



**ASIC**

Australian Securities & Investments Commission

# **ASIC submission to the Advisory Council on Intellectual Property (ACIP) Issues Paper:**

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

**April 2004**

# Preface

This submission sets out the Australian Securities and Investments Commission ("ASIC") response to the ACIP Issues Paper, *A review of the relationship between trademarks and business names, company names and domain names*.

This submission is divided into 12 sections:

- (a) Section 1: Problems associated with the misconception;
- (b) Section 2: Educative measures;
- (c) Section 3: Structural change
- (d) Section 4: Abolition of State/Territory business name registers;
- (e) Section 5: Mandatory trade mark searches;
- (f) Section 6: Central register for business names;
- (g) Section 7: Central register for both business names and company names;
- (h) Section 8: Two-tier trade mark system;
- (i) Section 9: Implications of domain name registration for trade marks, business and company names;
- (j) Section 10: Bad faith registration of business and company names; and
- (k) Section 11: The possibility of challenges to business/company name registration
- (l) Section 12: The possibility of challenges to business/company name registration.

Each section may include two parts:

- (a) Part A, which covers options and issues raised in the ACIP Issues Paper and ASIC's responses to those options and issues;
- (b) Part B, which covers:
  - (i) issues or questions raised by the ACIP Issues Paper that could potentially have a significant impact upon the business and commercial operations of ASIC; and/or
  - (ii) any current constraints (both legal and strategic), assumptions, interests and priorities currently imposed on ASIC that it wishes to comment on.

The ACIP Issues Paper (being an issues paper) raises matters for discussion at a relatively high level of generality. ASIC's responses to those matters are couched in similar terms. Like the issues raised in the paper ASIC's views set out hereunder are neither conclusive nor exhaustive. ASIC would, of course, need to consider any further proposals for reform in detail before reaching a concluded view about them.

## Executive Summary

1. ASIC welcomes the opportunity to comment on the issues, options and proposals set out in the Issues Paper. ASIC has chosen to restrict its submission to the matters raised in the Issues Paper that are confined to its objectives, practices, policies, interests and its current powers pursuant to the provisions of the *Corporations Act 2001* (the Act) and the *Australian Securities and Investments Commission Act 2001* (the ASIC Act).
2. ASIC's legislative and jurisdictional mandate is supported constitutionally by a referral of powers by each of the States under section 51(xxxvii) of the Commonwealth Constitution. ASIC administers laws, exercises powers and performs functions in accordance with its statutory objectives so as to strive to maintain, facilitate and improve the performance of the financial system, promote confident and informed participation of investors, and administer and enforce the Act and the ASIC Act.<sup>1</sup> ASIC is entrusted with the powers and functions, which inherently involve the administration of corporate law, not laws relating to the protection of intellectual property.
3. ASIC agrees with the Issues Paper that business names, company names, domain names and trade marks are four distinctly different identifiers, each evoking separate and distinct interests, rights and remedies upon registration.
4. ASIC has responsibilities that cover the full life-cycle of Australia's 1.3 million companies.
5. Many of the structural options proposed in the ACIP Issues Paper are significant and would have a major impact upon the current functions, powers and commercial operations of ASIC. In particular ASIC considers that the efficient administration of corporate law would be adversely affected by:
  - (a) any abolition of the various business name registers, which (besides impacting on ASIC's statutory requirement to check company names against the national business names register) is a valuable registration and resource tool for ASIC and company name applicants. Any such abolition would have a substantial impact on ASIC's ability to administer the relevant company name provisions of the Act effectively and efficiently; and
  - (b) any requirement to undertake a mandatory trade mark search. ASIC's mandate in accordance with the Act is to apply an identical names test to the registration of company names only. ASIC does not have discretion or power to give consideration to criteria not in the Act in assessing the availability of a company, including, amongst other things, intellectual property issues.

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<sup>1</sup> Section 1(2) of the ASIC Act.

6. In ASIC's view, 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 .au Domain Administration Ltd ("auDA"). Failure to continue to maintain clear dividing lines will result in further misconceptions amongst applicants regarding the rights conferred upon registration of a company name, business name, domain names and/or a trade mark. ASIC considers that each of the abovementioned bodies should continue to play a clearly defined role in accordance with each organisation's legislative power.
7. It is not surprising that the legislative tests for registration of trade marks and registration of company, business and domain names are distinctively different considering the legislative purpose, powers and functions of each of the organisations concerned, and the fundamental distinction in legal rights and remedies conferred upon registration of trade marks, company names, business names and domain names. Each test has been shaped and modeled on different commercial and legal criteria.
8. 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. The law as it stands allows for determination of the rights and competing interests of parties.
9. It may not be good policy to re-structure long-standing business and registration practices in an effort to address alleged misconceptions on the part of some persons. One must have some sympathy for the situation of the persons mentioned in the two examples set out in section 3.1 of the Issues Paper. One must also recognise that the situations in which they found themselves appear to have resulted from bad advice, or inadvertence, or carelessness, or some combination of those things. 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. To do so may be to favour the few who are careless at the expense of the many who are careful.

# Section 1: Problems associated with the misconception of the legal nature of business and company names.

## PART A: RESPONSES TO ACIP ISSUES PAPER

- 1.1 Upon its registration a company is issued with a unique, nine-digit number, known as an Australian Company Number (ACN). The number is given pursuant to paragraph 118(1)(a) of the Act. As a company does not have a physical embodiment by which it can be recognised, its ACN is an important distinctive identifier. The allocation of an ACN ensures a company's distinctiveness *vis a vis* other companies.
- 1.2 An applicant for registration of an Australian company must decide if the company will have a distinctive name in addition to its ACN. A new company can only be registered with a particular name and an existing company can only change its name if the proposed new name is "available" under the Act or they opt to have a company name consisting of the expression "Australian Company Number" followed by the company's ACN number and expressions indicating its proprietary type (if applicable) and the limitation of its members' liability.<sup>2</sup>
- 1.3 Prior to the introduction of a national registration scheme under the Corporations Law on 1 January 1991 (and now the Act), registration of company names took place on a State or Territory jurisdiction-by-jurisdiction basis. Therefore, a number of companies registered in different jurisdictions prior to 1 January 1991 and remaining registered are currently registered under identical names. In this regard, a company's ACN is more than just an arbitrary identifier; it is the unique identifier. (Similarly, identical business names can currently be registered where the names are registered in different State or Territory jurisdictions.)
- 1.4 Under section 153 of the Act a company must set out its name and ACN on all its public documents and negotiable instruments.<sup>3</sup> The purpose of having a company name with the ACN disclosed on all public documents is to ensure that creditors, investors and the general public are informed of the true and correct corporate identity with which they are dealing. Where the company name is the ACN (for example, ACN 000 111 222 Pty Ltd) it still must include the name on public documents and negotiable instruments but need not include the ACN after the name.

## PART B: OTHER ISSUES

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<sup>2</sup> Section 148 of the Act

<sup>3</sup> Where a company also has been allocated an Australian Business Number ("ABN") it can use that number in place of the ACN where the last 9 digits of the ABN are identical to the ACN – s153(2) of the Act.

- 1.5 Under the Act, a name is not available for registration where it is identical to a name that is:
- 1.5.1 already reserved or registered under the Act for another body;
  - 1.5.2 included on the national business names register in respect of another body or individual who is not the person applying to have the name; or
  - 1.5.3 unacceptable for registration under the regulations.

A person seeking registration is responsible for not choosing a name that is likely to be confused with a name that is already registered, thus exposing itself to the risk of legal action under the law of passing off and the *Trade Practices Act 1974* ("the TPA Act").

- 1.6 ASIC agrees with the view expressed in paragraph 3.1 of the ACIP Issues Paper that the rights conferred upon the registration of a company name are sometimes misconstrued as being rights, which are proprietary in nature. ASIC is not in a position to comment on the anecdotal evidence of the ACIP to the effect that "many businesses or companies do not search, or they undertake insufficient searches, of the trade mark register to identify potentially conflicting trade marks prior to registration of their business or company name". ASIC can say that those company proprietors who are well-advised and careful about intellectual property matters will generally consider, and often conduct, such searches.
- 1.7 ASIC can also say that, 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 Example 2 in paragraph 3.1 of the Issues Paper. It may be a mistake to draw from a few difficult examples the conclusion that there is some general flaw in the current system of name registration..
- 1.8 The Act does not require that an applicant for registration of an Australian company perform a search of the trade mark register to identify potentially conflicting trademarks. That is not surprising. In accordance with the provisions of the Act a company name is not unavailable merely because it would be similar to another company name, let alone a trade mark or any other piece of intellectual property. Fundamentally, the Act is not about intellectual property.

So, the Act does not empower ASIC to give consideration to registered trade marks and/or similar company names when considering the availability of a company name. Even though a company name may be available based upon the criteria in section 147 of the Act, an applicant is not exempt from any action that may be taken by another person or entity with a similar name or the holder of a trade mark merely by the fact that the name applied for and registered has been made available to an applicant. Action may be taken, for example, under the common law for "passing off" or under section 52 of the TPA. ASIC is not authorised to, and does not, exercise any jurisdiction in these areas.

- 1.9 There are key advantages in this approach. Fundamentally, it permits company names to be registered by automated, objective processes, which are quicker and more efficient and involve lower costs, both for the registering authority and for the applicant. Any process requiring comparison of proposed names for alleged similarity with other names or trade marks would require subjective consideration, take longer and involve higher costs. ASIC doubts whether the Australian business community would be likely to favour more expensive and slower registration processes designed to ameliorate misconceptions which may be held by some of its less-informed members.

## **Section 2: Educative measures.**

- 2.1 This section sets out ASIC's responses to the ACIP Issues Paper dealing with educative measures and educative tools in response to ACIP item 3.2.1.

### **PART A: RESPONSES TO ACIP ISSUES PAPER**

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*ASIC welcomes comments on the information available regarding business and company names, and in particular whether educative tools exist which are not currently utilised, and would enhance clarity in this area.*

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- 2.2 As mentioned above, the current position is that no "similar names" test is applied by ASIC at the point of registration of a company name. This has been the case since 1991.<sup>4</sup> The public has had a long opportunity to get used to the absence of such a test and, in ASIC's view, there is a widespread understanding in the business community that company names and business names do not generally confer proprietary rights. If that understanding is imperfect then it should be improved.
- 2.3 ASIC is of the view that an objective of all agencies charged with registration functions and powers, whether in relation to company, business or domain names, should be to educate applicants that automatic proprietary rights and/or protection is not afforded upon registration. Further, applicants need to be aware that they are ultimately responsible for ensuring that the name registered is not likely to be confused with a registered trade mark.
- 2.4 ASIC's main educative tools in this regard are Information Sheets that are available on ASIC's web site and in hard copy. They explain, among other things:

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<sup>4</sup> In 1981 the United Kingdom repealed a prior subjective names test from its Companies Act, to the effect that a company name was unavailable if it closely resembled the name of a registered company. The UK therefore moved to objectify the company name process some 10 years before Australia. Just as in Australia, the removal of this test in the UK was sparked largely by dissatisfaction with the delays that applicants experienced when seeking registration of a company the name of which had to pass a similar names test.

- the legal nature (briefly) of company, business and domain names and trade marks
- the initial registration of a company name and subsequent name changes;
- the initial registration of a foreign company in Australia and subsequent name changes;
- the initial registration of a registered Australian body and subsequent name changes;
- the provisions of the Act, in relation to the availability of a proposed company name.

In addition, significant information is provided on ASIC's website in relation to the registration of company names, business names and particular words that are restricted from use in a company name. ASIC also provides detailed information regarding the need for applicants to perform a search of the National Names Index prior to the registration of a company name. Access to the National Names Index is available online through ASIC's website or by visit to one of ASIC's 12 Service Centres throughout Australia.

- 2.5 Other information is available on ASIC's website regarding company names, business names, domain names and trade marks and the basic differences between each (see Appendix A). This material advises applicants to undertake a search of the trade marks register that could help reveal any registered or pending trade marks which are identical or similar to the proposed business, company or domain name. A hyperlink is also provided to IP Australia's website and its telephone details. Potential company name applicants are also referred to the trade marks application kit.<sup>5</sup>
- 2.6 In this way ASIC educates applicants about the legal rights that are conferred upon registration of a company name.
- 2.7 Further steps could be adopted to enhance education about these matters. For example, there could be supplementary or enhanced warnings that:
- the registration of a company name does not secure any proprietary rights to the name; and/or
  - the onus rests with the applicant to ensure that the use of a particular name does not infringe the proprietary rights of those with a paramount claim to use of the name; and/or
  - an applicant is not exempt from any action that may be taken by another person or entity with a similar name or the holder of a trade mark merely by the fact that the name applied for and registered has been made available to an applicant by ASIC.

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<sup>5</sup> The Issues Paper acknowledges that the ASIC website provides information regarding trade mark protection, but goes on to suggest that "in the context of what is a more complex [company] registration [ASIC's] information is perhaps less clear". ASIC notes that Appendix A consists of material distributed to ASIC by IP Australia in May 1999.

2.8 Other educative measures that might be, utilised by ASIC (subject to commercial and operational costs) could include:

- relevant articles in ASIC's "Infocus" publication which is currently circulated to registered agents, ASIC representatives and ASIC's service centres, that highlight the need to undertake adequate searches prior to the registration of a company name. ASIC has previously published the information from IP Australia in Infocus;
- the guide annexed to the application for registration of an Australian company (Form 201) and the guide annexed to the notification of resolution for a change of company name (Form 205A) could include an express statement that registration of a company name or change of name does not confer proprietary rights over the company name upon the applicant;
- warning notices could be included with certificates of registration (new registrations and changes of name) explaining that registration of the company name does not confer proprietary rights; and
- pre-recorded information regarding company names to be played while callers are on hold to ASIC's Infoline or other enquiry lines.

## **PART B: OTHER ISSUES**

2.9 ASIC is of the view that the fundamental responsibility for the protection and potential infringement of proprietary legal rights must lie with the individual companies and persons concerned. Those companies and persons are uniquely placed to gauge the significance to them of intellectual property rights and potential infringements of those rights.

2.10 ASIC's role is to enforce and regulate company and financial services laws to protect consumers, investors and creditors. In accordance with its regulatory functions, ASIC currently provides applicants with substantial information in relation to the laws relating to the registration of an Australian company, both in electronic, telephone and paper format.

2.11 Clearly it would be undesirable if ASIC's regulatory role were to be compromised by its being required to provide guidance and advice on specific commercial situations. Education, however desirable, cannot be extended to such matters.

## **Section 3: Structural change**

3.1 This section sets out ASIC's responses to the ACIP Issues Paper dealing with structural change in response to ACIP item 3.2.2.

## **PART A: RESPONSES TO ACIP ISSUES PAPER**

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*ACIP welcomes comments on the capacity of educative methods to address the misconception as to the nature of business and company names, and on the necessity or otherwise of structural change.*

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- 3.2 ASIC considers that educative measures will go a large part of the way towards addressing any misconceptions about the rights conferred by registration of business names and company names. ASIC supports a broad educative approach rather than major structural change.
- 3.3 Given that ASIC regulates 1.3 million companies, it would be fair to say that ASIC receives relatively few inquiries that embody the misconceptions assumed by the Issues Paper.
- 3.4 ASIC considers that present and proposed educative measures can adequately address misconceptions regarding company names and proprietary rights.
- 3.5 Any change to ASIC's powers and functions in relation to similar company names would involve substantial legislative change and significant resource costs to change ASIC's systems. ASIC does not support any attempt to revert to a pre-1991 approach as it would make the process for company name registration slower and more costly. Such a reversion would adversely affect both applicants and ASIC.
- 3.6 If ASIC were required to conduct separate trade mark or domain name searches before registering a company name, ASIC would be fixed with the responsibility of protecting goodwill in existing names. ASIC has no expertise in the protection of goodwill. Trade marks, for example, are best protected by those who are expert in trade marks. Moreover, any such process would allow commercial entities to devolve to the Government their usual responsibility to protect their own commercial interests. In ASIC's view that would be a retrograde step.

## **PART B: OTHER ISSUES**

- 3.7 Consideration should be given to the significant costs that would be involved in structural change both for statutory agencies and for the registering public. Query whether imposing such costs on the general community could be justified where the main beneficiaries of the structural change would, it seems, be persons who can presently take, but who, for some reason, fail to take, proper steps to protect their own interests.

## **Section 4: Abolition of State/Territory business name registers.**

- 4.1 This section sets out ASIC's responses to the ACIP Issues Paper dealing with the abolition of the business names registers in response to ACIP item 3.2.3.

**PART A: RESPONSES TO ACIP ISSUES PAPER**

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*ACIP welcomes comments on the suggestion that the abolition of the state/territory business names registers may go some way in alleviating misconceptions as to 'rights' conferred by registration of a business name.*

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- 4.2 ASIC does not have any legislative responsibility for the registration of business names. However, in determining the availability of a name for a company ASIC is required, under s147(1) of the Act, to not only compare the proposed company name against company names already registered, but also against registered business names included on the national business names register. This is to ensure that proposed company names are not identical to registered company names and registered business names (irrespective of the State or Territory of registration).
- 4.3 In 1989, the Joint House Committee on corporations legislation received submissions relating to the amalgamation of a national system for the registration of company names and State-based business names. As a result the States, Territories and the Commonwealth agreed that data held within business names registers around Australia would be provided to the Australian Securities Commission (as ASIC then was). The National Names Index is now utilised by ASIC to perform its statutory function to enhance the efficiency of national registration of company names and allows the searching public to obtain the information readily, quickly and efficiently.
- 4.4 ASIC has access to the business names registers of each of the States and Territories. Further, each business name registered by the States and Territories is recorded on the national business names register. In this way the National Names Index is kept continuously up-to-date.
- 4.5 The practical impact of abolishing business name registration would be an increase in the cost and complexity for small business operators. Section 3.2.3 of the Issues Paper acknowledges that if there is business names registration there will need to be, in lieu, extensive disclosure by signage and in all relevant documentation of the identity of the proprietor of the business. That may be a significant cost of a business operator, especially the small business operators who most commonly register business names. That cost, it should be remembered, would be borne by all business name proprietors in order to protect that minority of them who have some misconception about the effect of business name registration.
- 4.6 The imposition of that cost would seem particularly inappropriate for those business name proprietors who have taken care to understand the significance of their registration and who do not seek to establish any particular proprietary rights in their business name.

**PART B: OTHER ISSUES**

- 4.7 If changes are introduced, how would the system of registration of all names and marks be structured? Would there exist one central register where all transactions are conducted or is it envisaged that ASIC, state business names registers and the trade mark register retain their own registers? In the former case the proposal would face various constitutional hurdles. In the latter case the proposal would give rise to significant issues of co-ordination between Commonwealth and State agencies.

## **Section 5: Mandatory trade mark searches.**

- 5.1 This section sets out ASIC's responses to the ACIP Issues Paper dealing with mandatory trade mark searches in response to ACIP item 3.2.4.

**PART A: RESPONSES TO ACIP ISSUES PAPER**

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*ACIP welcomes comments on the suggestion that a trade mark register search be made a condition of business or company name registration.*

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- 5.2 As stated previously, the introduction of the former Corporations Law in 1991 brought with it the removal of the similar names test. The Act's fundamental assumption is that goodwill in a name is to be protected by the trade marks legislation and the common law, not by the corporate regulator or the Act. In accordance with its legislative objects, ASIC's deliberately designed mission as from 1991 is to ensure the immediate assessment of the availability of company names to enable companies to be registered quickly and efficiently. A company can, for example, be registered on-line. It is very doubtful that any such on-line process would be possible if registration involved subjective comparison of a proposed name with similar prior registrations.
- 5.3 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.
- 5.4 A mandatory trade mark search would be disadvantageous to ASIC and the business community for the following reasons:
- (a) the requirement to undertake mandatory searches would be costly to applicants;

- (b) the requirement would be clearly excessive for those business name proprietors who do not seek to establish or protect any particular goodwill by dint of the company name. For example, a significant proportion of registered companies are not for profit organisations, or shelf companies or are otherwise not in trade or business.
- (c) it would have the potential to provide applicants with the misapprehension that because a trade mark search was undertaken at the time of registration future legal action by an interested third party for passing off or breach of the TPA would be precluded. No such search could offer any complete protection of that kind. One set of misconceptions might simply replace another.

5.5 The costs of compulsory routine trade mark searches could be significant. Certainly ASIC is not currently resourced to conduct any such a task.

## **PART B: OTHER ISSUES**

5.6 ASIC's company registration process is automated, efficient and inexpensive. In large part this is because the Act is drawn so as to promote that result. ASIC's registers are efficiently administered. Information is included in ASIC's registers upon receipt or very shortly thereafter. Other existing registers, having been designed to meet different needs, may or may not produce the same level of performance. Any process for the combination or cross-matching of existing, complex registers may mean that the combined register will be subject to the weaknesses of each of them. Moreover, there is a risk that the combined register will be only as efficient or as quick as the least efficient or slowest of the individual registers.

## **Section 6: Central register for business names.**

6.1 This section sets out ASIC's responses to the ACIP Issues Paper dealing with a central register for business names in response to ACIP item 3.2.5.

## **PART A: RESPONSES TO ACIP ISSUES PAPER**

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*ACIP welcomes comments on the suggestion that the state/territory business names registers be amalgamated to form one central business register. ACIP requests comments on whether such a register would be viewed by business as desirable and whether it would go some way to alerting business to, and minimising the possibility of, registered trade mark infringement. ACIP also invites comments on whether a trade marks register search should be a*

*mandatory part of the process of registration on such a central register.*

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- 6.2 ASIC does not have administrative responsibility for business names but offers the following comments.
- 6.3 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" referred to in s147(1)(b) of the Act and is included as part of a names search for searches undertaken at ASIC. ASIC has proven success in maintaining a central/national register of company names. ASIC and the State/Territory authorities utilise this register to compare proposed company names and business names against names already recorded on this register. Given this fact, ASIC is of the view that amalgamation of business names register is unnecessary.
- 6.4 Any requirement for a central business name register and/or mandatory pre-registration searches of the trade mark register would require substantial legislative change, and it could raise constitutional law issues and require a referral of state powers, depending on which agencies were charged with the responsibility of business name registration.

## **PART B: OTHER ISSUES**

- 6.5 Any proposal for a central business names register would need to address the issue that the same business names are currently registered in multiple jurisdictions on behalf of multiple business proprietors. Presumably some further unique identifier would need to be attached to all such registered business names.

## **Section 7: Central register for both business names and company names.**

- 7.1 This section sets out ASIC's responses to the ACIP Issues Paper dealing with a central register for both business names and company names in response to ACIP item 3.2.6.

## **PART A: RESPONSES TO ACIP ISSUES PAPER**

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*ACIP welcomes comments on the suggestion that a central business names register could be merged with, or otherwise associated with, the central company names register, while acknowledging that business and company names are different identifiers, which serve varying purposes.*

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- 7.2 A central register for the registration of company names already exists. However, while the processing of the registration of a business name is not undertaken by ASIC in accordance with the Act, as stated in Section 6, registered business names are included on ASIC's database and used for the purpose of comparing names to assess their availability as company names under the Act.
- 7.3 The Issues Paper does not explain what a formal merger of these registers would achieve, and it is difficult to see that it could achieve anything. Under an existing, efficient process company names and business names are compared at the point of registration. No other interface between company registration and business name registration is necessary.

**PART B: OTHER ISSUES**

- 7.4 One unfortunate result of any such a merger would probably be confusion in the public mind as between entities that do business in the corporate form and those that do not.

**Section 8: Two-tier trade mark system.**

- 8.1 This section sets out ASIC's responses to the ACIP Issues Paper dealing with a two-tier trade mark system in response to ACIP item 3.2.7.

**PART A: RESPONSES TO ACIP ISSUES PAPER**

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*ACIP welcomes suggestions on a two-tier trade mark system and the extent to which it would address the misconception as to the nature of business and company names and, should a two-tier trade mark system be introduced, what form should it take.*

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- 8.2 ASIC opposes any suggestion that the register of companies should be subsumed and become a "second tier" of trade mark registration.
- 8.3 Such a registration process would create many practical concerns. For instance, identical company names do exist (this being a legacy of pre-1991 registrations in different States). There are, and continue to be, identical business names registrations in different States and Territories. In such cases, which company or business name owner would be granted "exclusive right to trade under that name" as proposed?
- 8.4 Such a registration process would significantly increase costs and the complexities of the system and, in particular, would probably cause a significant retrogression in the current system of efficient company registration.

**PART B: OTHER ISSUES**

Nil

## **Section 9: The problem of bad faith registration of a domain name and the auDRP**

- 9.1 This section sets out ASIC's responses to the ACIP Issues Paper dealing with the problem of bad faith registration of a domain name and the auDRP in response to ACIP item 4.1.

**PART A: RESPONSES TO ACIP ISSUES PAPER**

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- 1. ACIP welcomes comments on the general effectiveness of auDRP and the remedies available of cancellation or transfer of the domain name.*
  - 2. ACIP welcomes comments on the extent to which complaints are being made under the auDRP in bad faith, whether this is a real problem, and if so, how might it be prevented.*

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- 9.2 ASIC does not have any administrative responsibility for domain names and therefore these are not matters upon which ASIC wishes to comment.

## **Section 10: Trade mark infringement through use of a domain name**

- 10.1 This section sets out ASIC's responses to the ACIP Issues Paper dealing with trade mark infringement through use of a domain name in response to ACIP item 4.2.

**PART A: RESPONSES TO ACIP ISSUES PAPER**

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*ACIP welcomes comments as to whether there is an issue in Australia of good faith registration and use of a domain name sometimes constituting infringement of a registered trade mark and, if so, what measures should be taken to minimise the likelihood of such trade mark infringement.*

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- 10.2 ASIC does not have any administrative responsibility for domain names and therefore this is not a matter upon which ASIC wishes to comment.

## **Section 11: Bad faith registration of business and company names.**

- 11.1 This section sets out ASIC's responses to the ACIP Issues Paper dealing with the problem of bad registration of business and company names in response to ACIP item 5.1.

### **PART A: RESPONSES TO ACIP ISSUES PAPER**

- 11.2 The proposition in the Issues Paper that the registered trade mark owner is precluded from registering a company name identical to the words of the trade mark because of the prior bad faith registration of that company name is not correct.
- 11.3 Under s147(2) of the Act the Minister has the discretion to consent to a name being available, irrespective of the fact that the name may be identical to another company name or is unacceptable under the *Corporations Regulations 2001*.
- 11.4 Under the "*Guidelines for Ministerial Consent to Body Corporate Names under the Corporations Act 2001*"<sup>6</sup> it is stated that one case where the Minister may consent to the registration of a name that would be identical to an existing registration is where an applicant "can show that the name has been 'squatted on' by a person who has a history of reserving company names for no genuine purposes of his own."<sup>7</sup>

## **Section 12: The possibility of challenges to business/company name registration.**

- 12.1 This section sets out ASIC's responses to the ACIP Issues Paper dealing with the possibility of challenges to business/company name registration in response to ACIP item 5.2.

### **PART A: RESPONSES TO ACIP ISSUES PAPER**

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<sup>6</sup> Issued by the Treasury in August 2002

<sup>7</sup> *ibid* at page 20

*ACIP welcomes comments on whether federal legislation should allow for business or company name registration to be challenged and, if so, on what grounds such a challenge might be made.*

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- 12.2 Federal legislation already allows company names to be challenged.
- 12.3 The fact that a company name is registered does not provide a company with any immunity where the name may be associated with another entity or product. For example, s52 of the TPA provides that corporations shall not engage in misleading and deceptive conduct.<sup>8</sup>
- 12.3 The Act itself also allows at least two avenues for registered company names to be challenged. These are:
- 12.2.1 Section 158(1) of the Act enables ASIC to direct a company to change its name where, among other reasons, the name should not have been registered.
- 12.2.2 Section 1317B of the Act allows applications to be made to the Administrative Appeals Tribunal to review decisions under the Act, including decisions regarding the availability of names. The review is conducted under the provisions of the *Administrative Appeals Act 1975*.

## **PART B: OTHER ISSUES**

- 12.4 Even in the absence of federal legislation a party that considers its rights to have been infringed by registration and use of a business or company name may have a right to bring an action for "passing off".
- 12.5 Of course, the best protection for a party that feels that its common law or registered trade mark might be susceptible to some form of "infringement" by the subsequent registration of a company or business name, is to register the company name or business name itself and thereby make it unavailable to others. Prudent proprietors of valuable trade marks often take this precaution.

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<sup>8</sup> The state *Fair Trading Acts* mirror s52 of the *Trade Practices Act 1974* (Cth) except that they refer to persons (including individuals as distinct from corporations) being prohibited from engaging in misleading and deceptive conduct.

# Appendix A

## What's in a name? Business names, company names, domain names and trade marks

### What's in a name?

Choosing the right name for your new business or company is vital to creating a niche in a congested marketplace and to distinguish your goods and services from your competitors. In effect, you are creating an identity - something both memorable and meaningful.

In the market place, names can be both trade marks and business names, company names or domain names. This can be confusing, so it is important to understand the differences.

If your company name, business name or domain name is identical or similar to a registered trademark, you could be sued for infringement.

#### Know the difference:

- [Company name](#)
- [Business name](#)
- [Domain names](#)
- [Trade mark](#)
- [For Peace of Mind - Search the Trade Marks Database](#)
- [Want more information?](#)

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#### Company name

A company name must be registered under the national Corporations Act 2001 administered by the Australian Securities & Investments Commission (ASIC). If a company wishes to trade using a name other than its registered company name, the trading name must be registered as a business name.

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#### Business name

A business name is a name under which a business operates. Business name registration is compulsory and must be completed before the business starts trading. Registration is obtained under [state or territory legislation](#), so businesses trading in more than one state or territory must register their name under the laws of each one.

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#### Domain names

Domain names are the addresses for sites on the Internet. au Domain Administration Ltd (auDA) manages the .au domain. The registration of com.au and net.au domain names for commercial entities is carried out by [auDA](#) accredited registrars.

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#### Trade mark

A trade mark is a letter, word, phrase, sound, smell, colour, shape, logo, picture, aspect of packaging, or any combination of these. It identifies a product or a service of a business and distinguishes it from similar products and services.

As the owner of a trade mark you have exclusive legal rights throughout the whole of Australia to control the use of your trade mark for goods or services for which it is registered.

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### **For peace of mind - search the Trade Marks Database**

A search of the trade marks database can help reveal any registered or pending trade marks which are identical or similar to your proposed business, company or domain name.

The trade marks database is accessible via the Internet on IP Australia's web site <http://www.ipaustralia.gov.au>. You can also visit your nearest IP Australia Office and conduct a search of the database yourself, at no cost. (Phone 1300 651010 for your nearest location.)

Professional searches are also available from legal practitioners and search firms.

IP Australia also provides a professional search service called the Business Names Applicant Search Service (BASS). For \$40 their trained staff will conduct a thorough search of the trade mark database and issue a report for any existing registered trade mark, which is identical or very similar to your proposed name. They guarantee to provide you with a report within 24 hours (excluding weekends and public holidays).

If you pay by credit card, you can apply for a BASS search by telephoning 02 6283 2999 during normal business hours.

If you are considering applying for registration of a trade mark, IP Australia also produces a more comprehensive guide, The Trade Marks Application Kit, which is available free of charge from the Helpline or by contacting your nearest IP Australia Office on 1300 65 1010.

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### **Want more information?**

Phone IP Australia's Helpline on (02) 6283 2999 or email them at [Tmhelpline@ipaustralia.gov.au](mailto:Tmhelpline@ipaustralia.gov.au). Phone ASIC's Infoline on 1300 300 630.