and the centralisation of the company name system shows that transitional issues can be overcome.

Company Names

ACIP was made aware of only a handful of company name/trade mark conflicts per year. However, there is some evidence that confusion exists in similar systems elsewhere – in the UK where misconceptions over company names remain, and in Hong Kong where instances of “name squatting” have recently occurred. Some submissions raised the issue of company names being subject to an identical name test only. Therefore company names that are confusingly similar (but not identical) to registered business names can be registered and traded under, creating potential conflicts. However, no evidence was presented of this being a significant issue.

ACIP believes that confusion and misconceptions, such as those that arise for business names, do occur for Australian company names, although to a lesser degree possibly because company name applicants are generally more knowledgeable in the IP area. The potential exists for a situation like that in Hong Kong to develop here, where some company names have been adopted that are very similar to existing trade marks owned by other parties. Whilst there is a myriad of company name registration systems around the world, several countries require that there be no conflict with registered trade marks, such as the Canadian NUANS system.

ACIP considers that there are two possible approaches:

Maintain the status quo

Whilst ACIP does not have empirical evidence, the anecdotal evidence suggests that the problem in relation to company names does not appear to be overwhelming and therefore maintaining the status quo may be a viable approach.

Reform the company name system

If reforms are to be made for business names this may present an ideal opportunity to implement changes to company names. This may help prevent problems like “squatting” practices emerging in Australia and aid in a whole of government approach to reduce misconceptions and business uncertainty regarding all business identifiers.

Recommendations

ACIP’s recommendations for company names are similar to those recommended for business names. It is acknowledged that the problems of company names conflicting with registered trade marks may not be as prevalent as with business names. ACIP considers that the best solution to the misconceptions and confusion between company names and trade marks is the implementation of the following recommendations.

Recommendation 4 – Trade mark search for information purposes only

An information-only search of the trade mark data base should be trialed for company names. The existence of a similar trade mark would not prohibit registration; however, the company owners would have notice of the potential risks of infringement in the event they use their company name in a trade mark sense, i.e. the company name is used as a sign to distinguish the goods and/or services from those of other traders.

Recommendation 5 – Rebuttable presumption of prior use

Amend the *Trade Marks Act 1995* so that company name registration provides a “rebuttable presumption of prior use” for the purpose of the s 124 (1) defence to trade mark infringement actions just like Recommendation 2 for business names. This minor amendment would similarly help company name owners defend themselves against allegations of infringement of subsequently obtained trade marks.

Recommendation 6 – Integration of systems

As with business names, further integration of company names with other identifiers may reduce confusion, and provide a higher standard of information to all users. At this stage, ACIP is not in a position to recommend which form of integration is the most appropriate.

Some possible forms of integration are:

- a single federal authority for registering both company and business names (either Australia-wide business names or by State/Territory);
- a single federal system with competing company and business name registrars under a federal authority, similar to the domain name system;
- a single portal for registering all these identifiers, from which users are diverted to separate registrars for company, business and domain names and/or ABNs, as required.

Domain Names

As with company and business names there are some misconceptions about this particular identifier and the system of domain name registration. Some of these misconceptions lead traders to make erroneous assumptions e.g. that domain name applications are checked by the registrar to ensure that the domain name is not identical or similar to a registered company or business name owned by another person. The growth in the use of domain names appears to have increased the number of bad faith registrations and further raised concerns that trade mark owners' rights are increasingly infringed or diluted by the use of trade marks in domain names.

ACIP considers that the two most significant issues regarding domain names are:

- bad faith registration of domain names, whereby one party deliberately and unlawfully benefits by registering a domain name containing the other's trade mark, business name or company name; and
- a public misconception that domain name registrars check for existing prior rights, such as registered trade marks, when registering a domain name.

The Australian domain name industry has an important role to play in alerting domain name registrants of the possibility of infringement and of the need to undertake clearance searches before selecting a usable domain name. The solution could be increasing awareness and standardising the information available to applicants for domain names from the various domain name registers. If there are changes leading to the integration of the various identifiers the auDA must be included with a view to implementing cross-checking facilities for comparison with other identifiers prior to domain name registration.

Whilst evidence suggests that bad faith registration of domain names has increased in recent years, ACIP is satisfied the UDRP and auDRP have been successful at dealing with the problem. Insufficient evidence was presented to ACIP of a significant problem existing at this time that would warrant fundamental changes to the system of registration of domain names. ACIP is of the view that any solution to domain name issues be deferred until after recommendations for business and company names have

been implemented. If, at a later stage, it should be determined that significant domain name issues remain or have arisen, the business and company name experience may provide guidance for resolving the issues.

Education

ACIP is convinced that education is a key issue for the public's understanding of the differences between business, company, domain names and registered trade marks. The evidence gathered for this Report indicated that the strongest misconceptions concerned business names and their relationship to other identifiers, particularly trade marks. Whilst the quality of information on the various identifiers made available by agencies such as the State business name registrars and IP Australia is commendable, ACIP believes educative measures should be strategically included at various stages of the business name registration process. In the event that the recommendations for mandatory trade mark searching are adopted, there must be educative measures that explain the limitations of the search system.

Recommendations

Improving education does not fundamentally address the magnitude or systemic nature of the confusion faced by traders as outlined in this Report. Therefore, the following recommendations should not be considered as sufficient in their own right.

Recommendation 7 – Pre-registration measures

Educational programs should be conducted at the pre-registration stage for business advisors such as accountants and small business owners. A collaborative cross-government approach to these educational activities would be beneficial, perhaps jointly run by the business name registrars, ASIC and IP Australia.

Recommendation 8 – Point of registration measures

Business name application forms and guides across States and Territories should be amended, to better inform business name applicants about trade marks. This information should explain the potential for infringement of trade marks. In the event that the recommendations for mandatory trade mark searching are adopted, this information must explain the limitations of the search system. This information should also make clear that business name registration does not grant proprietary rights, and should explain IP Australia's Trade Mark Assisted Filing Service.

4 Introduction

4.1 The Advisory Council on Intellectual Property

The Advisory Council on Intellectual Property (ACIP) is an independent body established to provide advice to the Minister for Industry, Tourism and Resources and IP Australia on matters of policy and administration. The Council has been requested to take a broad strategic view of the role of intellectual property and its contribution to the development of Australian industry. Members of the Council are drawn from business and manufacturing sectors, the patent attorney and legal professions, the tertiary and research sectors, and technology and commercialisation groups.

4.2 Background to the Review

The former Parliamentary Secretary, the Hon Warren Entsch, Parliamentary Secretary to the Minister for Industry, Tourism and Resources asked that ACIP examine the issue of the relationship between trade marks and business names, company names and domain names. The interface between these identifiers appears to create confusion in the market place and both the Parliamentary Secretary and ACIP are aware of many cases where businesses have encountered problems because of this apparent confusion.

Trade marks and business, company and domain names are four distinct identifiers that serve different purposes in the market place. The registration of a trade mark provides exclusive rights to the use of that mark, whereas the registration of a domain name provides a license to use that internet address, and the registration of business and company names are essentially legal obligations on the part of those intending to conduct business.

The increased importance of advertising and the Internet has intensified the significance of these identifiers for business. However, in recent years it has become apparent to ACIP that confusion exists in the business community as to the nature of the rights, if any, associated with each identifier. Not only is it often mistakenly believed that business and company names grant *proprietary rights* analogous to those conferred by trade mark registration, it is at times thought that business, company, and domain names offer a form of *immunity* from infringement of a registered trade mark. IP Australia has endeavored to educate the business community as to the true nature of these rights. Despite the information made available, there still appears to be some confusion.

The relationship between trade marks and business, company and domain names has received some, but limited, consideration. In March 2002 the NSW Department of Fair Trading produced the National Competition Policy Review of the *Business Names Act 1962*. This review analysed the current business names system, and to some extent also the relationship between trade marks and business names.¹ Similarly, the Queensland Office of Fair Trading reviewed its business name legislation in 2001-02 and recommended minor modifications to the Act.

¹ <<http://www.fairtrading.nsw.gov.au/pdfs/corporate/businessnames.pdf>>

As part of the ACIP review of the enforcement of trade marks, an issues paper was published which in part discussed the relationship between trade marks, business and company names, and domain names,² and written submissions in response to this paper evidenced dissatisfaction with the current situation. The present review was initiated in order to address the matter more fully.

In 2005, IP Australia began parallel investigations into measures of improving education and searching systems for business name applicants.

4.3 The ACIP Review Process

ACIP published an Issues Paper in December 2003 to which it sought written responses on a number of questions. The Issues Paper was circulated widely to potential interested parties and forty four submissions were received. The Issues Paper and submissions received are available on the ACIP website at www.acip.gov.au. ACIP held discussions with the Australian Securities and Investment Commission (ASIC) and business name registrars in July 2004 and at the Business Names and Associations Conference in October 2004.

A wide variety of views were expressed to ACIP. Many believed that misconceptions about the various identifiers were common place in the community, and that this resulted in a sufficient number and severity of conflicts for the issue to warrant addressing. Most thought that educational measures could be improved, but the benefits of this would be limited and some form of procedural or structural change would be necessary. Centralisation of the business name registers, combined with better linkages between the various databases, was a popular solution. However, a strong minority believed that there was insufficient evidence of a significant number of problems resulting from misconceptions in the community. These submissions argued that a system that works well for the great majority should not be radically altered in an attempt to protect those few who take inadequate steps to help themselves.

In order to help gauge the extent of the problem between business names and trade marks, ACIP analysed a random sample of business names registered in Victoria against the trade mark register, to test for potential infringement. ACIP subsequently commissioned market research into the level of awareness and understanding amongst business name owners of the rights and obligations associated with business names and trade marks.

ACIP has considered the submissions received, the discussions held with key stakeholders and the research results. This Report is the result of those considerations and contains ACIP's recommendations for reform.

² <<http://www.acip.gov.au/library/Enforcement%20of%20Trade%20Marks%20Issue%20Paper.PDF>>

5 International Obligations

5.1 TRIPS

Australia is a signatory to the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The TRIPS Agreement mandates that member states establish minimum standards of intellectual property protection. The key TRIPS standards regarding registered trade marks are³:

- any sign capable of distinguishing goods or services between businesses must be eligible for registration;
- the owner of a registered trade mark shall have the right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for identical or similar goods or services, where such use would result in a likelihood of confusion;
- such rights shall not prejudice any existing prior rights;
- initial registration, and each renewal of registration, shall be for a term of no less than seven years⁴ and shall be renewable indefinitely;
- members may make use of a trade mark a requirement for registering and maintaining it.

Australia is free to provide trade mark rights in addition to those above, such as by providing specific protection for 'second tier' marks that would not necessarily satisfy the normal criteria. An example of second tier protection in patent law is the Innovation patent, which is designed for inventions of a lower inventive threshold and shorter market life.

5.2 Paris Convention

A trade name is the term used by a commercial entity to both describe itself, and to distinguish itself from other business entities. Article 8 of the Paris Convention for the Protection of Industrial Property (Paris Convention) mandates

A trade name shall be protected in all the countries of the Union without the obligation of filing or registration, whether or not it forms part of a trademark.

As a signatory to the Paris Convention, Australia is obligated to provide protection for trade names. Business and company names are two forms of trade names.

National implementation

In 2001, the Second WIPO Internet Domain Name Process analysed how trade names were protected in different countries⁵. The report noted that the broad nature of Article 8 of the Paris Convention leaves individual States with a great deal of freedom on how it is implemented. The three requirements of Article 8 are:

³ TRIPS Agreement, Section 2.

⁴ Under Article 17.2(9) of the Australia-United States Free Trade Agreement and Article 13(7) of the Trademark Law Treaty (1994), initial registration and each renewal of a mark shall be for a term of no less than ten years.

⁵ *The recognition of rights and the use of names in the internet domain name system*, Second WIPO Internet Domain Name Process, 3 September 2001, Chapter 7 and Annex XV.

- a State party to the Paris Convention must provide protection for trade names;
- protection must be extended without the condition of registration; and
- the protection must be independent of the protection accorded to trademarks, even if the trade name is also registered as a trademark.

The report found that trade name protection is variously implemented in different countries through a single law or a combination of civil and criminal law, commercial law, trade practices law, trade name and trademark legislation, and common law principles of unfair competition or “passing off”:

- a significant majority of countries required some form of registration of trade names of local and foreign trading entities;
- a majority of countries expressly prohibit use or registration of trade names that are the same or confusingly similar to local or foreign trade names or trademarks, whether registered or unregistered. Countries which prohibit similarity with trade marks include Armenia, Austria, Denmark, Estonia, Finland, France, Norway, USA. The report does not clarify which countries, if any, check registered trade marks at the time of name registration. The US does not (see Part 10);
- some countries limit the prohibition of identical or confusingly similar names to enterprises in the same field of trade or amongst competitors (e.g. Denmark, Hungary, Netherlands, Spain, United Kingdom), and/or within the national territory or locality (e.g. France, Denmark, Japan, Korea);
- furthermore, some countries operate trade names as ‘service marks’ or second-tier trade marks, in that they must be distinctive, limited to certain goods & services or a line of business, may be limited to a geographical area, and may be administered by the patent office. (e.g. Denmark, Estonia, Finland);
- many countries, particularly those of common law jurisdictions, prohibit trade names that are misleading or likely to cause consumer or public confusion;
- in countries with federal government systems, trade names may be protected at a national level, and separately and to a different extent at the state or province level (e.g. Australia, Canada, United States);
- some countries prohibit the registration of trade marks that are similar to nationally known trade names (e.g. Austria, France, USA).

The Australian Attorney-General’s Department submitted to the WIPO Process that it believed that Australia protected trade names, and therefore complied with the Paris Convention, as follows:

- trade names are taken to include business names, company names and trading designations;
- business names are registered on a state basis. Fair trading and consumer protection legislation, particular to each state, may be used to indirectly protect trade and business names;
- company names are registered and protected under federal law;
- ‘trade names’ and ‘trade designations’ are protected by common law;

- the federal *Trade Practices Act 1974* restricts practices by corporations that may affect consumer or trading interests, including unfair conduct that is likely to mislead or deceive. This can constrain the misleading or deceptive use of trade or business names.

ACIP notes that non-corporations are also protected by similar State/Territory provisions, such as the Fair Trading Acts and their equivalents.

ACIP can find no reason to disagree with the Attorney-General's Department submission that Australia meets its international obligations.

6 Australian Law

6.1 Trade marks

A trade mark is a sign used to distinguish the goods and services of one trader from those of another. There are essentially two types of trade marks - registered and common law marks.

Registered marks

The registration of trade marks is administered by IP Australia, a self-funded division of the federal government Department of Industry, Tourism and Resources, under the *Trade Marks Act 1995*⁶. IP Australia also administers the patent, design and plant breeder's right systems.

The objective of a registered trade mark is to generate goodwill associated with its products and services, to protect the goodwill from abuse by others, and equally to protect the consumer by indicating the trade source of the goods or services. The advantage of registered trade marks over common law rights is they provide prima facie evidence that the owner has established a reputation in the market regarding the mark in respect of the goods and/or services for which it has been registered.

Application process

Registration of a trade mark in which there are no grounds for objection typically takes 7 ½ months, the bulk of this being the three month opposition period. More complex and controversial cases can take considerably longer. Official fees for registering a trade mark total around \$450 per class of goods or services sought, with renewals fees comprising \$300 every ten years. Around 60% of applications are filed by the applicants themselves. The other 40% are handled by lawyers or attorneys, who may charge in the range of \$1000 to \$5000 in addition to official fees.

In October 2005 IP Australia introduced an Assisted Filing Service (AFS) for trade mark applications. This service aims to achieve early finalisation of applications by identifying potential problems before the application is officially filed. The AFS is primarily targeted at self filing applicants who have little knowledge of the system and costs around \$50 more than a standard application. Within five working days of the AFS request and payment of \$90 per class, an examiner will contact the applicant to discuss the initial assessment. The applicant then has the opportunity to amend the

⁶ Part 13 regarding the importation of goods infringing Australian trade marks is administered by the Australian Customs Service.

trade mark and/or classes applied for and, upon payment of another \$90, proceed with a standard application.

IP Australia receives over 50,000 applications each year, each for an average 1.6 classes of goods and services. There are currently over 358,000 registered trade marks and 57,000 pending applications in Australia.

Criteria for registration

A registered trade mark can be a word, phrase, letter, number, sound, smell, shape, logo, picture, aspect of packaging or a combination of these. To be registered a trade mark must satisfy the following criteria:

- be capable of distinguishing the goods and/or services of the applicant from those of other persons (s 41). This prohibits terms that are descriptors commonly used in the field;
- not be scandalous or its use contrary to law (s 42);
- not be likely to deceive or cause confusion because of some connotation that the mark has (s 43);
- not be substantially identical with or deceptively similar to a trade mark registered or applied for by another person in respect of similar goods and/or services (s 44).

To assess whether an application satisfies s 44, IP Australia conducts a search of the trade marks register. IP Australia does not check business, company or domain name registers, or search for similar common law marks.

Contesting a mark

Applications for trade marks may be challenged via the Opposition process administered by IP Australia, and registered trade marks may be contested through the courts. A trade mark may be opposed or removed from the register on a number of grounds, including:

- the applicant has no intent to use it, or has not used it, in Australia in relation to the relevant goods and/or services (s 59 and 92);
- it is similar to a trade mark that has previously acquired a reputation in Australia (s 60);
- it contains a sign that has become generally accepted within the relevant trade as the sign that describes or is the name of a good or service (s 24 and s 87);
- it contains a sign that is a geographical indication for goods from another region (s 61).

Searching of Trade Marks

The public may conduct an online search for trade mark applications and registrations using the ATMOSS database operated by IP Australia. The search can be as simple as extracting all marks containing a word, but can be expanded to search by a variety of fields such as product classes, date ranges for different activities and application status. It is up to the searcher to determine the best search strategy and the relevance of the identified marks.

Business Names Applicant Search Service (BASS)

IP Australia introduced BASS in 1995 in response to confusion over the rights awarded by business names. For a fee of \$40, IP Australia customer service staff will conduct a search of the trade mark register to see if there are any trade marks which are identical or similar to the proposed business name. In 2004, a total of 496 BASS searches were done, down from around 600 in 2003.

A BASS search comprises the s 44 search for registration of a trade mark, except that images or graphic marks are not included. The search is conducted in goods and services classes that are considered to be within the nature of business identified by the applicant. The search does not include common law marks. Within one business day the search results are provided in a letter showing if there is an existing trade mark application or registration which is identical or very similar to the proposed business name. The letter identifies the purpose and limitations of the search. IP Australia provides no advice based on the search results and accepts no responsibility for matters arising from the search.

Anecdotal evidence suggests that BASS customers are generally happy with the service, although occasionally customers may misunderstand the exact purpose of the search.

Exclusive rights conferred

A registered trade mark gives the owner the exclusive right to use, license or sell the trade mark within Australia for the goods and services for which it is registered. However, a trade mark may be registered subject to conditions or limitations, including that it only be used within a territorial area within Australia (s 6, 20, 44). This may be appropriate where it is identical or similar to a pending or registered trade mark and there has been honest, concurrent use by both parties.

Registering a trade mark simplifies infringement actions by removing the need to prove:

- a local business reputation in the mark, name, get up or logo that was used to distinguish a trader's goods and/or services from those of other traders; and
- that the defendant's conduct in copying those marks had lead to a substantial number of consumers being misled, deceived or even confused as to the origin of the goods and/or services they purchased under the mark.

The owner of a registered trade mark need only prove that the mark is registered with respect to particular goods and services and that the defendant is using an identical or very similar mark with respect to the same or closely related goods and/or services without the permission of the plaintiff. Another inherent benefit is that a trader can register a trade mark and obtain immediate protection of it even before that trader has actually commenced business.

The owner of the trade mark can commence proceedings for trade mark infringement under section 120 of the *Trade Marks Act 1995* which provides for three categories of infringement. The different categories are essentially differentiated by the goods and services in relation to which the trade mark is used. A person infringes a registered trade mark by:

- use of a substantially identical or deceptively similar mark on the goods or services of registration: s 120 (1);
- use of a substantially identical or deceptively similar mark on goods or services of the same description as, or closely related to, the goods or services of registration, but subject to a defence if the alleged infringer can demonstrate that her or his use was not likely to deceive or cause confusion: s 120 (2);
- use of a sign or mark which is substantially identical or deceptively similar to a well known trade mark on unrelated good or services, if the proprietor demonstrates that such use would be likely to suggest a connection between those goods or services and the proprietor of the well known mark: s 120 (3).

Trade mark infringement by a business name registrant generally occurs when they begin using their business name as a trade mark i.e. using the business name as a sign to distinguish their goods and services from those of other traders and their business name is identical or deceptively similar to an existing registered trade mark. This example would fall under s 120 (1).

Where infringement is established, the relief that a court may grant includes an injunction under s 126 (a) to prevent further infringement and either damages or an account of profits at the plaintiff's option under section s 126 (b).

Defences to infringement

Besides pleading that the trade mark in question is invalidly registered, a defendant in proceedings for trade mark infringement may also have a defence under s 122.

Section 122 permits the following:

- use in good faith of the defendant's own name or place of business or a predecessor's name or place of business: s 122 (1) (a);
- use in good faith of a description of the character or quality, intended purpose, geographical origin or some other characteristic of the defendant's goods or services: s 122 (1) (b);
- use of a mark in relation to goods or services of the defendant which are adapted to be parts or accessories for goods in relation to which the mark has been used without infringement, provided the use is reasonably necessary to indicate the adaptation and does not have the purpose or effect of indicating a trade connection that does not exist in fact: s 122 (1) (c);
- use of the mark for the purposes of comparative advertising: s 122 (1) (d);
- use of the mark pursuant to a right granted under the Act: s 122 (1) (e);
- use of the mark by a person who would obtain registration in their own name if they applied: s 122 (1) (f);
- use of a disclaimed part of a mark: s 122 (2).

Prior use

Prior use of an unregistered trade mark under section 124 (1) of the *Trade Marks Act 1995* is an additional defence to trade mark infringement in certain circumstances. A person does not infringe a registered trade mark when they use an unregistered trade

mark that is substantially identical with, or deceptively similar to, a registered trade mark, provided that the unregistered trade mark has been continuously used in the course of trade from a time before:

- the date of registration of the registered trade mark: s124 (1) (e); or
- the registered owner of the registered mark, or a predecessor in title, first used the trade mark: s 124 (1) (f), whichever is earlier.

For defendants to be successful they must show that their earlier use of their trade mark was the same manner of use as asserted and for the same or closely related goods and/or services⁷. Under s 124 (2), this exception to infringement may be restricted within a certain area of Australia, if the prior use of the unregistered mark was only in a particular area.

Common law marks

Trade marks that have not been registered may be protected under the tort of “passing off”. This large body of law is based on court precedents (the common law) rather than a written statute. “Passing off” refers to passing off one’s goods or services as someone else’s, with “reverse passing off” referring to passing off someone else’s goods and services as one’s own. To succeed in protecting a trade mark under common law, a plaintiff essentially has to prove three things:

- they have developed goodwill or a reputation in the trade mark;
- use of the trade mark by another person would be likely to confuse or deceive the public; and
- such confusion has damaged, or is likely to damage, the plaintiff’s goodwill.

While common law trade marks do not have the cost and delay of applying for a trade mark registration, successfully pursuing an action for passing off can be considerably more difficult than taking action under the *Trade Marks Act 1995*. The main reason for this is the requirement to prove reputation or goodwill that has been generated in relation to the mark and in proving that people have been misled or confused as to the origin of the goods or services produced under the mark. The litigation involved in proving that passing off has occurred is very expensive.

6.2 Company names

The registration of company names is administered by the Australian Securities & Investments Commission (ASIC) under the *Corporations Act 2001*. Prior to the introduction of a national registration system in 1991, registration of company names was administered by each state and territory. Issues that had to be overcome in the transition include a number of companies in different jurisdictions having identical names.

A company generally has the following characteristics:

- it is a corporate body created by law;
- it has all the powers of an individual and a corporation;

⁷ *Hy-Line Chicks Pty Ltd v Swifte* (1966) 115 CLR 159, Windeyer J at 162.

- it has officeholders, such as directors and secretaries, and a registered office;
- it has members;
- it has perpetual succession.

Company names are merely a legal identity and not traded under. In such circumstances business names may be used instead. For example, while the legal name of a company may be ABC Pty Ltd it may trade under the business name of Bob's Auto Repairs. In some cases there may be no trading taking place at all.

Every company in Australia is allocated a unique nine digit Australian Company Number (ACN). The registration of company names is compulsory, as the purpose of the system is to ensure adequate identification when transacting business. Registration does not confer rights in a name, but does aim to reduce confusion between names. To be registrable, a company name must not be "identical" to any other company, business or other name registered on the ASIC database. When determining whether names are "identical", the following are disregarded in either name:

- use of the definite or indefinite article as the first word;
- use of Pty, Ltd etc;
- whether a word is plural or singular;
- type, size, case of letters, the size of numbers or other characters, accents, punctuation marks;
- spaces between letters, numbers or characters; and
- common alternatives for words, such as Aust, Co, No, &, Inc, Corp.

This means that a name which is similar to a registered business name may be registered as a company name, and the company may then trade under the similar name (subject to common law rights).

Unlike applicants for trade marks and business names, there is no requirement for company name registrants to list the particular field of business activity the company is trading in. This makes it difficult for applicants of business names or trade marks to properly search the company names register. Even though a company name may be similar or identical to a registered business name or trade mark, without knowing the field of business activity it is difficult to establish if there is a conflict. The apparent reason why listing business activities is not required for company name registration is that companies are often involved in many different areas of trade that can significantly change over time.

There are currently 1.4 million companies registered in Australia, with 122 441 new companies registered in 2004-05⁸, 78% of these electronically.

ASIC operates the National Names Index (NNI), an index of Australian corporate names, registered business names and some incorporated associations. It allows the public to obtain basic information on each organisation for free, with a great deal

⁸ ASIC Report of Operations 2004-05.

more information available through private brokers. The public can also check whether a name has already been registered anywhere in Australia. The NNI search program can be invoked automatically by computer, thus avoiding repetitive manual searches. 9.9 million free internet searches were conducted in 2004-05.

6.3 Business names

The registration of business names is administered by state and territory governments, usually by the department of fair trading or consumer affairs. All jurisdictions have similar legislation that is based on a model business names Act prepared in 1962 by the Standing Committee of Attorneys-General of the Commonwealth and States. These original Acts are still in force in most jurisdictions, albeit with some amendments. SA and NSW have introduced 1996 and 2002 Acts respectively.

If a person intends to trade under a name other than his or her own, then it must be registered. The purpose of the business name system is to:

- establish mechanisms by which consumers and traders may identify the entity behind a trading name or firm;
- prescribe words not considered desirable for registration.

A name can function as a trade mark if it is being used as more than just the business or company name and informs consumers where a product or service is coming from. For example, if a name is used as a noun ("You can get your traveller's checks from American Express"), it is a trade name. If used as an adjective, ("You can get your American Express traveller's checks here"), it is a trademark. Registered business names may also be registered as trade marks, provided they meet the normal criteria.

Application process

Applicants are encouraged to check both the NNI and ATMOSS to see if their proposed name is available before submitting an application. In all jurisdictions, applications can be made over the counter in a number shop fronts or through the mail. Renewals can be made online. Online applications are only available in Victoria, and these now comprise at least 50% of all applications made.

Registration typically takes a matter of days, but may be immediate using Victoria's online automated system. Registration ranges from \$60 to \$100 for the first three years, with annual or triennial renewals of similar amounts. Applicants are advised to list several choices in case their first choice is not available. Successful applicants are sent a Certificate of Registration which must be displayed at the place of business.

To register a name containing a domain name suffix, all jurisdictions require evidence that the applicant holds a licence for the corresponding domain name issued by a domain name registrar.

All jurisdictions are empowered to seek information or to verify information about the registration details of a business name. However, only Queensland requires proof of identification to register a business name (introduced in 2003-04). Individuals must provide an official document such as a current passport, Australian citizenship certificate, drivers licence etc when making the application. No proof is required of the principal place of residence or postal details.

NSW, SA & Victoria require applicants to sign that all information provided is correct. In SA, if the business requires any type of licence, and the applicant has one, the number must be provided. WA, ACT, Tasmania & NT do not require any proofs of identification or declarations.

Criteria for registration

Generally, the following may not be registered:

- names that are identical to any incorporated organisation registered by ASIC, unless the company is the registered proprietor of the business name;
- a name that is identical to, or closely resembles, an existing registered business name, where the public would be likely to be misled if business were to be carried on under both names;
- names that include words that imply a particular activity, such as non-commercial activity, corporate status, financial, professional or governmental; and
- offensive names.

The interpretation of what is confusingly similar is substantially the same in all jurisdictions. Most states use some software in applying the above criteria, but there is a high level of human intervention and reliance on the skills of the officers. Victoria is the only jurisdiction which uses substantially automated software. Names that include certain words will be automatically rejected, while others that reach a certain score will be referred for manual assessment. All business names that are automatically passed are reviewed manually as a quality control measure.

Publicly available information / use of registers

The primary use of the registers is by consumers obtaining the names and contact details of business owners. Secondary users include law enforcement agencies obtaining contact information, financial institutions checking the existence of a business, and others checking to see whether certain names are in use for trade mark infringement purposes.

The registered information is typically charged for and provided either via mail, over the counter at an office or through a broker. Victoria provides some basic information from the register free of charge. In NSW in 2002-03, a total of 230 226 extracts from the register were obtained for a fee of \$12. The National Competition Policy Review of NSW found that these are obtained:

...either to identify the legal entity using a business name or other details on record. Of this type of search, it is estimated that over 40 per cent provide information to assist in law enforcement or consumer redress. Users of the register extracts include the Police Service, NSW Crime Commission, Fair Trading Tribunal, Fair Trading Centres, other consumer protection agencies, traders and consumers.

It is not clear what the other 60% of searches were for. The National Competition Policy Review of Queensland found that in 1999-00, 92 254 searches of the register were conducted, a decrease of 6% from the previous year. This may have been due to banks no longer requiring business name extracts before opening business bank

accounts, as business name certificates of registration now contain the relevant information. Of all searches, 92% were performed through business name brokers.

Maintaining business names

All jurisdictions require business name owners to notify the Registrar if a registered business name is not being used. Registrars may cancel registration if advised that business is no longer being carried out under a name and the proprietor fails to satisfy the Registrar on this.

Under the 2002 NSW Act, the requirement to carry on business is linked to the trader rather than to the business name. This allows for the registration of multiple business names, as long as the person registering them carries on or intends to carry on business in the state. This allows business names to be registered in order to secure domain names, even where businesses will not be carried on at the domain name straight away.

A 2003 audit of the business names system in Tasmania found that a significant number of businesses on the register may not still be trading (see below).

Application and renewal rates

In Victoria in 2004-05 there were around 354,000 names on the register, up from 342,500 in 2003-04. This sudden increase was after some years of slow growth, and is perhaps due to the introduction of the online application service making registration easier. Around 60,000 to 65,000 new names are registered each year, generating around \$4,000,000 in application fees. There are around 86,000 renewals / changes to the register, and 122,000 searches of the register per year.⁹ It is estimated that, each year, around 16% of names on the register are not renewed.

In NSW the total number of registered business names is now at around 500,000. Around 80,000 applications for new names are received each year, generating around \$10,000,000 in application fees. Around 14.5% are not renewed each year. In 2001-02 a total of \$2,152,000 was received for searches of the database.

In Queensland in 2003-04, a total of 219,235 names were on the register. Around 50,000 new names are registered each year, and around 34,000 lapse/deregister.¹⁰ This gives a figure of around 15% not being renewed each year, similar to that in Victoria and New South Wales. Queensland offers optional annual or triennial registrations and renewals, and around 65% of registrations are not renewed in the second year, with only around 50% renewed in the third year.

The Tasmanian Department of Justice estimates that around 11-12% of names are not renewed each year in that state.

Reviews of business name systems

A June 2003 report by the Tasmanian Auditor-General on the administration of business names registration in Tasmania found it to be generally satisfactory, except there was a significant compliance problem. 15-21% of business names requiring

⁹ Consumer Affairs Victoria *Annual Report 2003-04*.

¹⁰ Office of Fair Trading *Annual Report 2003-04*.

registration were not currently registered. More proactive education and compliance programs were recommended and have since been introduced.

The Competition Principles Agreement requires Australian governments to review all legislation that contains measures restricting competition. WA, Victoria and Tasmania assessed their business name legislation as not containing such restrictions and therefore not needing review. ACT, SA, Queensland and NSW have completed their reviews.

The Queensland Office of Fair Trading 2001-02 review of its business names legislation¹¹ found that:

- the Act should be retained, with minor modification. Deregulation was not a viable option as it would impose net costs on most stakeholders and would not meet the objectives of the Act;
- the subjective name test should be maintained due to the additional protection it affords over an identical name test outweighs the additional cost;
- a centralised register administered at Commonwealth level does not appear to be a viable option at this time due to the complexities and various costs of combining existing registers;
- a national system based on the existing Australian Business Register (ABR) should be investigated;
- there appears to be a misconception in the business community that registration of a name confers proprietary rights.

The NSW Department of Fair Trading 2002 review of its 1962 legislation¹² found that:

- the net public benefit of the system justified its retention, with minor amendments. The main alternative considered was no regulation at all. The Regulatory Impact Statement for the 2002 Act discounted the option of a voluntary code of practice where the information was provided to an industry body and generally disseminated due to the subsequent reduction in available, useful information and the cost of establishing a new register;
- there was a trend to register business names for the purpose of securing domain names, even where there was no intention to immediately trade under the domain name;
- the similar names test should remain;
- there was widespread support for a uniform, national approach, however the establishment of such a system was found to be too costly;

¹¹ Office of Fair Trading *NCP Legislative Review: Business Names Act 1962, Draft Public Benefit Test Report*.

¹² Department of Fair Trading *National Competition Policy Review, Business Names Act 1962, Final Report*, March 2002.

- the ABR’s potential as an alternative to the business names system was investigated, but the information it provided was found to be insufficient and unreliable. This option should be investigated further;
- a strong misconception exists in the business community that the business name system safeguards the rights to the name;
- the Department should investigate formal links with IP Australia so as to provide access to IP registers at the time of registering a business name;
- alternatives to a business names register have proven to be unsuccessful when trialed overseas. For example, in the United Kingdom, the repeal of the business name registration legislation in 1981 “resulted in significant concern among the business and consumer community, and led to the establishment of several national business names registers by various Chambers of Commerce. These registers eventually failed for commercial and economic reasons.”¹³ However, no evidence is cited in the report, and the establishment of the *Business Names Act 1985* and its subsequent operation in the UK is not discussed.

Some of the review’s proposals were implemented in the 2002 Act.

Perceived rights awarded by business name registration

It is arguable that registration of a business name does provide some form of limited protection to registrants. Registration ensures that no prior registered business and no subsequently registered business in the relevant jurisdiction has a confusingly similar trading name. This may provide some comfort to registrants, as they are unlikely to infringe another business name in the State/Territory, or have another business appropriate to their name. However, registration does not protect against the following key areas:

- similar prior registered trade marks;
- similar subsequently registered company names, which are only subject to an identical name check; and
- common law rights to similar names, such as trade marks or unregistered trading names.

6.4 Domain names

Every computer on the internet has a unique identification number called an Internet Protocol address, and this is used to locate internet sites. In order for people to more easily recall Internet Protocol addresses, they are mapped through the Domain Name System to domain names containing words. Domain names are organised into a hierarchy:

- Top Level Domains (TLDs) are divided into two types – country code (ccTLDs) such as .au and .uk, and global (gTLDs) such as .com, .org, .net and .biz;

¹³ *Review of the Business Names Act 1962, Final Report*, NSW Department of Fair Trading, March 2002, Part 4.3.

- Underneath TLDs sit Second Level Domains (2LDs), such as .com.au. There are two types of 2LDs in the .au space – those open to all users, and those with a defined community of interest that are closed to the general public;
- 2LDs are divided into Third Level Domains (3LDs) such as acip.gov.au and rmit.edu.au.

The Internet Corporation for Assigned Names and Numbers (ICANN), an international non-profit corporation, has responsibility for Internet Protocol address space allocation, and gTLD and ccTLD system management.

Application process

The .au domain space is administered by .au Domain Administration (auDA), a non-profit organisation, under a regime of industry self-regulation. Domain names are registered, renewed and details updated by over 20 competing private Accredited Registrars. Registering a domain name costs from around \$40 for a two year licence, with renewal fees due after that.

Criteria for registration

In Australia licenses are allocated on a ‘first come, first served’ basis, subject to the relevant eligibility rules. There are no checks by the registrar to see whether the domain name is identical or similar to a registered company name, business name or trade mark registered by another person. Some registrars provide information on how to conduct trade mark searches, but are not required to do so.

.com, .net, .org, .info, .biz

These TLDs can be registered to any organisation or individual anywhere in the world.

.com.au, .net.au

To be eligible, registrants must be:

- an Australian registered company, or
- trading under a registered business name in any Australian State or Territory, or
- an Australian partnership or sole trader, or
- a foreign company licensed to trade in Australia, or
- an owner of an Australian Registered Trade Mark, or
- an applicant for an Australian Registered Trade Mark, or
- an association incorporated in any Australian State or Territory, or
- an Australian commercial statutory body.

Domain names in the .com.au 2LD must:

- exactly match:
 1. the registrant’s company, business, trading, association or statutory body name, or

2. the words comprising the registrant's Australian Registered Trade Mark or application; or
- be an acronym or abbreviation of (1) or (2) above; or
 - be otherwise closely and substantially connected to the registrant, because the domain name refers to:
 1. a product that the registrant manufactures or sells, or
 2. a service that the registrant provides, or
 3. an event that the registrant organizes or sponsors, or
 4. an activity that the registrant facilitates, teaches or trains, or
 5. a venue that the registrant operates, or
 6. a profession that the registrant's employees practice.

.org.au

To be eligible, registrants must be:

- a charity operating in Australia, as defined in the registrant's constitution or other documents of incorporation, or
- a non-profit organisation operating in Australia, as defined in the registrant's constitution or other documents of incorporation.

Domain names in the *.org.au* 2LD must exactly match the name of the registrant's charity or organisation, or be an acronym/abbreviation of it, or be closely related as in points 1-6 above regarding *.com.au*.

.asn.au

To be eligible, registrants must be:

- an association incorporated in any Australian State or Territory, or
- a political party registered with the Australian Electoral Commission, or
- a trade union or other organisation registered under the Workplace Relations Act 1996, or
- a sporting or special interest club operating in Australia.

Domain names in the *.asn.au* 2LD must meet essentially the same criteria as for *.org.au* above.

.id.au

To be eligible, registrants must be:

- an Australian citizen, or
- an Australian resident.

Domain names in the *.id.au* 2LD must:

- exactly match the registrant's personal name, or
- be an acronym or abbreviation of the registrant's personal name, or

- be otherwise closely and substantially connected to the registrant, because the domain name:
 1. is derived from the registrant’s personal name, or
 2. includes the registrant’s personal name.

Registrars determine whether the above criteria are met by verifying the information provided by the applicant through manually checking the relevant databases, such as ASIC, ABR and ATMOSS.

Rights and dispute resolution processes

There are no proprietary rights in the domain name system. A registrant does not “own” a domain name, but merely holds a licence to use a domain name for a specified period of time and under certain terms and conditions. Licenses may be transferred between parties under certain circumstances.

UDRP

All registrars in the TLD follow the Uniform Domain Name Dispute Resolution Policy (UDRP) since its approval by ICANN in 1999. As TLDs are registered purely on a first come, first served basis, a mechanism is needed to settle IP rights disputes. Under the UDRP, most types of trade mark-based domain name disputes must be resolved by agreement, court action or arbitration before a registrar will cancel, suspend or transfer a domain name. Allegations of cybersquatting may be addressed by expedited administrative proceedings, initiated by the holder of trade mark rights, through an approved dispute resolution service provider such as WIPO.

The question of whether the UDRP should be modified to accommodate trade names as well as trade marks was considered during the Second WIPO Internet Domain Name Process¹⁴. The 2001 final report recommended that this not happen for the following reasons:

- methods of trade name protection differ widely between countries, which would result in a lack of coherence in decisions. However, there is scope on a national level for allowing complaints regarding ccTLDs;
- use of trade names can be very localised, and it is questionable whether these can be assessed properly for disputes in gTLDs on a global medium;
- the UDRP was designed for disputes where there are rights on one side and no rights or legitimate interests on the other, not where there are interests on both sides;
- insufficient evidence of widespread abuse of trade names through domain name registration and use.

In 2002 WIPO Member States decided to keep the matter under review.

¹⁴ Second WIPO Internet Domain Name Process, *The recognition of rights and the use of names in the internet domain name system*, Final Report, 3 September 2001.
<http://arbiter.wipo.int/processes/process2/>

auDRP

The .au Dispute Resolution Policy (auDRP) is administered by auDA and is an adaptation of the UDRP. It commenced in 2002 and aims to provide a cheaper, speedier alternative to litigation for the resolution of disputes between the registrant of a .au domain name and a party with competing rights in the domain name. Other legal remedies are not excluded by the auDRP. The process relies on a “good faith” test rather than other legal standards to determine just outcomes. As of November 2005 there had been 41 decisions, 27 of these involving a transfer of the disputed domain name.

6.5 Trade Practices Act

Under section 52 of the *Trade Practices Act 1974*, a corporation must not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive. Section 53 stipulates that a corporation must not make certain false or misleading representations in connection with the supply of goods or services. The use of a name or design for a company, business or product may contravene these sections if it is the same as, or similar to, that used by another business. In its submission to ACIP, the Australian Competition and Consumer Commission noted two significant judgments in this area¹⁵.

In each state and territory, fair trading and consumer protection legislation may also be used to indirectly protect trade marks and business names. All states and territories have their own fair trading laws, which mirror the provisions of the *Trade Practices Act 1974*. The reason for this is the division of powers of Australia’s federal system of government. The Commonwealth Parliament is given limited exclusive powers of legislation in the Commonwealth of Australia Constitution with the remainder of Commonwealth legislative power shared concurrently with the States. The result of these constitutional limitations on the legislative power of the Commonwealth can be seen in the *Trade Practices Act 1974* which prohibits certain actions by “corporations” whereas the fair trading Acts of the states and territories prohibit certain actions by “persons“.

6.6 Australian Business Numbers

Businesses with an annual turnover over \$50 000 must obtain an eleven digit Australian Business Number (ABN) from the Australian Tax Office in order to register for elements of the tax system, particularly the Goods & Services Tax. Registration below this threshold is voluntary. It is not known what proportion of Australian businesses that register a business name or company name are not required to obtain an ABN.

ABNs are intended to become a single entry point of contact with government for business so as to reduce compliance costs for business and administration costs for governments. ABNs are linked to the trading entity (proprietor, company, partnership etc), not the business or company name. Businesses that already have a nine digit Australian Company Number (ACN) or Australian Registered Body Number (ARBN)

¹⁵ *Taco Company of Australia Inc, & Anor. v. Taco Bell Pty Ltd & Ors. (1982) ATPR ¶40-303*, and *Targets Pty Ltd v. Target Australia Pty Ltd (1993) ATPR ¶41-243*.

have two digits added to form their ABN. Relevant trading names must be provided as part of the registration process, but the ATO does not check whether they conflict with registered trade marks, and some ABN applicants may believe this constitutes registration of their name.

Australian Business Register

The Australian Business Register (ABR) is an online database operated by the federal government which contains all publicly available information provided by businesses when they register for an ABN. Trading names are available, but there have been concerns that these are not as reliable as the business name registers. In response to public controversy about the release of such information, in July 2000 publicly available information was reduced so that the full address of the main business location is not available – only the state/territory and postcode. However, under s 3(3) the ABN registrar may provide to state and territory governments information contained on the register. Section 26 may, however, prevent the ‘on-supply’ of those details to the public for the purposes of the business name system.

ABN and Business Registrations project

The Office of Small Business in the Federal Government’s Department of Industry, Tourism and Resources (DITR) is currently leading a project to reduce the regulatory burden on small business by lowering the regulation compliance time and improving the client experience during initial business registrations. This project is being conducted in conjunction with the Australian Tax Office, Australian Securities and Investment Commission, IP Australia and the e-Business division of DITR: and seeks active involvement from states and territories. It specifically aims to provide a seamless on-line process for registering an ABN and a state/territory business name.

7 Issues and submissions

7.1 Misconceived nature of business and company names

One of the main concerns about the various name identifiers is that those who register business and company names do not understand the real purpose of registration and believe that it confers some form of proprietary right. Two common misconceptions are that name registration provides:

- immunity from infringement of others' rights, and
- exclusivity to the name.

It appears that these misconceptions are mainly due to the fact that business and company name registrars conduct similar/identical name checks. Registrants assume that such a check involves all possible conflicting identifiers, which then ensures that they are free to operate under the name and others cannot use a similar name. Anecdotal evidence suggests that even business advisors such as accountants have advised their clients that business name registration is a cheaper alternative to trade mark registration.

The reason that company and business names are registered is not to ensure exclusivity to the name but to ensure that consumers and business know exactly with whom they are trading and can easily identify the registrant of the company or business name. Lawyers are frequent users of the business name and company name registers as they often need to identify the legal entity or person behind the company or business name; for example, where they are seeking to take legal action against registrants for whatever reason.

A result of such misconceptions is that business owners conduct inadequate checks for common law and registered trade marks before embarking on a business activity. Sometimes this results in the owner only becoming aware that their name infringes someone else's prior common law or registered trade mark once they have made a major investment in their business. This can have significant consequences, particularly for SMEs. The business or company may be required to forgo use of the name and so lose the reputation associated with the name. They may incur their own legal and re-branding costs, and may even be liable to pay compensation to and the legal costs of the party whose rights they have infringed.

The following actual cases made known to ACIP provide good examples of the business and company name issues:

Case study 1 – Business names

A Brisbane woman was about to start up a new business. On learning that it could cost in excess of \$1,000 to obtain registration of a trade mark, her accountant advised her that a cheaper option was to register a business name with the relevant state authority. She was advised that by adopting this approach she could achieve ‘protection’ for her trading name for less than \$100. She took the advice and commenced use of her registered business name without conducting a search of the trade mark register. Several months later she received a letter threatening her with legal action for infringing a trade mark made up of the same words. Clearly, the other business had prior rights to the name. She then had to make the difficult decision whether to resist the claims or to adopt a new trading name. She decided to adopt a new name even though the cost of doing so was considerable.¹⁶

Case study 2 – Business names

A business operating out of several locations in the South East Queensland area developed a wide reputation under a particular name. Several years after starting to use the name the business received a letter from a solicitor representing someone who had unsuccessfully applied for a position with the business. The letter said that this person had recently obtained the trade mark for the name and so the business no longer had the right to trade under the name. In the meantime the person began to use the mark in his new business in direct competition with the first business. The first business owner had the cost and anxiety of collecting documentary evidence that they had been using the name, but eventually was successful in refuting the allegation of infringement.¹⁷

Case study 3 – Business names

A business called Housemart was registered in Western Australia in November 2001, and the owners believe they were not told at the time to check to see if there would be a problem with trade marks. In August 2003 it was suggested to the owners that, as the business has become very prominent, it would be a good idea to register their name and logo as a trade mark to prevent others “stealing” the name undoing all their work. The owners discovered that there was another company with a very similar name already registered in one of the relevant classes. In 2004, this other company opposed the registration of the Housemart trade mark, incurring costs for both parties. The owners of Housemart believed that it would be disastrous if they had to change their name, because they would have to start almost from scratch and may suffer loss of business from customers who used Housemart because of their reputation and name.¹⁸

¹⁶ Anonymous case study.

¹⁷ Dimitrios G Eliades, IP barrister, <http://www.deliades.com.au/board.php?board=trademarks>, viewed November 2005.

¹⁸ Housemart submission to ACIP Issues Paper.

Case study 4 – Business and Company Names

Tread Lightly! Australia is a small non-profit organisation which encourages low-impact principles in outdoor activities. It has a licence to use the name in Australia from an equivalent US organisation. The company name was registered in 1992, and in 1993 another company with a very similar company name was registered with similar objectives, causing great concern. Rather than attempt legal action, an agreement was reached between the two organisations. Nonetheless, much confusion was created in the marketplace. Tread Lightly! Australia has received many requests relating to the other company, including requests for payment, leading them to seek legal advice. Since 1991 the name “Tread Lightly” has been the subject of several registered business names.¹⁹

Case study 5 – Company Names

A new Sydney home mortgage business registered its company name (which was also its trading name) with the Australian Securities and Investment Commission. The company believed that such a registration was sufficient protection for the word which constituted its name. After six months of building their business, the owners received a letter from another company stating that they too used the same word as part of their trading name and what’s more, they held a registered trade mark to prove ownership. The first company not only had to re-brand at a cost of over \$50,000, it also faced demands from the other company for \$25,000 to cover its legal costs.²⁰

Case study 6 – Company Names

In 2003 an enterprise wanting a new identity under which to market a water conditioning product conducted the necessary business and company searches advised by ASIC. They claim they were advised by ASIC that by paying \$330 to change the company name to Virgin Water Pty Ltd they would have immediate entitlement to trade under that name as it was legally available. A month after doing this they were contacted by another company who owned trade marks that were very similar to the company name and were asked to cease and desist trading under that name. This cost the enterprise several thousand dollars in wasted graphic design work and publications, and having to transfer the name back again. It was also at risk of being pursued for legal costs incurred by the company who owned the trade marks that were similar to the company name Virgin Water Pty Ltd²¹.

7.1.1 Extent of the problem

Many who made submissions in response to the Issues Paper believed that such misconceptions were common place. For example, IP Wealth said that it had

¹⁹ Tread Lightly! Australia Ltd submission to ACIP.

²⁰ Anonymous case study.

²¹ Aquaco Environmental Pty Ltd complaint to ASIC, copy provided to ACIP.

witnessed people not checking the trade marks register before registering a business or company name “hundreds of times”:

...no matter their years in business or how many millions their business turn-over, it amazes me that most business people do not understand the crucial differences between trade marks and all other business names, including domain names.

Minter Ellison Perth:

We subjectively perceive that there is an endemic misconception amongst not only SMEs but also large private companies and even listed companies. This no doubt stems from the extremely poor priority given to intellectual property generally by Australian commerce...

Queensland Department of State Development and Innovation:

There is a widespread lack of understanding of the legal nature of business names. The general perception of many business name applicants...are that once a name is registered there is a proprietary right in that name rather than the name being a source of identification... In addition, many applicants do not understand the nature of intellectual property and its various forms.

Queensland Office of Fair Trading:

There is a widespread misconception in the marketplace by the holders of business names that registration under the BN Act affords protection of proprietary rights that may attach to a business name and also immunity from action where another trader's name is being infringed. OFT experience has shown that this misconception, unfortunately, can extend to professional advisors such as solicitors and accountants...

However, some who participated in the review strongly believed that the degree of misconception in the community was not significant:

ASIC is of the view that the anecdotal evidence regarding any confusion between the relationship between company names and trade marks is small in proportion compared to the number of registered companies.ASIC queries whether generally efficient administrative practices should be restructured and rendered less efficient in an attempt to protect persons who take insufficient care to protect themselves....While Australia has 1.3 million registered companies, ASIC would, in a given year, encounter only a handful of situations of the kind described.

In submissions and consultations, several State and Territory business name registrars expressed the view that a large proportion of registrants wrongly believed they were receiving some form of proprietary right. However, they thought that this did not translate into a significant number of conflicts due to many businesses remaining small, locally based and/or short-lived, and so not coming into conflict with prior right owners in other parts of the country.

7.1.2 Educative measures

Present measures to counter the misconception as to the nature of business or company names are purely educative. Information is provided by governments over the counter and online by the business name, company name and trade mark authorities to educate the business community of the danger of infringement of a registered trade mark, and the possible need for trade mark protection. IP Australia

publishes information which is distributed by the relevant state or federal authorities to business or company name applicants, which encourages a search of the trade mark register in order to minimise the risk of infringement of a registered trade mark.

One of the major problems with properly informing business name applicants is cutting through the large amount of information they have to obtain and master to set up their business. Many businesses are registered in person over the counter at busy government shop fronts which deal with a wide range of issues. Multiple-page forms contain a great deal of important information for applicants to absorb.

The majority of submissions to ACIP's Issues Paper believed that current educative measures about the legal nature of business and company names were not adequate. The Australian Computer Society submitted that:

The ACS believes that most lay business people have a poor understanding of even very basic intellectual property concepts. For this reason government bodies that register different species of identifiers should take a more pro-active role in ensuring that their registrants have a good appreciation of what they have registered and what rights and responsibilities are entailed.

Several ways of making improvements were suggested. For example, Davies Collison Cave said:

(A) warning should also be placed on the Certificate of Registration itself for Business Names and the Certificate of Incorporation of Company name. Further, staff employed by customer support centres of ASIC and Fair Trading Offices should be required to inform members of the public inquiring about registration, either in person or by telephone, and on lodging applications for registration of the limitations of the rights to be conferred.... Users of IP Australia's search facility should be made aware of the importance of extending their searches to common law rights before adopting a new trade mark or name...

Western Australia Department of Consumer and Employment Protection:

A measure explored in WA to ensure that traders read all the documentation was to require them to sign a statement confirming that they had (done so)... The downside...was that the trader might forget to/choose not to sign this statement. The registration of the business name would then be delayed until the statement had been signed... Legal advice was that this requirement would place too much liability on the business names registration process for something that is not within the scope of the Act.

Some advocated better coordination between governments of educational programs. For example, the Queensland Department of State Development and Innovation said:

DSDI would support the provision of joint seminars on a semi-regular basis between Federal and State representatives of each type of registrable name/mark to enable greater opportunity for SMEs to access relevant information... In addition, DSDI would also support the introduction of an online application process to enable applicants to "click" on to relevant information as they proceeded through the application process, for example, searching IP Australia's trade mark database.

Gilbert + Tobin made the point:

There is currently no central location for comprehensive information concerning the different systems of commercial identifier. We suggest identical information (and

links to the different systems) should be included on the relevant website for each system, in easy to understand language, including examples...

The NSW Department of Commerce thought that there would be benefit in developing a formal link with IP Australia with a view to providing access to the trade mark database at the time of registering a business name.

Some thought that the act of *registration* itself was a problem. For example, IPTA submitted:

There is a clear need to increase the knowledge of and educate not only the public who are attempting to register a business name but also the staff at each of the business name offices. IPTA appreciates that the States have no real interest or need to educate their officers in relation to trade marks as any education program will only increase the cost of operating a Business Names registration office....We also believe that misconceptions...arise – at least in part – from the use of the word ‘registration’ in relation to the recordal of business names....At the very least the Certificate of Registration should be replaced with a more simple notice reflecting details of the recordal of the name. ...

Others thought that current measures were adequate given the size of the problem. Queensland Office of Fair Trading:

OFT considers that the current educational measures it undertakes are adequate to inform new business entrants about these important issues given the resources available for this and other regulatory communication needs. However, a further possible measure is for all agencies involved...to agree to a standard form of education so as to have a consistent approach across the three distinctly different registration areas.

Linux Australia Pty Ltd submitted that common law marks had been a problem for them. They performed the necessary ASIC and trade mark searches before registering as a company name. After costly branding they discovered there was a common law trade mark in effect and have been contacted by Linux Australia Incorporated.

One educational option is to strongly encourage and enable name applicants to simultaneously apply for a trade mark. Hopefully this would alert them to the limitations of name registration and encourage them to obtain proper protection if needed. An argument against this is that obtaining a trade mark is not relevant for many businesses at this stage, due to the considerable cost and effort involved in a trade mark application, at a time when such resources are under considerable strain, combined with the owner not knowing whether he or she has anything worth protecting yet. There is a misconception that a significant proportion of businesses fail within the first few years, so it may be that promoting trade mark registration at the time of name renewal is more appropriate and useful. In Queensland, around 50% of new business name registrations lapse by the third year. Australia wide, around 15% of all registered business names are not renewed each year.

However, ABS figures²² show that only 4% of Australian businesses ‘exited’ in 2003-04. Research by the Productivity Commission in 2000²³ found that around 7.5% of

²² ABS 2005 Cat. 8160.055.001

businesses exit each year, two-thirds are still operating after five years, and the great majority of exits are business operators either merging or making lifestyle choices. Only 0.5% of exits were found to be due to bankruptcy or liquidation. Such evidence suggests that, although many business names may be short lived, the businesses themselves may survive for longer than is commonly thought.

Micro Biz Navigator submitted that they recently found the trade mark application process and criteria for registration to be confusing and illogical. They could understand why business operators do not often attempt to get trade marks. They knew of someone who was advised to trade mark their business name and spent several hundred dollars on the application, only to have it rejected for being too generic. As a start-up business they did not have the means to employ professional assistance, and were afraid someone could now appropriate their name. Tread Lightly! Australia Ltd also submitted that the trade mark application process in the 1990's had been expensive and time consuming for them.

7.1.3 Structural change

A significant number of submissions were in favour of some form of structural change:

FICPI Australia believes that the educative measures presently in place have been shown to be ineffective in removing the confusion....Simply enhancing the information...has no prospect of being more effective...Some structural change will be required.

ACT Registrar-General:

I agree that educative measures alone are insufficient. The complexity of the apparently conflicting roles of ASIC, IP Australia and Business Name and Domain Name Registries has contributed to the confusion...I agree that structural changes are necessary. It should be possible for the relationship between the administering entities to be structures such that, regardless of their statutory and jurisdictional separation, they are viewed by the customer, at least, as having some unanimity or connection.

However, ASIC submitted that structural change could worsen the problem:

It is paramount that any structural reorganisation continues to maintain clear dividing lines between the powers, functions and responsibilities of ASIC, State business name registers, IP Australia and auDA. Failure to (do this) will result in further misconceptions amongst applicants regarding the rights conferred...

Similarly, the Western Australia Department of Consumer and Employment Protection said:

Changing registration methods or search requirements will only increase any existing uncertainty amongst traders. The current system...provides an accepted, established, reliable and widely understood framework for traders and consumers alike.

The Tasmanian Department of Justice thought that IP Australia could first take on more responsibility for compliance:

²³ Bickerdyke, I., Lattimore, R. and Madge, A. 2000, *Business Failure and Change: An Australian Perspective*, Productivity Commission Staff Research Paper, AusInfo, Canberra.

The current framework has its faults but to a degree these faults exist because IP Australia plays no real role in compliance or enforcement. Instead this responsibility is placed on the holder of the Trademark. Perhaps in an ideal world this is where the responsibility should lie...perhaps IP Australia should look first at its scope before introducing the kind of major structural amendment proposed in the paper.

A very large proportion of submissions was undecided on the issue of structural change, or made no comment.

In the Issues Paper, ACIP raised the specific option of abolishing the business names registers.

Abolition of business name registers

A model for this is the abolition of the business names register in the United Kingdom by the *Business Names Act 1985*. ACIP thought this may be a solution to public misconceptions in Australia because business owners cannot make incorrect assumptions about what registration confers if it does not exist. Owners may then assume it is up to them to check whether prior rights exist in a name.

Only a few of those who made submissions were in favour of abolition. QBE Insurance Group Limited said:

The business names register should be abolished...The UK system is preferable, is less confusing, meets the consumer protection aim of customers knowing the principal and is not likely to be more costly than registering business names.

Minter Ellison Perth:

We have formed an opinion that educational efforts are not given weight by participants in the industry, and that only a major restructure of the system will focus the attention of industry participants upon the distinction between trade marks and business names... (T)he abolition of business name registers is a suggestion we support entirely. Much of the purpose of business name registration is to provide information...to members of the public. This information is for the most part duplicated in the Trade Mark Registry...

CPA Australia and The Institute of Chartered Accountants Australia (CPA) thought abolition had potential:

We are inclined to support the abolition of the business name register, however we acknowledge their important role in providing a public database... We would be interested to know how well such a system is working in the UK, including the initial and ongoing costs of compliance to business.

Most were against abolition, undecided or made no comment. For example, ASIC said:

The practical impact of abolishing business name registration would be an increase in the cost and complexity for small business operators. ...That cost, it should be remembered, would be borne by all business name proprietors in order to protect the minority of them who have some misconception about the effect of business name registration.

Davies Collison Cave:

We do not consider the abolition of these registers will alleviate the misconceptions and problems of the current system...(nor) avoid confusion caused through similarly named businesses. ...(T)he abolition of these registers may make it more difficult for traders to establish and prove common law rights in a trading name as may be required in an action to enforce reputation rights or to defend themselves against a third party claiming rights in the same or similar name. Perhaps more importantly...it would be more difficult for honest traders to select and clear a new name which will not conflict with those already in the marketplace.... ...Currently the company and business name registers are essential tools in identifying potential common law conflicts.

South Australia Office of Consumer and Business Affairs believed abolition would be a retrograde step while not addressing the IP confusion:

The abolition of the register in exchange for certain information to be disclosed...seems to weaken the consumer protection offered by the current system. It does not appear to provide any means to address effectively:

- The need of a potential litigant or claimant to obtain historical data;
- Incomplete (or incorrect) disclosure by the relevant proprietor;
- The potential impacts of any incorrect or incomplete disclosure on the contractual positions of relevant parties.

FICPI thought that the registers need to be maintained, but improved:

There can be little doubt that abolishing the registers would remove the possibility of...people...believing that the registration has attached to it some proprietary rights. We believe this is the predominant source of the misunderstanding by business name registrants... (However) the registers do provide information about particular names which are in use in Australia in respect of goods and services. In many cases the use is common law use which is not able to be ascertained in any other way. However, to be of value, the business names registers need to be maintained in a condition in which they can provide reliable information on the state of the market place...the ability to act against inappropriate business name registrations needs to be significantly expanded.

Similarly, Gilbert + Tobin submitted:

These registers provide a valuable resource to trade mark owners to protect brands by policing potentially conflicting names and also to check whether new brands might potentially conflict with third party rights. Rather than abolishing the registers, it would be more useful to synchronise the business name and company name registration systems so the rules of allocation are consistent and improving the search functions available in relation to the online registers.

Some warned that it would be difficult politically. IPTA said:

Clearly when considering whether or not to abolish the business names registration system, regard must be had to the financial impact on state and territory revenue.

7.1.4 Procedural change

Several procedural options were raised by ACIP in the Issues Paper:

- mandate a search of the trade mark register as a condition of business / company name registration;

- create a central register for business names;
- create a central register for both business and company names;

Mandatory trade mark search

The websites, guides and forms of business and company registration authorities recommend that applicants undertake searches of the trade mark register before choosing a name and submitting their application. However, it appears that such searches are only conducted occasionally. A compulsory search of the trade mark register at the time of applying for a business or company name would possibly better alert applicants to the possibility of trade mark infringement.

A large proportion of submissions were in favour of such an option. For example, IPTA said:

We agree with this proposal because, by requiring a trade mark search to be carried out, the business name applicant is forced to confront the fact that trade marks are relevant to a business name. Even given the danger that compulsory performance of a trade mark search may give some business name registrants a false sense of security...IPTA believes that a condition of registration...be that a trade marks search is conducted either by the Trade Marks Office (such as the recently prototyped Up Front Service or...BASS) or by private trade mark searchers... (I)n the interests of keeping costs to a minimum, the compulsory search could be for identical trade marks only the report to the Registrant would then provide both an explanation of the search...and a strong warning recommending a full trade mark search be conducted...

The Business Law Committee of the NSW Law Society:

The Committee...submits that the various State and Territory Registrars of business and company names should be required to make a search of the trade marks register as a condition of the registration of a business or company name. The costs (if any) of the search could be included in the registration fees.

The owners of the business discussed in Case Study 3 above believed that their own bad experience could have been avoided through such a solution:

It is ridiculous that a person can register a legitimate business and build it up, only to be told that they have to cease trading due to trade mark infringement. One would think that with today's computer technology, it would be a simple case of checking each application against a national database before processing new business names. If such a system was in place when we registered our name, we would have obviously chosen another name which would have prevented this whole mess.

Similarly, Aquaco Environmental could not understand how ASIC could accept money to register company names that may not be legally available because it had not conducted a trade mark search.

Anthony Taggart said:

I would think...that in today's computer age it should be mandatory for ASIC and the Trade Mark office to cross check the other's files for evidence of conflicting names and to report to any...applicant that a Trade Mark or company name exists using identical or similar words... The applicant is then in a position to assess their position in relation to proceeding with the application...

Some were more cautious. For example, FICPI said:

...a mandatory trade mark search Register search, at the time of making application for registration of a business name, has commendable merit. It seems inevitable that unless business name applicants become aware of the superior rights given to trade mark registrations...they will continue to act on the mistaken belief that their business name registration allows them to use part of all of the business name as a trade mark... ..but it is clear that if the searching is inadequate, or provided in terms that are not able to be understood by the business name applicant, then the search would be of little value.

Davies Collison Cave:

If a means could be found for carrying out a compulsory detailed search of the Trade Marks Register which is cost effective and which would not give rise to unrealistic expectations or misconceptions, then the scope for conflict between business names and trade mark registrations would diminish. However, in the absence of a mechanism to provide this result, we consider it preferable to avoid this requirement.

Others argued against a mandatory trade mark search:

ASIC believes it would be wasteful and counter-productive for registration authorities to conduct routine compulsory additional searches at additional costs to the applicant. Rather, it should be a matter for the applicant to determine whether additional searches should be undertaken depending on the nature or characteristics of the proposed name and the proposed business....It would have the potential to provide applicants with the misapprehension that ...future legal action by an interested third party for passing off or breach of the TPA would be precluded. One set of misconceptions might simply replace another.

South Australia Office of Consumer and Business Affairs:

A compulsory search of the Trade Mark Register would...drastically impact on the processing time and cost of an application for Registration of a Business Name. If it is proposed that the registering authority undertake the search...as part of the processing of the application, it would be resource-intensive both in terms of costs and staffing.

Similarly, the Western Australia Department of Consumer and Employment Protection noted that multiple searches would have to be done per business name application, as applicants can propose three or four possible names.

CPA submitted:

...any such scheme is likely to give registrants a “false sense of security” and could result in the perception by some participants that the state has provided an even more enhanced level of legal protection. A trade mark search would also offer no protection against a common law “passing off” claim, or a statutory claim for misleading or deceptive conduct. In our view, requiring applicants...to ‘sign off’ on a trade mark search does not get to the heart of the problem. ...We also envisage practical difficulties in designing and maintaining a workable and ‘fool-proof’ system.

The Law Council of Australia also saw too many practical difficulties:

..there are a number of practical considerations which would make such a proposal unworkable, for example:

- the additional administrative costs to SMEs and individuals;
- the risk that search results will not be properly analysed...
- the difficulty of ensuring that any search compares apples with apples rather than apples with pears. An exact match search would be too harsh on name registrants, and any other type would be too time consuming and expensive.

Central register for business names

At present each State and Territory is responsible for its own business names register. A business must apply for registration in each State and Territory in which it intends to operate. Also, the same name may be registered by different owners in more than one State. The process of registration may be faster and less costly if there was a single, central business names register. This could enable single registration for the entire country, or maintain the current state/territory breakdowns. For many micro businesses, selecting one state or region may be preferable as they may not have any intention of expanding beyond that region.

A central business names register would best address the issue of misconception were it to include an automatic search of the trade marks register. However, even if no such search were required, a central register may indicate to a business the availability of the chosen name in other states. Mere knowledge of the existence of the same business name in another jurisdiction may alert a business owner to the danger of potential infringement, as well as simplify the registration process.

The majority of submissions were in favour of such a register. The ACT Registrar-General's Office said:

A central register...makes sense (and) could be achieved by a technical solution, whilst leaving the statutory and administrative responsibility (and revenue) at state/territory level.

The main benefits envisaged were reducing burdens on business and being able to ensure a uniform educative solution. CPA:

While we doubt that the misconception issue can be addressed by centralising the business name registers, there may be a separate merit in doing so, such as making business name registration faster and less costly.

IPTA:

In the absence of complete abolition of business name registrations, IPTA supports a central register. Many of the problems associated with company name registrations were overcome with the introduction of a central company name register. It is expected that there will be a separate fee for registration...in each state and territory. ...IPTA believes that the ideal situation would be to associate a central business names register with the central company names register.

Queensland Department of State Development and Innovation:

DSDI supports the concept of one central business names register, particularly for searching purposes which displayed all registered names and the States in which they are registered... Many applicants do not realise that other jurisdictions need to be searched to ascertain this information... The availability of an Australia-wide search facility would assist applicants in understanding that their name is not unique and therefore it has limited exclusivity.

A minority were against such a move. ASIC:

In essence a de facto central register of company and business names already exists at a federal level, it is known as the “national business names register”... Given this fact, ASIC is of the view that amalgamation of business names registers is unnecessary.

Davies Collison Cave:

..without effective education measures, a central register of business names, or business and company names, would not reduce in any way the misconceptions relating to the legal nature of business or company names... The facilities for searching for business and company names would need to be improved to allow for speedy, consistent and complete results to be obtained without the limitations imposed by the current searching parameters.

The ACS believed that “an integrated search facility could achieve the same practical effect at lower cost”. Details of how a multi-level search facility would work were provided.

Central register for both business and company names

The business and company name registers serve different purposes and are administered by different authorities. However, combining them into a single register may have similar benefits to those possible in a central business names register.

A significant number of submissions were in favour of such an approach, however the great majority were undecided or strongly against it. Chartered Secretaries Australia was one of those in support:

As the business names are available on the national (ASIC) website, we suggest that there is no justification for continuing the separate state based registers.

The views of Tread Lightly! Australia were indicative of some submissions:

We believe that there should be a central register for Trade Marks, Company Names and Business Names and that a mandatory search be made prior to registration. It also should be made more difficult for a person to register a name for company, trading or business name that is similar to ones that are already registered.

Micro Biz Navigator had received the following comment:

Regulations for the protection of domain names, trademarks and company names need to be national. Most micro businesses do not have the time or funds to register in different states. I can think of nothing more time wasting, frustrating, confusing and costly than forcing micro businesses to keep having to register a name they already use and are known by, or worse, having to change the name because it is registered elsewhere. Why are Australian states treated like different countries, with different laws and regulations?

CPA advocated better linking the different registers with a single search:

While we understand that the objectives and uses of each of these registers (business & company names & trade marks) is very different, many of our members and their clients find it incongruous that these registers cannot be linked in some meaningful way...the necessary electronic database technologies and management tools do exist to facilitate ‘one-stop’ searching of a combined index. If there was one registration body for ‘names’, or at least one central index covering all forms of names, registrants could more easily be made aware of what names are already ‘registered’ in

some form...and the possibility of a linkage with Australian registered domain names should also be explored.

ASIC was strongly against a single register:

It is difficult to see that it could achieve anything. ...An unfortunate result of any such merger would probably be confusion in the public mind as between entities that do business in the corporate form and those that do not.

7.1.5 Confer rights

In its Issues Paper, ACIP raised the possibility of creating a two-tiered trade mark system.

Two tiered trade mark system

Contrary to apparently common belief, registration of business or company names does not at present confer the name holder with any exclusive rights in that name. This could be changed, in that business and company names could be registered as second-tier trade marks, and so confer some form of exclusive right to name registration that is more limited than that for standard trade marks. Under this approach the current business and company name registers might be subsumed by the second-tier trade mark register.

Two-tiered systems are not unknown. The Australian patent system is two-tiered, with the innovation patent as the second tier. The United States has a two-tier trade mark system involving a principal register and a supplemental register. A second-tier trade mark might not require examination prior to grant, or there may be a lower threshold to achieve registration. Such rights may be more uncertain than those for first-tier trade marks.

The concept of a two-tiered trade mark system appealed to a small number of respondents. ACT Registrar-General's Office:

I see some merit in a two-tiered trade mark system under which registration of a business name or company name automatically constitutes registration as a second tier trade mark...providing that...the process of registering a business name does not become unduly complex and time-consuming.

IP Wealth:

..one way of alleviating this confusion is to offer trade mark registrations which can be identified as a business or company name; and business names offices and ASIC would only provide registration numbers. ... (A)n applicant... would be able to 'tick the box' if the name is to be used as the business's or registered company's trading name. This would mean that people who satisfy either or both entities' statutory requirements would be given registration numbers by the (currently known) business names offices and by ASIC...and then would move on to secure names from *one* central names registration body – IP Australia.

Minter Ellison Perth:

(A) two tiered trade marks system...was in place in Australia under section 25 of the *Trade Marks Act 1955*... The abolished Part B of the Register allowed marks to obtain a lesser level of protection than marks in Part A..., provided that the mark could be shown to be "capable of becoming distinctive"... We argue...that the current overall system of business name registrations, ASIC corporation names and

trade marks is self-evidently confusing to members of the business community, and is an effective three-tiered system managed by three different pieces of legislation. A two tiered system will increase awareness of the importance of trade mark protection, and we think will lessen trade mark disputes and consumer confusion in the long term.

However, many were strongly against second-tier marks:

ASIC opposes any suggestion that the register of companies should be subsumed and become a “second tier” of trade mark registration. Such a registration process would create many practical problems. For instance, identical company names do exist...(and) there are identical business names registration in different States and Territories....Such a registration process would significantly increase costs and the complexities of the current system...

International Trademark Association was very strongly against it:

Far from addressing the misconceptions as the nature of business and company names in Australia, a two-tier system would simply add to the confusion and difficulties...

CPA:

We suggest...that the underlying problem of confusion...would remain, given that a higher form of trade mark protection would continue to exist.

Law Institute of Victoria:

The LIV opposes the establishment of a two-tier trade mark system. It considers that it will serve to further confuse the difference between trade mark, business names and company names. It would not alleviate or address the misconception as to the nature of business and company names.

FICPI:

One of the inherent problems with the automatic registration of a business name as second tier trade mark, is that the concept of goods or services to which the mark is applied is not addressed in any way. FICPI Australia cannot see how such a system could address this issue, and we therefore see more confusion than currently exists arising if such a system were introduced.

INTA foresaw major problems in the interaction with first tier trade marks, including their possible erosion, and the need for limits on such second tier marks regarding both territory and goods and services.

7.2 Good and bad faith registrations of domain names

The increasing use of domain names has raised concerns that trade mark owners' rights are being infringed or diluted by the use of trade marks in domain names. This can happen in two ways:

- a lack of public understanding of the relationship between domain names and other identifiers, resulting in domain name owners accidentally infringing other's prior rights; and
- bad faith registration of domain names, whereby one party deliberately and illegally benefits by registering a domain name containing the other's trade mark, business name or company name.

Case study 7 – Domain names used in bad faith

Supre Pty Ltd, a well known manufacturer and retailer of clothing and fashion accessories, began operations in 1984 and now operates over 100 stores across Australia and New Zealand. The name “Supre” is a very significant part of the business and was first registered as a trade mark in 1990. The business owns the domain name supre.au.com, which is used for online sales and news. Another party registered a business name that is very similar to Supre’s trade mark in Western Australia in 2000 and further registered a confusingly similar domain name 2001. The business name was cancelled in 2003. In 2004 Supre Pty Ltd via its lawyers lodged a complaint under the auDRP, claiming that the similar domain name should be transferred to them because it was confusingly similar to their name and trade mark. The other party did not respond and the panel decided that the domain name should be transferred to Supre Pty Ltd.²⁴

The auDA said:

We concur...that there is a widespread misconception that company or business name registration confers proprietary rights. With respect the domain names, this misconception leads people to make the following erroneous assumptions:

1. Domain name applications are checked by the registrar to ensure that the domain name is not identical or similar to a registered company or business name owner by another person.
2. Domain names that match registered company and business names are automatically registered to (or reserved for) the company or business names owner.
3. Company or business name owners have a prima facie right of action over the holder of an identical or similar name.

...auDA’s experience is that community misconception about the legal nature of domain names is similar to the misconception about business names – i.e. that domain name registration confers a proprietary right – and people make similar erroneous assumptions:

1. Domain name applications are checked by the registry/registrar to ensure that the domain name is not similar to an existing domain name (e.g. myhouse.com.au and my-house.com.au or myhouse.net.au).
2. Domain name holders have a prima facie right of action over the holder of a similar domain name (e.g. the registrant of myhouse.com.au can sue the registrant of my-house.com.au or myhouse.net.au).

The explicit criteria for registration of 2LDs (see Part 7.4) appear to prevent a much larger number of conflicts from arising. However, Logistics Pty Ltd considered cybersquatting to be a significant problem. They also found the criteria for obtaining domain names to be illogical, in that you must have a registered company or business name to obtain a domain name, but you are not entitled to the domain name.

Submissions were mixed on whether the auDRP has been adequate in resolving domain name / trade mark conflicts. The auDA was strongly supportive:

Commentators have praised the auDRP and the UDRP for providing fast, efficient and cheap solutions to domain name disputes...auDA believes that the auDRP has

²⁴auDRP Proceeding No. DAU204-0006.

shown to be effective, the remedies thereunder sufficient and the choice of panels (arbitrators) consistent with international principles. Furthermore, we believe that the auDRP meets community expectations about fair and acceptable use of domain names, and the protection of Australian businesses on the Internet. The suspicion that the auDRP could aid complaints being brought in bad faith (eg reverse domain name hijacking) has not been established by cases to date, and the provisions of the auDRP are flexible enough to embrace a multitude of circumstances.

Many of those who thought it to be generally working well nonetheless believed that education of domain name applicants could be much improved. Davies Collison Cave:

To date, the auDRP has been an efficient and cost effective means for arbitrating disputes between domain name licensees and trade mark owners....We consider the Australian domain name industry has an important role to play in alerting domain name registrants of the possibility of infringement and of the need to undertake clearance searches before selecting a domain name...

CPA:

We believe this issue could be improved by better educating prospective domain name registrants (and their advisers) of the existing trade mark system, and the risk of proceeding to register and use any domain name without searching the trade mark register.

The National Office for the Information Economy:

With regard to the remedies available to complaints of bad faith registration of domain names, the existing solutions to transfer or cancel the subject domain name appear to be suitable...NOIE believes that that greater onus should be placed on registrants to ensure they do not infringe trade mark rights by ensuring, as part of the registration process, that they check certain databases.

Others thought that there was room for significant improvement in the auDRP:

FICPI Australia believes that the auDRP appears to be having some effect in addressing bad faith conflicts where no use of the domain name has occurred, but that it also has limitations (with regard to procedure)... There also still appear to be still inefficient measures being taken to avoid conflict problems arising in the first place. ...To minimise the risk of the use of good faith domain name registrations infringing registered trade marks, FICPI Australia believes it is necessary for the applicant for the domain name registration to be aware of registered trade mark rights...

IPTA:

Although IPTA believes the auDRP system has been working well, it could be enhanced by the introduction of a penalty/costs order against the Registrant (as the costs to the Complainant are relatively high).

Gilbert + Tobin:

The history of cyber squatting associated with these commercial identifiers and the failure of both the UDRP and the auDRP process to provide cost effective and appropriate remedies for complainants is an indication of the interdependence of these systems. Reform of the regulation of domain names is also necessary to limit the growth of the grey market where domain names are bought and sold for what has effectively become a "going commercial rate" rather than complainants resorting to

expensive auDRP proceedings to recover domain names. We suggest this can be most effectively achieved by introducing an action for removal of unused domain names. ... The domain name regulation system should include provision for security for costs in disputed proceedings under the auDRP and provision for the award of costs to the successful party.

Others thought it was too early to tell at the time submissions were made whether the auDRP had been successful.

Capital Monitor submitted that the private registration system has generally not worked well:

(In Australia) no Government regulatory agency was given responsibility for establishing a domain name registration system linking domain names with either the company registration processes (as their Internet *address*) or the trade marks that some of those organisations rely on for trading purposes. ...(subsequently) we have bumbled along with a separate, *private* Internet domain name registration process, which does not work well and has sometimes been inhabited by commercial sharks...

7.3 Challenging bad faith business and company name registrations

Federal legislation might allow for challenges to be made to the registration of a business or company name especially where such registrations are sought in bad faith. This suggestion was made in the course of consultations held as part of the ACIP review of the enforcement of trade marks. Such challenges might be similar to removal and opposition proceedings allowed for in relation to trade marks registration. Like the bad faith registration of domain names and the auDRP, bad faith registration of a business name might be addressed in a non-litigious setting and recourse may not require trade mark infringement to have already occurred. It should also be noted that there may be constitutional impediments on whether federal legislation could make it possible for state business name registration to be challenged.

Case study 8 – Bad faith business name registration

A small business owner in NSW registered a trade mark. Subsequent to this, his competitors registered business names with the NSW Department of Fair Trading and the Victorian Consumer Affairs Commission that are allegedly confusingly similar to the trade mark. The trade mark owner had requested that his competitors deregister their allegedly infringing business names but so far they have refused to do so. Even though the trade mark owner may have legal recourse, the cost of enforcing his rights is considerably high and distracts resources from his core business operations. Such conflicts could be avoided in the future if there is a search of the trade mark data base prior to gaining business name registration.²⁵

There may be significant advantages in allowing opposition proceedings prior to business name registration. The greatest advantage would be the possibility of dealing with potential conflicts at an early stage, and hence, reducing the likelihood that actual trade mark infringement will occur. This would presumably reduce costs

²⁵ Anonymous case study.

incurred due to infringement proceedings and subsequent re-branding. It should be borne in mind, however, that a business or company name holder may feel affirmed in their belief that they have a positive right in their name if a challenge is successfully resisted. This could perpetrate the current misconception that a business or company name holder is provided with immunity from infringement of another's trade mark, to the extent that such infringement might occur through the use of a business or company name.

Submissions were evenly split for and against this concept. Davies Collison Cave were in favour:

We consider that federal legislation allowing a business or company name registration undertaken in bad faith to be challenged is desirable. An administrative process similar to the auDRP which provides a cost effective and timely resolution of complaints is desirable... (A)dditional grounds for challenge may include:

- a likelihood of deception or confusion which may arise from registration
- non-use in a requisite period.

Chrysiliou Law:

...a simplified system for legal proceedings should be created whereby trade mark owners, or owners of common law rights to a name, can challenge the possibility of usage (as opposed to actual usage) of their trade mark or name in a company, business or domain name....A system of advertising company/business/domain names before registration as a means of public notice, together with a system for opposition, should be considered...

Law Council of Australia:

The IPC questions whether the federal government has the power to establish such a system under which business names might be challenged. However, ignoring the constitutional issues which might affect any proposal for change, the IPC agrees that the present system, which requires costly court proceedings to resolve conflicts...is unsatisfactory.

NSW Department of Commerce though a post-registration process might be possible:

Any system allowing objections to proposed business names...would be extremely resource intensive to administer, given the approximately 80,000 applications for business names in NSW each year... A less costly system might be one focused only on cancellations of registered business names. Under this scenario, Commerce might cancel the registration of a business name upon, for example, receiving a notice from IP Australia that it was satisfied that the business name in question infringed upon a registered trade mark.

Similarly, IPTA said:

...challenges should not include formal opposition procedures to stop registration occurring. Any challenges...should occur after registration and should include:

- non use removal procedures...
- bad faith removal procedures...
- false statements at renewal regarding any current use of the business name...

ACS did not believe such a process to be necessary:

If the ACS's recommendations for an educative approach combined with the availability of practical multi-register search capabilities are implemented, the likelihood of such cases (where a business or company name contains a well known trade mark) being genuine cases of inadvertent selection will be rare...

The SA Office of Consumer and Business Affairs believed that current appeal processes are sufficient:

The South Australian *Business Names Act 1996* provides for the right of appeal to the District Court. Any person aggrieved by an act or decision of OCBA, as the registering authority, may appeal to the District Court within 21 days of the act or decision. The Act therefore provides an avenue of appeal if the owner of a trade mark, who has notice of the registration of the business name, believes that the registration...is undesirable because of the possibility of a trade mark infringement.

ASIC noted that company names can currently be challenged under Sections 158(1) and 1317(b) of the *Trade Practices Act 1974*.

7.4 ACIP Considerations

The submissions to the review and other sources lead ACIP to consider that, of all the identifiers subject to this review, the main area of concern is the relationship between business names and trade marks. Public misconception over of these identifiers appears to be widespread and potentially very damaging. However, the evidence of this was only anecdotal. ACIP concluded that further research was needed in order to better gauge the actual extent of the problem and commissioned market research, the results of which are outlined in the next section. Such research would aid in formulating what manner of solution, if any, is warranted.

Public misunderstanding of company names is a closely related issue, but does not appear as prevalent or significant as that for business names possibly due to a higher level of IP knowledge amongst registrants. Similarly, domain names, appear to be of little concern at this stage. Some misunderstandings of their nature persist amongst registrants, however the issue of cybersquatting seems to have subsided in recent years. Although submissions were mixed on the success of the auDRP, ACIP considers that, in the time since the submissions were made, the auDRP appears to have worked well in resolving bad faith registrations. ACIP therefore considered that further research on these two identifiers is not warranted at this stage.

8 Empirical research

8.1 Business name registrars and ASIC

Few cases of conflicts between business names and trade marks, domain names or company names are brought to the attention of the business name registrars or ASIC, particularly in light of the 200,000 or so business names and 120,000 company names that are registered each year. However, it may be that business and company name registrants who find that they may be infringing another's trade mark realise they are clearly in the wrong and see no reason to complain to the name authority.

- Queensland is notified of around 6-10 cases per year of a business name registrant being contacted by a trade mark owner who believes they may be infringing their mark, and around 5 cases per year of trade mark owners asking the Office of Fair Trading not to register a similar business name.
- Victoria has been made aware of only around 5 cases over the last few years where a business name may be infringing common law trade mark rights.
- Tasmania has been made aware of around 5 cases of conflicts with trade marks and 10-15 cases of conflicts with domain and company names.
- Over the last few years WA is aware of around 8-10 cases where trade mark owners have asked for the cancellation of business names, several complaints from companies about registered business names, and a few complaints about domain names.
- The ACT is aware of perhaps only one business name/trade mark conflict in three years.
- ASIC is made aware of only a handful of situations each year where a company has registered its name in the belief that this was sufficient protection, and subsequently found to its cost that the name had been previously used and/or trade marked by another party.

8.2 BASS results

Of the 496 BASS searches conducted by IP Australia in 2004, 28% identified a potential conflict with one or more pending or registered trade marks. Of these, an average of 1.9 potentially conflicting trade marks was identified per search.

8.3 Comparison with trade marks register

In order to help gauge the extent of the problem between business names and trade marks, ACIP checked a random sample of 511 business names registered in Victoria 6 months previously against the trade mark register. 11.5% of those names checked were found to be confusingly similar with a registered or pending trade mark owned by another party in the same field of goods and services, and therefore potentially infringing.

In another study conducted by IP Australia in cooperation with the Queensland Office of Fair Trading a random sample of 267 business names registered in the state of Queensland during the same period was compared with the trade marks register. In this sample, 13.1% of business names were found to be confusingly similar to a

registered or pending trade mark owned by an unrelated party in the same field of goods and services.

The percentage average of conflicting business names with trade marks for the samples examined in Victoria and Queensland is 12.0%. Given that over 200,000 new business names are registered each year, the number of business names potentially infringing registered trade marks is likely to be in the tens of thousands.

Methodology

The methodology of the comparison for both samples was as follows. Experienced IP Australia trade mark examiners attributed the appropriate trade mark subject class(es) to each business name according to the “nature of business” information provided by the business name applicant. Each name was checked to see if it was eligible for trade mark registration (i.e. capable of distinguishing the goods or services, as under s 41) and checked against ATMOSS to see if it was confusingly similar to a registered or pending trade mark within the appropriate classe(s) according to s 44 of the *Trade Marks Act 1995*. This included checking portions of names, phonetic equivalents and whether it was the same applicant.

8.4 Survey of NSW business name registrants

ACIP and IP Australia commissioned market research into the level of awareness and understanding amongst business name owners of the rights and obligations associated with business names and trade marks. This research involved sending a questionnaire to those who had recently registered or renewed a business name in New South Wales in mid-2005.

Methodology

A quantitative approach to the market research was adopted utilising a random sample drawn from a list of recent NSW business name registrants. This list was provided by NSW Office of Fair Trading and included all ‘renewals’ and ‘new registrations’ made in a 14-day period (25 June to 8 July 2005). The absence of phone or email contact details led to the selection of a mail survey. No incentives were offered to respondents who completed a 3-page questionnaire. The number of respondents was 267 and the response rate was 17%.

Sample Characteristics

New registrations totalled 40.5% of the sample and renewals totalled 59.5%. The geographical breakdown of the respondents was 72.3% in metropolitan areas, 27.7% in rural and remote areas and 6 respondents from interstate. The breakdown of the sample via the different registration methods for business names is as follows; for new registrants 59.6% chose to register over the counter and 40.4% opted to apply through the mail. For registrants who had renewed their business name 7.8% did so over the counter via a State office, 57.5% renewed by mail and 34.6% chose to renew on-line.

Key findings

The data from this survey indicated a lack of awareness and significant misconceptions concerning the nature of business names. For example:

- 85% of respondents believed that business name registration protects businesses by stopping other businesses from using the same name for their products or services.
- 76% of respondents believed that an application to register a business name will not be accepted if the name has already been registered as a trade mark by someone else.
- 42% of respondents believed that registering a business name means that, even if someone else already uses a similar name for their products or services, you are free to operate without infringing their rights.
- 56 % state that they were not aware that it was advisable to conduct a trade mark search when seeking to register their business name.

Conclusions

The main conclusions drawn from the survey results indicate:

- a general over-estimation of the ‘rights’ value of business names;
- a limited understanding of the nature of trade marks; and
- mistaken assumptions about the business name registration process.

These conclusions appear to indicate that business name registrants have a false sense of security that they are not infringing any other existing rights e.g. trade marks.

9 Overseas experience

As outlined in Part 5, trade mark law is generally harmonised around the world, however trade name laws vary a great deal from country to country, and even from state to state. These range from no registration and optional registration, up to compulsory registration and ‘service’ marks in specific fields of business. Domain name laws are generally harmonised under ICANN.

9.1 United Kingdom

Business and company names

Law

The *Registration of Business Names Act 1916* was repealed in 1982 when new rules on business names came into force in the *Companies Act 1981*. This law was replaced by the *Business Names Act 1985*, which replaced the register with mandatory disclosure requirements. According to Company House, the agency that administers company and business name law in the UK, the intent of the change was to lift burdens from business, to deregulate where possible, and to improve the system. Perhaps only around 40% of the records were up to date because people did not register due to ignorance, or knowledge that the system was not policed. The government was reluctant to commit the resources required to correct and maintain the registry.

The mandatory disclosure requirements of the 1985 Act apply to:

- companies trading under a name which is not its corporate name, and
- individuals trading under a name which is not his or her surname. First names or initials are irrelevant. For example, “Smith Antiques” would be subject to the Act, but both “Smith” and “JR Smith” would not be.

The following details to be disclosed:

- the corporate name; or
- the name of each partner (if more than 20 then the full list must be available at the principal place of business); or
- the individual person’s name; and
- in relation to each person named, an address at which documents can be served.

This information must be provided to anyone who requests it with whom business is being conducted, and shown clearly in all:

- the places where the business is carried out and where there are dealings with customers or suppliers;
- business letters;
- written orders for the supply of goods or services;
- invoices and receipts; and
- written demands for the payment of business debts.

Before they can be used, names that include words or expressions that are prescribed by regulation (of which there are around 150) require approval by the Secretary of State, and in many cases, by other relevant bodies in order not to constitute a criminal offence e.g.: British, International, Irish, Association, Council, Society, Assurance, Fund, Holding, Charity, Dental, Health Service, Police, Royal, University, Architect, Pharmacy, Solicitor, Olympic, Patent, Chamber of Commerce.

The penalty for contravention without reasonable excuse is a fine. There is also a civil action (s 5), and actions brought to enforce business contracts may be dismissed.

Before using a name people are advised to check phone books and trade journals to see if the name is already being used, and to check it is not confusingly similar to a registered trade mark.

Company Law Review

A major review of UK company law was conducted in 1998-2001, with the objective of streamlining procedures for all companies, and to make the law clearer, more accessible and responsive. On the issue of company names, the majority of submissions to the review considered the present legislation to be broadly satisfactory, and that central registration was valued. Some minor changes to this system were recommended in the final report.²⁶ The government responded with a White Paper in 2002.

Analysis of the *Business Names Act 1985* was brief, which may indicate the current system is operating generally satisfactorily. However, the review's consultation document revealed that some commentators recommended that the register of business names be restored and that the "too like" and "same as" company name provisions should also apply to business names. At present, any trader faced with a rival business using a trading name that is identical or very similar to his or her own is left to defend his or her interest on the basis of passing off law. If a settlement cannot be negotiated, recourse to a court remedy can be difficult, time-consuming and expensive. However, extending the "too like" and "same as" restrictions to business names would be a significant and expensive increase in regulation, and the Steering Group did not believe that the likely benefits would be sufficient to justify the increased burden.²⁷

In its issues and consultation documents, the Steering Group considered that the Business Names Act should apply to unincorporated associations, such as clubs and trade representative associations, and that the detail of the Companies Act and Business Names Act needed to be revised to ensure there were no anomalies.

Practice

There has been no review of the current business name system since its introduction. The information ACIP has been able to gather indicates that, although there have been net benefits in abolishing the registry, they have not been dramatic.

²⁶ *Modern Company Law for a Competitive Economy: Final Report*, Company Law Review Steering Group, July 2001, Chapter 11.

²⁷ *Modern Company Law for a Competitive Economy: Developing the Framework*, Consultation document, Company Law Review Steering Group, March 2000, Chapter 10.70.

Companies House submitted to ACIP that only a small number of complaints are received about non-disclosure and misuse of prescribed terms. However, there are no figures available on the compliance rate, and some anecdotal evidence says that disclosure notices in business premises are not common. There is still confusion over the respective rights attached to company names, trademarks and business names, and Company House is working with the Trade Mark office to find ways of addressing this.

The FICPI UK Council submitted that abolition of the business names registry had led to some improvement in public perception of the rights associated with business names, but it had become more difficult to check that business names are amended when they should be:

Before the Business Names Register was abolished there was certainly a considerable amount of confusion among clients, even some otherwise quite sophisticated clients, who thought that their business name registration also gave them rights in the name of a product (in other words, Trade Mark rights). We do not think that the abolition of the Business Names Registry has done much to change that. Certainly the clients trading under a (now unregistered) business name or partnership name no longer come to their IP representatives saying that they thought that registration gave them the right to prevent the use of similar names on products or in respect of services. But that is simply because they have no registration on which to hang that misconception. Their counterparts, the limited liability companies with registered names, still do tend to the same misconception, in about the same proportion as used to be seen in the 'unlimited, unregistered' clientele...

As far as the practitioner trying to enforce his clients' Trade Mark rights is concerned, the situation was probably better when the Business Names Registry was operative. If a client owned the Registered Trade Mark "XYZ123" then when that client's IP representative enforced that registration against another trader who had registered his business name under the name "XYZ123", the representative could insist that as part of any settlement the business name was changed. The Business Names Registry could then be used as a check that that had been done. Now one has to carry out an investigation if the client is suspicious that the terms of a settlement have not been honoured.

Speaking in a personal capacity, Grahame Marshall, Secretary of FICPI UK, said that although things were better without the business names register, client confusion remained because many common misconceptions remained with the company name register.

Trevor Cook, Treasurer of UK AIPPI, said that in his personal experience the abolition of the business name registry has been wholly beneficial, as many people believed that such registration conferred rights on them. He also didn't believe the registry had much value in terms of public disclosure, as it proved to be of little use in identifying people for the debt collection business. Even where entries existed they were often out of date.

Trade Marks

Trade marks are administered by the UK Patent Office. Company names are not checked as part of the assessment of trade mark applications. The UKPO offers a pre-registration Search and Advisory Service very similar to the AFS recently introduced by IP Australia.

Domain Names

Non-profit company Nominet UK administers .uk domain names under a system very similar to that of Australia. Registration agents do not check for similar registered trade marks.

9.2 United States

Corporate names

Corporate names are registered at a state level only, with registration required in each state in which a name is used. Most states permit the registration of a corporate name as long as it is distinguishable from the names of other entities, even if confusingly similar. State registrars do not check whether the name has prior rights attached to it.

Trade (business) names

Trade names are registered at a state level, although registration is not required in all states. Most states forbid a company from bringing suit unless the trade name is registered. Registrars generally prohibit another party registering the same or deceptively similar trade names or trade marks within that state, although not in all states. In some states trade names are also subject to tests for distinctiveness and “misdescriptiveness”, but registrars do not check whether prior rights are attached to the name. Most states have enacted unfair competition statutes that grant trade name owners a civil cause of action against any entity that uses a trade name that they are not entitled to use. This protection extends to the unlawful use of trade names as domain names.

Trade names are also protected by Federal statute and the common law principle of unfair competition. The Federal Trademark (Lanham) Act grants trade name owners a civil cause of action against any use of a trade name that, in an act of unfair competition, misrepresents the source of the goods or services, or is likely to cause confusion regarding the source. Trade name owners may bring actions for confusing or misleading use under the common law principle of unfair competition.

Governments recommend that, before naming a company or business, a full trade mark search that includes state listings of business and company names be conducted to ensure that it does not conflict with any trademarks.

Trade and service marks

Trade mark rights (including trade marks for products and service marks for services) are created through actual use of a mark. Registration of a trademark is not mandatory, however, once registered it entitles the owner to the exclusive use of the mark within the jurisdiction and represents strong evidence of ownership. Trade marks may be registered at both the state and federal level. State registration of marks is usually administered by the Secretary of State. Federal registration of marks is administered by the U.S. Patent and Trademark Office, and a mark can be filed on an “Intent to Use” basis in order to obtain an early priority date. Prior use of a trade name can give cause for refusing registration of a trade mark or service mark.

Domain names

Domain names are registered with competing private registrars according to similar eligibility criteria as in Australia. Registrars do not check whether prior rights are

attached to the domain name. Disputes may be dealt with under the UDRP and usDRP.

9.3 Canada

Canada is a federation of ten provinces and three territories. The basic procedure for setting up a business is the same throughout Canada, although the details vary in each province and territory.

Corporate names

Companies may be registered either federally or provincially / territorially. Federal incorporation makes operating in more than one province or territory easier, but corporate names must still be registered in each province or territory in which business is conducted. The criteria for registration varies between jurisdictions. Some do not check for similar trade marks, some check for client advice purposes only, and some require there to be no conflict with a trade mark. Industry Canada claims to apply the most stringent tests before registering a name. Through a range of detailed criteria, Industry Canada verifies that the name:

- is distinctive (eg Software Inc would not be accepted);
- does not cause confusion with an existing name or trade mark used in Canada; and
- is not prohibited or misleading.

Proposed names may be considered as not likely to cause confusion with an existing similar name or mark if the applicant can demonstrate that one of the following applies:

- the trade name has been in use for a significant period of time prior to the date of application for incorporation;
- the trade name has been used prior to the registration of the trade mark, and therefore the applicant is likely to be able to have the trade mark struck out and will try to do so. However, if the trade mark has been registered for five years this is very difficult to do, so the name will not be approved;
- the applicant's goods or services differ from those of the existing business;
- the nature of the applicant's trade differs from those of the existing business;
- the applicant's business is not likely to operate in the territory where the other business is likely to operate.²⁸

Business names

To operate a sole proprietorship under any name other than your own, or to operate a partnership or a limited partnership, the trade name must be registered in each province or territory in which business is conducted. Again, the level of scrutiny varies between provinces, and in some there is no requirement for trade names or partnership names to be unique. Supporting information usually indicates that registration does not award exclusive use.

²⁸ More detail can be found at http://corporationscanada.ic.gc.ca/epic/internet/incd-dgc.nsf/en/h_cs02079e.html

NUANS

The Canadian Government introduced the NUANS system as a means to manage company name information and provide a stable and cost effective way for businesses, agents and Government to help protect name and trade-mark data.

In order to register a business or incorporate a company, all governments require a search report to determine whether the name meets the particular criteria. Reports for Canada (federal), Ontario, Alberta, New Brunswick, Nova Scotia and Prince Edward Island are provided by NUANS (Newly Upgraded Automated Name Search). All other provinces require a name search report from their respective provincial database and registry.

NUANS is a search system owned by the Canadian Government department, Industry Canada. It compares a proposed corporate name with databases containing over 8,000,000 existing corporate names, business names and trade marks. This comparison determines the similarity that exists between the proposed name or mark and existing names in the database, and produces a listing of names that are found to be most similar. The aims of NUANS are to:

- cite all names that conflict with the proposed name in a concise format;
- minimise the time and effort required by searching staff in performing the name check function;
- produce reports upon which name granting decisions can be made that are of equal high quality for all names searched without the dangers of human subjectivity;
- be flexible enough to accommodate the various differences between jurisdictions in legislation concerning the name checking and granting process. NUANS is used in jurisdictions where name searching is totally privatised, partially privatised or under the control of the corporate administrator.

NUANS automates the name searching function by having a program with enough intelligence to consider all possible criteria for confusion between proposed and existing names. Some programs perform the phonetic searching and others do more direct searching dependent on the length of words. The NUANS Dictionary is composed of descriptive words, a synonym table and other features to allow a user to enter additional name spellings when inputting a name to be searched.

The system identifies the terms in the submitted corporate and business names applications and attributes the name a series of business codes (H-Codes) and Nice International Classification Codes, the international standard for trade mark goods and services. These codes are used to determine whether a proposed name is in the same field as a similar name or trade mark – if not, it may be allowed.

The NUANS administrators are examining whether a search of domain names can be included in the reports in future.

Many different NUANS reports are available. The main reports are:

- Federal Corporate Name report plus trade mark report;
- Province Corporate and/or Business Name reports plus trade mark reports;

- Federal trade mark report;
- Public Extended trade mark report (short or long);
- Trade Name report (short or long);
- Surveillance Report – this searches all word trade marks advertised in the trade marks journal against the entire NUANS database and produces a report identifying any conflicts with those trade marks represented by a specific trade mark attorney firm.

People who intend to register a corporation with the federal government may obtain a NUANS report in real time from the Corporations Canada Online Filing Centre at a cost of \$CA 20 plus GST. This provides a five page report listing the 50 most similar existing names. Those who wish to register in other jurisdictions need to use a registered NUANS Search House.

Trade marks

Registered trade marks are administered by the Canadian Intellectual Property Office (CIPO). CIPO does not check NUANS for similar business or corporate names when assessing an application for a trade mark.

Domain names

The Canadian Internet Registration Authority (CIRA) is a non-profit Canadian corporation that is responsible for operating the .ca ccTLD. Registrars do not check whether prior rights are attached to the domain name. Disputes may be dealt with under the UDRP and CIRA DRP.

9.4 New Zealand

Company names

A company name must be approved by the Registrar of Companies. Before reserving a name it is strongly recommended that applicants conduct a free search of the register to ensure that there is not an identical or almost identical name already on the register. Reserved names are valid for 20 working days from the date of reservation. Names that are identical or nearly identical to an existing registered name will be rejected. Registering a company or reserving a company name will only prevent another company from being incorporated under an identical or nearly identical name. It confers no proprietary rights or defence from infringement.

Business names

There is no register of business names in New Zealand. Sole traders and partnerships are free to use any business name they choose, but if it is the same as a registered trade mark or company name, they run the risk of litigation from the owners. Litigation appears to inevitably result in the sole trader or partnership being forced to stop using the registered name.

Trade marks

Registered trade marks are administered by the Intellectual Property Office of New Zealand (IPONZ). IPONZ does not check the register of companies for similar names when assessing applications for trade marks.

Domain names

Non-profit organisation InternetNZ administers the .nz domain name space, with domain names by competing private Registrars. A Dispute Resolution Process does not operate, so disputes over business names and trade marks may be settled through trade mark and other laws.

9.5 China

Enterprise names

China does not have a centralised company register. Local AICs (Administrations of Industry and Commerce) in different provinces maintain their own company registers. The AICs at the Shanghai municipality and county level are responsible for approving the registration of enterprise names, which must include the name of the municipality or county, respectively. Enterprise names may not be identical or similar to registered names of enterprises in the same industry, but a similar check is not made of registered trade marks. Before registration is finalised, interested parties who believe that a name to be registered is identical or similar to a registered enterprise name may apply for a hearing. Unfair Competition Law also provides protection against the unauthorised use of a name, package or decoration the same as or similar to another's famous commodity.

Trade marks

Trademarks are administered by the Chinese Trademark Office (CTMO), a division of the State Administration of Industry and Commerce (SAIC). Enterprise name registers are not checked when assessing applications for trade marks. In 2002 the Chinese Supreme Court formally recognised that any unauthorised use of an identical or similar trade mark as the name of a company in respect of identical or similar goods or services, thus causing confusion amongst the public, is an act of infringement under trade mark law.

Domain Names

The domain name system is administered by China Internet Network Information Centre (CNNIC). China now has a unified registration system for the .cn and Chinese-character domain names, which are registered by CNNIC-accredited registrars. CNNIC is not responsible for checking whether a domain name conflicts with a registered trade mark or enterprise name, or whether a third party's rights are infringed. Owners of trade marks and enterprise names have the right to object to CNNIC about similar domain names.

9.6 Hong Kong

Company names

Company names are administered by Companies Registry. A name cannot be registered if:

- it is the same or too similar to a name already appearing on the index of company names, or is the same as that of a body corporate;
- the use of the name by the company would constitute a criminal offence (eg it wrongly indicates the company is a bank or government agency), or the name is offensive or otherwise contrary to the public interest.

Business names

Business names are registered by the Business Registration Office of the Department of Inland Revenue for the purpose of consumer information. The criteria for registration are not clear, but registered trade marks are not checked.

Trade marks

Trade marks are registered by the Intellectual Property Department of the Hong Kong Special Administrative Region. Business and company names are not checked during the assessment of a trade mark application. The IPD offers Search and Preliminary Advice Service similar to the Assisted Filing Service recently introduced by IP Australia.

In October 2005 it was reported that the Japanese government was to formally complain to Hong Kong officials about its company name registration system²⁹. Names such as “Japan Toshiba Electricity (H.K.) Co, Limited” and “Panasonic Air Conditioner Industry (HK) International Ltd” had been registered, even though their directors have no connection to the trade mark owners. The Hong Kong Companies Registry and the Intellectual Property Department (IPD) stated that this issue affected many countries, and that there was no evidence to indicate that the problem was particularly prevalent in Hong Kong. They also said that Companies Registry has procedures to counter the use or adoption of “too like” names in Hong Kong. However, some commentators said that Hong Kong’s proximity to China, where many counterfeiters are based, meant that tougher measures were required. Talks between the two countries on the issue began in November.

A June 2005 notice on the IPD trade marks website notes that registered company names that are minor variations on well known trade marks are used on the Chinese mainland as a cover for promoting or dealing in infringing goods. It warns that business and company name registration does not confer rights to the name, recommends trade mark registration both in Hong Kong and the mainland, and says that information events targeted at businessmen and local governments are being organised.

9.7 ACIP Considerations

ACIP considers that no other country has the perfect solution to the IP problems posed by the various identifiers. It is typical for the registration of business names, company names, trade marks and domain names to be administered by different agencies within a country, and for the public to misunderstand the nature of each identifier.

However, it is of great interest that in Canada a federal corporate name cannot be registered if there is conflict with a registered trade mark. ACIP considers that the NUANS system which supports this test demonstrates the potential for modern technology to deal with similar issues in Australia.

For a centralised system such as NUANS to work in Australia it would be crucial to ensure that, as is the case in Canada, the technology is capable of cross checking not only the similarity between business names, company names and trade marks but to

²⁹ *Managing Intellectual Property*, 1 October 2005.

determine whether the same field of business activity can be identified. It would be inappropriate to disallow a business name on the basis that a trade mark exists which is the same or similar when the respective owners are in completely unrelated fields of business activity.

10 Business Names Options

ACIP considers there to be five main types of options for change. Some options would provide business name registrants with a form of right that they do not already have, and some options could be combined. The options are:

- Educational
- Structural
- Procedural
- Business names conferring defensive rights
- Business names conferring assertive rights

10.1 Educational

Potential Options

Various measures could be taken to improve the education of business name applicants on the differences between various identifiers. These could be pre-registration, at the point of registration, or post-registration.

Pre-registration

Educational programs could be conducted at the pre-registration stage for business advisors such as accountants and small business owners. A collaborative cross-government approach to these educational activities would be beneficial, perhaps jointly run by the business name registrars, ASIC and IP Australia.

Point of registration

At the point of registration, amendments to business name application forms and guides across the States and Territories may better encourage business name applicants to conduct a trade mark search. Business name publications could also advise and promote the use of IP Australia's Trade Mark Assisted Filing Service, before registering their name.

Post-registration

Business name renewal notices could include additional information on trade marks. This information could include detailing that business names do not confer proprietary rights in the name and the possibility of trade mark infringement.

Pros and cons

Pre-registration

Seminars would help address the common misconceptions of those who help in the setting up of businesses, but may be costly compared with the benefit gained. Broader advertising campaigns may be even less cost effective.

Point of registration

IP Australia is currently working to achieve better cooperation with registrars and to improve the information made available to users. Further encouraging business name applicants to conduct trade marks searches would be low cost, and the AFS appears to be well designed for this sort of application. However, the information currently made available is already quite good, although there is perhaps more room for improvement

on the topic of checking for prior common law rights. More harmonisation between the different state and territory systems, such as the ABN/Business Name proposal spear-headed by the Office of Small Business, would greatly assist in achieving consistent information.

Post-registration

Providing information on trade mark infringement at this point is probably too late for most business name registrants, as they are probably committed to the name. This stage is more suited to information about applying for a trade mark.

ACIP Considerations

ACIP considers that such educational measures have value, but are not sufficient on their own to address the problem. Merely improving education does not fundamentally address the natural misconception that registration of a business name implies that the government has checked that the applicant is free to operate under that name. However, education may be the only effective way to assist business name registrants on the issue of prior common law rights.

10.2 Structural

Potential Options

A number of more fundamental structural options are available:

Substitution

Substitution would involve removing the requirement to register a business name and replacing it with a new requirement to register a business number. For example, the existing ABN system could be utilized to identify the owners of a business.

Abolition

Abolish the requirement for business name registration and replace it with a requirement that the identity details of the business owner must be publicly displayed. This is similar to the mandatory disclosure system currently operating in the UK.

Integration

Integrate the State and Territory business name systems into a single national system. The structure of this new system could be:

- a single national system, similar to the company name system administered by one authority;
- a single national system similar to that for domain names, where competing registrars are administered by a federal authority; or
- a combination of State and Territory registers accessed as one integrated system.

Pros and cons

Substitution

Changing from name registration to number registration would remove the grounds for the belief that a registered business name confers rights, and would reduce regulatory burdens on business, as the ABN is already required for most businesses. However, there are a number of cons. Consumers seeking to identify traders would

find remembering a number much harder than remembering a name. Businesses still may not necessarily conduct the necessary checks for prior rights to any name under which they trade. Businesses with less than \$50 000 turnover are not required to obtain an ABN, and full address details are not currently available to the public. Governments may have less control over the use of reserved names, and may need to introduce more monitoring and compliance measures.

Abolition

Abolition of the business name registration system would also remove the grounds for the belief that a registered name confers rights, as well as reduce regulatory burdens. However, this would be a significant change and the UK experience suggests that the benefits may be limited. A disclosure system may be difficult to police, resulting in an increased burden on those who need to identify business owners, and businesses may still not conduct the necessary checks for prior rights to any name under which they trade. Again, governments may have less control over the use of reserved or offensive names.

Integration

Integration of the business name systems would not in itself reduce confusion over IP rights, but it would significantly reduce burdens on business and provide a platform to ensure that the solution to the IP issue is controlled and standardized. Each of the different integration models has its own logistical, political and technical pros and cons.

An important integration issue is whether business names should become national, remain geographically limited by each State/Territory, or be further fragmented into even smaller geographical regions. A national register would provide simplicity, but there would be transitional difficulties due to similar names being registered in different States and Territories. Subsequent registrations would preclude use of that name across the entire country. Maintaining the current State/Territory boundaries would avoid transitional problems, but also maintain current problems - the more complex registration process, the potential for conflicts when businesses expand across borders, and the potential for a business in Albury to preclude one with a similar name in Tweed Heads, but not one five minutes away in Wodonga. Smaller geographical limits would further complicate the system, but might provide more fairness in some situations.

ACIP Considerations

ACIP considers that replacing business name registration with the ABN (or a similar number) is not in itself a solution to the IP issues. Businesses simply need a name to trade under, so IP issues will always arise. It would be preferable for Government to help businesses deal with these issues rather than leave them with even less guidance. Also, it is natural for consumers to identify businesses by a name rather than a number, unlike car registrations for example.

ACIP believes that the benefits in abolishing the business name registration system do not clearly outweigh the considerable costs and risks involved. The business name register has intrinsic value because it provides public notification of actual trade or intent to trade under a specific name, and provides a structure that could be used to properly address confusion over IP rights.

ACIP considers that some form of integration of the business name registration systems would greatly reduce the regulatory burden on businesses, and would aid in providing the appropriate solution to the IP issues. Integration of this kind would be a natural evolution of the system, and the integration of the State and Territory company name systems shows that transitional problems can be overcome. ACIP is not in a position to recommend which form of integration would be best.

10.3 Procedural

Potential Options

A number of procedural changes could be made to improve the business name registration process and its interaction with the trade mark system:

Optional trade mark search

Offer business name applicants the extra services of an optional automated trade mark search or a BASS search, according to a sliding fee scale.

Mandatory trade mark search

Mandate a search of registered and pending trade marks as part of the registration of a business name. The search results could be provided to the name applicant purely as useful information, or registration could be on the condition that no conflict exists with any prior registered trade marks in that field of use (eg Canadian NUANS system).

Pros and cons

Optional trade mark search

Offering name applicants optional searches of the trade marks register alerts them to the issue of trade marks, and lets them decide for themselves what suits their needs. However, only a small number may take up the option, reducing the value and not warranting the cost of setting up the system.

Mandatory trade mark search

A mandatory trade mark search provided for merely informational purposes would draw business name applicants' attention to existing registered trade marks, prompting them to better understand the system and reconsider the name for which they are applying. However, before proceeding with their business name application, applicants would need time and assistance to understand the results, including the fact that prior common law rights have not been checked.

Introducing, in addition, a requirement that there be no conflict between a proposed business name and a registered or pending trade mark would provide business name applicants with what many assume they are now getting. It would also significantly reduce the number of conflicts between registered business names and prior registered trade marks.

There are technical challenges in implementing a mandated trade mark search. A manual search similar to that conducted for BASS or as part of the registration of a trade mark would be too slow, costly and resource intensive, given the hundreds of thousands of business names registered each year. The search would need to be automated, as is the case under the NUANS system used in Canada. The search would also need to take into account the nature of the business name applicant's business,

otherwise a trade mark in a single class of goods or services would preclude a similar business name in all fields of trade.

Any system for searching for conflict with registered trade marks will have inherent limitations. Some registered trade marks contain words in respect of which the owner disclaims exclusivity. The disclaiming of rights to these words would not be identified by a search of the trade marks database, with the potential that some applications for business names would be refused unnecessarily. Also, common law rights (ie. unregistered trade marks) cannot be identified from a search of the trade marks database. This would need to be explained to applicants, otherwise they may be left with a false level of comfort following a search result showing no conflict with marks on the trade marks register.

Introduction of an automated trade mark search system of the type required will have costs. The automated system does not currently exist in Australia, and so it would have to be developed. Unless funded by government, business name applicants would need to bear the costs. For applicants whose business name is inherently not capable of trade mark registration, this would be a cost without an apparent corresponding benefit.

ACIP Considerations

Optional trade mark searches provided at the time of name registration seem to be only a partial solution. The apparent success and sophistication of the NUANS system in Canada indicates that a rigorous, automated trade mark search is a viable option. ACIP's preference is for name registration to be conditional on the results of such a search, rather than merely providing name applicants with information that may perplex rather than help them.

Whilst recognising the challenges and the limitations, ACIP believes that a mandated trade mark search has substantial advantages. It would reduce the number of conflicts between registered business names and prior registered trade marks. It would also ensure that the system in practice accords with applicants' perceptions.

It is not yet clear whether fields of business activity can be reliably and accurately mapped to trade mark classes. If this is possible then a prior registered trade mark could prevent business name registration in a similar field of business activity. In the absence of a mapping system, or if the field of business activity does not match, then the results of the trade mark search should not preclude registration of a business name but nevertheless should be given to the business name applicant. Such information would at least provide the business name applicant with an awareness of similar or identical trade marks.

The fact that disclaimed words in registered trade marks cannot be automatically identified is unfortunate, but is unlikely to be a significant factor. More problematic, potentially, is the fact that unregistered trade marks cannot be searched. Business name applicants would need to be educated about this inherent limitation, otherwise a new misconception may be introduced.

10.4 Business names confer defensive rights

Potential Options

A range of options fall within the field of providing business name applicants with something approaching what many believe they are getting – a form of right to the name. “Defensive” rights help protect the owner from being sued for infringement of rights subsequently obtained by another party. They do not protect the owner against prior rights, such as an earlier registered trade mark.

Notification

Notify business name owners of subsequent trade mark applications regarding names similar to theirs, thus providing them with an early and low cost opportunity to oppose registration of the trade mark.

Presumption

Amend the *Trade Marks Act 1995* so that business name registration provides a “rebuttable presumption of prior use” for trade mark infringement actions for the purposes of the s 124 (1) defence. Such a presumption would place the onus on the owners of subsequently obtained trade marks to prove that the business name has not been continuously used in the course of trade for the relevant goods or services from a time before the date of registration of the trade mark or from a time before the owner of the registered trade mark, or predecessor in title, first used the mark.

Pros and cons

Notification

Notifying business name owners of similar trade mark applications would help business name owners to prevent later conflicts, but they would still have the burden of proving their case in the opposition process, and it would probably require an accurate mapping of business types with trade mark goods and service classes.

Presumption

A rebuttable presumption of prior use for business name registrations would significantly reduce the burden on business name owners in defending their use of a name, with only minor change to the law. The majority of business name registrations are applied for in good faith, and so such a presumption may be appropriate. However, there may be some registrations sought in bad faith, so the presumption would have to be rebuttable. The costs of rebutting the presumption are imposed on trade mark owners. Under this option the number of bad faith registrations may significantly increase, such as a rise in squatting on names before a competitor comes to a market with a new trade mark.

ACIP Considerations:

Notifying business name owners of subsequent trade mark applications appears to have limited benefits for name owners compared with the costs of implementing such a system.

ACIP considers that a rebuttable presumption of prior use for the purpose of the s 124 (1) defence would provide significant benefits to business name owners, with minimal costs. ACIP believes that providing such benefits is warranted, as business name registrants have not only met their legal obligations but helped notify the public of

who is trading under a particular business name. Business name registers can be useful tools for checking whether prior rights, such as common law rights, may exist in a particular name. Once a business name has been registered, the onus should fall on others to check whether that name is in use. Where a party does not undertake this check and a conflict arises they should bear the costs of rebutting a presumption of prior use which exempts business name registrants from trade mark infringement.

Should business name registrants seek to take unfair advantage of this presumption by applying for business names in bad faith, then an alternative dispute resolution service, similar to that operating for domain names, may have to be considered. ACIP notes that the issue of common law trade marks remains.

10.5 Business names confer assertive rights

Potential Options

A range of options falls within the concept of providing business name applicants with an “assertive” right to the name. Assertive rights can help business name registrants to stop others from using the name. Again, it does not protect owners from prior rights.

Blocking

Blocking would involve legislative changes to effectively prevent trade marks from becoming registered in the event they are the same or confusingly similar to a business name that has previously been registered.

Priority

Under this option, the registration of a business name would provide the registrant with a priority over others to apply for a trade mark which is the same as the business name. This right of priority would have to be exercised within a 12 month period beginning on the day of the business name registration.

Exclusivity

Under this option the registration of a business name would be deemed to be a trade mark registration for a limited type of trade mark infringement action, namely use of an identical mark in respect of the same goods/services.

Pros and cons

Blocking

Making trade mark registration dependent on the absence of similar business names would provide strong protection to business name owners, but there are several disadvantages. A registered business name would have to preclude use of the name as a trade mark in any field of trade, or else the difficult task of mapping business types with trade mark classes would have to be resolved. There is a reasonable risk that it would lead to squatting or nuisance name registrations. The registration of business names may also virtually become a first step in obtaining a trade mark because a crucial early priority date could be obtained quickly and relatively cheaply. National trade marks would be blocked by local business names in a single state unless one or the other is geographically limited.

Priority

Giving business name registrants priority to apply for a trade mark provides them with an advantage in the registration of future trade marks related to the name. However, it may not be in the interests of most new businesses to pursue trade mark registration until they have the resources and know whether their business has developed into something to justify a higher level of protection. This option could be abused through registration of business names simply to obstruct others, and could create delays of several months and processing complexities for trade mark registrations. It may also provide misleading comfort to business name registrants.

Exclusivity

Providing business name registration with the authority of a trade mark registration for limited purposes would reduce the burden on business name owners when they seek to stop others using their name. This would strengthen Australia's compliance with the Paris Convention regarding the protection of trade names. However, there would be difficulty in limiting the deeming effect sufficiently to distinguish this right from standard trade mark rights, and in determining the goods/services associated with a business name. Also, such a system may be abused through the registration of business names purely for the purpose of blocking future use of that name by others, in a manner similar to that which is possible under the current trade mark system. Therefore some form of time limits or name usage tests may be required

ACIP Considerations

It appears that assertive rights are provided with business name registration in only a few countries around the world (see Part 6.2), therefore Australia would be moving into relatively new territory. Also, although it appears to be a myth that a high proportion of businesses fail in the first few years, nonetheless a large proportion of new business name registrants will not know initially whether their business name justifies a high degree of protection, and would not expect or fully appreciate being supplied with such protection.

Preventing registration of a trade mark where a similar business name exists does not seem justified. The threshold for obtaining a business name is too low for the rights it would confer. Even if an alternative dispute resolution process was formed, trade mark owners would incur the costs of proving bad faith registration. Similarly, providing priority to file a trade mark application does not seem justified, as a business name registration is not an intention to file a trade mark application, and the potential for nuisance registration is significant. The option of conferring a form of exclusivity by deeming business names to be trade marks, for the purposes of a limited infringement action, is essentially making a business name a second-tier trade mark. There was little support for such an option in submissions, and ACIP considers that there is insufficient justification at this time for the substantial change it entails.

ACIP therefore considers that providing assertive rights is too radical and complex a solution at this stage. It would be better to first explore other options and then determine if remaining problems are significant enough to warrant a more complicated approach.

11 Company Names Options

ASIC has been made aware of only a handful of company name / trade mark conflicts per year. However, there is some evidence that confusion exists in similar systems elsewhere – in the UK where misconceptions over company names remain, and in Hong Kong where instances of “name squatting” have recently occurred. Some business name registrars raised the issue of company names being subject to an identical name test only. Therefore company names that are confusingly similar (but not identical) to registered business names can be registered and traded under, creating potential conflicts. However, no evidence was presented of this being a significant issue.

ACIP believes that problems and misconceptions such as those that arise for business names do occur for Australian company names, although to a lesser degree (possibly due to company name applicants generally being more knowledgeable in the IP area). The potential exists for a situation like that in Hong Kong to develop here. Those business name options preferred by ACIP will now be considered for their relevance to company names.

11.1 Mandatory trade mark search

Registration conditional on no conflict

A mandatory trade mark search would be a similar system to that for federal corporate names in Canada, which appears to work well. It would prevent both good faith registrations, and prima facie bad faith registrations, such as the recent examples that have occurred in Hong Kong. The search would need to be fast, intelligent and automated. Not all company names are used for trading under, so some names may be unnecessarily blocked by similar trade marks. However, the number of such cases could be relatively small.

Companies lack a specific ‘field of business’ so a trade mark in a single class could cause the refusal of similar company names in any field. There are over 415,000 registered and pending trade marks in Australia, but it is uncertain whether this would result in a significant number of company names being blocked ‘unfairly’.

Trade mark search provided for information purposes only

Providing an on-the-spot trade mark search to company name applicants before they complete the registration would raise awareness of the issue without incurring the complications implied in requiring that a condition of registration be that there is no conflict. It may be thought that company name applicants would, in general, have more knowledge of IP matters than business name applicants, and so be better able to understand the implications of the search results. However, educational measures have their limitations, and cases of people registering potentially conflicting names in good faith would still occur. Again, company names that are similar to registered business names would still be registered.

ACIP Considerations

The benefits, limitations, challenges and costs of a mandated trade mark search apply equally to company names as they do to business names.

There is a danger that a trade mark in a single class of goods or services could preclude a similar company name in all fields of trade unless there was a consideration of the nature of the business of the company during the search or as part of an appeal process. As is the case for business names but more so, it is not clear whether the business activities of companies can be reliably and accurately mapped to trade mark classes. If this is possible, a prior registered trade mark could prevent company name registration in a similar field of business activity. In the absence of a mapping system, or if the field of business activity does not match, then the results of the trade mark search should not preclude registration of a company name but nevertheless should be given to the company name applicant. Such information would at least provide the company name applicant with an awareness of similar or identical trade marks.

ACIP believes that a staged solution is appropriate. If a trade mark search system is developed for business names, this could be trialed as an information-only search for company names. Statistics on what percentage of company names *may have* been initially refused could be gathered to determine whether it is viable to have company name registration dependent on there being no conflict with a trade mark, or remain with an information-only search.

11.2 Presumption of prior use upon company name registration

As with business names, amending the *Trade Marks Act 1995* to provide a “rebuttable presumption of prior use” with company name registration would assist company name registrants to defend themselves against subsequently obtained trade marks, under s 124 (1) of the *Trade Marks Act 1995*.

In registering a company name registrants have complied with the law and have placed the public on notice of their interest in the name of their legal identity. Once a company name has been registered, the responsibility would fall on those who follow to check whether that company name is similar or identical to the one they are seeking to register as a trade mark. Where traders fail to check and a dispute arises these traders should bear the cost of rebutting this presumption of prior use, i.e. they must prove that the company name has not been continuously used on the same or similar goods and services from a time before registration of the trade mark or from before the owner of the registered trade mark, or predecessor in title, first used the mark, whichever is earlier.

As some company names are not traded under, it could be argued that it is not valid to presume the name has been used. However, infringement actions would probably only be brought against company names that *have* been traded under, otherwise no issue of trade mark infringement would have arisen.

ACIP Considerations

A rebuttable presumption of prior use for company name registrations would reduce the burden on company registrants defending their use of their company name from trade mark infringement. This presumption would only be effective if the company was trading or carrying on business using its company name as a sign to distinguish the goods and/or services it provides rather than utilizing a business name or trade mark. Just like business names, implementing this presumption would only require a relatively minor change to the *Trade Marks Act 1995*.

Corporations are likely to be more aware that company name registration does not confer any proprietary rights to the name. It is for this reason that most companies, in the ordinary course of their daily business, do not use their company name but trade under their business name or trade mark. ACIP believes that, in general, the majority of company name registrations are applied for in good faith and that a prior use presumption is desirable where there is a subsequently registered trade mark to which the company name is identical or confusingly similar. However, there may be some company name registrations sought in bad faith, so the presumption would have to be open to challenge- i.e. be rebuttable- in order to ensure that dishonest behaviour in adopting pre-existing but as yet unregistered trade marks as company names can be minimised.

ACIP acknowledges that the costs of rebutting the presumption are imposed on trade mark owners. Under this option the number of bad faith company name registrations may significantly increase, with registrants “squatting” on company names before a bona fide trader comes to the market with a new trade mark. If evidence were to emerge of an increase in such practices, it might be necessary to consider the adoption of a system to resolve disputes about bad faith company name registrations similar to the systems (namely, the UDRP and the auDRP) already used to resolve disputes about bad faith domain name registrations.

11.3 Integration of company name system with other identifiers

At present, the names of all registered companies, businesses and some incorporated associations are listed on the National Names Index. In order to be registered a company name must not be identical to any other name on the database. As with business names, further integration of company names with other identifiers may facilitate implementing IP solutions such as those above, and providing a high standard of information to all users. Some possible forms of integration are:

- a single federal authority for registering both company and business names (either Australia-wide business names or by State/Territory);
- a single federal system with competing company and business name registrars under a federal authority, similar to the domain name system;
- a single portal for registering all these identifiers, from which users are diverted to separate registrars for company, business and domain names and/or ABNs, as required.

ACIP Considerations

ACIP considers that some form of integration of the company name registration system with other name identifiers, would reduce the regulatory burden on businesses. This integration could also aid in reducing the confusion on the interface between business and company names and trade marks. Whilst integration of the company name system with other identifiers may not in itself reduce confusion over IP rights, it could provide a platform to ensure that any solution is controlled, consistent and standardized. Integrating company names with other identifiers would provide simplicity, but there would be transitional difficulties. However, the rationalisation of the company name system via the integration of the State and Territory company name systems shows that transitional problems can be overcome. At this stage, ACIP is not in a position to recommend which form of integration would be best as each of the different integration models outlined has its own advantages and disadvantages.

12 Domain Names

As with company and business names there is evidence of some misconception about the domain name identifier and the system of domain name registration. In particular the growth in the use of domain names has raised concerns that trade mark owners' rights are being infringed or diluted by the use of trade marks in domain names. Numerous other misconceptions lead some traders to make erroneous assumptions e.g. that domain name applications are checked by the registrar to ensure that the domain name is not identical or similar to a registered company or business name owned by another person. ACIP considers that the two most significant issues regarding domain names are:

- bad faith registration of domain names, whereby one party deliberately and unlawfully benefits by registering a domain name containing the other's trade mark, business name or company name; and
- a public misconception that domain name registrars check for existing prior rights, such as registered trade marks, when registering their domain name.

ACIP Considerations

The Australian domain name industry has an important role to play in alerting domain name registrants of the possibility of infringement and of the need to undertake clearance searches before selecting a usable domain name. The solution could be increasing awareness and standardising the information available to applicants for domain names from the various domain name registers. Should there be any changes leading to integration of the various identifiers the auDA must be included with a view to further implementing cross-checking facilities for comparison with other identifiers.

Whilst evidence suggests that bad faith registration of domain names has been increasing in recent years, ACIP is satisfied the UDRP and auDRP have been very successful at dealing with the problem. Overall insufficient evidence was presented to ACIP of a significant problem existing at this time that would warrant fundamental changes to domain names or the system of registration. ACIP is of the view that any solution to domain name issues be deferred until after recommendations for business and company names have been implemented. If, at a later stage, it should be determined that significant domain name issues remain or have arisen, a great deal may be learned from the business and company name experience.

13 Recommendations

Having examined the relevant issues and considered a large number of submissions, ACIP found that there are significant problems concerning the interface between and public understanding of trade marks, business, company and domain names. These problems are supported by more than mere anecdotal evidence, in the form of empirical evidence obtained through market research. ACIP is persuaded that the Government should focus on these problems and recommends that the Parliamentary Secretary take the necessary steps to rectify these problems. When taking such steps ACIP believes the Government should take particular attention to consider the following recommendations.

Business Names

The following recommendations can be considered in their own right; however, adopting all the recommendations in this Report will achieve the maximum benefit for business.

Recommendation 1 - Mandatory trade mark search

Mandate that business names may only be registered if searches of the trade mark register shows there to be no conflict with registered or pending trade marks in the same field of business activity. Where the field of business activity does not match, or where comparing business activities is not possible, the trade mark search results should be provided to the business name owner for information purposes. This option would greatly help to protect business name owners from infringing prior rights.

Recommendation 2 – Rebuttable presumption of prior use

Amend the *Trade Marks Act 1995* so that business name registration provides a “rebuttable presumption of prior use” for the purpose of the s 124 (1) defence to trade mark infringement actions. Owners of subsequently obtained trade marks should bear the onus to prove that an alleged infringing business name has not been continuously used in the course of trade on similar goods and/or services from a time before the date of registration of the trade mark or when the trade mark was first used, whichever is earlier. This relatively minor amendment would help business name owners defend themselves against allegations of infringement of subsequently obtained trade marks.

Recommendation 3 – Integration of systems

Integrate the States/Territory business names systems. Better integration would greatly facilitate the provision of the above two IP solutions, as well as reduce the regulatory burden on the business community. ACIP is not in a position to recommend what form of integration is most appropriate, but some options are:

- a single national system, similar to the company name system administered by one authority;
- a single national system similar to that for domain names, where competing registrars are administered by a federal authority; or
- a combination of State and Territory registers accessed as one integrated system.

Company Names

The following recommendations for company names are similar to those for business names. It is acknowledged that the problems of company names conflicting with registered trade marks may not be as prevalent as business names. ACIP considers that the best solution to the misconceptions over company names and trade marks is following recommendations.

Recommendation 4 – Trade mark search for information purposes only

An information-only search of the trade mark data base should be trialed for company names. The existence of a similar trade mark would not prohibit registration; however, the company owners would have notice of the potential risks of infringement in the event they use their company name in a trade mark sense, i.e. the company name is used as a sign to distinguish the goods and/or services from those of other traders.

Recommendation 5 – Rebuttable presumption of prior use

Amend the *Trade Marks Act 1995* so that company name registration provides a “rebuttable presumption of prior use” for the purpose of the s 124 (1) defence to trade mark infringement actions, just like Recommendation 2 for business names. This minor amendment would similarly help company name owners defend themselves against allegations of infringement of subsequently obtained trade marks.

Recommendation 6 – Integration of systems

As with business names, further integration of company names with other identifiers may reduce confusion, and provide a higher standard of information to all users. At this stage, ACIP is not in a position to recommend which form of integration is the most appropriate.

Some possible forms of integration are:

- a single federal authority for registering both company and business names (either Australia-wide business names or by State/Territory);
- a single federal system with competing company and business name registrars under a federal authority, similar to the domain name system;
- a single portal for registering all these identifiers, from which users are diverted to separate registrars for company, business and domain names and/or ABNs, as required.

Education

ACIP is convinced that education is a key issue for the public’s understanding of the differences between business, company, domain names and registered trade marks. The evidence gathered for this Report indicated that the strongest misconceptions concerned business names and their relationship to other identifiers, particularly trade marks. Whilst the quality of information on the various identifiers made available by agencies such as the State business name registrars and IP Australia is commendable,

ACIP believes educative measures should be strategically included at various stages of the business name registration process. In the event that the recommendations for mandatory trade mark searching are adopted, there must be educative measures that explain the limitations of the search system.

However, improving education does not fundamentally address the magnitude or systemic nature of the problems faced by traders as outlined in this Report. Therefore, the following recommendations should not be considered as sufficient in their own right.

Recommendation 7 – Pre-registration measures

Educational programs should be conducted at the pre-registration stage for business advisors such as accountants and small business owners. A collaborative cross-government approach to these educational activities would be beneficial, perhaps jointly run by the business name registrars, ASIC and IP Australia.

Recommendation 8 – Point of registration measures

Business name application forms and guides across States and Territories should be amended, to better inform business name applicants about trade marks. This information should explain the potential for infringement of trade marks. In the event that the recommendations for mandatory trade mark searching are adopted, this information must explain the limitations of the search system. This information should also make clear that business name registration does not grant proprietary rights, and should explain IP Australia's Trade Mark Assisted Filing Service.

14 Appendices

14.1 Submissions to the issues paper

1. A - Z Home Loans
2. ACCC
3. ACT Registrar General's Office
4. Andrew Lockwood-Penny
5. Aquaco Environmental Pty.Ltd
6. ASIC
7. AuDa
8. Australian Computer Society
9. Capital Monitor Pty Ltd
10. Chartered Secretaries Australia
11. Chrysiliou Law
12. CPA & Institute of Chartered Accountants
13. Davies Collison Cave
14. FICPI
15. Gilbert & Tobin
16. Housemart Pty Ltd
17. INTA
18. IP Wealth
19. IPTA
20. Jamie Murphy
21. Law Council of Australia
22. Law Institute of Vic
23. Law Society of NSW
24. Linux Australia
25. Logistics Pty Ltd
26. Mico Biz Navigator
27. Minter Ellison - Perth
28. NOIE
29. NSW Dept Commerce
30. NT Dept Justice
31. QBE
32. QLD Dept State Development
33. QLD Fair Trading
34. SA Dept Further Education, Employment, Science & Technology
35. SA Office of Consumer and Business Affairs
36. Small Business Development Corporation
37. Tony Taggart
38. Tas Dept of Justice
39. Top Shelf
40. Tourism Talk
41. Tourism Tasmania
42. Trade Marks Attorney Services
43. Tread Lightly Australia
44. WA Department of Consumer & Employment Protection

14.2 Consultations

Australian Business Names Registrars

Rod Stowe, Tony McCarroll	NSW
Michael Lockwell	ACT
Carl Kittel	SA
Steve Meagher, Phil Payne	WA
Tim Dunne, Lisa Parker	QLD
Tomika Williams	NT
Lyn Lirk, Andrew Levens	VIC
Bernard Faigen	ASIC

14.3 Trade Marks Act 1995, Part 12—Infringement of Trade Marks

120 When is a registered trade mark infringed?

- (1) A person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered.

Note 1: For *registered trade mark* see section 6.

Note 2: For *deceptively similar* see section 10.

Note 3: In addition, the regulations may provide for the effect of a protected international trade mark: see Part 17A.

- (2) A person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to:
- (a) goods of the same description as that of goods (*registered goods*) in respect of which the trade mark is registered; or
 - (b) services that are closely related to registered goods; or
 - (c) services of the same description as that of services (*registered services*) in respect of which the trade mark is registered; or
 - (d) goods that are closely related to registered services.

However, the person is not taken to have infringed the trade mark if the person establishes that using the sign as the person did is not likely to deceive or cause confusion.

Note 1: For *registered trade mark* see section 6.

Note 2: For *deceptively similar* see section 10.

Note 3: In addition, the regulations may provide for the effect of a protected international trade mark: see Part 17A.

- (3) A person infringes a registered trade mark if:
- (a) the trade mark is well known in Australia; and
 - (b) the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to:
 - (i) goods (*unrelated goods*) that are not of the same description as that of the goods in respect of which the trade mark is registered (*registered goods*) or are not closely related to services in respect of which the trade mark is registered (*registered services*); or
 - (ii) services (*unrelated services*) that are not of the same description as that of the registered services or are not closely related to registered goods; and
 - (c) because the trade mark is well known, the sign would be likely to be taken as indicating a connection between the unrelated goods or services and the registered owner of the trade mark; and
 - (d) for that reason, the interests of the registered owner are likely to be adversely affected.

Note 1: For *registered trade mark* see section 6.

Note 2: For *deceptively similar* see section 10.

Note 3: For *well known in Australia* see subsection (4).

Note 4: In addition, the regulations may provide for the effect of a protected international trade mark: see Part 17A.

- (4) In deciding, for the purposes of paragraph (3)(a), whether a trade mark is *well known in Australia*, one must take account of the extent to which the trade mark is known within the relevant sector of the public, whether as a result of the promotion of the trade mark or for any other reason.

121 Infringement of trade mark by breach of certain restrictions

- (1) This section applies to a registered trade mark if the registered owner, or an authorised user of the trade mark having power to do so, has caused to be displayed on goods (*registered goods*) in respect of which the trade mark is registered, or on their package, or on the container in which they are offered to the public, a notice (*notice of prohibition*) prohibiting any act that is under subsection (2) a prohibited act in relation to the goods.

Note 1: An authorised user of the trade mark may not have power to cause notices of prohibition to be displayed on goods etc. because of the terms of the agreement between the authorised user and the registered owner of the trade mark (see section 26).

Note 2: For *registered owner* and *registered trade mark* see section 6.

Note 3: For *authorised user* see section 8.

Note 4: In addition, the regulations may provide for the effect of a protected international trade mark: see Part 17A.

- (2) Each of the following is a prohibited act:
- (a) applying the trade mark to registered goods, or using the trade mark in physical relation to them, after the state, condition, get-up or packaging in which they were originally offered to the public has been altered;
 - (b) altering, or partially removing or obliterating, any representation of the trade mark applied to registered goods or used in physical relation to them;
 - (c) if the trade mark has been applied to registered goods, or used in physical relation to them, together with other matter indicating that the registered owner or authorised user has dealt with the goods—removing or obliterating, totally or in part, any representation of the trade mark without totally removing or obliterating the other matter;
 - (d) applying another trade mark to registered goods or using another trade mark in physical relation to them;
 - (e) if the trade mark has been applied to registered goods or used in physical relation to them—using on the goods, or on the packaging or container of the goods, any matter that is likely to injure the reputation of the trade mark.

Note 1: For *applied to* see section 9.

Note 2: For *authorised user* see section 8.

- (3) Subject to subsection (4), a person infringes a trade mark to which this section applies if the person:
- (a) is the owner of registered goods; and
 - (b) in the course of trade, or with a view to a dealing with the goods in the course of trade:
 - (i) does an act that is prohibited under the notice of prohibition; or
 - (ii) authorises that act to be done.

- (4) The trade mark is not infringed if the owner of the goods:
 - (a) acquired them in good faith and without being aware of the notice of prohibition; or
 - (b) became the owner of the goods by virtue of a title derived from a person who had so acquired them.

122 When is a trade mark not infringed?

- (1) In spite of section 120, a person does not infringe a registered trade mark when:
 - (a) the person uses in good faith:
 - (i) the person's name or the name of the person's place of business; or
 - (ii) the name of a predecessor in business of the person or the name of the predecessor's place of business; or
 - (b) the person uses a sign in good faith to indicate:
 - (i) the kind, quality, quantity, intended purpose, value, geographical origin, or some other characteristic, of goods or services; or
 - (ii) the time of production of goods or of the rendering of services; or
 - (c) the person uses the trade mark in good faith to indicate the intended purpose of goods (in particular as accessories or spare parts) or services; or
 - (d) the person uses the trade mark for the purposes of comparative advertising; or
 - (e) the person exercises a right to use a trade mark given to the person under this Act; or
 - (f) the court is of the opinion that the person would obtain registration of the trade mark in his or her name if the person were to apply for it; or
 - (fa) both:
 - (i) the person uses a trade mark that is substantially identical with, or deceptively similar to, the first-mentioned trade mark; and
 - (ii) the court is of the opinion that the person would obtain registration of the substantially identical or deceptively similar trade mark in his or her name if the person were to apply for it; or
 - (g) the person, in using a sign referred to in subsection 120(1), (2) or (3) in a manner referred to in that subsection, does not (because of a condition or limitation subject to which the trade mark is registered) infringe the exclusive right of the registered owner to use the trade mark.
- (2) In spite of section 120, if a disclaimer has been registered in respect of a part of a registered trade mark, a person does not infringe the trade mark by using that part of the trade mark.

123 Goods etc. to which registered trade mark has been applied by or with consent of registered owner

- (1) In spite of section 120, a person who uses a registered trade mark in relation to goods that are similar to goods in respect of which the trade mark is registered does not infringe the trade mark if the trade mark has been applied to, or in relation to, the goods by, or with the consent of, the registered owner of the trade mark.

Note: For *similar goods* see subsection 14(1).

- (2) In spite of section 120, a person who uses a registered trade mark in relation to services that are similar to services in respect of which the trade mark is registered does not infringe the trade mark if the trade mark has been applied in relation to the services by, or with the consent of, the registered owner of the trade mark.

Note: For *similar services* see subsection 14(2).

124 Prior use of identical trade mark etc.

- (1) A person does not infringe a registered trade mark by using an unregistered trade mark that is substantially identical with, or deceptively similar to, the registered trade mark in relation to:

- (a) goods similar to goods (*registered goods*) in respect of which the trade mark is registered; or
- (b) services closely related to registered goods; or
- (c) services similar to services (*registered services*) in respect of which the trade mark is registered; or
- (d) goods closely related to registered services;

if the person, or the person and the person's predecessor in title, have continuously used in the course of trade the unregistered trade mark in relation to those goods or services from a time before:

- (e) the date of registration of the registered trade mark; or
- (f) the registered owner of the registered trade mark, or a predecessor in title, or a person who was a registered user of the trade mark under the repealed Act, first used the trade mark;

whichever is earlier.

Note 1: For *deceptively similar* see section 10.

Note 2: For *predecessor in title* and *date of registration* see section 6.

- (2) If the unregistered trade mark has continuously been used only in a particular area of Australia, subsection (1) applies only to the use of the trade mark by the person in that area.

125 What courts may hear action for infringement of registered trade mark

- (1) An action for an infringement of a registered trade mark may be brought in a prescribed court.

Note: For *prescribed court* see section 190.

- (2) Subsection (1) does not prevent an action for infringement of a registered trade mark from being brought in any other court that has jurisdiction to hear the action.

126 What relief can be obtained from court

The relief that a court may grant in an action for an infringement of a registered trade mark includes:

- (a) an injunction, which may be granted subject to any condition that the court thinks fit; and
- (b) at the option of the plaintiff but subject to section 127, damages or an account of profits.

127 Special case—*plaintiff not entitled to damages etc.*

If:

- (a) in an action for the infringement of a trade mark registered in respect of particular goods or services, the court finds that the defendant has infringed the trade mark; and
- (b) either:
 - (i) the defendant has applied to the court under subsection 92(3) for an order directing the Registrar to remove the trade mark from the Register in respect of those goods or services; or
 - (ii) the defendant has applied to the Registrar under subsection 92(1) for the trade mark to be removed from the Register in respect of those goods or services, and the matter has been referred to a court under section 94; and
- (c) the court finds that, because the trade mark has not during a particular period (*critical period*) been used in good faith by its registered owner in relation to those goods or services, there are grounds (under subsection 92(4)) for so removing the trade mark from the Register;

the court may not grant relief to the plaintiff by way of damages or an account of profits in respect of any infringement of the trade mark that happened during the critical period.

128 Circumstances in which action may not be brought

- (1) If the registration of a trade mark is renewed under section 79 within 12 months after it has expired, an action may not be brought in respect of an act that:
 - (a) infringed the trade mark; and
 - (b) was done after the registration had expired and before it was renewed.
- (2) If the registration of a trade mark is renewed under section 80G within 10 months after the end of the prescribed period, an action may not be brought in respect of an act that:
 - (a) infringed the trade mark; and
 - (b) was done after the end of the prescribed period and before the registration was renewed.
- (3) In subsection (2):

prescribed period has the same meaning as in Division 3 of Part 7.

129 Groundless threats of legal proceedings

- (1) If a person threatens to bring an action against another person (*threatened person*) on the ground that the threatened person has infringed:
 - (a) a registered trade mark; or
 - (b) a trade mark alleged by the person to be registered;any person aggrieved by the threat (*plaintiff*) may bring an action (either in a prescribed court or in any other court having jurisdiction) against the person making the threat (*defendant*).

Note: For *prescribed court* see section 190.

- (2) The purpose of the action is to obtain from the court:
 - (a) a declaration that the defendant has no grounds for making the threat; and

(b) an injunction restraining the defendant from continuing to make the threat. The plaintiff may also recover any damages that he or she has sustained because of the defendant's conduct.

- (3) The action may be brought whether or not the defendant is the registered owner, or an authorised user, of the trade mark alleged to have been infringed.

Note: For *authorised user* see section 8.

- (4) The court may not find in favour of the plaintiff if the defendant satisfies the court that:

- (a) the trade mark is registered; and
- (b) the acts of the threatened person in respect of which the defendant threatened to bring an action constitute an infringement of the trade mark.

- (5) An action may not be brought, or (if brought) may not proceed, under this section if the registered owner of the trade mark, or an authorised user of the trade mark having power to bring an action for infringement of the trade mark, with due diligence, begins and pursues an action against the threatened person for infringement of the trade mark.

Note: An authorised user of the trade mark may not have power to bring an action for infringement of the trade mark because of the terms of the agreement between the authorised user and the registered owner of the trade mark (see section 26).

- (6) This section does not make a lawyer, registered trade marks attorney or patent attorney liable to an action for an act done in a professional capacity on behalf of a client.

Note: For *lawyer*, *registered trade marks attorney* and *patent attorney* see section 6.

130 Counterclaim by defendant in action on groundless threats

If the defendant in an action brought under section 129 would be entitled to bring against the plaintiff an action for infringement of the registered trade mark (*infringement action*):

- (a) the defendant may file in the court a counterclaim against the plaintiff for any relief to which the defendant would be entitled in the infringement action; and
- (b) the provisions of this Act applicable to infringement actions apply in relation to the counterclaim as if it were an infringement action brought by the defendant against the plaintiff.