

International Trade Mark Treaties: A Discussion Paper

March 2006

ISBN 0-478-28463-2

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First Published March 2006 by the
Regulatory and Competition Policy Branch
Ministry of Economic Development
PO Box 1473
Wellington
New Zealand

www.med.govt.nz

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Information for Persons Making Submissions

Submissions in relation to this discussion paper are invited from businesses, trade mark owners, trade mark licensees, patent attorneys, law practitioners, trade mark agents and members of the public. Submissions will be considered in the development of policy recommendations to the government on possible accession to a number of multilateral trade mark treaties discussed herein and possible legislative changes that might be necessary to implement the obligations contained in any of the treaties.

To aid respondents in making submissions, a summary of questions can be found in Appendix C.

Submissions should be sent to:

International Trade Mark Treaties Review
Attention: George Wardle
Ministry of Economic Development
PO Box 1473
WELLINGTON

Submissions by e-mail are also welcomed. They should be sent to trademarks@med.govt.nz.

It is not necessary to provide written copies of e-mail submissions.

Your submission may be subject to disclosure under the Official Information Act 1982. Persons making submissions that include commercially or otherwise sensitive material that they wish the Ministry to withhold under the Act should clearly identify the relevant information and the applicable grounds under which the Ministry could withhold the information.

The closing date for submissions is **Monday, 24 April 2006**.

1. Introduction

1. This discussion paper considers whether New Zealand should accede to a number of multilateral trade mark treaties administered by the World Intellectual Property Organization (WIPO). The treaties considered are:

- the Madrid Protocol Relating to the Madrid Agreement;
- the Trademark Law Treaty; and
- the Nice Agreement concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks

2. As part of the discussion on the Trademark Law Treaty, the discussion paper considers the provisions on the registration of a person as a licensee of a registered trade mark under the Trade Marks Act 2002 ("the Trade Marks Act") more generally. The paper also considers changes to section 81 of the Trade Marks Act, which provides that a person may request the Commissioner of Trade Marks to provide a certificate that states whether or not a proposed assignment or transmission of a trade mark is likely to deceive or confuse.

Why Is Accession to These Treaties Being Considered?

3. The Growth and Innovation Framework set outs the government's approach to achieving the goal of growing an inclusive and innovative economy for the benefit of New Zealanders. The key to sustained improvement in New Zealand's economic growth is productivity. Businesses drive growth by seeking out market opportunities and developing new and innovative products.

4. The small size of the New Zealand domestic economy means that New Zealanders' economic welfare is directly tied to our successful participation in the global economy. Our growth is dependent on the breadth and depth of our international connections. But there are a number of barriers to developing deeper, richer international connections. These include institutional, legal and regulatory differences between countries that create costs for businesses. The government is able to take steps to remove trade barriers and reduce the transaction costs for New Zealand business wanting to trade and invest overseas. At the same time, the government can work to make New Zealand attractive to the rest of the world as a location to do business. There are several broad dimensions to this, including:

- unilaterally and bilaterally reducing barriers to trade and aligning New Zealand's rules and institutions with those of key players internationally; and
- working in international fora to influence the policies and regulations of other countries and international institutions in favour of New Zealand's interests.

5. Over the last six years there have been significant international developments in the area of trade marks. Our leading trading partners, including Australia, Japan, the United States and the European Community have joined the Madrid Protocol Relating to the Madrid Agreement, which provides the Madrid system for the international registration of trade marks. In addition, the World Intellectual Property Organization ("WIPO") has been developing a number of amendments to the Trademark Law Treaty, another treaty which our leading trade partners have joined.

6. It is important therefore to ensure that, if it is appropriate to New Zealand's circumstances, the legislation and regulations governing trade mark registration in New Zealand are aligned with those of our leading trade partners. This will help:

- Reduce business transaction and compliance costs;
- Create increased legal certainty for business;
- Increase the credibility of New Zealand's trade marks regime, thereby creating an environment conducive to both foreign and domestic business investment; and
- Reduce barriers to market entry.

The Trade Mark Registration System

What Is a Trade Mark?

7. A trade mark is a unique identifier (such as a word, brand, logo, colour, slogan, three-dimensional shape or even a sound) that enables a business to easily distinguish its goods and services from those supplied by other traders. A trade mark is therefore a "badge" of trade origin. It is used as a marketing tool so that consumers can recognise the product of a particular trader. It is also used to guarantee quality to the general public, thereby creating a sense of reliability for customers about the source and quality of the goods or services over repeated purchases.

8. The Trade Marks Act defines a trade mark as any sign capable of being represented graphically and of distinguishing the goods or services of one person from those of another. Under section 5 a sign is defined as including a brand, colour, device, letter, name, numeral, shape, signature, smell, taste, ticket or word, and any combination of signs. The Intellectual Property Office of New Zealand ("IPONZ") maintains the register of trade marks established under the Trade Marks Act.

Why Should Trade Marks Be Protected?

9. Trade marks and trade mark protection facilitate the provision of consumer information. Trade marks reduce the cost to consumers by conveying information on the source and quality of a given product or service and, therefore, reduce the time the buyer needs to spend on gathering information on which to make a sound purchase decision. They also enable businesses to reduce their costs in relaying that information to consumers. In order for these benefits to be realised, the quality of the trade marked goods or services must be consistent over time and across consumers.

10. Protection of trade marks also encourages businesses to invest in quality. In the absence of legal protection of trade marks, low quality firms and counterfeiters would seek to increase their sales volumes by passing their goods or services off as those of well known quality producers. Such action by low quality firms and counterfeiters would undermine the value of the affected trade mark, due to resulting quality inconsistencies, and could discourage business from investing in quality.

11. These benefits are of even more relevance in the global market, where producers and consumers are separated by broad distribution channels. Hence, trade marks are

beneficial for both consumers and producers, and promote domestic and international trade.

International Obligations

12. New Zealand is a party to the World Trade Organisation's ("WTO") Agreement on Trade Related Aspects of Intellectual Property ("TRIPS"), which requires Members to have a trade mark registration system and provide minimum levels of protection for trade marks. New Zealand is also party to the Paris Convention for the Protection of Industrial Property, which is administered by World Intellectual Property Organization ("WIPO"). This was the first major multilateral treaty designed to help the people of one country obtain protection in other countries for their intellectual creations in the form of industrial property rights.

13. New Zealand has signed a Memorandum of Understanding with Australia on Business Law Co-ordination. This recognises that co-ordination of business law may help to minimise impediments to trans-Tasman business activity. The work programme includes exploring the potential for more closely co-ordinating the granting and recognition of registered intellectual property rights.

WIPO Trade Mark Treaties

14. In addition to administering the Paris Convention for the Protection of Industrial Property, WIPO also administers a number of multilateral treaties specific to trade marks that New Zealand has not joined. These are:

- the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (the "Nice Agreement");
- the Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks;
- the Trademark Law Treaty;
- the Madrid Agreement Concerning the International Registration of Marks (the "Madrid Agreement"); and
- the Madrid Protocol Relating to the Madrid Agreement (the "Madrid Protocol").

15. Part 2 of this discussion paper considers whether New Zealand should join the Madrid Protocol. Part 3 considers New Zealand's accession to the Nice Agreement and, in particular, the matters that would prevent accession. Part 4 of this discussion paper investigates the Trademark Law Treaty, with an emphasis on those provisions under the Trade Marks Act relating to changes of ownership, relief measures for a failure to meet a time limit and registration of licenses.

16. Part 5 of this discussion paper looks at section 81 of the Trade Marks Act, which provides that a person may request the Commissioner of Trade Marks to provide a certificate that states whether or not a proposed assignment or transmission of a trade mark is likely to deceive or confuse, and considers whether this section should be repealed.

17. You are invited to make a written submission on the matters raised in this discussion paper. Questions have been included in each section of this discussion paper to aid in the preparation of your submission and a comprehensive listing of all the questions can be found in Appendix C. Submissions must be received by **Monday, 24 April 2006**.

2. The Madrid System of International Registration of Trade Marks

Background

18. The Madrid system of international registration of trade marks (the "Madrid system") is governed by two treaties: the Madrid Agreement Concerning the International Registration of Marks (the "Madrid Agreement") that dates from 1891; and the Madrid Protocol Relating to the Madrid Agreement (the "Madrid Protocol"), which came into operation on 1 April 1996. The Madrid system is administered by the International Bureau (the "IB") of WIPO.

19. The Madrid system offers a trade mark owner the possibility of having a trade mark protected in one or more member countries by filing one application for registration of a trade mark (an "international application") directly with the local trade marks office (which is referred to under the Madrid Protocol as the "Office of Origin") and designating one or more overseas countries where protection is sought.

20. An international application is equivalent to an application for registration of the same trade mark being made directly in each of the countries designated by the applicant. The trade mark office of a designated country has a limited period of time (either 12 months or 18 months) in which to refuse to register the trade mark. If the trade marks office does not refuse protection of the trade mark within this period the trade mark is deemed to be registered in that country. The Madrid system also simplifies greatly the subsequent management of the trade marks, since it is possible to record subsequent changes or to renew the trade mark registration in each country through a single procedural step.

21. Accession to the Madrid Protocol would provide New Zealand trade mark owners with the option of using the Madrid system to register their trade marks overseas, whilst giving overseas trade marks owners the option of using the Madrid system to protect their trade marks in New Zealand. Trade marks owners are not, however, obliged to the Madrid system and there may be circumstances when a trade mark owner may not wish to use the Madrid system. The advantages and disadvantages of using the Madrid system are discussed below.

Comparison of the Agreement and the Protocol

22. The Madrid Protocol was adopted in 1989 and came into operation in 1996. It introduced new features into the Madrid system with the aim of overcoming some of the barriers preventing certain countries from acceding to the Madrid Agreement. The main improvements are:

- allowing an applicant to file the international application in English, French or Spanish; under the Madrid Agreement an international application must be filed in French;
- allowing an applicant to choose between basing an international application upon either an application filed with the Office of Origin or an registration in the Office of Origin; under the Madrid Agreement an international application may only be based upon a registration in the Office of Origin.

- providing each member country in which the applicant seeks protection to elect a period of 18 months (and longer in the case of oppositions) to declare that protection cannot be granted in its territory; under the Madrid Agreement the period is 12 months;
- the trade marks office of each member country may receive higher fees than under the Madrid Agreement;
- an international registration obtained under the Madrid Protocol may be transformed into a national registration in the respective member countries in which the international registration has effect, each benefiting from the date of the international registration and, where appropriate, its priority date; this possibility does not exist under the Madrid Agreement; and
- the Madrid Protocol makes it possible to establish links to regional trade mark registration systems, such as the Office for Harmonization in the Internal Market of the European Communities (by designating the European Communities in an international application, it is possible to obtain the effects of a European Community registration).

23. It is for these reasons that this discussion paper considers New Zealand accession to the Madrid Protocol, rather than the Madrid Agreement.

How Does the Madrid Protocol Work?

Making an Application

24. An international application under the Madrid Protocol must be based upon either an earlier application or an existing registration in the Office of Origin for the identical trade mark and be in relation to the same goods or services. The international application must specify (i.e. designate) the member countries of the Madrid Protocol in which protection is sought. The international applicant must also live in, be a national of or carry on business in, the member country where the international application is filed.

25. The local trade mark office, as the Office of Origin, certifies that the international application details are the same as on the national application or registration and sends it to the IB.

International Bureau

26. The IB does not examine the international application for substantive matters, but undertakes only a check for fees, formalities and the classification of goods or services.¹ If there are any irregularities in the international application, the IB notifies the Office of Origin and/or the applicant. If no irregularities are found in the international application, the IB grants the international registration, notifies the Office of Origin and sends a certificate to the applicant. The IB also publishes the registration in the WIPO Gazette of

¹ The Madrid system requires the Nice Classification be used to classify the specification of goods or services given in the international application. See section 3 below concerning the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks.

International Marks and forwards the details of the international registration to all the designated countries.

27. The IB also handles changes to the international registration, such as changes to the holder's details, changes in ownership, renewals and communications with the holder of the international registration, Office of Origin and designated countries.

Designated Country

28. After the IB advises designated countries of the international registration, each designated country examines the international application in accordance with its domestic trade mark legislation. If any objections arise during the examination process, or oppositions are filed by third parties, the designated country is obligated to notify the IB, which then informs the international registration holder of the grounds of the objection or opposition.

29. If no objections are raised and the application is otherwise in order, the designated country gives effect to the international registration, as if it were a trade mark registered as a result of a national application. Registration is for an initial period of ten years and registration may be renewed for further periods of ten years.

30. A flow diagram showing how the Madrid Protocol works can be found in Appendix A. If New Zealand agreed to join the Madrid Protocol, IPONZ would become the Office of Origin for New Zealanders seeking trade mark protection overseas using the Madrid Protocol. New Zealand would be a designated country for overseas businesses seeking protection in New Zealand under the Madrid Protocol.

"Central Attack"

31. For the first five years any registration granted through the use of the Madrid Protocol is dependent upon the home country application being granted and remaining valid. Should the home country application be refused, or the subsequent registration be revoked or declared invalid for any reason, then all overseas registrations obtained through the use of the Madrid system are automatically revoked. This procedure within the Madrid Protocol is known as the "central attack".

32. In the event of this happening, the Madrid Protocol provides a grace period of three months to allow a trade mark owner to transform their Madrid system registrations into ordinary national trade mark registrations. These transformed registrations are given the same filing priority date as the original international registration and the local official fees, such as renewal fees, become payable. In short, the benefits of maintaining a registration through the Madrid system are automatically lost upon transformation of the international registration.

33. Five years after the international registration is granted, the international registration becomes independent of its national basis and a central attack is no longer possible.

Costs

34. The following fees are payable for filing of an international application:

- a basic application fee of 653 Swiss francs (approximately NZ\$700) or 903 Swiss francs (approximately NZ\$940) where any reproduction of the trade mark is in colour;
- where a designated country is one in respect of which an individual application fee is payable, that fee;
- a complementary fee of 73 Swiss francs (approximately NZ\$80) for each designated country for which no individual application fee is payable;
- a supplementary fee of 73 Swiss francs (approximately NZ\$80) for each class of goods and services beyond the three classes (if, however, all the designated countries are ones in respect of which an individual fee is payable, no supplementary is payable); and
- a handling fee charged by the Office of Origin for receiving and forwarding the international application to the IB.

35. The following fees are payable for renewing an international registration:

- a basic renewal fee of 653 Swiss francs (approximately NZ\$700);
- where a designated country is one in respect of which an individual renewal fee is payable, that fee;
- a complementary fee of 73 Swiss francs (approximately NZ\$80) for each designated country for which no individual renewal fee is payable; and
- a supplementary fee of 73 Swiss francs (approximately NZ\$80) for each class of goods and services beyond the three classes (where however all the designated countries are ones in respect of which an individual fee is payable, no supplementary is payable).

36. Renewal fees may be paid direct to the IB. Where the Office of Origin collects the renewal fees and forwards them to the IB, that Office may fix and charge a handling fee for this service.

Further Information

37. For further details on how the Madrid Protocol works visit the page *Madrid System for the International Registration of Marks* [www.wipo.int/madrid/en/] on the WIPO website. The website provides detailed information on the Madrid Protocol including: administrative guides; information about Members; notices; filing information; forms; fees and a fee calculator; legal text and an online database of international registrations.

38. Additional information about the Madrid Protocol is also available on a number of websites, including:

- *How Does It Work?* / IP Australia [www.ipaustralia.gov.au/trademarks/international_how.shtml]
- *Madrid Protocol Frequently Asked Questions* / United States Patent Office [www.uspto.gov/web/trademarks/madrid/madridfaqs.htm]

39. For independent commentary on the Madrid Protocol, you may wish to refer to the following documents:

- *Madrid Bound: The United States Approaches Ratification of the Madrid Protocol (Part II)* / John L. Welch [www.fhe.com/publications.asp?pubID=000323302905]
- *The Madrid Protocol: A New Method for International Trademark Protection* / Hickman Palermo Truong & Becker LLP [hptb-law.com/Madrid-summary-v2.pdf]
- *Weighing Pros and Cons of Filing for Madrid Protocol International Registration for US Businesses* / World Patent & Trademark News [www.wptn.com/trademark_vol5is3/tmark_024_vol5is3.htm]

40. Any opinions or views expressed on any of these websites are not necessarily those of the Ministry of Economic Development or the government. These links have been provided for convenience only and should not be taken as endorsement of those websites or the information provided on those sites nor of the organisations or people referred to.

Advantages of Using the Madrid System

41. International registration has several advantages for the owner of a trade mark seeking overseas protection. After either filing an application for registration or registering the trade mark with the Office of Origin, the owner is only required to file one application, in one language and pay fees to one office, instead of filing separately in the trade mark offices of the various countries party to the Madrid Protocol. Businesses looking to expand their markets overseas are able to benefit from the reduction in transaction and compliance costs associated with registering a trade mark and maintaining that registration through the Madrid system.

42. The Madrid system also avoids the need to employ a trade mark agent in each country to file an application and, therefore, the initial associated costs. Similar advantages exist when a registration has to be renewed, modified or assigned to another party.

43. At a later stage, however, it may still be necessary to employ a trade mark agent to handle any substantive issues arising from examination of the international registration by a national trade mark office in a designated country. These services may also be necessary if a third party opposes registration or seeks to have international registration expunged in one or more of the designated countries.

44. To date there are 67 countries who have joined the Madrid Protocol. These include many of our leading trade partners, such as Australia, United States, European Community (including a number of individual countries such as the United Kingdom, France, Germany and Italy), Japan, the Republic of Korea, China and Singapore.

Disadvantages of Using the Madrid Protocol

45. Communication which does not involve the IB, such as between the holder of an international registration and a third party is outside the scope of the Madrid Protocol. The applicant or holder is therefore still required to maintain an address for service in each designated country and bear any associated costs for doing so.

46. The Madrid system has a number of technical features that may work to the disadvantage of a business using the Madrid system, compared with filing separately in overseas countries. While a more detailed discussion of these particular features can be found on several of the websites given above, some of these features are exemplified below.

47. The fee structure of the Madrid Protocol is such the benefits in the reduction of application and renewal fees would be directly proportional to the number of member countries where trade mark protection is required. For example, a business looking to register a trade mark in one to three member countries is likely to find the Madrid system more expensive to use than a direct application to the national trade mark office of each of those country.

48. Another potential disadvantage for a business using the Madrid Protocol relates to the scope of products and services that may be covered, particularly where the original registration with the Office of Origin has or is required to have a narrow description of goods or services. The scope of coverage of an international registration under the Madrid Protocol is tied to the scope of the home application/registration for at least five years of life of the international registration. This may cause difficulties when a business is looking to develop and expand its products and services in an overseas market.

49. A business that has registered a trade mark through the Madrid Protocol may only sell or transfer those registrations to another trader who is also domiciled in a member country. For example, since New Zealand is not joined the Madrid Protocol, an Australian business cannot sell any of its international registrations obtained though the Madrid system to a New Zealand business. The international registrations belonging to the Australian company would need to first be transformed into ordinary national trade mark registrations in each country before being assigned to the New Zealand business.

Implementation

50. If New Zealand were to join the Madrid Protocol, it would need to deposit an instrument of accession to the Protocol with the Director General of WIPO. Before this could happen, a review of the Trade Marks Act and the Trade Marks Regulations 2003 ("the Regulations") would need to be completed and amendments would need to be made to both the Act and the Regulations to implement the obligations and requirements under Madrid Protocol.

51. The Madrid Protocol does not prescribe the grounds upon which an application to register a trade mark may be refused or for which a registration may be cancelled, revoked or declared invalid. These grounds are left to the national law of each country. No amendment would therefore be required to Part 2 (registrability of trade marks) of the Trade Marks Act. New Zealand would also retain the ability to modify the grounds for registrability under the Trade Marks Act to address domestic issues.² Accession to the Madrid Protocol would not therefore limit the government's ability to achieve specific policy objectives in the area of trade marks, such as to respond to any Treaty of Waitangi claim. In other words, if New Zealand were to join the Madrid Protocol, IPONZ would examine

² New Zealand's ability to modify the grounds upon which an application may be refused or a registration revoked or declared invalid would continue to be constrained by the WTO TRIPS Agreement.

international registrations for the substantive registrability requirements in the same way that it would examine ordinary applications filed under the Trade Marks Act.

52. If the government were to make a decision to accede to the Madrid Protocol, the likely timetable, as set out in Appendix B, could see the Madrid Protocol entering into force around June 2008.

Withdrawal or Denunciation

53. Any party to the Protocol may five years after accession to the Protocol, denounce the Protocol by written notification to the Director General of WIPO. Denunciation takes effect one year after the day on which notice is received.

54. The owner of international registration in a denouncing state who seeks to keep his or her trade mark registered in the denouncing state must file an application to transform the international registration into ordinary trade mark registration. This is also available if the owner is no longer entitled to file international applications in other countries because of the denunciation. In these cases, the mark is to be treated as though it had been filed on the date of its international registration.

Questions

1. What are the benefits for business of New Zealand joining the Madrid Protocol? Please quantify if possible. How might the benefits for a New Zealand business differ when compared to foreign business?
2. What is the likelihood of a business using the Madrid system, if it was available in New Zealand?
3. Are there any reasons why New Zealand should not join the Madrid Protocol?
4. What social or environmental impacts may arise from joining the Madrid Protocol?

3. The Nice Agreement

Background

55. The Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks [www.wipo.int/treaties/en/classification/nice/] (the "Nice Agreement") provides an international classification of goods and services (the "Nice Classification") for the purposes of registering trade marks. The countries party to the Nice Agreement are required to adopt and apply the Nice Classification.

56. The trade mark offices of 100 countries, three organisations and IB of WIPO use the Nice Classification, whilst 72 countries are party to the Nice Agreement. The Nice Classification has therefore been adopted and applied by countries and organisations who have not joined the Nice Agreement. While New Zealand has not acceded to the Nice Agreement, the use of the Nice Classification is prescribed under the Regulations. Furthermore, the use of the Nice Classification is also mandatory under the Madrid Protocol and a requirement of the Trademark Law Treaty.

57. Use of the Nice Classification by national trade mark offices has the advantage of filing applications with reference to a single international classification system. The preparation of applications is thereby greatly simplified, as the goods and services to which a given mark applies will be classified in the same way in all countries that have adopted it. In addition, the Nice Classification exists in several languages, saving applicants a considerable amount of work when they have to file a list of goods and services in a language other than that of the country of origin of the trade mark.

58. The Nice Classification is regularly reviewed by WIPO, with a new version being published every five years.

Issues to Consider Concerning Accession to the Nice Agreement

59. There appear to be several advantageous for New Zealand in join the Nice Agreement. Membership would formalise New Zealand's use of the Nice Classification. By acceding to the Nice Agreement, New Zealand would be able to participate in the future review of the Nice Classification. The benefits of this are that the New Zealand (and in particular IPONZ) would be able to propose changes to the Nice Classification to meet the needs of New Zealand trade marks owners, but also collaborate with other countries to ensure inconsistency within the Nice Classification are adequately addressed.

60. Accession to the Nice Agreement would require New Zealand to apply each new version of the Nice Classification published by WIPO, but this is not likely to be an issue as New Zealand has a history of adopting new versions of the Nice Classification when they are published.

61. While IPONZ has been using the Nice Classification for many years, there are around 1,500 registered trade marks registered before 11 December 1941 for goods classified under the Third Schedule of the Trade Marks Regulations 1954 ("Third Schedule registrations"). The classifications of the goods in the specifications of these Third Schedule registrations are not compatible with the Nice Classification. Before New

Zealand could accede to the Nice Agreement, these Third Schedule registrations would therefore need their specifications converted into the Nice Classification.

62. Under regulation 139 of the Regulations the owners of these Third Schedule registrations may voluntarily request their registrations to be converted into the Nice Classification. There appear to be few, if any, incentives for these holders to convert their Third Schedule registrations. For some holders of Third Schedule registrations with very broad specifications conversion may even result in additional renewal costs, if the trade mark owner was required divide his or her original registration into several classes of the Nice Classification.

63. Allowing trade mark registrations to remain classified under the Third Schedule, however, results in on-going administrative costs to IPONZ to maintain and make available the register for searching under several classification systems. These ongoing administrative costs are passed onto all trade mark owners through the registration renewal fees. In addition, there are also costs to third parties searching the trade mark register, as their searches have to be conducted across different classification systems. These costs could be eliminated by converting all Third Schedule registrations into the Nice Classification.

Implementation

64. On the face of it no legislative changes would be required to enable New Zealand to join the Nice Agreement, since the principal obligation of using Nice Classification for registered trade marks is already prescribed by the Regulations. As noted above, however, before New Zealand could join the Nice Agreement, some 1,500 trade mark registrations would need their specifications to be converted into the Nice Classification. It may be necessary to amend the Regulations to allow the Commissioner to initiate the conversion process for these trade mark registrations.

Questions

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?

6. Given that use of the Nice Agreement is mandated by the Madrid Protocol, would the case for New Zealand joining the Nice Agreement be any greater if New Zealand joined the Madrid Protocol? If so, in what way?

7. If New Zealand wanted to join the Nice Agreement, how could the conversion of the specifications of the 1,500 Third Schedule registrations into the Nice Classification be best progressed in a timely manner? For example, should the Regulations allow the Commissioner of Trade Marks to initiate the process of conversion?

4. Trademark Law Treaty

Background

65. The aim of the Trademark Law Treaty 1994 [www.wipo.int/treaties/en/ip/tlt/] (the "TLT 1994") is to make national trade mark registration systems more user-friendly. This is achieved through the simplification and international harmonisation of procedures. It does not, however, attempt to harmonise substantive trade mark law, such as the grounds upon which registration of a trade mark may be refused.

66. Article 2 prescribes that the treaty applies to trade marks consisting of visible signs³ other than holograms. The TLT 1994 does not, however, apply to collective trade marks or certification trade marks. In addition, the provisions of TLT 1994 do not apply to any action before a board of appeal or other review body constituted in the framework of a Trade Marks Office or for any action in *inter partes* proceedings.

67. The majority of the provisions of the TLT 1994 relate to the procedures of trade mark offices. These can be divided into three main phases: application for registration, changes after registration and renewal. The rules concerning each phase are constructed to make it clear what a trade mark office can and cannot require from an applicant or owner of a trade mark.

68. The TLT 1994 was concluded in 1994 and is open to all Member States of WIPO. There are currently 33 countries party to the TLT 1994, including some of New Zealand's leading trade partners, such as Australia, Japan, the United States and a number of European Union countries like the United Kingdom and Germany. Other trade partners, such as Singapore and Chile, are taking steps to accede.⁴ While New Zealand is a Member State of WIPO, it has not acceded to the TLT 1994. The Trade Marks Act 2002 does, however, incorporate many of the standards prescribed by the TLT 1994.

Trademark Law Treaty 2006

69. Over the last few years the TLT 1994 has been under review by WIPO's Standing Committee on the Laws of Trademarks, Industrial Designs and Geographical Indications [www.wipo.int/sct/en/] ("the WIPO Committee"). The WIPO Committee has been developing a range of amendments to expand the scope of TLT 1994 to provide for: an Assembly of States and organisations who join the treaty (which will facilitate the future development and maintenance of the treaty); electronic filing; recording of trade mark licences; limitations on mandatory representation; and relief measures in respect of time limits. At the same time the breadth of the treaty is to be expanded to cover new forms of marks such as holograms, position marks, sound marks and olfactory marks. Such amendments have been developed with the view to establishing international best practice.

³ Non-visible signs, such as sound marks and olfactory marks, are explicitly excluded from coverage of the TLT 1994.

⁴ The obligation to accede has arisen from their respective free trade agreements with the United States.

70. The WIPO Committee [www.wipo.int/sct/en/meetings/] completed its review in April 2005 and developed amendments to the TLT 1994. WIPO is organising a diplomatic conference for March 2006 [www.wipo.int/meetings/2006/tlt-singapore/en/] to consider adopting the proposed amendments. The expanded treaty will be a new treaty, the Trademark Law Treaty 2006 (the "TLT 2006"). The draft text of the TLT 2006 for the diplomatic conference is available.

71. This part of the discussion paper considers whether New Zealand should amend the Trade Marks Act and the Regulations to adopt the standards specified in the draft text of the TLT 2006 and, if so, whether it would be in New Zealand's interests to accede to the TLT 2006 if it is concluded at the diplomatic conference in March 2006.

72. The failure of the TLT 1994 to provide for an Assembly to facilitate development and maintenance of the treaty and its inability to provide for recent developments in respect of types of trade marks (such as holograms) and electronic communications, are two of the reasons why it is unlikely to be in New Zealand's interests to join the TLT 1994. This discussion paper does not therefore consider accession to the TLT 1994.

73. Accession to the TLT 2006 would not, however, be necessary to enable the adoption of some or all of the standards to be specified in the treaty. Any country that does not join the TLT 2006 is free to adopt any or all of the standards set out in the TLT 2006 under its national law.

74. New Zealand's trade marks legislation already anticipates a number of standards and requirements to be prescribed by the TLT 2006, especially in the areas concerned with applications for the registration of trade marks, representation and address for service, filing date, multi-class applications, classification of goods and services, communications, and duration and renewal of registrations.

75. There are, however, several areas where the Trade Marks Act would require amendment to enable implementation of the provisions of the TLT 2006. These are the provisions governing changes in ownership; relief measures in case of failure to comply with time limits; and the registration of a person as a trade mark licensee. The provisions in the TLT 2006 governing these areas are considered in detail below.

Change of Ownership

Trade Marks Act 2002 Requirements

76. Under section 82 of the Trade Marks Act a person who has acquired the ownership of a trade mark ("the new owner") must apply to the Commissioner of Trade Marks ("the Commissioner") for a change of ownership. In addition, Regulation 146 prescribes the information that must be supplied by the new owner in an application to register his or her ownership to the trade mark. An application for change of ownership must relate to a single registration of a trade mark.

TLT 2006 Requirements

77. Article 11 of the TLT 2006 prescribes the proposed requirements and standards that a State or organisation party to the treaty (the "Contracting Party") would be able to require in order for its trade marks office to accept an application to change the ownership of either an application to register a trade mark or a trade mark registration. A trade marks office would be required to accept an application for a change of owner from either the

previous owner or the new owner. A Contracting Party may also require that an application to contain an indication of the type of assignment or transmission (e.g. assignment, merger, or other ground) and a copy of document evidencing the change of ownership. Where the change of ownership relates to several trade marks, a single application would be sufficient provided the previous owner and new owner are the same for each application to register a trade mark application or trade mark registration.

78. In addition, where a trade mark is registered in the name of several co-owners, Contracting Parties may require that any co-owner in respect of which there is no change in ownership give his or her express consent to the change in ownership.

Summary of the Minimum Changes Needed to the Trade Marks Act

79. It would appear therefore that the Trade Marks Act and its associated regulations would require amendment to comply with the requirements of the TLT 2006. The Trade Marks Act would need to be amended to allow an application for change of ownership to be also filed by the previous owner, not just the new owner. In addition, provision would also need to be made to explicitly allow a single application for change of ownership to relate to more than one trade mark registration or application for registration of a trade mark.

80. Regulation 146 would need to be amended to remove the requirements that an application for change of ownership must include the following information:

- a description or representation of the trade mark in question;
- the effective date that the change of ownership took place; and
- a statement that the licensee has been notified of the change of ownership, in the case where a change in ownership has resulted in the cancellation or amendment of a registration of a licence.

Questions

8. Should the change of ownership provisions under the Trade Marks Act and the Regulations be aligned with the approach specified in the TLT 2006? If so, what would be the benefits or costs of doing so?

9. How would adopting the change of ownership provisions specified in the TLT 2006 change the compliance costs associated with registering a change of ownership under the Trade Marks Act?

10. 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. 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. 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. Is it necessary for the Commissioner 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. To what extent, if at all, should the Commissioner have regard to the interests of any licensee when an application is made to change the ownership of a trade mark?

Relief Measures in Case of Failure to Comply with Time Limits

Trade Marks Act 2002 Requirements

81. The Trade Marks Act provides relief by way of an extension of time in the case of failure to comply with a time limit. Specifically, regulation 32 provides that the Commissioner may, if satisfied in a particular case that there are genuine and exceptional circumstances that justify an extension of time, extend the time specified under any regulation for an act to be completed. In extending the time, the Commissioner may also stipulate the terms and conditions on which the extension is granted.

82. An extension of time may be sought at any time either before or after the expiry of the time limit concerned, except where the Regulations provide that a time limit must not be extended. Apart from the some of provisions governing *inter partes* proceedings, there are two specific circumstances of interest in respect of the TLT 2006 where the Regulations stipulate that the time must not be extended. These are regulation 43 relating to additional classes that may be added after filing an application for registration of a trade mark;⁵ and regulation 62 relating to the deadline specified under regulation 61 (of not less than 12 months) to respond to a notice of non-compliance issued under section 41 of the Trade Marks Act.⁶

TLT 2006 Requirements

83. Article 14(1) of the TLT 2006 permits the Contracting Party to provide a person (i.e. an applicant, owner or interested person) who is about to fail to comply with a time limit an opportunity to request an extension of time. Where a person has failed to comply with the time limit concerned, however, Article 14(2) of the TLT 2006 would require a Contracting Party to provide that person with at least one of the following relief measures:

- an extension of the time limit to complete the outstanding matter;
- continued processing with respect to the application or registration;⁷

⁵ The applicant for registration of a trade mark is provided with one month from the date of the application to register a trade mark to request for additional classes to be added to the application, provided the goods or services to which the additional classes relate are within the scope of original specification.

⁶ Section 41 requires the Commissioner to issue a non-compliance notice to the applicant registering a trade mark when the Commissioner considers the application does not comply with the requirement of the Act. The applicant must also be given an opportunity to respond or amendment the application within the time period specified by the Commissioner (which is governed by regulation 61, i.e. a period of not less than 12 months).

⁷ Under the TLT 2006 continued processing is a similar concept to an extension of time. When a person requests an extension of time he or she must complete the outstanding action within the period of time granted under any extension given. By comparison, when a person requests continued processing he or she must also complete the outstanding action at the time of making the request for continue processing.

- reinstatement (or restoration) of the rights with respect to the application or registration.

84. Rule 9(1) of the TLT 2006 Regulations defines the requirements that a trade marks office may require concerning requests for extensions of time under Article 14(2). These requirements are discussed in more detail below.

85. Under Rule 9(4) of the TLT 2006 Regulations there would be a number of circumstances where the Contracting Party would be exempted from the requirement of providing a relief measure in accordance with the Article 14. These would include:

- when a relief measure has already been granted for the time limit concerned;
- for filing a request for a relief measure;
- for payment of a renewal fee;
- for an action before a board of appeal or other review body constituted in the framework of a trade mark office;
- for an action in *inter partes* proceedings;
- for filing a declaration which, under the law of the Contracting Party, may establish a new filing date for a pending application; and
- for the correction or addition of a priority claim.

Before Failure to Meet a Time Limit

86. Where a person is about to fail to comply with a time limit, the TLT 2006 permits Contracting Parties to provide relief to that person, on request, by way of an extension of the time limit concerned. In this situation, the only condition that a Contracting Party would be permitted to impose on the granting of the extension of time is that the request be filed with the Office prior to the expiry of the time limit concerned.

After Failure to Meet a Time Limit

87. Under the TLT 2006, where a Contracting Party provides for an extension of time as a relief measure for failing to meet a time limit, it must allow the request to be filed after the time limit has expired and extend the time limit for a reasonable period of time from the date of filing the request for the extension. The Contracting Party may, however, require that the request must be filed within the period of not less than two months from the expiry of the original time limit. A fee for making a request for an extension of time may be required by a Contracting Party.

88. The TLT 2006 does not, however, define what length a "reasonable" extension of time should be. This is left to Contracting Parties to determine. In determining the length of the extension of time that should be granted, the Contracting Party would need to take into consideration the matter for which the time limit was provided for in the first instance, the need for the outstanding matter to be completed in a timely manner and the likely impact upon parties who might have an interest in that matter.

Summary of the Minimum Changes Needed to the Trade Marks Act

89. The Commissioners discretionary power under regulation 32 to grant extensions of time, which is described above in paragraph 81, would therefore need to be amended if New Zealand was to comply with the requirements and standards of the TLT 2006. Regulation 32 would need to be amended so that it only applied to a limited number of time limits, such as for an action in relation to a hearing or for an action in *inter partes* proceedings, in accordance with the exceptions specified under rule 9(4) of the TLT 2006 Regulations.

90. In addition, a new extension of time provision would need to be added to the Regulations. This provision would need to ensure that only one extension of time of reasonable length would be granted by the Commissioner when the request for the extension of time was filed within a specified time period (of not be less than two months) after the expiry of the time limit. For any subsequent requests for an extension of time, the provisions of regulation 32 could apply to such requests.

91. Furthermore, the current prohibition under regulations 43 and 62 against a request for an extension of time being made after the time limit concerned had expired would need to be amended to allow for at least one extension of time to be granted in accordance with the new provision described in the preceding paragraph for granting an extension of time.

Questions

15. 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 would 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 TLT 2006?

16. 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 (see paragraph 85 above) should apply under the Trade Marks Act and why?

17. 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. 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. Instead of the Trade Marks Act providing for extensions for 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. 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?

Registration of a Person as a Trade Mark Licensee

92. Consideration of accession to the TLT 2006 also provides an opportunity to undertake a review of the provisions under the Trade Marks Act concerning the registration of a

person who is not the owner of a trade mark as a licensee in relation to any of the goods or services in respect to which the trade mark is registered. This section considers the differences between the Trade Marks Act and the TLT 2006, and looks at how some other jurisdictions provide for the registration of trade mark licences.

Trade Marks Act 2002 Requirements

93. The registration of a person as a licensee of a trade mark is voluntary under the Trade Marks Act. Under section 83 both the owner of the trade mark and the licensee must jointly apply to have the licensee registered. The Commissioner must be supplied with a statutory declaration (made by the owner or some person authorised to act on the owner's behalf) that the person proposing to be registered as a licensee of the trade mark is entitled to be registered as a licensee. An application to register a person as a trade mark licensee may only be made in respect of a single trade mark registration.

94. Regulation 148 requires that in addition to providing the statutory declaration, an application for registration of a person as a licensee must contain: the licensee's name and address; the registration number; the trade mark or representation of the trade mark being licensed; the licensee's agent (if relevant); the goods and services to which the licence relates; and any conditions relating to the licence.

95. The consequences of licensee registration are:

- the licensee's use of the trade mark is deemed to be use by the owner of the trade mark for the purposes of the non-use provision under sections 65 to 68;
- it gives a licensee the right to take proceedings against any infringement of the trade mark and to take steps to prevent the importation of infringing goods (through the filing of a border protection notice with the New Zealand Customs Service), but only if the owner of the trade mark refuses or neglects to do so within two months after being called upon by the licensee. In the case of the licensee taking infringement proceedings, the owner automatically becomes a defendant. The owner is not, however, liable for costs if he or she does not take part in the proceedings.

Amendment or Cancellation of a Licensee Registration

96. Under section 86 the owner of the trade mark may apply to alter the registration of the licensee. Regulation 150 requires that an application filed by the owner contain information identifying: the trade mark and its registration number; the licensee; the goods or services of the trade mark for which the licensee's registration is to be cancelled; the goods or services for which the licensee's registration is to continue; any proposed alteration of the licence (such as new conditions); and a statement that the owner has notified the licensee.

97. Either the owner or the licensee may apply to cancel the registration of the licensee. Where the owner applies to cancel the registration of the licensee, the owner must send a copy of the application to the licensee.

98. Regulations 154 and 155 allow the licensee to intervene to prevent the cancellation or alteration of the registration of the licensee. The Commissioner may refuse the application for either cancellation or alternation of the registration of the licensee, cancel the licensee's registration or amend the licensee's registration subject to any conditions, amendments, modifications or limitations the Commissioner thinks fit.

99. Under section 87(2)(c) of the Trade Marks Act provision is made for any person, other than the trade mark owner and the licensee, to apply to the Commissioner to cancel the registration of a licensee. The grounds upon which such a person may apply to have the registration cancelled are:

- that the licensee has used the trade mark in a way that is not the permitted use, deceives or confuses, or is likely to deceive or confuse;
- that the owner or the licensee misrepresented, or failed to disclose, some fact material to the application for the registration, or that the circumstances have materially changed since the date of registration; and
- that the registration should not have been effected having regard to the rights vested in the applicant by virtue of a contract in the performance of which the applicant has an interest.

100. This provision has been carried over from section 37(8) of the Trade Marks Act 1953. While there have been no applications made under section 87(2)(c) by a third party to cancel the registration of a person as a licensee, there was one application under section 37(8) of Trade Marks Act 1953. The application in question involved a dispute between two licensees and the trade mark owner where both licensees claimed to be the sole licensee in New Zealand.

The TLT 2006

101. Under the TLT 2006 the matter of whether a trade mark licence should be registered is left to the national laws of the Contracting Party. If a Contracting Party does, however, provide for the registration of trade mark licences, the TLT 2006 prescribes maximum requirements that a Contracting Party may demand in respect of a request for registration of a licence or a request to amend or cancel a licence that has been previously registered.

102. A Contracting Party may require a request for registration of a licence to be accompanied by an extract of the licence contract indicating the rights being licensed (certified by a notary public or any other competent public authority) or an uncertified statement of the licence signed by both the owner and the licensee.

103. The TLT 2006 also prescribes limitations on the effects of not registering a licence. A Contracting Party may not:

- allow the failure to register a license to affect the validity of the registration of the trade mark which is the subject of the licence;
- require the registration of a licence as a condition for any right that the licensee may have under national law to join infringement proceedings initiated by the trade mark owner or obtain by way of such proceedings, damages resulting from an infringement of the trade mark; or
- require the registration of a licence as a condition for the use of a mark by a licensee to be deemed to constitute use by the trade mark owner.

Other Jurisdictions

Australia

104. In Australia the registration of a licence may be made under Part 11 of the Trade Marks Act 1995 as a voluntary record of a claim to an interest or right in a trade mark. Such a request must be jointly made by both the trade mark owner and the person claiming the interest or right in the trade mark.

105. Under section 26, subject to any agreement between the trade mark owner and the licensee to the contrary, the licensee may bring an action for infringement of the trade mark:

- at any time with the consent of the owner;
- on any occasion that the owner refuses to bring such an action; or
- after the end of a two month period, if the registered owner has failed to bring such an action during that period.

106. The licensee may also give Customs a border protection notice objecting to the importation of goods that infringe the trade mark, or may revoke such a notice.

107. If the licensee brings an action for infringement of the trade mark, the licensee must make the owner of the trade mark a defendant in the action. The owner is not, however, liable for costs if he or she does not take part in the proceedings.

108. An application to alter or cancel the particulars of a licence (as a claim to an interest or right in the trade mark) may be made by the owner, the licensee, or both together. Where the owner applies to cancel or alter the licence without including the consent of the licensee, the Registrar of Trade Marks must notify the licensee and provide that person the opportunity to oppose the alteration or cancellation of the licence.

109. Third parties may not apply to cancel the registration of the licence agreement.

United Kingdom and Singapore

110. Both countries provide that licence agreements can be voluntarily recorded on the register of trade marks as "registrable transactions". Until an application is made to register the licence agreement, however, the licensee does not have the protection specified under legislation for licensees.

111. Either the owner or the licensee can apply to register, alter or cancel the registration of the licence. In the case of a licensee making the application, supporting documentary evidence must accompany the application. Where the owner applies to cancel the registration of the licence, the Registrar must notify the licensee and give the licensee the opportunity to oppose the cancellation. Third parties cannot apply to cancel the registration of the licence.

112. Protection is afforded to two types of licence agreements: exclusive and non-exclusive licences. Subject to the licence agreement, an exclusive licence may provide the licensee the same rights and remedies as if the trade mark had been assigned to the licensee. An exclusive licensee may also initiate infringement proceedings without first

requesting the trade mark owner to do so on licensee's behalf. Non-exclusive licensees must first ask the trade mark owner to initiate infringement proceedings, and then only after the trade mark owner refuses or fails to do so within a two month period may the licensee take action.

113. Where the licensee initiates infringement proceedings the licensee may not, without leave of a court, proceed with the action unless the trade mark owner is either joined as a plaintiff or added as a defendant. Where the owner is added as a defendant, the owner is not liable for any costs in the action unless the owner takes part in the proceedings

114. Either the trade mark owner or the licensee may file a border protection notice with Customs.

United States of America

115. In the United States of America a person may voluntarily seek to register a licence in the US Patent and Trademarks Office Assignment Database. The ability of a licensee to take infringement proceedings is governed exclusively by the license agreement, rather than being regulated under legislation.

Discussion

116. During the 1990s' review of the licensing provisions in the Trade Marks Act 1953,⁸ there was general agreement amongst stakeholders that the law should be amended to recognise and permit all use of a trade mark by licensees whether a person was registered as a licensee not. In addition, stakeholders considered that the registration of the licensee was desirable so that these could be searched by the public and interested parties. Registration was also regarded by stakeholders as being beneficial from the owner's point of view, as it could prevent unwarranted allegations of non-use. To encourage registration of licensees, stakeholders considered that it was necessary to continue to provide that only a person registered as licensee could sue for infringement where the owner failed to take action.

117. The Trade Marks Act 2002 reflects these views expressed by stakeholders by providing for the voluntary registration of a person as a licensee, but the only permitting those persons registered as licensees to take action to prevent infringement of the trade mark or to file a border protection notice with the New Zealand Customs Service and then only when the owner has failed to take action.

118. While there are some general benefits arising from encouraging the registration of a person as a licensee, there are also some costs for trade mark owners and their licensees. In addition to the administrative and compliance costs associated with registering a person as a licensee, there is perhaps more significant costs for trade mark owners and, in particular, for their licensees associated with barriers under the Trade Mark Act preventing the licensee not being able to take action against the infringement of the trade mark or the importation of infringing goods. These costs are likely to be more acute for the licensee of a trade mark where the owner resides overseas. Under these circumstances it may be

⁸ *Reform of the Trade Marks Act 1953 – Proposed Recommendations*, Ministry of Commerce, December 1991, ISBN 0-479-00486-9.

difficult for the licensee to persuade the overseas owner to take prompt action to stop infringement.

119. Where there is infringement of the trade mark, the sole benefactor of the licensing provisions would therefore appear to be the trade mark infringer. In addition, having barriers in the way of licensees taking action against infringers is not in the interests of consumers, as the Trade Marks Act is not fore filling its purpose of facilitating the provision of consumer information on the source and quality of a given product or service.

120. Furthermore, allowing third parties to challenge the registration of a person as a licensee because of inappropriate use of the trade mark appears to be outmoded, especially given that it is no longer mandatory for licensees to be registered. Cancelling the registration of a person as a licensee does not address how the trade mark is being used by the licensee, since the registration of the licensee is not a requirement under the Trade Marks Act for the licensee to use the trade mark. Under these circumstances the only person likely to benefit from cancelling the licensee's registration would appear to an infringer of the trade mark, since the licensee would be prevented from taking proceedings to stop the infringement.

121. If the trade mark owner has allowed the licensee to use the registered trade mark in such a way that the trade mark becomes vulnerable to removal from the register of trade marks because the trade mark is no longer capable of functioning as a trade mark (e.g. its use is deceiving or confusing or it has become a generic term for the goods or services provided), the appropriate penalty would appear to be removal of the trade mark from the register and not cancellation of the registration of a person as a licensee.

Proposal for Amending the Trade Marks Act 2002

122. It is proposed to align the licensing provisions under the Trade Marks Act with the TLT 2006, whilst also to aligning the licensing provisions with the equivalent provisions under the Australian Trade Marks Act 1995. The Act would continue to provide for the registration of licencees on a voluntary basis. The request for registration of a licensee would be able to be made by either the trade mark owner without any supporting documents or by the licensee with suitable supporting documents.

123. In addition, subject to any agreement between the trade mark owner and the licensee, a licensee would be permitted to commence infringement proceedings and to file a border protection notice with the New Zealand Customs Service (and to revoke such a notice):

- at any time with the consent of the owner;
- on any occasion that the owner refuses to bring such an action; or
- after the end of a two month period, where the owner has been asked to take action but has failed to bring such an action during that period.

124. An application to alter or cancel the particulars of a registered license would be able to be made by the owner, the licensee, or both. Where the owner or licensee applied to cancel or alter the registration of licencee without including the consent of the other person, the Commissioner would be required to notify the other person and provide them the opportunity to oppose the alteration or cancellation of the registration of the licence.

125. It is also proposed that the provisions under section 87(2)(c) allowing third parties to apply to cancel the registration of licence would be repealed.

Questions

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

24. 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. 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?

Accession to the TLT 2006

126. The Trade Marks Act and its associated Regulations already anticipate many of the standards and requirements of the TLT 2006. Adopting the remaining standards and requirements would continue to build on the measures adopted under the Trade Marks Act to simplify and internationally harmonise registration procedures in order to reduce costs, especially business compliance costs, and to ensure that New Zealand's trade mark regime takes account of international developments.

127. Accession to the TLT 2006 would also, to a certain extent, formalise New Zealand's adoption of TLT 2006 standards and requirements. In addition, accession would send a clear signal of New Zealand's commitment to the simplification and international harmonisation of trade mark registration procedures and to reducing the administrative and compliance costs associated with the registration of trade marks.

128. Furthermore, while accession is not a requirement to collaborate in the development of best practice or the harmonisation of registration procedures, it would provide a suitable vehicle under which New Zealand could further explore collaboration and harmonisation with other countries and organisations on a multilateral basis.

129. A key feature of the TLT 2006 is that while it seeks to simplify and harmonise trade mark registration procedures and requirements, it does not harmonise substantive trade mark law. No amendment would therefore be required to Part 2 of the Trade Marks Act, which set out the absolute and relative grounds for refusing registration of a trade mark or those provisions governing when a registered trade mark may be cancelled, revoked or declared invalid. In addition, the government's ability to achieve specific policy objectives in respect of the registration and use of trade marks within New Zealand would not be constrained through accession to the TLT 2006.

130. A possible disadvantage arising from accession to the TLT 2006 would be an obligation on New Zealand to maintain the Trade Marks Act and its associated Regulations aligned with any future development and amendment of the TLT 2006. It is not anticipated, however, that there would be any development or amendment of the TLT 2006 in the short to medium term following adoption of the Articles and Rules of the treaty at the diplomatic conference in March 2006. Firstly, the treaty is newly developed and reflects the result of several years work by the WIPO Committee to update and modernise the TLT 1994. Secondly, the TLT 2006 has been developed with the objective of minimising the impact of technological developments on procedures prescribed within the treaty.

Questions

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

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

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

29. In what way could trade mark owners be expected to benefit from accession?

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

5. Other Issues

Section 81 – Commissioner's Certificate That Relates to Certain Assignments or Transmissions

131. Under section 31(4) of the Trade Marks Act 1953 (the "old Act"), a trade mark was not to be assigned to another person where this would result in identical or confusingly similar marks for the same or similar goods remaining on the register where this would likely to deceive or confuse. It was common, therefore, for a trade mark owner who was proposing to assign a registered trade mark to another person to request that the Commissioner under section 31(5) provide a certificate stating whether or not the proposed assignment would be valid under section 31(4).

132. When the Trade Marks Act 2002 was enacted the prohibition on assignments of trade marks that were likely to deceive or confuse was removed. It was considered that the owner's own interests, the rectification provisions within the Act and computerisation of the register to facilitate remote searching of the register would be sufficient safeguards to prevent confusion or deception occurring. Under section 82 the Trade Marks Act 2002 a trade mark may now be assigned on the Commissioner receiving proof of the new owner's title.

133. Section 31(5) of the old Act was, however, carried over under section 81 of the Trade Marks Act 2002, even though the trade mark owner is free to pursue the assignment or transmission of the trade mark irrespective of the advice in the certificate. The Commissioner has noted since the Trade Marks Act 2002 came into force on August 2003 over 20,000 assignments have been registered, but only one request for a Commissioner's certificate on validity has been received and that was received shortly after the new Act came into force.

134. There appears to be no demand for the Commissioner to issue a certificate of validity under section 81 or a need for this provision to be retained. Even if the Commissioner did issue such a certificate, it would appear to be of little of use, as it has no direct impact in the assignment of trade mark under the Trade Marks Act 2002. Furthermore, the Commissioner's opinion on the certificate as to whether the assignment or transmission is likely to deceive or confuse has no practical implications in respect of preventing third parties seeking to remove a trade mark from the register on these ground after an assignment has taken place.

Questions

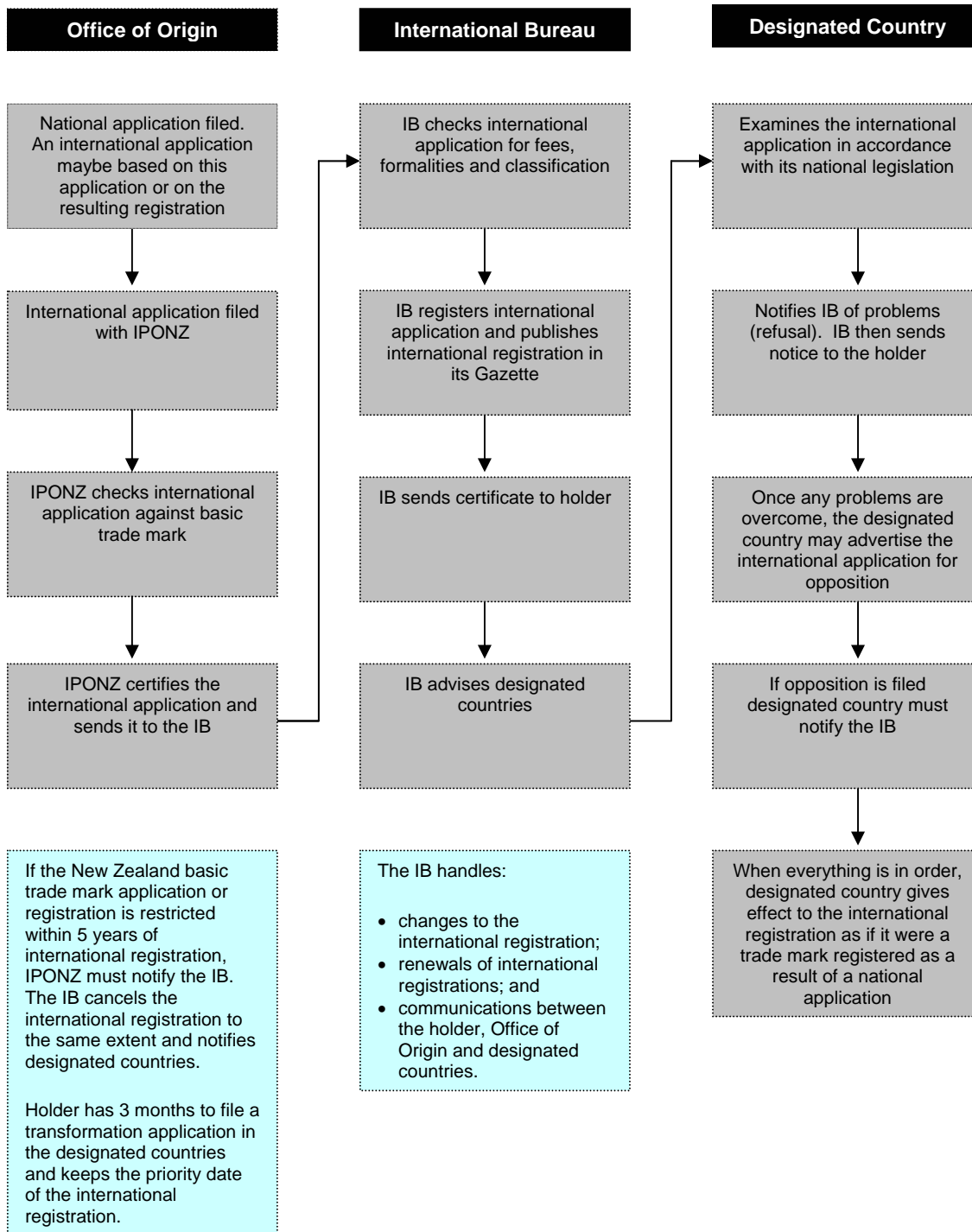
31. Should section 81 providing for the Commissioner to issue a certificate of validity be repealed?

32. What would be the benefit of retaining section 81?

Appendix A: The Madrid System Flow Chart

IPONZ would be the **Office of Origin** for New Zealand businesses seeking protection overseas by filing international applications.

New Zealand would be a **designated country** for overseas trade mark owners seeking protection in New Zealand under the Madrid Protocol.



Appendix B: Proposed Timetable for Accession to the Madrid Protocol

Date	Action
March 2006	Discussion paper released.
24 April 2006	Stakeholder consultation period closes.
July 2006	Cabinet decision on accession to treaties.
August 2006	Text of Madrid Protocol and National Interest Analysis presented to the House of Representatives.
February 2007	Select Committee consideration of Treaties reported back to the House.
March 2007	Trade Marks Bill introduced into the House.
September 2007	Select Committee report back on Bill to the House.
November 2007	Bill enacted.
May 2008	Amended Regulations for implementing the Madrid Protocol approved by Executive Council.
June 2008	New Zealand's instrument of accession deposited with the Director-General of WIPO and the Madrid Protocol goes live in New Zealand.

Appendix C: Discussion Questions

Madrid Protocol

1. What are the benefits for business of New Zealand joining the Madrid Protocol? Please quantify if possible. How might the benefits for a New Zealand business differ when compared to foreign business?
2. What is the likelihood of a business using the Madrid system, if it was available in New Zealand?
3. Are there any reasons why New Zealand should not join the Madrid Protocol?
4. What social or environmental impacts may arise from joining the Madrid Protocol?

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?
6. Given that use of the Nice Agreement is mandated by the Madrid Protocol, would the case for New Zealand joining the Nice Agreement be any greater if New Zealand joined the Madrid Protocol? If so, in what way?
7. If New Zealand wanted to join the Nice Agreement, how could the conversion of the specifications of the 1,500 Third Schedule registrations into the Nice Classification be best progressed in a time manner? For example, should the Regulations allow the Commissioner of Trade Marks to initiate the process of conversion?

Trademark Law Treaty

Change of Ownership

8. Should the change of ownership provisions under the Trade Marks Act and the Regulations be aligned with the approach specified in the TLT 2006? If so, what would be the benefits or costs of doing so?
9. How would adopting the change of ownership provisions specified in the TLT 2006 change the compliance costs associated with registering a change of ownership under the Trade Marks Act?
10. 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. 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. 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. Is it necessary for the Commissioner 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. To what extent, if at all, should the Commissioner have regard to the interests of any licensee when an application is made to change the ownership of a trade mark?

Relief Measures in Case of Failure to Comply with Time Limits

15. 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 would 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 TLT 2006?

16. 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 (see paragraph 85 above) should apply under the Trade Marks Act and why?

17. 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. 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. Instead of the Trade Marks Act providing for extensions for 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. 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?

Recordal of Trade Mark Licences

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

24. 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. 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?

Accession to the TLT 2006

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

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

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

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

30. What social or environmental impacts may arise from joining the Madrid Protocol?

Other Issues

Section 81 – Commissioner's Certificate That Relates to Certain Assignments or Transmissions

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

32. What would be the benefit of retaining section 81?