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Mr Jeff Roberts
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Dear Mr Roberts

**Review of the relationship between Trade Marks and Business Names, Company Names
and Domain Names**

Thankyou for your letter seeking our input into the Advisory Council's current review. CPA Australia and The Institute of Chartered Accountants in Australia (the Accounting Bodies) are pleased to have the opportunity to make this joint submission on the issues raised, which can be of considerable importance to the business community and the public generally.

This submission has been prepared by our Legislation Review Board (LRB), which is under the administration of our Australian Accounting Research Foundation. The LRB is appointed to advise on matters of legislative and regulatory policy affecting financial reporting, auditing and corporate governance.

The Accounting Bodies support the need for discussion and debate on the relationship between trade marks and business names, company names and domain names. The misunderstandings that can arise in relation to the rights and obligations conferred by each are very real, and can result in major costs and disruption to a business that either holds a trade mark, or is alleged to infringe another's trade mark. The greater use of the internet highlights these difficulties.

Our comments on the matters raised in the Issues Paper are set out in the enclosed Attachment. For ease of reference, we have used the same paragraph numbering.

We would welcome the opportunity to discuss with you our submission or other matters on which you would like our views or additional input. Please direct any queries to Richenda Barnett, Project Manager - Legislation Review on Tel: (03) 9641 7439 or Richard Mifsud, Executive Director, Australian Accounting Research Foundation, on Tel: (03) 9641 7440.

Yours sincerely

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Submission by CPA Australia and The Institute of Chartered Accountants Australia (the Accounting Bodies)

to the

Advisory Council on Intellectual Property (ACIP)

Review of the relationship between trade marks and business names, company names and domain names

3.2.1 Present educative measures

The Accounting Bodies believe that there is a broad understanding in the business community of the importance of trade names, and the need for a business to take some action to

- protect its own trade name; and
- avoid using trade names that are already in the marketplace.

We recognise that there have been considerable efforts by state and federal agencies to educate the public as to their obligation to register business or company names, and that both registrations are different to a trade mark.

As identified in the Issues Paper, we agree that the real 'educative hurdle' is the misconception as to the legal nature of business and company names, particularly in the small to medium business sector.

We believe that this misconception arises from many sources, including the simple fact that there is a legal requirement to register a business name with the relevant state or territory agency. Many businesses proudly display their Certificate of Registration, in the mistaken belief that this is notice to the world that the state has 'sanctioned' the exclusive use of the name, and nothing further is required to prevent the use of that name by others.

3.2.2 Structural change

We do not believe, therefore, that educative measures alone can address this misconception. In our view, structural change should be considered.

3.2.3 Abolition of the business names registers

We are inclined to support the abolition of the business name registers, however, we acknowledge their important role in providing a public database that can be searched by consumers and potential registrants. We note that the UK has abolished their business name register in favour of an obligation to impose mandatory disclosure requirements upon business and sole traders.

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. Presumably, sufficient time was allowed by the regulators to phase in the mandatory disclosure requirements on stationery and the like.

Aside from compliance costs, the key issue, in our view, remains whether those who deal with a business (in whatever form) have a ready, reliable and low cost means of ascertaining the legal entity behind any trade name that the business uses. This is the set-off required by society for allowing a business to trade under a name that differs from that of the business entity.

3.2.4 Mandatory trade mark search

If it is assumed that there is merit in the continuation of the business names registers, one suggestion is to make it a condition of registration of a business or company name that a trade mark search be conducted.

We agree with the comment in the Paper that 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 for a business or a company name to 'sign-off' on a trade mark search does not get to the heart of the problem. Any such step is likely to be circumvented by those who do not readily understand the issues, or who have decided that they do not wish to incur the fees to conduct various trade mark searches. It is also true that some people would require professional advice to make sense of the results of such searches.

We also envisage practical difficulties in designing and maintaining a workable and 'fool-proof' system. For example, there would presumably need to be exemptions for companies seeking registration that do not 'trade', such as a corporate trustee of a non-trading trust.

What if the nature of the registered company or business, or the use of the trademark changes over time, or, if there are trade marks registered in other classes subsequent to the initial registration of the business/ company name?

3.2.5 Central register for business names

While we doubt that the misconception issue can be addressed by centralising the business names registers, there may be separate merit in doing so, such as making business name registration faster and less costly. For reasons of speed and cost then, the Accounting Bodies would support a centralised system.

However, we do not believe it is overly likely that "mere knowledge of the existence of the same business name in another state would perhaps alert a business to the potential infringement of registered trade marks associated with that business' name".

3.2.6 Central register for both business and company names

We note that there is currently a link between business and company names by virtue of the National Names Index operated by ASIC. We understand that each of the state consumer affairs departments provides information on registered business and association names to ASIC to facilitate a form of 'one-stop' searching of both registers.

It is currently not possible, however, to search for registered company names through the separate state and territory business names registers.

We are unsure of the practical consequences to registrants of the suggestion to merge any central business names register with the central company names register, but presumably it would remove the need for registrants and the agencies themselves to cross-check the respective registers. This would in turn minimise the possibility of the same, or a substantially similar name being registered on two separate registers.

We note that the Paper does not appear to suggest that there be one central register for business names, company names and trade marks, other than in the context of implementing a two-tiered trade mark system.

While we understand that the objectives and uses of each of these registers is very different, many of our members and their clients find it incongruous that these three registers cannot be linked in some meaningful way.

Our understanding is that each is a public register, operated by government agencies. Further, 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. Moreover, education could be better targeted as to the rights, responsibilities and limitations in relation to the registration and use of each type of name.

We do not underestimate the practical costs and difficulties that linking or merging all three registers may entail. We do, however, firmly believe that greater co-ordination between the registers is needed to overcome some of the well-documented difficulties in the current arrangements. In our view, all three registers should be linked or merged in some way, and the possibly of a linkage with Australian registered domain names should also be explored.

3.2.7 Two-tier trade mark system

We note the suggestion to tackle the problem from a different direction, via a two-tier trade mark system. However, we do not support a two-tiered system.

As we understand it, this would provide registrants with a limited form of protection, that many mistakenly believe they already obtain by registering registration a business or company name. We suggest, however, that the underlying problem of confusion between the various types of names would remain, given that a higher form of trade mark protection would continue to exist.

In our view, the advantage of any 'tiered' system would be a centralised administration of the different databases, with the opportunity for a 'one-stop' registration and education point.

We also note that the proposal to create any new form of intellectual property right would give rise to significant tax and accounting issues that would need to be thought through, before we could give our considered opinion on this option.

4 & 5 Issues relating to domain names

We are aware of several instances where our members and their clients have experienced difficulties with bad faith registration or 'high-jacking' of domain names. In such circumstances, it is generally necessary for clients to seek specific advice from legal services providers or trade mark attorneys. We therefore feel we can make only limited remarks on Parts 4 and 5 of the Paper.

4.1 The problem of bad faith registration of a domain name and the auDRP

We agree that serious conflicts arise where a domain name registrant registers an existing business name, company name or trade mark in bad faith, although there are also many genuine disputes where names are unfortunately similar.

We have no useful suggestions as to how bad faith registrations may be prevented, given the legal difficulties inherent in international e-commerce issues.

4.2 Trade mark infringement through use of a domain name

As indicated, we are aware of instances where domain name registrants and registered trade mark have contested certain names, although we cannot comment on the overall significance of this problem.

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. Perhaps a more limited and less costly trade mark search process could be developed to encourage such preliminary searching.

5.2 The possibility of challenges to business/company name registration

We note the issue raised, but do not feel we can provide any useful comments.

CONCLUSION

We acknowledge that the Issues Paper is intended to generate public debate, and is neither exclusive nor exhaustive.

The Accounting Bodies appreciate the opportunity to communicate the combined view of many of our members (and their clients) that the interrelationship between the different systems for 'trade names' causes considerable confusion in practice, and can prove very costly to resolve when disputes arise.

We understand the root causes of this confusion are not easily remedied. As indicated, however, we firmly believe that there is a pressing need for the various domestic trade mark, business name, company name, and domain name registers to be combined in some way, so that the general public can search some form of 'overarching national index'.

This would at least alert registrants to the existence of other names, and provide one central point to better explain the rights, obligations and limitations that relate to each form of name.