

NEW ZEALAND

In the matter of business before the
Foreign Affairs, Defence & Trade
Committee

AND

in the matter of Select Committee
considerations of the Nice
Agreement, and the Madrid
Protocol

Select Committee
Submissions of Baldwins

- A. Baldwins is an intellectual property firm operating internationally from offices in Auckland, Wellington and Christchurch. Baldwins is a specialist and exclusive intellectual property firm with local clients spread throughout New Zealand, and also represents businesses based overseas having an intellectual property interest in New Zealand.
- B. Baldwins and its predecessors have been in existence as a specialist intellectual property firm since formal measures for protection of intellectual property rights were first established in New Zealand over 100 years ago.
- C. Baldwins has a staff complement of 148 including 45 professional staff with a range of technical, marketing, legal and specialist intellectual property qualifications. All partners of the firm are registered as New Zealand Patent Attorneys, a majority are barristers and solicitors and in addition have specialist relevant technology discipline qualifications.

SUBMISSIONS

The Madrid System of International Registration of Trade Marks

1. *Are there benefits for business of New Zealand joining the Madrid Protocol? How might any benefits for a New Zealand business differ when compared to foreign business?*
 - 1.1. New Zealand trade mark applicants would potentially be able to obtain trade mark registrations in a number of countries at a lower cost than is currently possible;
 - 1.2. New Zealand businesses that have a change of name or address or assign their trade marks will be able to notify the World Intellectual Property Office (“WIPO”) of the change rather than each national office. This will be at a lower cost and quicker than advising each national office individually;
 - 1.3. Renewals of trade mark registrations are also centralised via WIPO making the renewal process cheaper and simpler;
 - 1.4. New Zealand trade mark applicants will be able to designate a number of countries where they may wish to obtain protection and defer the decision as to whether to proceed in those countries until a later date;
 - 1.5. Foreign businesses that hold Madrid trade mark registrations will be able to assign those trade marks to New Zealand businesses if New Zealand accedes to the Protocol;
 - 1.6. Foreign trade mark applicants may more readily designate New Zealand when traditionally it may have been overlooked. This will be more beneficial to foreign trade mark applicants. It could be a disadvantage for New Zealand businesses.
 - i. The trade marks register may become cluttered with trade mark registrations filed by overseas applicants who never use their trade marks in New Zealand.
 - ii. These registrations would prevent New Zealand business owners from applying for the same or similar trade marks.
 - iii. Even though these registrations would be susceptible to revocation for non-use after three years, New Zealand trade mark applicants will be prevented from applying for and deterred from using same or similar marks as long as the foreign marks remain on the register.
 - iv. It would also be open to New Zealand businesses to seek an application for a declaration of invalidity if an application was made in bad faith on the basis that the applicant had no intention of using the mark in New Zealand (section 17(1)(b)(iii)). However, it

is administratively and commercially complex and expensive to file revocation proceedings or an application for a declaration of invalidity.

- v. New Zealand businesses wanting to use and register trade marks that are already “taken” by foreign businesses will be forced to incur the expense of revocation or devise another trade mark.

2. *Would businesses use the Madrid system if it was available in New Zealand?*

- 2.1. New Zealand businesses seeking protection in a small number of countries would probably not use the Madrid system as the benefits of using Madrid increase with the number of countries in which protection is sought;
- 2.2. If the European Union is the main market of interest, New Zealand applicants may still prefer to file a Community Trade Mark application rather than a Madrid application designating the European Community;
- 2.3. If a trade mark applicant sought protection in a number of countries that were members of Madrid, then it might choose to file a Madrid application;
- 2.4. A trade mark applicant seeking protection in a number of Madrid countries would not automatically file a Madrid application but if New Zealand acceded to the Protocol, the applicant would at least have the option of using the Madrid system;
- 2.5. Each trade mark applicant would need to consider the advantages and disadvantages of the Madrid system as set out in these submissions as the Madrid system will not always be the best route for obtaining protection in multiple countries;
- 2.6. It is likely that businesses seeking protection in a number of Madrid countries would consider using the Madrid system but we cannot estimate with any certainty the likelihood of New Zealand businesses actually using the Madrid system.

3. *Are there any disadvantages for New Zealand should it not join the Madrid Protocol?*

- 3.1. There are disadvantages to the Madrid system such as that described in paragraph 1.6 above. Also, New Zealand owners of Madrid trade marks would not be able to assign those trade marks to individuals or businesses in non-Madrid countries. If the home country application falls over during the five year dependency period, it would be expensive to convert to national applications in every designated country where the applicant wishes to obtain or maintain protection.

3.2. However, despite the disadvantages, Baldwins believes that New Zealand should join the Madrid protocol. The advantages and disadvantages of the Madrid system can be weighed up on a case by case basis. Joining the Madrid protocol would bring New Zealand into line with its major trading partners and would give New Zealand businesses the option of using the Madrid system.

4. *Are there any social or environmental impacts which may arise for New Zealand as a result of joining the Madrid protocol?*

4.1. We do not consider there are likely to be any appreciable social or environmental impacts associated with joining the Madrid Protocol.

The Nice Agreement

5. *How important is it for New Zealand to be part of and to be able to contribute to any review and development of the Nice Classification at WIPO? Should New Zealand join the Nice Agreement?*

5.1. Baldwins considers it is important that New Zealand be able to contribute to the review and development of the Nice Classification.

5.2. As NZ already uses the Nice Classification system, the incorporation of the Agreement after ratification would not require us to overhaul the current classification system to bring it in line with Nice as that work has already been done.

5.3. Baldwins considers that New Zealand should join the Nice Agreement.

6. *Would the case for New Zealand joining the Nice Agreement be any greater if New Zealand joined the Madrid Protocol?*

6.1 Yes, should New Zealand join the Madrid Protocol, given that use of the Nice Agreement is mandatory for the Madrid Protocol, it stands to reason that New Zealand should formalise its understanding with respect to filing requirements by joining the Nice Agreement.

7. *If New Zealand proposed to join the Nice Agreement, conversion of the specifications of the 1,500 Third Schedule registrations into the Nice Classification would be needed. Our suggestions as to how this could be addressed specifically as set out below.*

7.1 The Commissioner of Trade Marks should communicate with all owners of third schedule registrations advising them that their registrations require conversion.

- 7.2 In order to encourage timely action by trade mark owners, we consider an opportunity should be provided prior to joining the Nice Agreement where trade mark owners are allowed to convert their registrations without requiring additional application fees where more than one class is required to protect the specification of goods and/or services under the Nice Classification.
 - 7.3 Where the trade mark owner takes no action to convert its registrations within a specified time period, the Commissioner of Trade Marks should be able to initiate the process of conversion and require additional application fees if new classes are required upon reclassification.
8. *Are there any related matters relating to the changes under consideration ?*
- 8.1 It is a statutory requirement to provide an “address for service” in New Zealand in many instances.
 - 8.2 Current practice of non-publication of the address for service in the published Intellectual Property Office IP database leads to a potential loss of applicants, owners and third parties rights. It also creates a practical difficulty for parties having an obligation to (for example under Regs 29, 30, 60, 115, 146) make contact via the address for service to so do.
 - 8.3 The existence on the database of a published “contact” address, in addition to the required “address for service” which is almost invariably incomplete or blank, creates confusion and a potential for loss of owners, applicants and third party rights.
 - 8.4 It is recommended that publication of the “address for service” be included as required in the database as part of addressing the changes proposed in item 7 above.

Trade Mark Law Treaty

9. *Change of ownership provisions under the Trade Marks Act and the Regulations is under consideration to align with the approach specified in the TLT 2006.*
- 9.1 A move to TLT may allow more input by both parties but will be potentially more open to fraudulent use and less control by new owners.
 - 9.2 A move to the TLT may provide simplified filing procedures, and may allow greater accuracy with respect to actual ownership interests on the register.

- 9.3 However, by allowing the Commissioner of Trade Marks to record a transfer against a number of unspecified trade marks, liability for accuracy of transfers rests with the Intellectual Property Office rather than the trade mark owners and their legal representatives. Baldwins view is that such a due diligence exercise should be carried out by trade mark owners and/or their legal representatives.
10. *Adopting the change of ownership provisions specified in the TLT 2006 may change compliance costs associated with registering a change of ownership under the Trade Marks Act?*
- 10.1 Baldwins view is that compliance costs may reduce through less official and legal fees by simplified filing.
11. *Under what circumstances, if any, should the original owner be permitted to apply to the Commissioner to register a change of ownership of a trade mark?*
- 11.1 The original owner should be allowed to apply where there is proof of transfer and the effective date of the transfer has passed.
- 11.2 There are no disadvantages to allowing the old owner to file the change of ownership.
12. *What proof of title to a trade mark, if any, should be provided to the Commissioner with an application to register a change of ownership of the trade mark? Should such proof differ depending on whether the new owner or the previous owner applied to change the ownership of the trade mark and, if so, in what way?*
- 12.1 A transfer document signed by both parties should be produced, preferably an original or certified copy.
- 12.2 There is no need to have different requirements depending on whether the previous or new owner is filing the application.
13. *Where a trade mark is registered in the name of several co-owners and one of the co-owners changes, to what extent, if at all, should the Commissioner have regard to the interests of the existing co-owners?*
- 13.1 The Commissioner of Trade Marks should advise the other co-owners of the change in ownership. However, any resulting dispute between the co-owners as to ownership is a matter for the co-owners to resolve and not the Commissioner of Trade Marks.
14. *Is it necessary for the Commissioner of Trade Marks to know the effective date that the change of ownership took place when considering a request to change the ownership of a trade mark? Should this date be available on the trade marks register?*

- 14.1 The Commissioner of Trade Marks should be satisfied that the change of ownership has already taken place before the register is updated. However, in reality it will sometimes not be clear when the change of ownership took place.
- 14.2 The effective date should be available on the register for certainty and clarity.
- 15. *To what extent, if at all, should the Commissioner of Trade Marks have regard to the interests of any licensee when an application is made to change the ownership of a trade mark?*
 - 15.1 The Commissioner should continue to require that notice be provided to licensees where an application to change ownership is made.

Relief Measures in Case of Failure to Comply with Time Limits

- 16. *Should the requirements for requesting and granting an extension of time under Regulation 32 be aligned with the requirements prescribed by Article 14 of the TLT 2006? What should be the likely costs and benefits for trade mark owners and third parties of adopting the extension of time regime required by Article 14(2) of the TLT 2006?*
 - 16.1. In Baldwins' opinion, Regulation 32 should be aligned with Article 14 of the TLT. Article 14 is broader and more flexible than Regulation 32 which gives the Commissioner the power to grant extensions of time in "genuine and exceptional circumstances".
 - 16.2. There are both advantages and disadvantages to having a more flexible approach to the grant of extensions of time, including retrospective extensions.
 - 16.3. If a deadline is accidentally overlooked or is missed by a few days, an extension of time could be more easily obtained if Regulation 32 was aligned with the TLT. This is positive for the party that has missed the deadline. However, it leads to uncertainty and could also act as a disincentive to complete actions in a timely manner.
- 17. *If New Zealand were to adopt the requirements prescribed by Article 14 for extensions of time, which of those exemptions identified in Rule 9(4) of the TLT 2006 should apply under the Trade Marks Act?*
 - 17.1 Declaration which may establish a new filing date;
 - 17.2 Extensions for inter partes proceedings;
 - 17.3 Addition of priority claim where priority period has expired - correction of priority details should be allowed but not the addition of a new priority claim after the priority period has expired.

- 17.4 Payment of a renewal fee outside of the existing 12 month grace period.
18. Under what circumstances would maintaining the prohibitions under Regulations 43 and 62 against a request for an extension of time being made after the expiry of the time limit concerned be justified?
- 18.1 Claiming priority outside the time limit where there is no obvious error and no document supplied.
19. *If a person has already requested and been granted an extension of time for completing an outstanding action, under what circumstances, if any, should that person be permitted to request further extensions of time to complete the outstanding action?*
- 19.1 A further extension of time should only be granted in “genuine and exceptional circumstances”. Abeyance should be allowed in inter partes proceedings where further extensions may not be granted and the parties are involved in settlement negotiations.
20. *Instead of the Trade Marks Act providing for extension of time, should provision be made for other forms of relief measures to be provided in accordance with Article 14, such as continued processing or reinstatement of rights? If so, under what circumstances should these other forms of relief measure be made available?*
- 20.1 Other than extensions, provision for halt in proceedings should be retained. Baldwins view is that there is significant commercial value in them and potential administrative efficiency arising for applicants therefrom.
- 20.2 Continued processing should be allowed for retrospective extension requests with genuine and exceptional reasons. However, there should be a final deadline beyond which further extensions will not be granted, otherwise the system may be susceptible to abuse. For example, an applicant who does not intend to use their trade mark for five years may delay completing prosecution for at least two years so that their mark does not become susceptible to non-use proceedings. If retrospective extensions can be granted indefinitely, there may be a lack of certainty.
- 20.3 Reinstatement of rights should be available if the applicant can show that the failure to meet a deadline was unintentional. However, there should be a limited period in which reinstatement is available or there will be uncertainty and a right to be heard.

21. *Should a fee be paid when a request for an extension of time is made to recover the Commissioner's administrative costs of processing the request?*

21.1 Yes. A fee would help to discourage filing unnecessary extension requests and keeping applications alive with no intention to prosecute them. The fee should reflect the reasonable administrative cost to IPONZ in actioning the request.

Recordal of Trade Mark Licences

22. *Should New Zealand's licensing regime be amended as proposed above? What concerns would you have if the proposed licensing regime was adopted under the Trade Marks Act? How might those concerns be addressed?*

22.1 The TLT requirements are slightly more onerous than the current Trade Marks act provisions. However, this does not seem unreasonable and provides more clarity as to the status of the licence.

23. *What would be the benefits of aligning the licensing provisions of the Trade Marks Act with those under the Australian Trade Marks Act 1995?*

23.1 Consistency with Australia, a major trading partner for New Zealand.

24. *What supporting documents should either the owner or the licensee, if any, be required to provide to either have a licence voluntarily registered on the register or to alter or cancel an existing registration of a licence?*

24.1 Certified copy of terms of license; or

24.2 Certified copy of terms of cancellation; or

24.3 Certified copy of terms of alteration.

25. *What role, if any, should the Commissioner of Trade Marks play in disputes between a trade mark owner and a person voluntarily registered as a licensee over the amendment or cancellation of that person's registration as a licensee?*

25.1 Regulations 154 and 155 would continue to be appropriate.

26. *Should the provisions under section 87(2)(c) of the Trade Marks Act allowing third parties to apply to cancel the registration of a licence be repealed? If not, why not?*

26.1 This section should not be repealed. It allows certainty on the register, for example, if an exclusive licence is granted then that party should be able to remove other expired licences from the register.

Accession to the TLT 2006

27. *If the Trade Marks Act was to be brought into conformance with the standards and requirements of the TLT 2006, should New Zealand accede to the TLT 2006?*

27.1 Yes, if conformity is achieved then there is no reason not to accede.

28. *Under what circumstances would it not be in New Zealand's interests to accede to the TLT 2006?*

28.1 If key states withdrew from the TLT.

29. *What would be the likely economic impact for New Zealand from acceding to the TLT 2006?*

29.1 There would be no major economic overall impact for New Zealand.

29.2 IPONZ may be able to reduce its overall operating costs through revenue from extension of time requests.

30. *In what way would trade mark owners be expected to benefit from accession?*

30.1. Alignment with major trading partners.

30.2. Improved operation and ease of obtaining extensions of time.

30.3. Improved climate for last minute prosecution with continued processing.

31. *What social or environmental impacts may arise from joining the TLT 2006?*

31.1. Baldwins does not consider there are likely to be any appreciable social or environmental impacts.

Other Issues

32. *Should section 81 providing for the Commissioner to issue a certificate of validity be repealed?*

31.1 Section 81 relates to certificates stating whether a proposed assignment or transmission of a trade mark is likely to deceive or confuse, Section 165 relates to certificates of validity.

31.2 The fact that section 81 is rarely used is not a valid reason for repealing the section.

31.3 However, the section 81 certificate is not binding in courts and may lead to a sense of undue authority.

31.4 It may place undue burden on the Commissioner to make a decision without the full benefit of evidence.

- 31.5 The issuance of a certificate of validity may lead to a false sense of security.
 - 31.6 However, the certificate may be persuasive in Court which would be beneficial to the new trade mark owner.
 - 31.7 On balance, there appears to be no reason to retain section 81; the costs seem to outweigh any perceived benefits.
33. *What would be the benefit of retaining section 81?*
- 33.1. There appears to be no benefit in retaining section 81.

End of submissions

For and on behalf of Baldwins:

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11 September 2006