

**OFFICE OF THE ASSOCIATE
MINISTER OF COMMERCE**

The Chair
CABINET ECONOMIC DEVELOPMENT COMMITTEE

**ACCESSION TO CERTAIN INTERNATIONAL TRADE MARK TREATIES: A
DISCUSSION PAPER**

PROPOSAL

- 1 This paper seeks approval for the release of a discussion paper to initiate public consultation on whether New Zealand should accede to a number of multilateral trade mark treaties administered by the World Intellectual Property Organization (“WIPO”).

EXECUTIVE SUMMARY

- 2 The attached discussion paper considers whether New Zealand should accede to a number of international multilateral trade mark treaties administered by WIPO. These treaties are the Madrid Protocol Relating to the Madrid Agreement (the “Madrid Protocol”), the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (the “Nice Agreement”) and the Trademark Law Treaty.
- 3 The principal objective of these treaties is to reduce the administrative and compliance costs associated with applying for and maintaining trade mark registrations. The Madrid Protocol provides a regime for the international registration of trade marks in any number of Member countries. The Nice Agreement provides an international classification system of goods and services for the purposes of registering trade marks (the “Nice Classification”). New Zealand already uses the Nice Classification, despite not being a party to the Nice Agreement. The Trademark Law Treaty seeks to simplify and harmonise procedures used by national trade mark offices relating to trade mark registrations. The Trade Marks Act 2002 (the “Trade Marks Act”) already complies with most of the requirements of this Treaty.
- 4 Accession to the Madrid Protocol and the Trademark Law Treaty would require some amendments to the Trade Marks Act. The changes would, however, only relate to the procedures for filing trade mark applications and maintaining the trade mark registrations. The treaties do not seek to harmonise substantive trade mark law. Accession would not, therefore, impact on the Government’s ability to achieve specific policy objectives in the trade marks area.
- 5 The attached discussion paper contains a series of questions for businesses, trade marks owners and other interested parties relating to New Zealand’s accession to each of the above treaties. In addition, section 4 concerning the Trademark Law Treaty includes a general review of the current licensing

provisions under the Trade Marks Act and seeks feedback on whether the licensing provisions should be aligned with the provisions under the Australian Trade Marks Act 1995. The discussion paper also seeks comment on a matter that has arisen since the Trade Marks Act came into force concerning the assignment of trade marks. It appears that the ability of the Commissioner of Trade Marks to certify upon request whether or not that a proposed assignment of trade mark is likely to deceive or confuse may have become redundant.

- 6 Approval is sought for the release of the attached discussion paper by the Ministry of Economic Development. I intend to report back with recommendations on accession to the three treaties by the middle of July 2006.

COMMENT

- 7 A trade mark is a unique identifier (word, brand, logo, colour, slogan, three-dimensional shape and sometimes even a sound) that enables a business to easily distinguish its goods and services from those supplied by other traders. It is used as a marketing tool so that consumers can recognise the product (and the product's quality) of a particular trader.
- 8 Protection for registered trade marks is provided under the Trade Marks Act 2002. The Commissioner of Trade Marks, through the Intellectual Property Office of New Zealand ("IPONZ"), is responsible for maintaining the register of trade marks.
- 9 New Zealand is a party to both the Paris Convention for the Protection of Industrial Property and the World Trade Organisation's ("WTO") Agreement on Trade Related Aspects of Intellectual Property ("TRIPS"), which require Member States to have a trade mark registration system and afford minimum levels of protection to registered trade marks.
- 10 There are a number of WIPO-administered trade mark treaties to which New Zealand has not acceded. 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").

- 11 These multilateral trade marks treaties have been developed by WIPO and are complementary in nature. Their broad objectives are to reduce business transaction and compliance costs associated with registering trade marks and maintaining those registrations; and to create increased legal certainty for businesses registering trade marks. These objectives are achieved through simplifying and harmonising internationally the administrative procedures associated with registering trade marks. The Madrid Agreement and the Madrid Protocol are two treaties designed to provide a system for the international registration of trade marks.
- 12 During the review of the Trade Marks Act 1953 in the 1990's, which lead to the development and implementation of the Trade Marks Act 2002, accession to these treaties was not explicitly considered. A key reason was the lack of international acceptance of these treaties by our leading trade partners, especially in relation to the Trademark Law Treaty, and the Madrid Protocol.
- 13 In recent years, however, most of our trade partners have become party to Trademark Law Treaty and the Madrid Protocol or are taking steps to accede to these treaties. In light of these developments, it is now an appropriate time to investigate whether New Zealand would benefit from accession to these treaties.
- 14 The attached discussion paper discusses whether New Zealand should accede to the Madrid Protocol, the Trademark Law Treaty and the Nice Agreement. The discussion paper also considers the current trade mark licensing provisions and a matter concerning the assignment of trade marks that has arisen since the Trade Marks Act came into force in August 2003.
- 15 The Madrid Protocol, the Trademark Law Treaty and the Nice Agreement do not seek to regulate or harmonise substantive trade mark law. Under these treaties each member country is free to determine the substantive grounds upon which registration of a trade mark may be refused. While accession to the Madrid Protocol and Trademark Law Treaty would require some amendments to the Trade Marks Act and its associated regulations, the substantive grounds for refusing to register a trade mark would not be affected. Accession to these treaties would not therefore limit the government's ability to achieve specific policy objectives in the area of trade marks, such as to respond to the Treaty of Waitangi claim Wai 262.
- 16 Submissions on the discussion document will contribute to an analysis of whether accession to these particular treaties would be in New Zealand's interests, particularly as a means of creating an environment conducive to both foreign and domestic business investment in New Zealand and facilitating international trade.
- 17 I will report back to Cabinet by the middle of July 2006 following an analysis of submissions received in response to the attached discussion paper with recommendations in relation to accession to each of the three treaties.

The Madrid Protocol

- 18 Section 2 of the discussion paper considers the Madrid system for the international registration of trade marks, which is governed by two treaties: the Madrid Agreement and the Madrid Protocol. It provides a brief comparison of both treaties and a description of how the Madrid Protocol works.
- 19 The Madrid Protocol, adopted in 1989, introduces new features into the Madrid system that make it easier for countries to join. The Madrid Protocol provides a regime for the international registration of trade marks that affords a trade mark owner the possibility of having a trade mark protected in any number of Member countries. The applicant simply files one application and pays a single fee directly to a national or regional trade mark office and designates one or more member countries of the Madrid Protocol where protection is sought. The application can be filed in English, French or Spanish. If the trade mark office of a member country does not refuse protection within a specified period (12 to 18 months), the protection of the mark is the same as if it had been registered directly with that office.
- 20 The Madrid Protocol therefore reduces compliance costs for trade mark owners associated with preparing and filing separate applications tailored to the individual requirements of each country. This results in a reduction of the trade mark owner's need to use local trade mark agents and translation services in each country.
- 21 There are around 66 countries which are parties to the Madrid Protocol with most of our leading trading partners having taken steps to join the Protocol in recent years, such as China (1995), Singapore (2000), Japan (2000), Australia (2001), Republic of Korea (2003), the United States of America (2003) and the European Community (2004).

The Nice Agreement

- 22 Section 3 of the discussion paper considers the Nice Agreement. This treaty provides a classification system for goods and services for the purposes of registering trade marks ("the Nice Classification"). Those countries that are a party to the Nice Agreement must apply the Nice Classification to registered trade marks.
- 23 There are 71 countries that are a party to the Nice Agreement (including our larger trading partners such as Australia, Japan, Singapore, the United States and many European Union Member States). WIPO notes that over 100 countries (including New Zealand) and organisations use the Nice Classification.
- 24 While New Zealand has not acceded to the Nice Agreement, the use of the Nice Classification in New Zealand by IPONZ was originally prescribed under the Trade Marks Act 1953. This requirement was subsequently carried over to the Trade Marks Act 2002. Accession to the Nice Agreement would formalise New Zealand's use of the Nice Classification and allow New Zealand to participate in and influence the future development of the Nice Classification.

- 25 The major impediment to accession would be the conversion of around 1,500 trade marks registered before 1953 (some dating back to the turn of the last century) that are currently not classified under Nice Agreement. While the Trade Marks Regulations provide for the owners of these older registered trade marks to voluntarily apply to have them converted to the Nice Classification, an amendment to the Regulations may be required to allow the Commissioner of Trade Marks to initiate their conversion. The discussion paper invites submissions on how best to facilitate the conversion of these registrations into the Nice Classification.

The Trademark Law Treaty

- 26 Section 4 of the attached discussion paper describes the Trademark Law Treaty and, in particular, a revised Trademark Law Treaty being developed by WIPO containing amendments to the Trademark Law Treaty 1994 (the "TLT 1994").
- 27 The aim of the TLT 1994 is to make national trade mark registration systems more user-friendly. This is achieved through the simplification and harmonisation of procedures for applying and maintaining trade mark registrations and making the procedure simpler for the owners of marks and their representatives. As noted above, the TLT 1994 does not seek to harmonise substantive trade mark law.
- 28 The majority of the provisions of the TLT 1994 concern national trade mark office procedures and can be divided into three main phases: application for registration, changes after registration and renewal of registration. The rules concerning each phase prescribe what a national trade mark office can and cannot require from an applicant or trade mark owner.
- 29 There are currently 33 countries that are a party to the TLT 1994, including some of New Zealand's leading trading 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 accede¹.
- 30 The TLT 1994 has become outdated in recent years in relation to developments in technology and in relation to administrative provisions found in more recently developed WIPO-administered treaties. WIPO has, therefore, been developing a range of amendments to modernise and expand the scope of TLT 1994 to provide for: an Assembly of member countries (which will facilitate the future development and maintenance of the treaty); electronic filing; registration of trade mark licences; limitations on mandatory representation; and relief measures in respect of time limits. The scope of the treaty is to be expanded to cover new forms of trade marks such as holograms.
- 31 WIPO has scheduled a diplomatic conference for March 2006 to consider adopting the proposed amendments to the TLT 1994. The revised treaty is to be a new treaty, the Trademark Law Treaty 2006 (TLT 2006). The discussion paper considers whether New Zealand should amend the Trade Marks Act and its

¹ The obligation to accede has arisen from their respective free trade agreements with the United States.

associated regulations to adopt the standards and requirements to be specified under the TLT 2006 and, if it does so, whether New Zealand should then accede to TLT 2006 (if and when it is concluded).

- 32 The Trade Marks Act already includes many of the standards prescribed under TLT 1994 and anticipates a number of standards and requirements in TLT 2006. Accession to the TLT 1994 is not recommended because of its limited application to more traditional forms of trade marks, and its requirements and obligations are designed for a paper-based registration system. The TLT 1994 is therefore not compatible with the Trade Marks Act, and in particular with recent initiatives by IPONZ, to provide for on-line or electronic applications for the filing and management of trade mark registrations.
- 33 There are, however, several areas where the Trade Marks Act would require amendment to enable accession to the TLT 2006 as currently drafted. The discussion paper focuses on these areas, including:
- changes of trade mark ownership;
 - relief measures regarding deadlines that trade mark applicants or owners fail to meet; and
 - registration of trade mark licences.
- 34 The discussion of the registration of licences includes a more general review of the current Trade Marks Act provisions than just consideration of alignment with the standards proposed under the TLT 2006. The discussion paper considers how the current provisions may be hindering licensees from taking action against infringement of their trade mark rights. In addition, the paper reviews the registration of licences in other relevant jurisdictions and seeks feedback on whether the licensing provisions should be aligned with those under the Australian Trade Marks Act 1995.
- 35 While registration of a person as a licensee is voluntary under the Trade Marks Act, only those persons who have been registered as licensees are permitted to take action through the courts to stop infringement of a registered trade mark in their own right (i.e. in the absence of the trade mark owner taking action). Under the Australian Trade Marks Act, however, the ability of a licensee to take action in their own right through the courts to stop infringement is governed by the terms of the licence agreement. In Australia a person does not therefore need to first be registered as a licensee before being permitted to take court action against infringement of a registered trade mark.
- 36 Licensees in New Zealand therefore appear to face an additional barrier and greater regulatory and compliance costs associated with enforcing trade mark rights compared to their Australian counterparts.
- 37 Furthermore, under the Trade Marks Act third parties can apply to have the registration of a person as a licensee cancelled if the licensee has used the trade mark in a way that, for example, deceives or confuses or is likely to deceive or confuse the public. Cancelling the registration of a person as a licensee does

not prevent the licensee from continuing to use the trade mark, rather cancellation only hinders the licensee's ability to stop infringement of the trade mark occurring. If the owner has allowed the licensee to use the trade mark in such a way that it ceases to function as a trade mark, the proper course of action should be for a third party to seek the cancellation of the registration of the trade mark itself, not the registration of a person as a licensee. Australia does not permit third parties to apply to cancel the registration of a person as a licensee.

Other issues: repeal of section 81 of the Trade Mark Act 2002

- 38 Section 5 of the discussion paper is not concerned with trade mark treaties, but a matter that has arisen since the Trade Marks Act came into force in August 2003. Under section 81 of the Act a person may request the Commissioner of Trade Marks to certify whether or not a proposed assignment of trade mark is likely to deceive or confuse. The release of the attached discussion paper provides an opportunity to invite submissions on whether section 81 (which has only been used once despite over 15,000 assignments having been registered by IPONZ since August 2003) is redundant and should, therefore, be repealed.

CONSULTATION

- 39 It is proposed that the attached discussion paper be published by the Ministry of Economic Development. Submissions will be 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 these trade mark treaties and possible legislative amendments that might be necessary to implement any of the treaties. The closing date for submission would be Monday, 24 April 2006.
- 40 The following departments and ministries have been consulted on this paper: the Ministry of Consumer Affairs, the Ministry of Culture and Heritage, the New Zealand Customs Service, the Ministry of Foreign Affairs and Trade, the Ministry of Justice, Te Puni Kokiri, and Treasury. In addition, the Department of the Prime Minister and Cabinet has been informed.
- 41 The Minister of Commerce agrees to the submission of this paper.

FISCAL IMPLICATIONS

- 42 The release of this discussion paper has no fiscal implications. Accession to these treaties would be fiscally neutral for the government because IPONZ is fully third party-funded.

HUMAN RIGHTS

- 43 The release of the discussion paper has no human rights implications.

LEGISLATIVE IMPLICATIONS

- 44 There are no legislative implications involved in the release of the attached discussion paper. If a decision was taken to accede to either the Madrid Protocol or the Trademark Law Treaty, amendments to both the Trade Mark Act 2002 and associated Regulations would be required.
- 45 If a decision was taken to accede to the Nice Agreement, an amendment may be necessary to the Trade marks Regulations 2003 in order to give the Commissioner of Trade Marks the power to initiate conversion of the 1,500 old trade mark registration not classified under the Nice Classification.
- 46 These treaties do not seek to harmonise substantive trade mark law and accession to them would not therefore impact on New Zealand's ability to achieve specific policy objectives in the area of trade marks.

REGULATORY IMPACT AND COMPLIANCE COST STATEMENT

- 47 The release of the discussion paper does not involve any regulatory change. If a decision was made to accede to the treaties a regulatory impact and compliance cost statement would be provided for any necessary changes to the Trade Marks Act and associated Regulations arising from accession.
- 48 One of the objectives of these treaties is to minimise compliance costs for businesses and, in particular, for trade mark owners.

PUBLICITY

- 49 Once approved for release, the discussion paper will be published on the Ministry of Economic Development's website and paper copies will be available on request.
- 50 I propose to issue a media statement announcing the release of the discussion paper.

RECOMMENDATIONS

- 51 The Associate Minister of Commerce recommends that the Committee:
- 1 **Note** that New Zealand's international trade mark obligations are currently determined by membership of the Paris Convention for the Protection of Industrial Property administered by World Intellectual Property Organization ("WIPO") and World Trade Organisation Agreement on Trade Related Aspects of Intellectual Property Rights;
 - 2 **Note** that there are a number of WIPO-administrated trade mark treaties to which New Zealand is not a party, including:
 - The Madrid Protocol Relating to the Madrid Agreement, which provides the Madrid system for the international registration of trade marks;

- the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks; and
 - the Trademark Law Treaty;
- 3 **Note** that the one of the reasons why New Zealand has not considered accession to these treaties previously was the lack of international acceptance of these treaties by our leading trading partners, especially in respect of the Madrid Protocol Relating to the Madrid Agreement
 - 4 **Note** that in recent years our leading trading partners have now become party the Madrid Protocol Relating to the Madrid Agreement and the Trademark Law Treaty or are taking steps to accede to these treaties and, therefore, it is now timely to consider whether New Zealand would benefit from becoming a party to them.
 - 5 **Note** that while accession to the Madrid Protocol Relating to the Madrid Agreement and the Trademark Law Treaty would result in amendments being required to the Trade Marks Act 2002 and its associated regulations, accession would not limit New Zealand's ability to prescribe its own substantive trade mark law and achieve specific policy objectives in the area of trade marks;
 - 6 **Agree** to the release of the attached discussion document: "Accession to Certain International Trade Mark Treaties: A Discussion Paper" by the Ministry of Economic Development;
 - 7 **Note** that I will report on the outcome of submissions in response to the attached discussion paper with recommendations for accession to each of the three treaties by the middle of July 2006; and
 - 8 **Note** that this Cabinet paper is to be published on the Ministry of Economic Development website, subject to any necessary deletions justified in accordance with the Official Information Act 1982.

Hon Judith Tizard
Associate Minister of Commerce

CC: Hon Lianne Dalziel
Minister of Commerce