

The Proposed Business Names Register

What does this mean to practitioners?

The nationalisation of the business names registration process introduces a significant streamlining in the ability to identify the operator of a business name registration and adds strength to the case that the use of a deceptively similar mark to a registered trade mark is not an innocent one.

Introduction

There is a proposal through the *Business Names Registration Bill* 2011 to create a national register of business names, which shall be administered by the Australian Securities and Investments Commission (ASIC). The Council of Australian Governments (COAG) agreed in July 2008, to the development of a single national system for registering and regulating business names.

The primary purpose of the national registration scheme is to ensure that any business that does not operate under its own entity name, registers its name and details on a national register to enable those who engage or propose to engage with that particular business to determine the identity of the entity behind the business name and its contact details.ⁱ

The focus of the business names legislation continues to be a method by which a person is able to identify the party operating the business. The proposal, however, introduces a vehicle by which an old and continuing problem for trade mark owners might begin to be addressed.

The problem

The relationship between the trade marks register, kept by the Registrar of Trade Marks, and the business name and company registers administered by the states and ASIC respectively, has been the source of some confusion to traders and the public who deal with them. The confusion arises because it has been possible to register a business name or incorporate a company with a name which is deceptively similar to a registered trade mark, the reason for this being that neither the states nor ASIC cross reference the names applied for with the TM register.

The confusion lies predominantly in two areas:

- (a) a perception that upon registration of the corporate or business name, the registrant somehow obtains a proprietary interest in the name – a perception that they own it;

- (b) that by reason of the business name registration process, there must have been some cross referencing with other government departments so that the registration has not offended the rights of trade mark owners.ⁱⁱ

There are of course applicants for registration of a business name or incorporation of a company who do so strategically, well aware of the rights of trade mark owners and their authorised users.

Education of users

IP Australia have for several years undertaken a strategy of seeking to educate the public and make them aware of the existence of the trade mark register. For example warnings such as:

'Caution: When you register your business name, be careful that it does not infringe on someone else's trade mark. It is always wise to search the trade mark databases first.'ⁱⁱⁱ

One difficulty is that it is not easy to conduct an IP Australia trade mark search (ATMOSS) as a member of the public. Search terms and references to various classes of goods and services add to the complexity of such a search. This is particularly the case for business owners who have English as their second language. Statistics in 2006 indicated that 29 per cent of small to medium business operators were born overseas.^{iv}

A step in the right direction

An advantage of the proposal is that the process of business registration is more streamlined and conducted at one national level – as is the trade mark register.

The awareness, however, of the trade marks applied for or registered will not be left to education of the public alone. With the launch of the national register, which is expected in July 2012, there will be a simultaneous launch of a product developed through the Dept of Innovation, Industry, Science and Research and IP Australia, over the last 5 years known as TM Check.

Essentially TM Check is a simplified search tool which requires the input of two pieces of information:

- (a) the business name which is sought;
- (b) the goods or services describing the nature of the business.

In this regard, the list of goods and services has been highly simplified. The conduct of the TM Check could not on any reasonable construction be considered onerous. As a result,

applications for business name registration may be streamed via the trade mark register on their course to business name registration.

It is proposed that upon filling out the application for registration of the business name, there will be two questions where the box must be ticked as an acknowledgement that they have been read. The first relates to an acknowledgment that the applicant is aware that a business name does not entitle the applicant to ownership of the name. The second acknowledges that the name being sought may inadvertently be offending the rights of a trade mark owner and the business name applicant is invited to conduct a simple check of the trade mark register to ascertain if the name so offends. The applicant will then be invited to use the link to conduct the TM Check.

It has been my recommendation to the department that the TM Check should be made compulsory rather than an option.^v By making it compulsory, I considered some of the advantages would be:

- that an innocent party might be made aware at an early stage that the name they have selected could be considered substantially identical with or deceptively similar to a registered trade mark and thereby avoid the costs of setting up with a name they are likely to have to change;
- there are several trade mark advantages in being able to attribute notice of a registered trade mark to the business name applicant.

There are two aspects of trade mark law, to which evidence of notice of the registered mark will have relevance.

Firstly, a claim by a trader under s 43 of the *Trade Marks Act 1995* that the use of the mark the subject of the trader's trade mark application is entitled to the benefit of the honest concurrent user provision contained in s 44(3). Secondly, notice of the registered trade mark may be relevant in considering whether the court may exercise its discretion to award additional damages for trade mark infringement. The power to grant additional damages for trade mark infringement is provided for in the *Intellectual Property Laws Amendment (Raising the Bar) Bill 2011*.^{vi}

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19 September 2011

ⁱ *Business Names Registration Bill 2011 Explanatory Memorandum*

ⁱⁱ The nationalisation of the business name registers will add to the confusion as it will be perceived that as ASIC and the Registrar of Trade Marks are instruments of the Federal Government, there must be 'dialogue' between them to identify offensive names.

ⁱⁱⁱ http://www.ipaustralia.gov.au/trademarks/what_names.shtml

^{iv} <http://www.innovation.gov.au/SmallBusiness/KeyFacts/Documents/SmallBusinessDataCard.pdf>

^v Submission at www.deliades.com.au under 'Trade Marks'.

^{vi} The *Raising the Bar Bill* 2011 at Part 3 Item 29 as an addition to s 126 of the *Trade Marks Act*.