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Discussion Paper: Proposals for an Intellectual Property Laws Amendment Bill – Patents Act 2013, Trade Marks Act 2002, Designs Act 1953,

The New Zealand Law Society (Law Society) welcomes the opportunity to comment on the Discussion Paper: *Intellectual Property Laws Amendment Bill – Patents Act 2013, Trade Marks Act 2002, Designs Act 1953* (discussion paper).

The Law Society's Intellectual Property Law Committee has considered the discussion paper. The committee has not responded to some questions in the discussion paper that relate to policy matters outside the Law Society's remit and expertise. Responses to the remaining questions are set out below.

Patents Act 2013

Q P1: *Do you agree with the amendment to the transitional provisions of the Patents Act 2013 proposed by MBIE? If you do not agree, please explain why.*

No. The Law Society opposed a similar proposal in a 2016 discussion paper on this same issue for six reasons.¹¹ We consider that those concerns are not satisfactorily addressed in this latest discussion paper.

In addition:

- This discussion paper states (in paragraph 46) that the remaining number of pending 1953 Act applications has been reduced from 3,054 to 774 since 2016. It is likely that the number will be significantly smaller by the time any amending legislation might come into force.
- The preferred proposed amendment would provide that after a certain date all new divisional applications would be examined under the more rigorous substantive provisions of the 2013 Act. But, just as the existing transitional provisions triggered many filings of 1953 Act divisionals, it is predictable that any applicant still wishing to take advantage of the 1953 Act would do so by filing any new divisionals before the certain date. Rather than reducing the number of 1953 Act applications, the proposal could increase it.

¹¹ New Zealand Law Society submission: *Divisional Patent Applications – possible changes to the transitional provisions in section 258 of the Patents Act 2013*, 21 October 2016, can be found at: <https://www.mbie.govt.nz/document-library/search?keywords=divisionalpatentapplicationstransitionalprovisions&df=&dt=>

Q P2: *Do you agree with MBIE's assessment of the potential problems caused by "daisy-chaining" of divisional patent applications? If you do not, please explain why you consider that MBIE's assessment is incorrect.*

The Law Society does not agree.

The discussion paper uses the expression 'daisy-chaining' in a pejorative sense, perhaps influencing readers to assume that any divisional application beyond a first one is harmful.

The only alleged harm that might be caused by the practice is the same one identified in the 2016 discussion paper – that there is a risk that the practice of 'daisy-chaining' creates uncertainty for third parties who may wish to take advantage of the invention without risk of infringement. Such uncertainties are inherent throughout the patent system. When an applicant files a provisional specification there is uncertainty as to whether it will be followed by a complete specification. If a provisional application is followed by a Patent Cooperation Treaty international application there is uncertainty as to whether it will enter the national phase. When there is either a complete after provisional application or a treaty application there is uncertainty as to whether the applicant will request examination. If examination is requested there is uncertainty as to whether a patent will be granted. After examination there is uncertainty as to whether it would be held to be valid if challenged. Divisional applications are one source of uncertainty; it would be useful to understand why officials have identified divisional applications as a source of uncertainty requiring amendment.

Q P3: *Do you agree with MBIE's preferred option for dealing with the issue of 'daisy-chained' divisional patent applications? If you do not, which option do you prefer? Please explain why you prefer this option.*

For the reasons in the response to question P2, the Law Society does not agree with any of the options set out in paragraph 91 of the discussion paper. Please refer to the response to question P5 for the Law Society's preference.

Q P4: *If MBIE's preferred option was adopted, do you agree with the 12-month time period proposed? If not, what other time period could be adopted?*

The Law Society disagrees with the proposed time limit of putting divisional applications in order within 12 months of the date of the first examination report on the parent. For practical reasons it is unrealistic to expect examiners or applicants to be able to juggle two or more applications in such a limited time. It is likely that a considerable part of the 12 months will have elapsed before an informed decision has been made to file one or more divisionals, creating pressure on either the examiner or the applicant or both.

It is preferable that the normal time period of 12 months from the date of the first examination report on each divisional application is retained.

Q P5: *Do you agree with MBIE's proposed amendments to the provisions relating to requesting examination and the proposed transitional provision? If you do not, please explain why.*

The Law Society agrees with the proposal that if examination is not requested within the time limit of five years of its filing date an application should be deemed to be abandoned, subject to the restoration provisions in section 125. This will have the effect of correcting a drafting omission in the 2013 Act. We agree with the proposed transitional provision that all parent applications, where more than five years have passed and examination is not requested, be deemed abandoned.

However, the transitional provisions for divisional applications filed before the expiry of five years from the date of their parent should be given a time limit of two months from the commencement of the amendment proposal in which to request examination or else be deemed abandoned.

The time limit for requesting examination of a divisional application should be either at the date that a divisional application is filed, or within two months of that date.

Q P6: *Do you agree that poisonous priority is not likely to be a significant issue in New Zealand? If not please explain why.*

The discussion paper gives examples 1.3.3 to 1.3.5 where poisonous priority might occur, however paragraph 140 states that there are no cases where poisonous priority has invalidated a patent or application, and suggests that it may be too soon for this to have happened. The Law Society suggests the premise for determining if an amendment is needed should be whether or not it might happen, not whether it is a 'significant issue'.

Poisonous priority is closely related to poisonous divisionals and could be addressed by an amendment that also deals with poisonous divisionals, as set out in our response to question P7.

Q P7: *Do you agree with MBIE's preferred solution to the poisonous divisional issue? If not, please explain why.*

The Law Society does not favour either option i or option ii in paragraph 153. Instead we favour the reinstatement of the anti-self-collision clause in the original Patents Bill 2008 that was deleted during the select committee stage because "Few countries have anti-self-collision provisions and internationally there is little support for them."² It read:

"(3) However, subsection (2) does not apply if—

(a) either or both of the following apply

- (i) all of the nominated persons under the patent application are the same as the nominated persons under the other patent application at the filing date of the patent application under consideration:
- (ii) all of the inventors identified in the patent application are the same as the inventors identified in the other patent application at the filing date of the patent application under consideration; and

(b) neither of the complete specifications filed for the patent applications contains a claim for matter claimed in the other."³

If this clause were to be reinstated it would appear to remove the "poison" from both priority and divisional cases.

Q P8: *Do you agree with MBIE's assessment that there is no need to amend the 2013 Act to provide that patent claims can have more than one priority date? If not, please explain why.*

The Law Society agrees with this assessment provided that an anti-self-collision clause is added. Multiple priorities are an alternative to the anti-self-collision proposal for dealing with poisonous priorities or divisionals. The possible complications and uncertainties arising from claims with multiple priorities explained in paragraphs 167 to 179 show why the anti-self-collision approach is preferable.

Q P9: *Of the two options presented by MBIE for dealing with extensions of time when hearings are requested, which do you prefer? Why?*

² Patents Bill as reported (235-2), commentary, p5

³ Patents Bill 2008 (235-1), clause 8(3)

The Law Society favours option ii set out in paragraph 192 for the reasons given in the discussion paper. The absence of such a provision was a concern that the Law Society raised with MBIE at a meeting in 2014 and raised again in paragraphs 18 and 19 of its submission on the MBIE 2016 discussion paper.⁴ The consequences of the Law Society's concerns were highlighted in a 2018 decision of the Assistant Commissioner of Patents.⁵

Q P10: *If an extension of time for putting an application in order is granted when a hearing is requested, and the hearing request is withdrawn before a hearing, what should happen to the application? Do you agree with the approach suggested by MBIE? If not, please explain why.*

The Law Society agrees with the proposal that if a request for a hearing is withdrawn and the 12-month acceptance period has expired the application should be deemed to be abandoned for the reasons given in the discussion paper.

Q P11: *Do you consider that the usefulness requirements in the 2013 are unclear? Why?*

The Law Society considers that the usefulness requirement in section 10 is unclear because it is open to two interpretations. The section could be interpreted to add an additional usefulness requirement to the classical utility requirement of the 1953 Act (explained in paragraph 206 of the discussion paper), or it could be considered to have replaced classical utility.

The analysis set out in paragraph 209 of the discussion paper does not consider the possibility that the Commissioner or the courts might construe section 10 to have repealed the classical utility definition and not gone on to decide if the claim met the classical utility test. An invalid claim could result in this scenario.

It should be made clear in section 10 whether specific, credible and substantive utility is a subset of classical utility, or a substitute for it.

Q P12: *MBIE considers that the 2013 Act should not be amended to allow EPC2000-type claims. Do you agree? If not, why?*

The Law Society does not take a position on this issue. This is a policy matter for researchers or industry.

Q P13: *Do you agree that the 2013 Act should be amended to explicitly provide for exhaustion of patent rights? If not please explain why.*

The Law Society does not take a position on this issue either.

However, there is a common law doctrine that an unconditional sale of a patented product carries with it an implied licence that the purchaser may use the invention. That implied licence was revoked in the decision referred to in paragraphs 242 and 243 of the discussion paper.

The Law Society does agree that clarity as to exhaustion of rights would be useful.

Q P14: *If the 2013 Act is amended to provide for exhaustion of rights, should the Act provide for international exhaustion? Would there be any disadvantages in providing for international exhaustion?*

⁴ New Zealand Law Society submission: *Divisional Patent Applications – possible changes to the transitional provisions in section 258 of the Patents Act 2013*, 21 October 2016, can be found at:

<https://www.mbie.govt.nz/document-library/search?keywords=divisionalpatentapplicationstransitionalprovisions&df=&dt=>

⁵ *Biocon Limited* [2018] NZIPOPAT 2, paragraphs 39-52: <http://www.nzlii.org/cgi-bin/download.cgi/cgi-bin/download.cgi/download/nz/cases/NZIPOPAT/2018/2.pdf>

Please refer to the response to question P13.

Q P15: *The 2013 Act provides that the Attorney-General has the right to challenge the grant of a patent or otherwise intervene in patent proceedings. Do you consider that the Attorney-General should retain this right?*

The Law Society does not express a view on this, but notes for officials' information that a 2012 review of the role of the Solicitor-General and the Crown Law Office¹² looked at this statutory role of the Solicitor-General and recommended in paragraph 11.35 that the Ministry of Economic Development (predecessor to MBIE) and the Solicitor-General address the question of whether there was any continuing justification for this provision, noting that no requisite notices were being served and that no other country has such a requirement.

Q P16: *If you consider that the Attorney-General should retain the right to challenge the grant of a patent or otherwise intervene in patent proceedings, do you consider that there should be an explicit provision providing for this (for example along the lines of MBIE's preferred option)?*

Alternatively, do you consider that the provisions in the 2013 Act that "any person" can apply to oppose or revoke a patent, or apply for re-examination, are sufficient to give the Attorney-General the right to do these things?

Should sections 163 and 164 be repealed, we consider that the "any person" wording is all that would be needed to allow the Attorney-General the powers specified in section 163.

Q P18: *Should the 2013 Act be amended to provide that the abstract must not be used to interpret the scope of an invention described or claimed in a complete specification? If so, why?*

The status of an abstract is uncertain. Section 39 of the Act sets out the requirements of a complete specification, and regulation 33 prescribes the form and content of an abstract, however neither the Act nor the Regulations expressly require an abstract to be filed. The general power under section 243(1)(a) of the Act to make regulations prescribing procedures in respect of patent applications are broad enough to allow there to be a regulation prescribing that an abstract needs to be filed with a complete application. Such a regulation should be promulgated to provide a basis for regulation 33. To remove any doubt, the new regulation should also state that the abstract does not form a part of the specification and may not be used to interpret the scope of the claims.

Paragraph 301 of the discussion paper dismisses the need for such a provision because of its absence in some jurisdictions. But paragraph 300 points out that other jurisdictions do have such a provision. It could equally be said that the presence of such a provision in those other jurisdictions suggests there is a need for it. This uncertainty should be resolved by the addition of a new regulation as suggested above.

Trade Marks Act 2002

Q T1: *Are there any other options in relation to series of trade marks that MBIE should consider?*

In the situation identified at paragraph 24, there does not appear to be a *bona fide* intention to use each of the marks, and the examiner is entitled to raise an objection on the basis that there is no genuine intention to use each of the marks included, as required by section 32(1).

There has previously been a reluctance to have examiners consider intention to use, because this can be difficult to assess.

However, a decision that the range of marks included in a "series" application is too broad to *prima facie* be consistent with a genuine intention to use is not really that different from the same analysis

the examiners make when considering the breadth of a specification of goods to be wider than is consistent with a legitimate intention to use the mark.

Other options would be to introduce a fee for division of trade mark application, or for amendment to remove marks from a “series” application. However, this might impose too large a burden for SMEs who do in good faith apply to register multiple marks as a “series”, but make the wrong call.

Q T2: *MBIE proposes that the Trade Marks Act be amended to remove the ability to register series of trade marks. Do you agree with this proposal? If not, please explain why.*

We do not agree with this proposal.

Registered series marks provide certainty as to the ambit of a trade mark owner's rights and we favour retaining them on that basis.

The disadvantages to subsequent applicants from the examples given in the discussion paper of applications for series marks that are subsequently withdrawn or limited are the same as the disadvantages that flow from other applications for registration that are subsequently withdrawn or limited.

We consider the disadvantages that flow from the examples given in the discussion paper are materially outweighed by the certainty of rights that registered series trade marks provide to the owners of those marks and all other interested parties.

Perceived problems

The proposal to abolish series trade mark registrations is said to address the problems of:

- Incorrectly filed applications – that is, the 50% of series applications that do not meet the requirements.
- Series applications being filed for “strategic” purposes without any intention to use all the trade marks.

Incorrectly filed applications

The flow-on issues of uncertainty to later applicants is the same for all pending applications, which often cover unregistrable or borderline trade marks and are never completed. It is not clear that *uncertainty* as to whether one or more of a series of trade marks will become registered justifies the abolition of this provision.

Applications filed for “strategic” purposes

It is not clear that the stated problem of series applications being filed for “strategic” purposes is a widely accepted issue – the discussion paper identified only one anecdotal instance. Should this be a significant problem, one option to solve it would be to charge a fee for each trade mark.

Benefits of series registrations

The benefits of series registrations are available only to applicants for national registrations, who are most likely to be New Zealand businesses. The fact that 6% of all registrations are series registrations strongly suggests this provision is meeting a need.

A series trade mark can be of particular use where it is a basis for a convention priority claim. For example, in some jurisdictions registration of a logo in colour only protects the specific colours used, and a black and white version may be filed to cover all colours in which a trade mark may be used. In other jurisdictions, the mark should be registered in the colours for which it will be used, in order to avoid potential revocation action. In this context, the ability to file a single series mark covering both

colour and black and white versions of a mark means a single New Zealand application can be used as a basis for a priority claim in multiple jurisdictions, but potentially following different versions of the mark according to local best practice.

This does not apply with Madrid applications, where it is necessary to select only one version of the mark to proceed with.

The ability to register as a single series slightly different variations of a mark, for example where words are used in horizontal or vertical combinations, means that New Zealand traders, who often use marks in slightly different variations on different signage can easily establish that the particular form they are using has been protected by registration in the event of an infringement.

Contrary to what is stated in paragraph 19 of the discussion paper, the scope of a registration covering a series of trade mark is indeed broader than that of a single mark registration. In particular the provisions of section 25 and section 89, in the case of a series, extend to trade marks identical or similar to *each* mark in the series, not just one of them. Whether a conflicting mark is *identical* or merely similar to a registered mark is an important distinction with significant consequences. The fact two marks in a series are relatively similar to each other does not change the fact that an infringing trade mark may be similar to one of them but not similar to the other. This is a key benefit of being able to register variants of a mark as a series.

Because many overseas jurisdictions do not provide similar series protection, the register is not unduly cluttered by the existence of series registrations, which are of more benefit to local New Zealand companies.

Response to question T2

We agree that providing clarification and further guidance for applications is unlikely to have much effect on the habits of unrepresented applicants.

We support the option of charging an application fee based on the number of marks in the series, as happens in the UK. (Australia charges a higher flat fee per class for a series application). This is a fair way of addressing the identified problems, without abolishing a useful provision which has been in place for many years and exists also in Australia and the UK. Charging extra fees would also address the fact series applications create a higher administrative burden on IPONZ.

Q T3: Should the Trade Marks Act be amended to expressly provide for the Commissioner of Trade Marks to consider the circumstances of prior continuous use as a ground to overcome the citation of a trade mark registration with an earlier priority date? If not, please explain why not.

We support the inclusion of prior continuous use as grounds for overcoming a citation. This could be achieved by the proposed amendment of the Act, or more simply by way of a Practice Guideline.

The current wording of section 26(b) allows for registration when “other special circumstances exist, that ... make it proper for the trade mark to be registered subject to any conditions”.

We are not aware of any case law indicating prior continuous use is not already provided for under this existing provision. The more the Act is circumscribed by particular examples, the less flexibility is available to consider the merits of particular cases (or categories of cases). We note the owner of trade mark B would not be involved in the process, to correctly establish the period of actual concurrent use, so it is appropriate for the decision maker to retain flexibility to take into account all the circumstances.

Prior continuous use could be provided for by IPONZ issuing a Practice Guideline setting out the circumstances in which prior continuous use may be considered to make it proper for registration to occur.

At paragraph 48, IPONZ expresses concerns this would make such marks vulnerable to invalidity. We do not consider such a practice would increase the vulnerability of marks registered in this manner.

We recommend that if the requirement for prior continuous use is satisfied then the mark is accepted for registration and the owner of the earlier mark is notified of acceptance by IPONZ at the address for service given on the register and thereby given an opportunity to oppose registration in the usual way.

Q T4: *Do you agree with MBIE's proposal that the Trade Marks Act be amended to specifically require specifications to be clear? If not, please explain why.*

We agree with the proposal for the reasons set out in the discussion paper.

Q T5: *Do you agree with MBIE's proposal to require the IPONZ picklist to be used for S&PA applications? If not, please explain why.*

We agree with the proposal for the reasons set out in the discussion paper.

Q T6: *What additional information, if any, about a registered trade mark should be permitted to be entered on the register by way of a memorandum? If additional information should be permitted, please explain why is it important, or otherwise necessary, for the public to know this information? Should the Trade Marks Act be amended to require trade mark owners to provide this information?*

IPONZ's current practice with regard to the subject matter of memoranda is contrary to the plain words of section 78(c).

The Act permits the entry of any memorandum "that relates to the trade mark", subject only to the requirement that the memorandum "does not in any way extend the rights given by the existing registration of the trade mark".

Matters such as licence agreements and contractual arrangements of the type referred to in paragraph 71 of the discussion paper are plainly matters that "relate to" trade marks.

If trade mark owners wish to provide notice of matters that "relate to" their registered trade marks then they should be entitled to do so and the entry of memoranda for all such matters is consistent with the plain words of section 78(c) of the Act.

The current situation

Section 78(c) permits an owner to enter "a memorandum that relates to a trade mark" provided this does not "in any way extend the rights given by the existing registration of the trade mark". In our view this provision speaks for itself and is intended to be broad.

We consider the provision already has the meaning suggested in option (ii) (paragraph 76 of the discussion paper) – that is:

"To allow the trade mark owner to enter any information about the registration that they consider the public would benefit from knowing, so long as that memorandum does not in any way extend the rights given by the existing registration".

Perceived problem

We do not consider that the Act provides no guidance about what is an acceptable memorandum. The words "a memorandum that relates to a trade mark" clearly indicate an intention to provide a broad power to reflect the broad range of commercial factors that trade mark owners may wish to disclose to the public.

IPONZ's current practice of allowing memoranda containing certain information, but not memoranda containing other information is, with respect, contrary to the plain words of section 78(c). Permitting memoranda containing any information "that relates to a trade mark" would address the perceived problem of owners applying to enter memoranda "contrary to" current practice.

In any event we do not see the fact some parties make applications that will be refused, as a reason to remove the ability of *all parties* to make those applications.

There is a comment in paragraph 75 of the discussion paper, "*as suggested above, memoranda are not providing any benefits*". In fact some benefits of allowing memoranda *are* listed (see paragraph 68 which notes that entering a memorandum allows a trade mark owner to provide the public with necessary and important information about the trade mark registration that is not otherwise required under the Act).

The discussion paper also notes that in the last two years on average two requests a month have been received to enter memoranda. This indicates some trade mark owners are obtaining benefits from this facility, as generally they are incurring a cost for professional services in entering a memorandum. Further, other parties including third parties searching the register also benefit from the ability to enter memoranda.

Response to first part of question T6

What additional information, if any, about a registered trade mark should be permitted to be entered on the register by way of a memorandum? If additional information should be permitted, please explain why is it important, or otherwise necessary, for the public to know this information?

We consider that information that should be permitted to be entered on the register by way of a memorandum should include all matter "that relates to the trade mark" as set out in section 78(c), including the following (but this should not be seen as an exhaustive list):

1. **Geographical limitations.**
2. **Licence agreements.** This information is useful for a variety of reasons – for example:
 - Under s 103 of the Act a licensee can sue for infringement. It is useful for third parties to be able to ascertain the identity of any licensee(s).
 - A third party who may be considering applying to revoke a registration on the grounds of non-use of the mark may find it useful to know the name of a licensee. This would enable it more easily to ascertain whether or not the mark has in fact been used in New Zealand, which gives more certainty and may prevent unnecessary proceedings.
 - A party wishing to purchase, obtain a licence for or otherwise invest in a trade mark may wish to know about the existence of licensees and licensees may wish to give notice of their rights

3. **Conditional Consent**

In the context where consent is given under section 26(a), sometimes consent may be conditional on factors that would also affect the scope of protection, and a memorandum is a useful place to record these for the benefit of all parties (including potential purchasers or licensees of or other investors in the trade marks).

4. **Other contractual arrangements between the trade mark owner and other parties.**

For example, parties to a co-existence agreement may wish to record certain restrictions on the register. That information is also useful to third parties searching the register to determine the

scope of the rights associated with that registration (for example, potential purchasers, licensees and other investors).

Response to second part of question T6

Should the Trade Marks Act be amended to require trade mark owners to provide this information?

In our view the purpose of this provision is to allow owners to enter memoranda relating to their registered trade marks as they consider fit and it is not intended or appropriate for owners to be required to provide information on these issues.

A trade mark owner should always be permitted to limit or restrict its rights, and there does not appear to be any public interest principle to require them to provide full background details.

Q T7: *What would be the impact on trade mark owners and the public if the Trade Marks Act was amended to limit the use of memoranda to providing additional information about the nature and scope of the rights associated with the registration of the trade mark concerned?*

The Law Society favours retaining the current provisions for memoranda and IPONZ changing its current practice to give full effect to the legislative intent behind the current broad words of section 78(c).

We see no basis for the current IPONZ practice of refusing to enter a memorandum if the information in it “does not affect the scope and nature of the rights associated with the registration”. Such practice is contrary to the plain words of section 78(c).

We also see no basis for isolating and then elevating the purpose of the Act set out in section 3(a) so as to read down the clear intentions of the legislature from the words used in section 78(c). Many provisions of the Act do not *directly* meet the purposes of the Act – for example the provisions for opposition based on bad faith, or for revocation on the grounds of non-use.

The fact the particular purpose “to more clearly define the scope of rights protected by registered trade marks” is listed in section 3(a) does not mean everything occurring under the Act must directly serve that purpose. The entry of memoranda in accordance with the broad words of section 78(c) (along with many other procedures under the Act) is not *inconsistent* with section 3(a).

We do not consider it is inappropriate for memoranda to be used to provide notice as to the existence of security interests of the sort that should be registered on the Personal Property Security Register (PPSR).

Such notice is consistent with the broad words of section 78(c) and there is no reason in principle to distinguish between matters that might be registered on the PPSR or elsewhere, as compared to any other matters that might “relate to a trade mark”.

Further, while the PPSR provides a more appropriate forum for recording such interests in the detail prescribed under the Personal Property Securities Act 1999 (PPS Act), we see no harm in allowing information relating to securities over marks to be included in memoranda (whether in the exact detail required under the PPS Act or otherwise, such as mere notice of the existence of such interests) and only benefit if no other public notice of such matters is provided elsewhere.

If the use of memoranda were further limited:

- Trade mark owners would lose the benefit of being able to enter information on the register that there is good reason for the public to know.
- Parties to coexistence agreements with trade mark owners would lose the ability to require a memorandum to be entered (for example noting their consent).

- Third parties would lose the certainty given by these and certain other types of memoranda.

We favour retaining the current provisions regarding the entry of memoranda in section 78(c) and full implementation of the provisions in accordance with the plain words of the section.

Q T8: *Do you agree with MBIE’s proposal that the Trade Marks Act should be amended to make it explicit that a registration can be declared invalid if the registered owner is not the true owner of the mark? If not, please explain why.*

We agree that the Act should be amended so the provisions for invalidity match those for oppositions. We do not agree that this means there should be an explicit provision worded in terms of the registered owner not being the “true owner”.

The issue of “true ownership” is a complex one, that has been the subject of recent case law in New Zealand and Australia. In New Zealand ownership is recognised as a ground of opposition based on section 32. *Chettleburgh* clarified that it is also a ground of invalidity, although section 32 is not in Part 2 of the Act.

For consistency and to avoid inadvertently changing the law around the “ownership” concept, we suggest that this proposal be effected by amending the wording of section 73(1) to read:

“...declare that the registration of a trade mark is invalid to the extent that the trade mark was not registrable under Part 2 or under section 32 at the deemed date of its registration.”

Q T9: *Do you agree that the Trade Marks Act should be amended to clarify that s17(1)(b) only applies to activities that are contrary to New Zealand laws other than the Trade Marks Act? If not, please explain why.*

We do not support the proposed amendment of the Trade Marks Act in the first Question T9.

The current wording provides a broad and flexible approach. The Hearings Officers have shown they can address pleadings of “contrary to the Trade Mark Act” as and when they arise. Given the guidance they have provided, inappropriate pleading can be addressed by an award of costs.

There may be examples where it is useful to be able to plead under the Trade Marks Act, for example, where a court injunction has been made under the Act. Maintaining the broad wording will allow for such situations to be addressed as they arise.

Q T10: *Do you consider that the different approaches to partial refusals for national and international applications are a problem? If so, please explain why.*

We do not consider that the different approaches to partial refusals for national and international applications are a problem.

Q T11: *Do you agree with the proposal that the Trade Marks Act be amended to provide for the same approach to partial refusals for both national applications and international registrations? If not, why?*

However, we agree that the Act should be amended to provide for the same approach to partial refusals for both national and international applications.

Furthermore, trade marks are subject to periodic renewal (albeit every 10 years) so unwanted trade marks will eventually fall off the register.

Q T12: *Do you consider that the current IPONZ practice regarding undefended applications for revocation of a registration for non-use is causing any problems? If so, please explain why*

We do not consider that the current IPONZ practice regarding undefended applications for revocation of a registration for non-use is causing any problems.

Q T13: *If you consider that the current IPONZ practice regarding undefended applications for revocation of a registration for non-use is a problem, what alternative approaches could be used? Please explain why.*

We do not consider current IPONZ practice on this issue is a problem, but comment as follows on the contents of the discussion paper.

We do not agree that there is no need for the Commissioner to make a decision in respect of an undefended revocation claim. Although section 67 puts the onus on the trade mark owner, revoking a trade mark registration has very serious consequences, and should be a conscious decision by the Commissioner, maintaining a right of appeal.

The Commissioner needs to check that the application for revocation is made on appropriate grounds. Decisions may need to be made, for example, regarding the appropriate date from which revocation should take place. In circumstances where a partial revocation is sought, effecting the revocation requires amendment to the specification.

Contrary to paragraph 120, we are aware of at least one case in which an “undefended” revocation has been appealed – that is, [2018] NZIPOTMR 66, in which the Assistant Commissioner’s decision was set aside by order of the High Court on appeal, with the consent of both parties.

A decision of the Commissioner is necessary in order to trigger the appeal right under section 170. The Act does not specifically deem an undefended registration to be revoked. Automatic revocation would effectively deprive trade mark owners of their appeal right, as well as being contrary to natural justice principles.

Designs Act 1953

Q D1: *Do you agree that the Designs Act should be amended to allow for substitution of applicant? If not, why?*

If the Act is amended to allow substitution of applicant, do you agree that the procedure should be based on those in the Patents Act and the Patents Regulations?

The Law Society agrees that the Designs Act should be amended to allow for substitution of applicant to bring the Designs Act into line with other intellectual property legislation.

We consider that a procedure based on those in the Patents Act and Patents Regulations would be appropriate.

Q D3: *Do you agree with the proposal to amend s38(2) of the Designs Act so that it is consistent with the corresponding provisions of the 2013 Act and the Trade Marks Act? If so, why?*

The Law Society agrees that the proposed amendment to section 38(2) is appropriate. Furthermore, it is preferable that the procedure be consistent with that applicable to hearings in patent and trade mark cases.

The proposed amendment is also consistent with the requirements of the equivalent provisions in the High Court Rules.

Q D4: *Do you agree that the Designs Act be amended to provide that, before the Commissioner makes a decision involving the Commissioner’s discretion, any person adversely affected by that decision must be given an opportunity to be heard? If not, why?*

The Law Society agrees in principle with the proposal to amend the Designs Act such that, before the Commissioner makes a decision involving the Commissioner’s discretion, any person adversely affected by that decision must be given an opportunity to be heard.

The Law Society agrees that the current procedure has the potential to give rise to a denial of natural justice, although it is unclear whether, and if so how frequently, this has occurred.

Q D6: *Do you agree that the Designs Act be amended to provide for provisions setting out the procedural and evidential requirements for proceedings before the Commissioner of Designs? If not, why?*

The Law Society agrees with the proposal to amend the Designs Regulations to include provisions setting out the procedural and evidential requirements for proceedings before the Commissioner of Designs. (We note the discussion paper incorrectly refers to the 'Designs Act', rather than the 'Designs Regulations'.)

Q D7: *If your answer to question D6 is yes, do you agree that the provisions be modelled on those in the 2013 Act? If not, what alternative provisions should be provided?*

The Law Society agrees in principle that the proposed provisions could be modelled on the provisions in Parts 3 and 6 of the 2014 Patents Regulations, subject to review of the proposed amended Regulations.

Use of Artificial Intelligence by IPONZ

Q A1: *What criteria should an AI system have to meet before IPONZ can delegate power to make discretionary decisions to it?*

The Law Society considers that care is needed before AI systems are implemented. AI is still in its relative infancy, and the full implications and potential impacts of AI systems are not well understood. AI systems need to be robust and transparent in order to be fit for purpose and suitable for use in government departments. Further, the government and IP users need to understand how AI systems work and be able to verify that they are operating accurately and reliably. Critically, the architecture, underlying intelligence, and algorithms need to be available to the public to ensure that AI systems are not biased.

Q A2: *Who should decide what discretionary decisions IPONZ can delegate to an AI system?*

Q A3: *Should there be a requirement for public consultation before discretionary decisions can be delegated to an AI system?*

The Law Society considers that full public consultation is required before government departments including IPONZ are empowered by legislation to delegate discretionary decision-making to AI systems. The policy decision as to use of AI systems by government departments will need to be considered carefully by Parliament.

Conclusion

We hope you find these comments helpful. If you have any questions or wish to discuss the submission, Greg Arthur, convenor of the Law Society's Intellectual Property Law Committee, can be contacted via the Law Society's Law Reform Adviser, Emily Sutton (Emily.Sutton@lawsociety.org.nz)

Yours faithfully



Herman Visagie
Vice President