

Article Information

Authors: Tim Clark, Tim O'Callaghan, Eilish Gigney, Dr George Raitt

Service: Intellectual Property, Intellectual Property & Technology, Trade Marks

Trade Mark Registration - Why should you register your trade marks?

Trademarks are essential for businesses to distinguish themselves within their industry against competitors. This article discusses exactly what a trademark is and the benefits it holds for business.

A trade mark is a badge of origin. It is a sign which is used to distinguish your goods and services from the goods and services of others. People refer to trade marks in different ways. Some call them "brands". Some call them "trade indicia". When some talk about "trade marks" they are referring to only those trade marks that are registered. In this article, we refer to all of these as "trade marks".

We use trade marks to allow the consumer to short cut a decision making process. If you did not have a trade mark, you would have to stand in the shopping centre next to your goods and explain to every potential consumer things about yourself and about your goods in order to help the consumer decide whether or not they want to buy your product. You would have to tell them things like:

- qualities of the goods, so that the consumer has an idea of what it tastes like, etc.
- history of the goods, so that the consumer can know that it has been around long enough for any problems to be corrected
- your history, so that the consumer knows that you have got enough expertise to be able to make a good product
- your size and financial standing, so that the consumer knows that they can come and find you if something goes wrong with the product.

We use trade marks so that we can educate the consumer about these things en masse and then the consumer can find the product and can connect with it by recognising the trade mark. Trade marks can take a number of different forms. Think about your own business and the different trade marks that you have. This will include primary trade marks, secondary trade marks, product names, tag lines, logos, staff uniforms, colours and designs on buildings, etc.

Benefits of registering a trade mark

It is possible to protect a trade mark without registration but you have to be in a position to prove that you have built up reputation in the trade mark to such an extent that use of the trade mark by someone else would be misleading. That is, because you have gone to all the time, effort and cost of educating the public to see a particular trade mark and connect it with your business, the use of the same or a similar trade mark by a competitor or someone else would mislead the consumer to think that that person is somehow connected with you.

That, in essence, is what we try to prove when we allege that someone has engaged in misleading and deceptive conduct or passing off. It is often very hard to prove reputation or the likelihood that consumers would be misled or deceived.

We register trade marks for a number of reasons:

- A registered trade mark is infringed when someone uses the same or a similar trade mark in respect of the same or similar goods or services. It is not necessary to show that you have reputation in the registered trade mark. In fact, it is a good idea to get your trade mark registered before you go to the time and effort of establishing reputation in the trade mark.
- A registered trade mark is infringed without having to show that consumers are likely to be misled or deceived. All you have to show is that the trade mark used by your competitor or someone else is substantially identical or deceptively similar to the registered trade mark and that it is being used in respect of the same or similar goods

and services.

- Having a trade mark on the trade marks register is an important part of trade mark protection because most people will check the register before they choose their own trade mark.
If they see your trade mark on the register, they are likely to choose a different trade mark.
- Finally, registered trade marks can be sold or transferred without having to sell the whole business. This means that the registered trade mark has some value and a company that has a portfolio of registered trade marks can point to that fact as a sign of its value

Why do we register some trade marks and not register other trade marks?

Some trade marks are difficult to register. There can be a number of reasons for this but the two most common ones are:

- If the trade mark is, to some extent, descriptive of the goods or services that it is meant to cover, the Trade Marks Office will not accept that trade mark for registration unless you show that it has in fact become distinctive of your goods and services. In effect, this means that you have to establish that you have used the trade mark to such an extent over such a period that if someone else were to use that trade mark now, it would amount to misleading and deceptive conduct or passing off.
- If there is already a trade mark on the register which is the same or similar to your trade mark and is registered in respect of the same or similar goods or services, this will block any application you might make to register that trade mark. Of course, this also means that there is a risk that your use of the trade mark may infringe the registered rights attaching to the earlier mark.

We think it is important to look at all of the trade marks that your business uses and consider whether or not some or all of those trade marks should be registered. Your budget may not permit the registration of all of those trade marks. As a rule of thumb, you might assume that it will cost about AU\$1,500 to AU\$2,000 to register each trade mark. The long term objective should be to register all of the important trade marks.

What is an important trade mark? Ask yourself the question of what damage would it do to your business if you were required to stop using that trade mark overnight or if a competitor were allowed to commence using that trade mark overnight.

Trade marks versus business names

A registered business name is not the same as a registered trade mark. You will all have come across registered business names from time to time. Registering a business name means nothing when it comes to obtaining trade mark protection for your brand.

There are times where it is not only important, but a legal requirement to register a business name. It is a requirement under the national Business Names Registration legislation that you register your trading name if you trade under a name that is not your legal name. Your own name is a legal name and the name of a company is a legal name. If you trade as a sole trader or in a partnership and you trade under any name other than your own personal name or the names of each and all of your partners then you must register your trading name as a business name. If a company trades under any name that is not the company's name, then it must register the trading name as a business name.

This is a legal requirement. However, it is completely separate from the issue of building and maintaining your brand. Once you have registered your business or trading name, and you start to use it and build up a reputation in the name, you can start to build goodwill in the business name. This can give rise to common law rights and may give you some avenues for protecting the business name using the law of passing off or misleading or deceptive conduct. To get anywhere with either of those actions, you need to be able to show a reputation in the name. In order to gain that reputation, you need to have been trading for some time and even then, you need to be well known in the location in which you are trying to bring your action. It is not an easy process.

Registering a trade mark, by contrast, is not a legal requirement. A single application covers all of Australia in most cases and once you have your trade mark registered, you are able to proceed with defending your brand - your trade mark - immediately without waiting to build up a reputation. Of course, if you also have the reputation, that adds to the strength of your brand and to your options for taking or defending actions.

Registering a business name, although you may be required by law to do so, does not assist you in obtaining trade mark protection for your brand. The two systems are quite separate and contrary to popular opinion, the one does not affect the other in any sense.

As an example of this, consider a situation where you are thinking about setting up a business. Suddenly, the perfect name pops into your head and the first thing you do is tell your mates about the fantastic name you have developed. You register the name as a business name and settle down to getting the business ready to open. You hire premises, prepare the stationery, place the advertisement in the telephone directory and then open for business. Before you open the doors, it comes to your attention that a trade mark application has been filed and the trade mark the subject of the application is your name! If the trade mark application is accepted, then your use of the trade mark, by using your new business name, may be trade mark infringement and you may have to go back to square one before you even open the doors! What can you do about it? The answer is - absolutely nothing. Your business name registration gives you no rights that are useful in attacking the trade mark application.

There may be other options for attacking the trade mark application or defending yourself against any allegations of infringement that follow successful registration, but they will depend entirely on the facts and are too specific for this article. The point is that the business name registration in and of itself cannot help you. If you want to protect your position in a new market, you need to seriously consider trade mark protection right from the beginning or you risk being pushed out by an alert competitor or even by accident.