

Name Registration

TRAPS

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In the last edition of Boating Business I discussed some important principles behind selecting a strong brand name for a new service or product.

In this edition I'd like to talk about an issue that confronts all small, and not-so-small, business people. That issue is confusion over the four main types of statutory name registers. The type of name registers I'm talking about are:

1. **company name registration** - regulated by ASIC
2. **business name registration** - regulated by State Governments
3. **domain name registration** - regulated by auDA
4. **trade mark registration** - regulated by IP Australia

First of all I'd like to tell you a story of a type that we hear quite regularly.

Jason's Hard Luck Story

Jason from Bundaberg (all the names and factual details have been changed in this story) planned to start a charter boat company and he decided to call it *All at Sea*. He formed a company for the new business and, as required by the Corporations Act, he registered the company name All at Sea Pty Ltd with the Australian Securities & Investments Commission (ASIC).

In preparation for the new business Jason spent several thousand dollars on a boat fit out-including signage-, brochures, a Yellow Pages advertisement and a website.

Just before the launch of his new business he learnt of a day charter service in Hervey Bay also called *All at Sea*. He phoned the Hervey Bay people and told them that he had All at Sea Pty Ltd registered as a company name and he requested that they use another name. A few days later he received a letter from legal representatives for the Hervey Bay based business advising him that his company name registration didn't give him rights to stop the Hervey Bay based business making use of the name.

Even more critically though, it turned out that the Hervey Bay based business had *All at Sea* registered as a trade mark for tourism services including charter boats. Jason was warned very bluntly that if he started offering charter boat services under the name *All at*

Sea he would be taken to court for trade mark infringement.

Jason had to choose another name for his new business. He had to find a different trading name. Consequently he had to dispose of his newly printed marketing material and have the signage on his boat redone. It cost his fledgling business dearly.

The whole problem came as a complete surprise to Jason and initially he thought that there must be a mistake. After all it does seem implausible that you could register a company name, pay the company name registration fee and yet be legally prevented from carrying on business under that name.

What went wrong?

The fundamental problem is that each of the name registration systems, (i.e. company name, business name, trade mark and domain name) works independently of the other, yet the only one that actually explicitly confers a right to use a name in trade is trade mark registration.

When ASIC registered All at Sea Pty Ltd for Jason it didn't perform a check to see if Jason was legally clear to trade under *All at Sea*. The same is also true for business and domain name registrations.

In fact, even if the Hervey Bay company hadn't registered *All at Sea* as a trade mark, but they had been using it for a considerable time, they might still have been able to stop Jason. For example, if the Hervey Bay business had built up a reputation stretching as far as Bundaberg they could probably have prevented him from using *All at Sea* under the common law action of Passing Off or possibly by means of section 52 of the Trade Practice Act.

One of the reasons for Jason's woes is that company name registration and business name registration are for the benefit of the consumer and the regulators not for the benefit of the trader. Similarly, domain name registration gives the owner of the domain name the right to use the domain name as his or her website address but it doesn't confer a right to stop others from using the same name in trade.

What could Jason have done ?

Anyone starting a new business needs to minimize the likelihood of unpleasant surprises. It's hard enough to get a new business off the ground without having to cope with unexpected legal problems. Jason could have improved his position by having an availability search done for *All at Sea* on all of the registers, especially on the trade mark register.

It is quite possible to search the trade mark register at the IP Australia website www.ipaustralia.gov.au however you need to realize that it can be difficult to interpret the results as trade marks that aren't identical to your proposed business name can still pose a problem in some circumstances. If in doubt see a trade mark attorney or lawyer that specializes in trade mark law.

It's only prudent to also do an Internet search before you adopt a trading name to get an indication if anyone else in Australia is already trading under the name, even if it's not

yet been registered as a trade mark.

Government Response to Name Confusion

IP Australia, in conjunction with the QLD Department of Tourism, have announced a campaign to tackle the confusion surrounding business names and trade marks.

Some research conducted by IP Australia into this area found that of the 267 QLD business names (203 registered during the month of June 2005, and 64 registered during the month of August 2005) considered, a total of only 1.9% were registered as a trade mark. More alarmingly 13.1% of business names potentially conflict with registered or pending trade marks.

Two postcards have been developed by IP Australia and the Queensland Government and it is anticipated 25,000 of each of the postcards will be distributed for a period of 6 months starting in April 2006. The postcards highlight the risks to a business if trade marks are not considered.

The Advisory Council on Intellectual Property (ACIP) which is an body set up by the Federal Government also released a report into the relationship between trade marks and business names, company names and domain names on 13 April 2006. The key recommendations of the report are:

- business names should only be registered if searches of the trade mark register show

- there to be no conflict with registered or pending trade marks in the same field of business activity;
- the Trade Marks Act be amended so that registered business and company names may provide some protection if they were used prior to the registration of an identical

- or confusingly similar trade mark; and
- state and territory business name systems should be integrated.

A copy of the report is available at www.acip.gov.au

It remains to be seen if the ACIP recommendations are

adopted by the Australian Government. Until they are business people must be mindful that a company or business name registration is not an automatic clearance to trade under the registered company or business name. This is very important not only when starting up a company but also when considering buying one.



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