

International Trade Mark Treaties Discussion Paper: Summary of Submissions Received

Comment

- 1 Nine submissions were received from eight submitters. Four submissions were received from New Zealand patent and trade mark attorneys. These were from the New Zealand Institute of Patent Attorneys (“NZIPA”); A J Park; Baldwin Son and Carey (“Baldwins”); and P L Berry and Associates. A submission was also received from the New Zealand Law Society. Three submissions were received from Australia. Two from Deborah Jackson (an Australian Trade Mark attorney) and one from Jane Monika-Meek (an Australian business owner). Finally, one submission was received from the International Trademark Association (“INTA”), which is based in New York and represents more than 4,900 trade mark owners and trade mark professionals from over 180 countries.

Madrid Protocol

- 2 All submitters commented on New Zealand’s accession to the Madrid Protocol. Six submissions expressed clear support for accession. The submission from A J Park argued against accession but conceded that accession was inevitable. While P L Berry and Associates did not express a view on accession, it did discuss the cost and benefits of using the Madrid Protocol. Submissions generally acknowledged that overseas businesses would be more likely to benefit from New Zealand’s accession, rather than local businesses.
- 3 Submissions from the NZIPA, A J Park, Baldwins and P L Berry and Associates commented that few, if any, of their New Zealand clients would use the Madrid Protocol to pursue trade mark protection overseas. They noted that their New Zealand clients are typically small and do not own many trade marks overseas and growth in their overseas trade mark portfolios tends to be gradual. The average New Zealand export business would not therefore be in any position to lodge applications in a large number of countries simultaneously and thereby be able to take advantage of the benefits available through the Madrid Protocol.
- 4 The submission from A J Park (and to a lesser extent the submission from P L Berry and Associates) also discussed in some detail the possible costs and disadvantages of using the Madrid Protocol and why and how these might arise. In addition, the submission from A J Park discussed possible implications for local non-exporting companies from accession to the Madrid Protocol. In this regard, A J Park considered that accession is likely to lead to an increase in costs for a business, especially to “clear” a trade mark for use in New Zealand (i.e. that use of the trade mark would not infringe an existing trade mark right). Furthermore, delays in the international application process itself are likely to make clearance searches more difficult as well as more uncertain.
- 5 Other impacts discussed by A J Park included, for example, an increase in the number of unused trade marks registered in New Zealand from overseas

companies, which would in turn prevent their use by local New Zealand businesses; and a reduction in revenue for local trade mark professionals from overseas clients opting to use the Madrid Protocol for trade mark protection in New Zealand. They did accept, however, that protecting the trade mark profession in New Zealand should not be a priority in determining whether or not New Zealand joins the Madrid Protocol.

- 6 In contrast, the submission from INTA went into some detail to stress the financial benefits for New Zealand businesses exporting to at least two or more overseas markets that would become available if they were able to use the Madrid system. INTA provided a range of examples demonstrating the savings in official application fees that would be available under the Madrid Protocol to a local business exporting to Australian, European Community, Japan and the United States and various two and three country permutations from this list. They also discussed the savings in overseas trade mark professional fees that could be made using the Madrid Protocol.

Nice Agreement

- 7 Six submissions commented on New Zealand's accession to the Nice Agreement and all supported accession, although several submissions incorrectly presumed that accession was a requirement for joining the Madrid Protocol. Generally submissions commented that it was desirable for New Zealand, as a user of the Nice Classification, to be part of and to be able to participate in the review and development of the Nice Classification. INTA, for example, noted that if New Zealand continued to refrain from participating, New Zealand businesses would remain without a voice in such matters that may be of particular importance from their perspective.
- 8 The submission from A J Park commented that there has never been any need for New Zealand to join the Nice Agreement. While A J Park acknowledged that the Nice Classification had been used in New Zealand for many years, they argued since New Zealand is not obliged to use the Nice Classification, there has no need for us to contribute to its review or development.
- 9 All six submissions commented on the conversion of the 1,500 "Third Schedule" trade marks registered before 1953, which are not currently classified under the Nice Classification and which impede accession to the Nice Agreement. Submissions noted that conversion was desirable as it would assist to simplify and speed up searching of the trade marks register. Conversion would therefore reduce costs for trade mark owners, third parties and IPONZ.
- 10 Submissions considered that if conversion was to be achieved in a timely manner, the Commissioner of Trade Marks ("the Commissioner") would need to initiate the conversion process by suggesting a suitable conversion to each Third Schedule registrant.
- 11 Submissions also acknowledged that in some cases conversion might result in a registration covering two or more classifications and, therefore, additional renewal fees would be required to be paid by the registrant. Three options were

proposed by INTA on what could be most appropriate for a registrant faced with additional renewal fees after conversion. These were:

- Require the owner to pay the renewal fees attributable to the reclassified classes under the Nice Agreement on the basis that the owner will have had the benefit of lower renewal fees for more than fifty years and should for the future be in the same position as other owners;
- Exempt the owner from paying the additional fees attributable to the reclassification, as the change has been forced upon the owner and the owner may have incurred costs for professional fees for advice on conversion; or
- Provide the owner with one-off relief from the increased fees at the next renewal.

- 12 A J Park submitted that, as a matter of course, all trade mark owners should only pay a single renewal fee, irrespective of the number of classes covered by the registration. In addition, it was their view accession to the Madrid Protocol should be postponed until after all of the Third Schedule trade marks had been converted into the Nice Classification, so as not to disadvantage Third Schedule registrants.

Singapore Treaty

- 13 The discussion paper considered whether New Zealand should join the Trademark Law Treaty 2006. This treaty was formally adopted by a Diplomatic Conference held in Singapore during March 2006, and was subsequently renamed as the Singapore Treaty on the Laws of Trademarks (“the Singapore Treaty”).
- 14 Six submissions commented on the Singapore Treaty. Submissions supported New Zealand joining this treaty, as this would assist to bring New Zealand’s trade mark regime into line with Australia and other leading trade partners. Submissions also generally considered that joining the Singapore Treaty would result in some minor decreases in compliance costs for users of the system, but overall there would not be any significant economic or other impacts.
- 15 The discussion paper considered in some detail three areas where the Trade Marks Act and its associated Regulations would need amendment to facilitate joining the Singapore Treaty.

Change of ownership

- 16 Submitters in general supported an amendment to the Trade Marks Act to allow for the previous owner of the trade mark, who was assigning or transmitting title to the trade mark to another person, to apply to register the change of ownership. A J Park noted that for sake of consistency New Zealand could adopt this provision, but their view was that it did not make practical sense and had the potential to cause difficulties. Other submitters, such as the INTA, considered that there was generally little incentive for the original owner to apply

to register a change in ownership, unless the original owner was motivated by a desire not to be associated with the products or services sold under the trade mark by the new owner.

- 17 Submissions also commented that the proof of ownership of title to a trade mark should be required by the Commissioner for all assignments or transmissions, irrespective of who applied to register the change of ownership.
- 18 The submission from A J Park raised an issue related to the ownership of trade marks and, in particular, concerning the lack of the information required under the Trade Marks Regulations and published on the trade marks register about a trade mark owner's nationality or state of incorporation. It was their view that this information is essential to identifying the trade mark owner and the lack of information available on the owner's nationality or state of incorporation on the trade marks register makes it impossible to identify, in some cases, who the actual owner of the trade mark is.

Relief measures

- 19 Submissions supported amendment of the Trade Marks Regulations to align with the requirements of the Singapore Treaty for extensions of time. For example, the NZIPA noted that failure to complete an action or to request an extension of time frequently may be caused by either confusion or a procedural error in the office of the patent attorney or lawyer. A J Park noted that New Zealand's extension of time provisions are tight by international standards and create additional costs and risks for trade mark owners and third parties.
- 20 Deborah Jackson's first submission raised a concern that the one month non-extendable time provided under Regulation 43 for extending an application for registration of a trade mark to cover additional Nice classes was too short of time period; inconsistent with overseas practice; had discriminatory effect on overseas applicants; and created an administrative burden on officers at IPONZ to issue compliance reports quickly.
- 21 Baldwins, while supporting alignment with the Singapore Treaty, acknowledged that a more flexible approach for granting extensions of time could lead to greater uncertainty and act as a disincentive to completing an action in a time manner. A J Park were of the view, however, that the provision of extensions of time rarely disadvantages counterparties or third parties and in *inter partes* proceedings can be dealt with by way of costs.

Registration of Licensees

- 22 Submissions generally endorsed measures that would align with the provisions of the Singapore Treaty and with Australia. INTA noted that the Australian provisions give unregistered licensees a greater role in contending with counterfeit goods and infringement and in protection of their interests. Provided this was limited to exclusive licensees, an equivalent provision could be included in New Zealand legislation.

- 23 A J Park were of the view that there was no point in allowing for the registration of licensees as provided in the discussion paper, especially if registration did not provide for any practical or legal effect under the Trade Marks Act. They considered that it was the trade mark owner's concern whether to take action against counterfeit goods and infringement, rather than that of the licensee, and such matters should be addressed through the licence agreement. Furthermore, the assignment of a trade mark with registered licensees often caused additional costs and confusion. It was their view that all existing registrations of licensees should be compulsorily removed from the register by amendment to the Act.

Other issues – Section 81

- 24 Five submissions were received on this provision and all agreed that the provision should be repealed. Submitters noted that the Commissioner's certificate had no impact on the assignment of the trade mark, and that while the Commissioner could issue a certificate saying that a proposed assignment might be valid, that certificate would not validate the assignment which may still be in fact be invalid.