



Registrar-General's Office

The Secretary
ACIP
PO Box 200
WODEN ACT 2606

(ATTN JEFF ROBERTS)

Dear Jeff

REVIEW OF RELATIONSHIP BETWEEN TRADE MARKS AND BUSINESS NAMES, COMPANY NAMES AND DOMAIN NAMES

I refer and respond to a letter dated 16 January 2004 from Professor Andrew Christie concerning the above review. Professor Christie sought my comment on the review.

The paper is an excellent summary of the issues and identifies a number of worthwhile solutions. It will serve as a catalyst in generating comment and discussion on this very important and often misunderstood area of business regulation.

General comment.

In recent years, IP Australia has adopted a strong marketing approach aimed at educating small business in the value of trade mark registration. The experience of the Registrar-General's Office with many small business operators however is that they only resort to trade mark registration when the use of their name by another becomes contentious or otherwise when it is too late.

It would appear that the major impediment to trade mark registration is that by the nature of the process, it is time-consuming and expensive. Prospective small business operators often choose their name on a whim. It is also apparent that many name their business with the aim of associating themselves with an established reputable big business.

Registration of business names is invariably required and provided on the spot,

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ACT DEPARTMENT OF JUSTICE
& COMMUNITY SAFETY

as a pre-requisite for bank accounts etc.

Many applicants also seek to register their name at the end of the business establishment process rather than at the beginning.

Compliance processes within state/territory registries are time-consuming, resource hungry and generally not cost-effective eg businesses advertising in trade columns with only a mobile phone number are difficult to regulate.

Applications for registration of business names in the ACT may be refused registration on the basis that the name is undesirable. No such bar is applied by ASIC and they will register corporation names, generally unconcerned about their similarity to registered business names. Once registered, the corporation may trade under its company name and seek registration of the business name with the corporation as the registered proprietor. This acts to circumvent moves by Registries in preventing the registration of highly similar names and tends to water down the effectiveness of Registries in the naming process.

I am aware however that ASIC will now refuse to register a company name which is distinguishable from another only by plurality.

Comments against Issues in the Review.

Item 2.1.3 “An application for a business name which is identical to an existing company name will not be registered.” I suggest that the following be added “unless the proprietor in the application is a corporation of the same name.”

“Registration is compulsory in each state and territory from which the business operates”. It should be noted that many names are exempt or are not covered by the registration requirement eg personal names, franchise names.

Item 3.1 The description of the functions of registration of business and company names is not entirely accurate. In respect to a business name, the fundamental intent behind registration is to place details of the underlying legal personality on a public register (this explains why persons trading under their personal name are exempt). A secondary aim is to prevent the registration of undesirable names. The purpose of company name registration on the other hand is not “simply to award a unique name to a corporation...”...it is, more appropriately, to create a legal personality in the name of the corporation. The choice about the form of registration chosen is more concerned with the resultant degree of liability vested in the proprietor.

Item 3.2.1 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. Ultimately, the business community only want to get on with their business plans and it is apparent that even their advisors may be ignorant of the differences.

Item 3.2.2 I agree that structural changes are necessary. It should be

possible for the relationship between the administering entities to be structured such that, regardless as to their statutory and jurisdictional separation, they are viewed by the customer, at least, as having some unanimity or connection.

Options include making it compulsory to undertake a trade mark registration as a pre-requisite to business/company name registration. There will of course be issues of currency of registration. The IP Australia process also needs to be more efficient and cost-effective as the decision as to whether a name infringes a trade mark may be an esoteric one.

The proposed two-tiered system would address this.

Item 3.2.3 A barrier to the abolition of business name registration will understandably be the views of the Registrars. The loss of revenue and departmental functions in the larger jurisdictions will be an issue. In the smaller jurisdictions this will not be as relevant (there is no business name registration fee in NT). There will also be issues in moving from a "registration" to a "no-registration" environment.

Item 3.2.4 A mandatory trade mark search does not go far enough. There is insufficient value in conducting a trade mark search unless the applicant goes the further step of securing the trade mark registration. I don't think that making a prospective business names applicant sign off that they had undertaken a trade mark search would serve much purpose. Given the volume of business and company registrations each year, I doubt whether IP Australia has the capacity to respond to a compulsory trade mark search in a reasonably speedy manner.

Item 3.2.5 I agree that a central register of business names makes sense. Customers of this office, in particular government and brokers, have been suggesting this for some time. This could be achieved by a technical solution, whilst leaving the statutory and administrative responsibility (and revenue) at state/territory level. I believe that Registrars would agree in principle that a central register of business names would be highly desirable.

An automatic online search of the trade marks register by Registries, as a pre-requisite to business name registration, would need to be undertaken quickly and efficiently without adding time or cost to the process. This concept is used by the NSW RTA when checking birth registrations online with the NSW BDM Registrar. The RTA has built the checking process into its (IT) business system. The relationship between business names registration systems and the National Names Index (ASIC) also involves an online checking process.

There would be system development costs issues to achieve this, which may be alleviated to some degree in the case of central register.

Item 3.2.6 Historically, the Commonwealth developed a central register for company and business names. The system, known as ASCOT survived the devolution of business names administration to the states/territories, however it was clear that Commonwealth issues were of paramount importance.

Consequently, on redevelopment of the ASCOT system by the Commonwealth, the past experience of Registrars, together with the Commonwealth's prohibitive cost estimates forced states/territories to develop their own. The result is that we have disparate State/Territory systems. It is my view that any move to a central system business/company register would be resisted by Registries unless they were able to exert some level of influence and control over the development, and management of the system.

A difficulty in achieving a central register of business names is that many states/territories have spent considerable money developing their respective systems. Given that most registries are using either the Qld or NSW system, it would make sense that one of those were recommended as the central system. Another benefit in developing a central system is that Registries would be able to respond to ATO's ABR concept in a more cost-effective manner.

Centralisation of business names registers would not necessarily imply physically incorporation with a companies register. A central business names register could interact with the companies register in the way that the present disparate business names systems do without amalgamation.

The central concept should not be limited to companies and business names and should also include incorporated associations. This is because there are also issues about the possible duplication of an association name by a guarantee company incorporated by ASIC.

Items 3.2.7 and 3.2.8 It is submitted that customers of Business Names Registries are unconcerned about the structural differences between the functions of ASIC/IP Australia and Business Names Registries.

In NZ, where there are no Commonwealth/State/Territory barriers, the functions of Immigration, Passports and Births, Deaths and Marriages are structurally and administratively linked as there is a logical synergy between their functions. It has been a failing of governments to organise their activities towards the own best administrative convenience, rather than to the convenience of the customers they exist to serve.

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.

Item 4.1 The practice of registering domain names as business names varies between business names jurisdictions. At the 2003 Conference of Registrars of Business Names in Darwin, concern was expressed about whether Registries should register domain names as business names. The conference sought general agreement that Registrars would refrain from registering domain names as business names. I expressed the view however that it is doubtful whether I could refuse to register a business name containing ".com.au" if it met the ACT's statutory criteria for registration. For that reason I did not support the agreement.

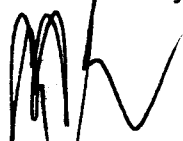
Many domain name registration authorities actually require registration as a business name as a pre-requisite to domain name registration. There is clearly a connection between the two forms of registration.

In summary, I see some merit in moving towards a central register of business names. There would be significant benefit for business and government at both levels in doing so. This would also promote a greater degree of uniformity between Registries in their approach to business name registration. A central business names register could be linked to the ASIC business system to provide a virtual central register. A central register would also be able to accommodate the ATO's ABR initiative in a more harmonious manner.

I believe that there is also merit in further prospecting the two-tiered trade mark concept providing that, by doing so, the process of registering a business name does not become unduly complex and time-consuming.

Thank you for the opportunity to participate in the review. I may be contacted on ph (02) 62070450.

Yours sincerely

A handwritten signature in black ink, appearing to read 'ATaylor', written over a vertical line that extends downwards through the typed name below.

ANDREW TAYLOR
REGISTRAR-GENERAL
18 February 2004