



The Institute of Patent and Trade Mark Attorneys of Australia

A.C.N. 004 194 263

711 High Street East Kew Victoria 3102 Australia
Tel 613 9857 0311 Fax 613 9857 0411
E-mail: mail@ipta.com.au Internet: www.ipta.com.au

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

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Jroberts@ipaaustralia.gov.au

ACIP ISSUES PAPER - A review of the relationship between trade marks and business names, company names and domain names

These submissions are provided on behalf of the Institute of Patent and Trade Mark Attorneys ('IPTA').

Background

It was IPTA's first impression upon reading the ACIP paper that financial issues were either totally overlooked or were deliberately not canvassed. Clearly when considering whether or not to abolish the business name registration system, regard must be had to the financial impact on state and territory revenue. If the states and territories are to support the continuation or abandonment of the business name registration systems then the financial impact must be a consideration.

IPTA recalls when the states and territories registered company names. This scheme led to many problems. As a consequence, the states and territories agreed to abolish the state and territory regimes and replace it with federally registered company names. The reasons and considerations concerning the abolition of the state and territory regimes would appear to be relevant to some of the issues of this ACIP paper.

The remainder of the comments will follow the numbering of the ACIP paper.

2.1.1.

The objective of registered trade mark protection is greater than to identify and protect a business' goodwill and to protect the consumer by indicating the trade source. Registered trade marks also provide knowledge to third parties of trade marks on the Register and to which title is claimed for specific goods and services.

3.2.1.

- **Are present educative measures about the legal nature of business and company names adequate?**

IPTA considers that the information available at the business name offices Australia wide is inadequate. 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 the Business Name registration office.

It appears that the present educative measures are not working effectively as there are still many people who believe that a business name registration gives the holder rights akin to a registered trade mark. Unfortunately there is no hard evidence of the extent of this problem. For many users of the business name system it is probably true to say that there is no misunderstanding or misconception regarding the nature and function of a business name.

While IPTA believes that business names office staff would benefit from educative seminars, discussions and the like, and is willing to contribute to the provision of such seminars if required, we also understand that education of the office staff and, through them, the general public, by itself is not the whole answer to the problem.

3.2.2.

- **Can educative measures alone address the misconception as to the legal nature of business and company names?**

IPTA supports an increase in the level of education provided to the public and to staff but as this measure alone in the past has been inadequate to address the misconception as to the legal nature of business names and company names, structural change is required.

IPTA believes that education programs for professional advisors such as accountants, financial advisors and others are essential.

We also believe that misconceptions in relation to the rights afforded by business name registrations arise – at least in part – from the use of the word “registration” in relation to the recordal of business names. In particular, the issue of a Certificate of Registration undoubtedly gives rise to many of the misconceptions surrounding 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. Furthermore, references to the word “registration” should be replaced by the word “recordal”.

3.2.3.

- **Should the state/territory business names registers be abolished and, if so, what information should be required to be disclosed?**

Philosophically, IPTA supports the abolition of state and territory business names registers. We believe that this is really the only sure way of overcoming the misconception that a Business Name registration gives some rights in respect of a name. We note that Business Name registrations have been abolished in overseas countries without cataclysmic effect.

However, we are very aware of the political and financial difficulty of such a proposal. Accordingly, we believe that a more pragmatic approach would be to abolish the State registers **only** if a central register replaces them.

In the current environment, trade mark practitioners find the information available on the state and territory business name registers very valuable when conducting trade mark availability searches, especially in respect of service marks. The registers are valuable in disclosing business names that are or contain a name identical or similar to the trade mark being searched. They are also valuable because they disclose the nature of activity of the business (compared to the ASIC Register).

The state and territory business name registers are a major and useful first avenue used by trade mark practitioners in undertaking common law searches. Without the existence of the registers, apart from the ASIC Register to disclose relevant company names, the only other “authorised” publicly available information would be on the White and Yellow Pages Directories.

Trade mark practitioners often use the information available on the state and territory business name registers in proceedings under the Trade Marks Act. For example, in opposition proceedings related to s. 41 and/or s. 44 of the Trade Marks Act, information on the registers concerning the occurrence of names including the word or words at issue can be used to support arguments.

Furthermore, the registration of a business name may be the precursor to obtaining a trade mark registration. In some instances, a small business enterprise can effectively and quickly obtain a registered business name. Although the registration has no proprietary value, it is a quick and easy means of alerting others to an interest in a particular name. When a trade mark is eventually filed, the common law rights obtained through use of the business name may be able to be used to overcome objections raised under s. 41(5) and s. 41(6) of the Trade Marks Act.

3.2.4.

- **Assuming there is merit in the continued existence of the business names registers, should a trade mark register search be made a condition of business or company name registration?**

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, if the business name registers are to continue then IPTA believes that a condition of registration of a business name be that a trade mark search is conducted either by the Trade Marks Office [such as the recently prototyped Up Front Service or the Business Names Applicant Search Service (BASS)] or by private trade mark searchers.

In light of the cost of a business name registration, in the interests of keeping costs to a minimum, the compulsory search could be for identical trade marks only and the report to the Registrant would then provide both an explanation of the search and the limitations inherent in the search and a strong warning recommending a full trade mark search be conducted to disclose phonetical equivalents, misspelt marks etc.

The possibility also exists to create a bank of licensed trade mark searchers for the purpose of compulsory trade mark searching. The bank would include the Trade Marks Office.

A business name registration appears to provide the public with a false sense of security that the owner can use the name without fear of infringing a third parties intellectual property rights and that because they have a registered business name that their interests in that name are protected and that nobody else can adopt the same or similar name for their business. A system of business name registration where a trade mark search must first be conducted will to a great extent alleviate the problem. Of course the problem of infringing a third parties intellectual property rights may still exist where an unregistered trade mark is in use and only educative measures would address this problem.

3.2.5.

- **Should the state/territory business names registers be replaced by one central register? Would a central register alleviate the misconception as to the legal nature of business names?**

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 anticipated that the same would apply for business names.

It is expected that there will be a separate fee for registration of a business name in each state and territory. Otherwise IPTA can envisage situations where a person applies for a business name in all states and territories without any intention to ever trade in all those states and territories.

The existence of a central register may also prompt people to apply for business names in states and territories other than the state/territory they will actually trade in at the time of registration and/or in the near future. As this possibility will exist a central registration system should have provision for removal of a business name registration for non use. Otherwise the register will be cluttered with never to be used business names and as a consequence legitimate third parties will be prevented from registering a business name and trading under that name.

A central register would not alleviate the misconception as to the legal nature of business names. The mere knowledge of the existence of the same business name in another state would not alert a business to the danger of potential infringement of registered trade marks. It would merely alert a business that others had the same idea but in another part of Australia. The misconception as to the legal nature of business names appears to arise because a registration certificate exists. People believe that a business name registration issued by the government gives them an unhindered legal right to trade under a business name and to prevent others trading under the same or a similar name. If that was not the case, then why give them a certificate? Therefore it should be a condition of registration on the central register that a trade mark search be conducted. Furthermore, as discussed above at 3.2.2. the "Certificate of Registration" could be replaced or abolished.

3.2.6.

- **Were there to exist one central business names register, should it be connected to the company names register to form one central register for both business and company names?**

IPTA believes that the ideal situation would be to associate a central business names register with the central company names register. The ability to easily cross reference from one to the other would be of benefit to both practitioners and customers. This system would also allow easier searching of company and business names.

IPTA also believes that it should be a requirement under the central Business Name register that the renewal of a Business Name be accompanied by a brief declaration to the effect that the name is currently in use. That declaration could easily be incorporated into the renewal form.

3.2.7.

- **Should a two-tier trade mark system be introduced in Australia? Would such a system address the misconception as to the nature of business and company names, by providing an (albeit limited) exclusive right to the use of those names?**

A two-tier trade mark system should not be introduced in Australia.

An important element of the trade mark system is that the applicant lodges an application on the basis of use or intention to use a trade mark in respect of clearly identified goods/services. Anecdotal evidence suggests that the breadth of claims of the “nature of the business” for business name registrations allow one to be as broad as possible without any regard to issues such as actual use or real intention to use. Furthermore, companies need not disclose a principal activity of the company to obtain registration. Therefore, we fail to see how a second tier trade mark system could work when a company or business name does not have any restrictions or particularizations as to goods/services.

Allowing a second tier registration system would cause greater problems than the current business name/company name registration systems. There is a great deal implied in a name and if a person believes they have a trade mark registration, even if it is second tier, they would believe that they have exclusive rights.

A two-tier trade mark system would not address the misconception as to the nature of business and company names and in fact, it would make the current situation worse.

4.1

- **Has the auDRP been effective? Are the remedies of cancellation and transfer of domain name adequate?**
- **Is there a real problem of complaints being made under the auDRP in bad faith? If so, how can this be prevented?**

The auDRP system has been working well and there is no perceived problem that complaints are being made under auDRP in bad faith. Indeed the costs associated with an auDRP complaint are themselves a preventative measure to one made in bad faith.

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.

In the current auDRP system, all costs in an auDRP action are borne by the Complainant.

The Complainant is required to show:

- (i) that the objectionable domain name is identical or confusingly similar to a name , trademark or service mark in which the Complainant has rights; and
- (ii) that the holder of the objectionable domain name has no rights or legitimate interests in respect of the domain name; and
- (iii) that the objectionable domain name has been registered or subsequently used in bad faith.

The costs in doing so are relatively high.

On the contrary, the Registrant, even if found in effect to be a cybersquatter, does not bear any costs in the procedure. The only cost to the Registrant is the loss of the objectionable domain name. Furthermore, the Registrant is not required to contribute to any costs borne by the Complainant.

A system of penalty/costs should be introduced so a successful Complainant can recoup some of their costs.

In addition to the introduction of a system of penalty/costs, a further system of a hearing fee for the Registrant should be introduced. Therefore where a Complainant pays a fee to initiate a complaint under the auDRP, a Registrant must also pay a fee for the matter to proceed and if the fee is not paid, the objectionable domain name is cancelled. The Registrant fee could be refundable if the Registrant is successful.

Such a system could alleviate the need for at least some of the auDRP complaints to proceed.

4.2

- **Is there a real issue of infringement of registered trade marks through good faith domain name registration and use? If so, could measures be taken to minimise the likelihood of trade mark infringement?**

Although there are some instances where there is infringement of registered trade marks through *good faith* domain name registration and use, it cannot be said that there is a real issue of infringement of registered trade marks through *good faith* domain name registration and use. It is generally unlikely that a third party legitimately chooses and uses a domain name that may ultimately infringe a registered trade mark. There is of course a greater issue of infringement of registered trade marks through *bad faith* domain name registration and use.

The mere registration of a domain name without anything more does not infringe a registered trade mark. To infringe a registered trade mark there must be use of the

domain name as a trade mark in the course of trade. Furthermore the use of a domain name i.e. the operation of a web site does not necessarily infringe a registered trade mark. Again there must be use of the domain name as a trade mark in the course of trade.

For example, Saffomer Pty Ltd has a trade mark registration for SAFFOMER in class 16 for books. John Citizen obtains a registration of the domain name saffomer.com.au. This act alone does not infringe the registered trade mark as there is no use of saffomer.com.au as a trade mark in the course of trade.

John Citizen then operates a web site at saffomer.com.au and he sells books under the trade mark HOMER. This again is not trade mark infringement as there is no use of saffomer.com.au as a trade mark in the course of trade.

John Citizen then decides to offer books under the trade marks HOMER and SAFFOMER. Here John Citizen is using the trade mark SAFFOMER in the course of trade in respect of books. Whether this is an infringement then depends on the provisions of s. 120 of the Trade Marks Act.

Even if the domain name in the example was famous such as kodak.com.au, the mere existence of the domain name or a web site without use of KODAK as a trade mark in the course of trade will not infringe a registered trade mark for KODAK.

In cases of legitimate adoption and use of domain names that have the potential to infringe a registered trade mark, education may go some way to alleviate the problem. Upon adopting a domain name, Registrants should be made aware of the Australian Trade Marks Register and that registered trade marks may have an impact on the proposed current and future use of their domain name.

5.2

- **Should federal legislation allow business or company name registration to be challenged? If so, on what grounds should such challenges be permitted?**

We believe that both state and Federal legislation should allow business or company name registration to be challenged but such challenges should not include formal opposition procedures to stop registration occurring.

Any challenges to a business or company name registration should occur after registration and should include:

- non use removal procedures along the lines of those in the Trade Marks Act. The removal should be for lack of use in a requisite period.
- bad faith removal procedures where a business name or company name registration can be removed if they were registered in bad faith either because of an existing trade mark registration or application.

- false statements at renewal regarding any current use of the business name – see above at 3.2.6.

Yours faithfully

A handwritten signature in black ink, appearing to read 'D Griffith', with a stylized flourish at the end.

David Griffith
Convenor – IPTA Trade Marks Committee