



THE AUSTRALIAN FEDERATION OF INTELLECTUAL PROPERTY ATTORNEYS
FICPI AUSTRALIA

4 October, 2006

Ms Sue Weston,
Head of Division,
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DITR
GPO Box 9839
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Dear Ms Weston,

Re: ABN Business Names Registration Project

I refer to your letter of 19 August 2006, and thank you for the opportunity for FICPI Australia to provide input to this project.

Greg Chambers and I met with Ann Bray and her colleagues at my office on Wednesday 13 September for Ann to present the project to us, and she requested that we put some comments in writing.

FICPI Australia is an organisation drawing its members from registered patent and trade marks attorneys in Australia that are proprietors or partners in patent attorney firms conducting business in Australia. FICPI Australia does not directly represent intellectual property owners, but its members work directly and closely with such persons. The comments that follow are therefore based on our members' experience in representing users of the trade mark and business name registration systems, as well as those who may infringe trade mark rights and those who own or conflict with unregistered trade marks.

May I say firstly that Ann directed our attention to the recently released *New to Business checklist* on the www.business.gov.au website, and we are very impressed with it. The checklist gives a clear and detailed explanation of the major issues to look out for in setting up a business, and we shall recommend our members to direct those clients who are just starting out to use it.

One concern in the checklist in our area of expertise is that all the emphasis in it in relation to trade marks is on registration. This is particularly highlighted by the definition of *Trademark* on page 30, which is actually a definition of a registered trade mark and does not deal with unregistered trade marks at all. Perhaps a better definition would be along the lines:

Trademark: Any letter, number, word, phrase, sound, smell, shape, logo, picture, aspect of packaging or any combination of these that is adopted for use with particular goods or services to provide an association between those goods and services and the owner of the trademark. A registration of the trademark gives the owner the legal right to use, license or sell it within Australia.

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Our members would of course invariably recommend that clients register their trade marks. However, the fact is that many trade marks are not registered and may have common law and potentially other rights, such as under the Trade Practices Act, associated with them. In our view, the risks associated with third party unregistered trade marks should be brought to the attention of users of the checklist. One possibility would be to amend the second question on page 6, under *Registering your business name*, to read:

Have you checked if your proposed business name could conflict with any one else's trade mark rights?

A first comment under the question could then be:

You should check whether any one else is using a trade mark, brand or logo that is identical or similar to your proposed business name on similar goods or services to those in relation to which you intend to use the business name.

Sadly, educative measures to warn those seeking to register business names about the risks associated with third party trade mark rights, whether registered or unregistered, have not proven to be successful in the past, and it can only be hoped that the checklist will improve matters. Perhaps these measures would be enhanced by adding a final sentence to the *Seek advice* bullet point under the trade mark infringement question, along the lines of:

Having to change your business name after your business has become established, because you become aware of someone else's earlier trade mark rights, whether registered or unregistered, can be very expensive.

I turn now to the ABN Business Names Registration Project. I understand that the intention of this is to provide for on-line registration of business names (and applications for ABNs) through a common portal for all users that leads to specific State/Territory-based registrations, with optional but free on-line searching for conflicting trade mark registrations by IP Australia.

FICPI Australia is strongly in favour of any changes to the current business name registration systems that simplify the procedures while at the same time reducing the occasions of conflict between registered business names and third party trade mark rights. The Project goes some way to achieving both these goals and is therefore to be supported. However, we would prefer that the changes went further.

We understand that the portal will lead enquirers directly to ASIC's NNI central register of all State/Territory-based business name registrations, which may greatly simplify searching for registrations. However, to further simplify the registration procedure it is necessary that all of the States and Territories have common registration requirements or that business name registration be governed federally. Ann reported to us that this is not on the horizon at this time, but we hope that there will be moves to this end sooner rather than later.

In the meantime, simplification of the registration procedure would be achieved if agents were permitted to complete all of the formalities, including any signature requirements, and we hope this change can be made for all States and Territories with the introduction of the portal.

On the trade mark front, we are disappointed that the proposal is for searching of conflicting registrations to be optional. We appreciate the practical difficulties of mandating an adequately thorough trade mark search for every business name application. However,

mandatory searching of trade mark registrations was supported in our letter of 15 April 2004 to the Advisory Council on Intellectual Property (ACIP) in response to its Issues Paper on the Relationship between Trademarks and Business Names, Company Names and Domain Names, and it was also recommended in Recommendation 1 of ACIP's Report of March 2006 on the issue.

No doubt you are well aware of ACIP's Report, but I am attaching a copy of our letter of 15 April 2004 since this may not be quite so readily accessible. For convenience, I repeat below a couple of paragraphs from the letter, which follow the support for mandatory searching of trade mark registrations and respond to Paragraph 3.2.4 in the Issues Paper:

It seems inevitable that unless business name applicants become aware of the superior rights given to trade mark registrations over business name registrations, they will continue to act on the mistaken belief that their business name registration allows them to use part or all of the business name as a trade mark in respect of goods or services.

This paragraph (3.2.4) does not request any comment as to how such a trade mark search would be effected, but it is clear that if the searching is inadequate, or if provided in terms that are not able to be understood by the business name applicant, the search would be of little value. If this suggestion is to be pursued, there are numerous additional issues to be examined. Some of the issues are, who would conduct the search, what extent would the search have, what responsibility would be accepted by the searcher, and apportioning the cost of the search between the State and the applicant.

We do not have any information on the proposed optional trade mark search, except that it will be conducted on-line and at no additional cost by IP Australia. Ann also noted that "all the necessary information and disclaimers will be provided". Even with information and disclaimers being provided with the search results, we are very concerned that the right balance between a useful search and one that raises too many concerns will not be achievable from an on-line search report that is the result of a "free" search.

Ann pointed out on several occasions during our meeting that the trade mark search should not throw up too many negatives. This approach increases our concerns, because to be of value to the business name applicant the trade mark search should raise **all** potential negatives that exist on the trade mark register, and the majority of such applicants should not be expected to be able to interpret the results of any trade mark search without professional guidance.

In order to limit those negatives, it is essential that the business name application, or at least the trade mark search, be restricted to specific goods and services to be traded by the business and that the specified goods and services correlate closely to those listed in the Nice Classification of Goods and Services. A trade mark search in respect of all goods and services is potentially worse than useless.

Perhaps the IP Australia search will be along the lines of the current BASS search described on page 13 of the ACIP Report. While we consider this service by IP Australia to be good in its own right, the search suffers most of the problems discussed above. As noted in the ACIP Report:

IP Australia provides no advice based on the search results and accepts no responsibility for matters arising from the search.

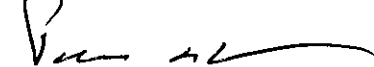
While disclaimers may assist IP Australia and the other Government service providers in the business name registration process, we consider that they clearly do not assist the business name applicant. We consider it essential as part of the service that applicants at least be given very strong recommendations to seek proper advice from IP professionals in choosing and registering business names. Any such recommendation that comes with the results of an on-line search of trade mark registrations conducted during the business name registration procedure should make clear that it applies whether or not the search appears to the applicant to be clear. This is because of the limitations of the search, including:

- any problems relating the goods and services of interest to those of the Nice Classification and to those of any registration found,
- ensuring that all variations of the business name of potential concern have been searched, and
- the fact that it cannot cover unregistered trade marks.

Our suggestion in the paragraph immediately above to give prospective and actual business name applicants at least very strong recommendations to seek professional advice might be seen as self-serving, but is not intended to be and should not be taken in this way. If business name applicants seek the advice from IP professionals at the start of the procedure, this and possibly the cost of the registration is all they will be charged for. If they do not seek the advice and run into trade mark problems later, they will have to pay for not only at least the same professional advice, but also potentially the costs of rebranding themselves with a new business name and of resolving any dispute that may have arisen – including possibly litigation.

I trust you will find these comments to be of value. We would be happy to answer any questions you may have and to attend further discussions if these would be useful.

Yours sincerely,
FIGPI AUSTRALIA



PETER HUNTSMAN
President

cc. Ann Bray