



Starting a business?



**NATIONAL  
BUSINESS  
REGISTER**

# A business of your own

## Your business name is your business

What will you call your business? This is a very important question. To your customers, your business name is you, your products and services. It's what people will see on your leaflets, business cards and letterheads, it's the name they will soon be recommending to others.

For those reasons, choosing a name is one of the most important first decisions you will make when starting out. It is exciting to think up a name which carries the right image and it will be one of your most vital assets. But there are limitations in what you are legally allowed to use, and you should be aware of these from the start.

We have outlined the legal obligations – and the safeguards you should take – and National Business Register can take you quickly, confidently and economically through this critical stage, and then protect the trading name you finally decide on.

## Restrictions and obligations in choosing and displaying your business name

### What type of enterprise?

The first decision you have to make concerns the legal format of your enterprise. Will you register as a sole trader, a partnership or a limited company? Most of the restrictions in choosing trading names apply to all of these formats.

### The names of other businesses

A business invests time, money and effort in building a 'good name' – and no business wants its name copied. Under civil law, an established business can pursue any new firm that copies its name (whether deliberately or through ignorance). Copying a name is called 'passing off'.

If you copy another firm's name or trade mark, even unintentionally, you could end up having to change your business name and stationery. Even worse, you may be sued for costs and damages. There are more than 10 million registered names in the UK, so it is important to carry out careful, thorough checks to make sure your name is not already in use.

### Restricted words and expressions

Under the Business Names Act 1985, certain words or expressions may not be used in business names. Some words require permission from the Secretary of State or other institutions. These include 'International', 'English', 'Group', 'Sheffield', 'Trust', 'Breed', 'Fund', 'Royal', and many others.

### Display of business names

Your customers and suppliers have a legal right to know who is running your business and what the registered address is. The Business Names Act 1985 requires every business to print this information on invoices, orders, receipts and letterheads, and to display it prominently at all business premises.

There are exceptions to some of these requirements, and other rules you should note:

#### Sole trader

A sole trader using his own name, without any additions, has no special obligations under the Business Names Act (for example, John Smith trading as 'John Smith'). If his trading name has additions to his own name (for example, John Smith trading as 'John Smith Services') he does come under the scope of the Act.

#### Partnership

Two or more individuals trading as a partnership under a business name come under the scope of the Act (for example, John Smith and John Brown trading as 'Central Services').

#### Limited company

A limited company comes under the scope of the Business Names Act even if its trading name is different to, or a shortened version of, its registered company name (for example, 'Central Services Ltd' trading as 'Smith and Brown's Superstores', or 'Brown's Ltd' trading as 'Brown's').

## What can go wrong if you don't get it right?

### **Use of restricted words and expressions; failure to disclose and display business ownership**

Failing to comply with the Act is a criminal offence. Any business which fails to display details of ownership may be unable to enforce contracts. In the case of a company, the directors may lose their right to limited liability.

These legal requirements are enforced by Trading Standards Officers. Initially, a failure to comply will be met with a notice to comply. Subsequent failures will lead to prosecution (a fine of up to £1,000) with an ongoing fine (of up to £100 per day) until your business does comply.

### **Copying an existing business name or trade mark**

If you have copied another business name, company name, trade mark or domain name, legal action can be taken against you. This may result in damages, costs and even a court injunction to stop you from trading. You may have to change your business name, stationery, packaging and leaflets, and start your business again with a new name and image.

There are many examples of new ventures which had to change their trading name because an existing business or trade mark with the same name (or a company with a similar name) took legal action. Worse still, existing owners usually only find out about a similarly named firm once the new firm has spent thousands of pounds on design, stationery and advertising! So for peace of mind, we strongly recommend a one-off trade mark search.



## The problem of 'passing off'

Once your business is established, what is to stop someone else 'passing off' or copying the name you have used? The answer is: only you. And this can be very expensive.

It may help if, at the outset, you exclude simple geographic or descriptive words from your name, as it is more difficult to establish rights to common terms. For example, 'Leeds Double Glazing' might be harder to protect than something unique like 'Nergy-Sava-Windows'.

But if someone does copy your business name, it is expensive and stressful. Many actions of 'passing off' have been successfully fought – by National Business Register – but the frequency of deliberate copying is on the increase. While the court may favour your position, the costs of civil litigation can be very high. And if the offending business changes its name before you go to court, you may never recover your costs.

## Get it right from the outset with National Business Register

To take the time, effort, cost and risk out of business-name selection for you, National Business Register operates a 'search and protection' service, which has protected businesses nationally since 1985. National Business Register is a name approved by the Secretary of State for Trade and Industry.



# The benefits of membership with National Business Register

Membership of National Business Register brings you nine main benefits:

**1. A comprehensive check of current business names**

National Business Register keeps pace with 25,000 businesses formed each month and ten million business entities already in existence, so you know our information is thorough and up-to-date.

**2. The National Business Register guarantee**

“If the name is accepted by National Business Register it will meet all statutory requirements.”

**3. Formal statutory permission**

If your chosen name includes a restricted word or expression, National Business Register will either obtain permission for its use or recommend a suitable alternative.

**4. Protection against ‘passing off’**

National Business Register will pay all costs of litigation to protect your business name (subject to our legal counsel’s advice).

**5. An assurance of uniqueness**

Once your business name is registered with National Business Register, no other business under that name will be accepted or registered by National Business Register within your market area.

**6. A certificate of registration**

You will receive a certificate with your registration. Displaying this will ensure you meet the display requirements of the Business Names Act 1985.

**7. Information update**

Through the National Business Register newsletter, you will hear about changes in UK/EU legislation and other matters affecting business names and ownership.

**8. Free legal tax and business advice online**

To give you all the help you need when you start your enterprise.

**9. Use of a service address**

Ideal if you want to keep your home address out of your business.

# How to register your business

## 1. Decide on the legal format for your business

Decide on the legal format for your business, sole trader, partnership or a company. Each format has different implications for financial liability, taxation, record keeping and so on. Each can give rise to different obligations under the Business Names Act.

## 2. Choose the name for your business

It is important to choose the right name for your business, ensuring that it is legal and does not contain restricted words and descriptions. National Business Register will advise you if your name contains any such restriction and either obtain permission from the Secretary of State (or elsewhere) for you to use it, or help you choose an alternative name at no extra charge. Details of restricted words, expressions and names are on our website.

## 3. Complete the National Business Register application form

If there is not a form with this brochure, please phone 0800 069 9090 for another copy.

Post your completed form to National Business Register in the pre-paid envelope provided, for your registration plus any other services required.

## 4. Register online

You can register with National Business Register online at [www.start.biz](http://www.start.biz). There you can also carry out an online search to see if your chosen business name is available for use.

## What happens next?

On receipt of your application, National Business Register will check that your name is legal (advising where changes are necessary) and search all business name databases (plus trade marks if requested). Once we are satisfied that your name can be used, we will add it to the National Business Register database, prepare your certificate and protect your name against 'passing off'. Displaying the certificate will ensure you meet all display requirements of the Business Names Act 1985.

## Further services

National Business Register offers:

- service address
- trade mark search and registration
- VAT registration
- formation of limited companies
- formation of other company types: private, PLC, LLP and charities
- company searches
- arrangement of consumer credit licences
- domain name registration.

## Cost of membership and other services

Annual membership with National Business Register costs £70 (plus VAT) and gives you:

- initial name searches
- the obtaining of formal statutory permission if necessary
- a National Business Register display certificate
- protection against 'passing off' through the legal pursuit of any firms copying your name.

Searches against registered trade marks are more complex than searches against business names. We can carry out a trade mark search for you for an additional charge of £80 (plus VAT).

If your business occupies more than one location, you must display your details at each site. You can purchase additional display certificates from us for £10 each (plus VAT).

If you don't want your home address to be disclosed on your business particulars you can use our service address £60 p.a.

## Domain name registration

The internet is a global network of websites, giving you business information, news, views and discussion at the touch of a button. To set up your own website and give your business a presence on the internet, you need an address for people to type in to their computers and find you. Our address, for example, is [www.start.biz](http://www.start.biz). Anyone typing that in can access the National Business Register website and get details of our services.

If you have a new business, you may wish to register an address for it on the internet. This is called a domain name. Even if you don't want a website yet, you may wish to register a domain name for your business so that no one else beats you to it.

National Business Register can carry out a worldwide search of domain names for you and create a list of names for you to choose from. Once you have chosen, we will give you a certificate of registration to show you own that name.



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