



International Trademark Association

1133 Avenue of the Americas, New York, NY 10036-6710 USA

Telephone: 212-768-9887 Fax: 212-768-7796

March 15, 2004

Mr. Jeff Roberts
Secretariat
Advisory Council on Intellectual Property
PO Box 200
WODEN ACT 2606

Dear Mr. Roberts:

In response to the request by the Advisory Council on Intellectual Property of Australia, the International Trademark Association (INTA) is pleased to submit the following comments on the January 2004 Issues Paper entitled "A review of the relationship between trademarks and business names, company names and domain names." INTA is particularly concerned about Section 3.2.7 of that paper relating to a proposed two-tier trademark system whereby the registration of a business or company name would automatically constitute registration as a second-tier trademark.

INTA is a 126-year-old not-for-profit organization comprised of over 4,300 members located in 170 countries, including Australia. It is the largest organization in the world dedicated solely to the interests of trademark owners. The membership of INTA, which crosses all industry lines and includes both manufacturers and retailers, values the essential role that trademarks play in promoting effective commerce, protecting the interests of consumers, and encouraging free and fair competition.

INTA strongly believes that the introduction of a second tier in the Australian trademark register for business names and company names would not be a workable system and would in fact be detrimental to both business and trademark owners. Far from addressing the misconceptions as to the nature of business and company names in Australia, a two-tier system would simply add to the confusion and difficulties that are claimed to be faced by some businesses, particularly small to medium-size enterprises (SMEs). INTA opposes the automatic registration of business and company names as trademarks without meeting any distinctiveness criteria and without limitation to the products or trade symbolized thereby, and in contrast to the registration of trademarks in accordance with international convention. The Advisory Council should consider the following issues.

Conflict with Prior Rights: The proposal in Section 3.2.7 is that a right granted by second-tier registration for business and company names would not have precedence over pre-existing rights. However, this is at odds with the proposal that there would be no examination prior to grant of a second-tier right. If there is no examination prior to grant at least as against pre-existing rights on the register, how is the applicant for a second-tier registration for a business or company name to know if in fact the applicant is free to trade with that name? Either the applicant or the Trade Marks Registry would need to carry out a search for pre-existing registrations in either tier of the register to determine whether an identical or confusingly similar pre-existing registration exists. If no such search is carried out and no examination is made of that search prior to grant of a second-tier right, the person who obtains that second-tier registration might then think that they have the right to trade under that business or company name and may invest heavily in so doing, only to find that the owner of a pre-existing right on the register has the right to stop the second-tier registrant from doing so. Thus, the very concerns addressed by the issues paper concerning the misconceptions, which presently exist in relation to business and company name registrations, will simply be transferred to registrations on the proposed second tier of the trademarks register.

Conflict with the Territoriality Principle: A further problem which needs to be taken into consideration with the proposal for a second tier in the trademarks register for company and business names is the potential limited territorial nature of many of the business names at least for some of the smaller businesses referred to in the issues paper. Currently in Australia, it is possible for a business in one state to have the same or a very similar business name to that of a business in another state. Indeed, it is even possible for certain types of businesses to trade with very similar business names in even smaller geographical areas within states without the danger of the goodwill and reputation in the business of one being confused with that of the other. However, without any constraint on the extension of the use by either business of its business name, there can be a serious difficulty with confusion with the public, should one of those businesses expand into the territory of the other. This can be very damaging for the business whose territory is being trespassed upon. Yet there is no suggestion in the proposal for a second-tier registration system to include any form of constraints on the geographical nature of the right given by registration.

Conflict with the Specificity Principle: There is a similar concern in relation to the nature of the business for which registration is sought in terms of the nature of the goods or services in which that business trades. The trademark system allows for limitation of trademark rights to certain specified goods or services. The present proposal for a second tier of the register would appear not to provide for such limitations. This could therefore give rise to extremely confusing overlap not only in geographical but also in terms of the goods and/or services being traded in, giving rise to immense confusion and potential significant loss of business to many affected Australian businesses.

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Erosion of Exclusive Rights: It should be borne in mind that while some SMEs may be confused by the current business name and company name registration system in Australia and may not, therefore, use the trademark registration system appropriately, many others use the trademark registration system to protect the exclusive reputation and goodwill in their businesses. These latter SMEs have gone to the expense of obtaining trademark registration protection for their businesses and have invested significantly in the goodwill associated with their trademarks. Any erosion of those exclusive rights in those trademark registrations by the registration of a subsequent trading or business name of another company would be seriously detrimental to the business of those trademark registration owners. Thus, in introducing a second-tier registration system for business and company names, one problem concerning misconception in relation to the nature of business and company registrations would be replaced by a serious economic problem for SMEs who are owners of full trademark registrations.

Disruption of the Trademark System: Any trademark registration system should offer protection to marks which are capable of distinguishing one trader's goods or services from another, whether the mark be inherently distinctive or distinctive in fact by way of use. Moreover, effective provisions for enforcement are essential in any trademark registration system. The Australian trademarks registration system has such mechanisms in place for ensuring the integrity of the Register and providing for appropriate enforcement. The introduction of a two-tier registration system and all the uncertainties that would follow would undermine the integrity of the trademark system in Australia.

Consequently, INTA would urge in the strongest possible terms that a second-tier system of the type proposed in the issues paper not be adopted.

Sincerely yours,

Error! Unknown switch argument.

Jacqueline A. Leimer
President