

OFFICE OF THE ASSOCIATE
MINISTER OF COMMERCE

The Chair
CABINET ECONOMIC DEVELOPMENT COMMITTEE

INTERNATIONAL TRADE MARKS TREATIES PAPER A: SINGAPORE TREATY ON
THE LAW OF TRADE MARKS

PROPOSAL

- 1 It is proposed that Cabinet authorise New Zealand's signing of the *Singapore Treaty on the Law of Trade Marks* and the steps necessary for its subsequent ratification and entry into force.

EXECUTIVE SUMMARY

- 2 This is the first of two papers reporting back on submissions received in response to the government's discussion paper *International Trade Mark Treaties*. This paper considers whether New Zealand should become party to the *Singapore Treaty on the Law of Trademarks* ("the Singapore Treaty"), and a second paper will consider the Nice Agreement and the Madrid Protocol.
- 3 The aims of the Singapore Treaty are to make national trade mark registration systems more user-friendly and to reduce business compliance costs for trade mark owners. The Singapore Treaty endeavours to achieve these aims through the simplification and international harmonisation of national registration procedures. The Singapore Treaty is process-related and does not seek to harmonise substantive trade mark law. Becoming a party would not, therefore, impact on the government's ability to achieve specific policy objectives in the trade marks area, such as responding to Treaty of Waitangi claims.
- 4 The Trade Marks Act 2002 ("the Trade Marks Act") already complies with most of the requirements of the Singapore Treaty. Becoming a party would, however, require some minor amendment to the Trade Marks Act and Trade Mark Regulations 2003.
- 5 Approval is sought for New Zealand to sign the Singapore Treaty and subsequently ratify it after the parliamentary treaty examination process has been undertaken and amendments made to the Trade Marks Act and Regulations to implement the provisions of the treaty. This paper also seeks agreement for drafting instructions to be prepared to amend the Trade Marks Act to conform to the requirements of the Singapore Treaty.

- 6 The paper also considers 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 whether or not a proposed assignment of trade mark is likely to deceive or confuse is of no value or benefit to trade mark owners and therefore is redundant. Approval is sought to repeal this provision.

BACKGROUND

- 7 A trade mark is a unique identifier (word, brand, logo, colour, slogan, three-dimensional shape and sometimes even a sound or smell) that enables a business easily to 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 associated product quality) of a particular trader.
- 8 Trade marks enable the public to recognise that all goods or services with a particular trade mark come from the same origin, thereby providing low-cost information to consumers and creating incentives for business to invest in quality products and services. The use of trade marks is protected under the Fair Trading Act 1987, the common law tort of passing off and through registration under the Trade Marks Act.
- 9 New Zealand is a party to both the Paris Convention for the Protection of Industrial Property administered by the World Intellectual Property Organisation (“WIPO”) and the World Trade Organisation’s (“WTO”) Agreement on Trade Related Aspects of Intellectual Property (“TRIPS”) requiring Member States to have a trade mark registration system and afford minimum levels of protection to registered trade marks. While TRIPS sets the minimum standards of protection that WTO Member States must provide for registered trade marks, it is silent on standards and rules for trade mark registration procedures. Each country has, therefore, developed its own unique trade mark registration procedures.
- 10 The objectives of WIPO include the promotion the protection of intellectual property throughout the world through cooperation among States and, where appropriate, in collaboration with any other international organization; and to ensure administrative cooperation. Consistent with these objectives WIPO has developed a number of multilateral trade mark treaties to which New Zealand has not become a party, that aim 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 treaties include:
- the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (“the Nice Agreement”);
 - the Madrid Agreement Concerning the International Registration of Marks (the “Madrid Agreement”);
 - the Madrid Protocol Relating to the Madrid Agreement (the “Madrid Protocol”); and

- the Trademark Law Treaty 1994;
 - the Singapore Treaty on the Law of Trademarks (“the Singapore Treaty”).
- 11 In recent years most of our key trading partners have become party to the Trademark Law Treaty (now overtaken by the Singapore Treaty), the Madrid Protocol and the Nice Agreement or are taking steps to become party to these treaties. In light of these developments, in March 2006 Cabinet agreed that the Ministry of Economic Development release a discussion document, *International Trade Mark Treaties*, considering whether New Zealand should become party to the Madrid Protocol, the Nice Agreement and the WIPO proposed Trademark Law Treaty 2006 (now known as the Singapore Treaty on the Law of Trademarks or “Singapore Treaty”) [CAB Min (06) 7/7 refers]. The discussion paper contained a series of questions for businesses, trade mark owners and other interested parties, relating to New Zealand becoming party to the treaties and key amendments that would be necessary to the Trade Marks Act and Regulations.
- 12 The text of the Singapore Treaty is attached as Appendix C. The aim of the Singapore Treaty is to make national trade mark registration systems more user-friendly and to reduce business compliance costs for trade mark owners. The Singapore Treaty endeavours to achieve these aims through the simplification and international harmonisation of national registration procedures.
- 13 The majority of the standards and rules in the Singapore Treaty relate to the procedures of trade mark offices and, in particular, are constructed to make it clear what a trade mark office can and cannot require from applicants.
- 14 The Trade Marks Act already complies with most of the requirements of the Singapore Treaty. Becoming party would, however, require some amendments to the Trade Marks Act and Regulations. The Singapore Treaty is process-related and does not seek to harmonise substantive trade mark law. Becoming a party to it would not, therefore, impact on the government’s ability to achieve specific policy objectives in the trade marks area, such as responding to Treaty of Waitangi claims.
- 15 I undertook to report back by July 2006 on submissions received in response to the discussion paper and with recommendations on whether New Zealand should become party to the three treaties. This paper considers accession to the Singapore Treaty, whilst the accompanying paper considers accession to the Madrid Protocol and the Nice Agreement.

COMMENT

Submissions on the Discussion Paper

- 16 Nine submissions from eight submitters were received. Five submissions were from New Zealand patent attorneys and law practitioners, three were from Australia (two from an Australian trade mark attorney and the other from an

Australian business) and one from the International Trademarks Association (“INTA”) based in New York. There was general support for New Zealand’s becoming party to all three treaties considered in the discussion paper.

- 17 Six submissions commented specifically on New Zealand’s becoming party to the Singapore Treaty. All these submissions supported becoming party on the basis that it would assist to bring New Zealand’s trade mark regime in line with Australia and our other leading trading partners. Submissions also generally considered that becoming party would result in some minor decreases in compliance costs for users of the trade mark system, but overall becoming party would not have any significant economic or other impacts.

Becoming Party to the Singapore Treaty

- 18 Analysis undertaken by the Ministry of Economic Development, supported by submissions from stakeholders, indicates that it would be in New Zealand’s interests to become party to the Singapore Treaty. A National Interest Analysis is attached as Appendix A. Becoming party to the Singapore Treaty would contribute to the realisation of the aims of the Treaty and would build on measures already taken in the Trade Marks Act to align trade mark registration procedures with our key trading partners, and in particular, with Australia.
- 19 Alignment would also contribute to the development of a more seamless trans-Tasman business environment, or “single economic market” and towards fulfilling the mandate in the 2000 Closer Economic Relations Memorandum of Understanding on the Co-ordination of Business Law that the two countries explore “the potential for more closely co-ordinating the granting and recognition of registered intellectual property rights.”
- 20 For the above reasons, I therefore recommend that New Zealand become party to the Singapore Treaty.

Process for becoming party to the Singapore Treaty

- 21 The Singapore Treaty remains open for signature until March 2007. Being amongst early signatories provides an opportunity for New Zealand to send a clear signal to the international community of New Zealand’s commitment to provide an efficient and effective trade mark registration regime that is consistent with international best practise. I propose that New Zealand sign the Treaty and subsequently ratify it, subject to a satisfactory Parliamentary treaty examination process, and that drafting instructions be issued to the Parliamentary Counsel Office (“PCO”) regarding the required amendments to the Trade Marks Act to give effect to and implement the Singapore Treaty.
- 22 A Bill to amend the Trade Marks Act has been given a priority level 5 on the legislative programme (drafting instructions to PCO this calendar year). Once the amending legislation has been implemented I recommend that New Zealand deposit its Instrument of Ratification with WIPO. I anticipate that this would occur before December 2008. As mentioned above, amendment to the Trade Marks Act would be necessary to enable New Zealand to become party to the Singapore Treaty.

Effect of becoming party to the Singapore Treaty

- 23 While the Trade Marks Act already incorporates many of the standards and rules prescribed by the Singapore Treaty, there are a number of provisions that do not currently comply. New Zealand is, therefore, unable to ratify the Singapore Treaty until suitable amendments are made to the Trade Marks Act and Regulations.
- 24 Significant differences between the Trade Marks Act and the Singapore Treaty include: registration of changes in ownership of trade marks; registration of a licensee; and division of a trade mark registration. These are discussed in detail below.

Change of Ownership

- 25 Under section 82 of the Trade Marks Act only the person who has acquired ownership of a trade mark can apply to the Commissioner of Trade Marks (“the Commissioner”) to register the change of ownership. The Singapore Treaty prescribes that a trade marks office is required to accept an application to register a change of owner from either the original owner or the new owner.
- 26 Submissions on the discussion paper broadly supported the approach to change of ownership required by the Singapore Treaty. I, therefore, recommend that the Trade Marks Act be amended to enable both the original owner and the new owner to apply to register a change of ownership.

Registration of a person as a licensee

- 27 Registration of a licensee is voluntary under the Trade Marks Act. If a licensee is not registered, the licensee cannot take action against infringement of the registered trade mark or cannot lodge a border protection notice with the New Zealand Customs Service to prevent the importation of counterfeit goods. Under the Singapore Treaty the matter of whether a licensee should be registered is left to national law, but if the national law does provide for it, certain rules concerning registration will apply.
- 28 The discussion paper sought comment on whether the requirement for registration of a person as a licensee under the Trade Marks Act should be aligned with Australia. In Australia, no specific provision is made for the registration of a person as a licensee. A licensee, however, may be registered as a person claiming an interest or right in a trade mark. Registration is not a prerequisite for a licensee to be able to take action against infringement of the trade mark or to lodge a border protection notice with Customs. Whether a licensee can take such action is determined first by the licence agreement between the trade mark owner and the licensee.
- 29 Submissions generally endorsed measures that would align our Act with Australia, as the Australian provisions give unregistered licensees more capacity to protect their interests.

- 30 A submission from a New Zealand patent attorney firm, AJ Park, considered that there was no need to register licensees and that existing registrations should be removed from the register. The submission also noted that the voluntary registration of licensees often causes additional and unnecessary costs and confusion, especially for trade mark owners. Officials agree with this submission. If there are to be no practical effects arising from registering a licensee, the continued provision for licensees to be registered, albeit voluntarily, would only create unnecessary costs and confusion.
- 31 I recommend, therefore, that the relevant sections of the Trade Marks Act be repealed so that a person cannot be registered as a licensee. I also recommend that the provisions governing the actions of licensees in respect of infringement and border protection measures be aligned with the Australian Trade Marks Act 1995.

Division of registrations

- 32 One issue not explicitly addressed in the discussion paper, but which nonetheless requires amendment in order to align with the Singapore Treaty, relates to the division of a registered trade mark into two or more registrations. At present the Trade Marks Act only provides for the applicant for a trade mark to be able to divide his or her application into two or more applications. The Singapore Treaty, however, requires that provision be made for both the division of trade mark applications and trade mark registrations.
- 33 While there would be business compliance costs associated with making a request to divide a registration into two more registrations, the decision to divide a registration would be voluntary and initiated by the trade mark owner. It is not anticipated that the trade mark owner would pay a fee for such a request. IPONZ would also face costs in processing applications to divide trade mark registrations, along with administering and monitoring a greater number of trade marks on the register; however, these costs would be recovered through the additional renewal fees payable by the trade mark owner for each additional registration that is renewed.
- 34 I recommend that the Trade Marks Act be amended to enable procedures, requirements and other matters to be prescribed for the division of a trade mark registration into several registrations.

Section 81 Trade Marks Act

- 35 The discussion paper also sought comment on 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 that the Commissioner of Trade Marks certify whether or not a proposed assignment of trade mark is likely to deceive or confuse.
- 36 Submissions were sought 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.

- 37 There was agreement from submitters that section 81 was of no value or benefit and was, therefore, redundant and could be repealed. I recommend, therefore, that this section be repealed from the Trade Marks Act.

Minor, Consequential and Regulation amendments

- 38 A number of more minor and consequential amendments are also likely to be required to the Trade Marks Act and Regulations to enable New Zealand to ratify the Singapore Treaty.

CONSULTATION

- 39 Submissions were sought and received on the discussion paper *International Trade Mark Treaties*, which was published by the Ministry of Economic Development.
- 40 The following departments and ministries have been consulted on this paper and concur with its recommendations: the Ministry of Consumer Affairs, the Ministry for Culture and Heritage, the New Zealand Customs Service, the Ministry of Foreign Affairs and Trade, the Ministry of Justice, Te Puni Kokiri and the Treasury. In addition, the Department of the Prime Minister and Cabinet have been informed.
- 41 The Minister of Commerce agrees to the submission of this paper.

FISCAL IMPLICATIONS

- 42 Becoming a party to the Singapore Treaty and the amendments to the Trade Marks Act 2002 that would be necessary to ratify the Treaty would be fiscally neutral for the government because IPONZ is fully third party-funded

HUMAN RIGHTS

- 43 There are no perceived human rights implications arising from becoming party to the Singapore Treaty or from the changes to the Trade Marks Act proposed in this paper.

LEGISLATIVE IMPLICATIONS

- 44 If a decision was taken to become party to the Singapore Treaty, amendments to both the Trade Mark Act and Regulations would be required. The government has categorised the proposed Trade Marks (International Treaties) Amendment Bill as category 5 (drafting instructions to be given to Parliamentary Counsel Office in 2006) on the legislative programme [CAB Min (06) 6/1A refers].

REGULATORY IMPACT AND COMPLIANCE COST STATEMENT

- 45 A Regulatory Impact and Statement ("RIS") and Business Compliance Cost Statement ("BCCS") is attached as Appendix B. Both the RIS and BCCS comply with Cabinet Office requirements.

- 46 Amendment of the Trade Marks Act to provide for New Zealand to become party to the Singapore Treaty is expected to result in compliance cost reductions for businesses and, in particular, for trade mark owners, consistent with the aims of that treaty. In particular, removal of the provisions related to the voluntary registration of a person as a licensee of a trade mark will eliminate costs associated with registering a person as a licensee and reduce compliance costs for registering a change of ownership of a trade mark, where use of that trade mark has been licensed to another person.
- 47 Based on the information provided in the attached RIS/BCCS, the Regulatory Impact Analysis Unit considers that the disclosure of information is adequate, and the level of analysis is appropriate given the likely impacts of the proposal.
- 48 An exemption from the RIS/BCCS requirements is claimed in relation to the proposed repeal of section 81 of the Act, on the basis that it is minor and machinery in nature and does not substantially alter existing arrangements.

PUBLICITY

- 49 I propose to issue a media statement announcing the decision to sign the Singapore Treaty. This Cabinet paper and the attached RIS/BCCS are to be published on the Ministry of Economic Development website, subject to any necessary deletions justified in accordance with the Official Information Act 1982. In addition, the national interest analysis will be placed on the parliamentary website, under 'Select Committee Reports'.

RECOMMENDATIONS

- 50 It is recommended Cabinet:
- 1 **Note** that the Singapore Treaty on the Law of Trademarks ("Singapore Treaty") was opened for signature on 28 March 2006 and will remain open for signature until March 2007;
 - 2 **Note** that the Singapore Treaty is intended to make national trade mark registration systems more user-friendly and to reduce business compliance costs for both applicants for the registration of a trade mark and trade mark registrants. The Singapore Treaty endeavours to achieve these aims through the simplification and international harmonisation of national registration procedures;
 - 3 **Agree** that New Zealand sign the Singapore Treaty before March 2007 in Geneva, Switzerland;
 - 4 **Agree** that following signature, the text of the Singapore Treaty and its accompanying National Interest Analysis be presented to the House of Representatives for parliamentary treaty examination in accordance with Standing Orders 387-390;

- 5 **Note** that a Bill to amend the Trade Marks Act has been given a priority level 5 on the 2006 Legislative Programme (drafting instructions to the Parliamentary Counsel Office by the end of 2006);
- 6 **Note** that a review and amendment of the Trade Mark Regulations 2003 will also be required in due course to ratify the Singapore Treaty;
- 7 **Agree** that, subject to satisfactory completion of the Parliamentary treaty examination process, the Associate Minister of Commerce issue drafting instructions to the Parliamentary Counsel Office in respect of the amendments necessary to the Trade Marks Act 2002 required for ratification of, and to give effect to and implement the Singapore Treaty;
- 8 **Agree** to amendment of the Trade Marks Act 2002 to repeal the provisions relating to the voluntary registration of a person as a licensee of a trade mark and to cancel all existing licensee registrations;
- 9 **Agree** to amendment of the Trade Marks Act 2002 to repeal section 81 relating to requests that the Commissioner of Trade Marks certify whether or not a proposed assignment of a trade mark is likely to deceive or confuse;
- 10 **Agree** that, subject to satisfactory completion of the Parliamentary treaty examination process and implementation of the amendments to the Trade Marks Act and Regulations, New Zealand deposit an Instrument of Ratification to the Treaty with the World Intellectual Property Organisation;
- 11 **Note** that this Cabinet paper and attached RIS/BCCS are to be published on the Ministry of Economic Development website, subject to any necessary deletions justified in accordance with the Official Information Act 1982.
- 12 **Note** that the Associate Minister of Commerce indicates that consultation is not required with the government caucuses or other parties represented in Parliament.

Hon Judith Tizard
Associate Minister of Commerce

NATIONAL INTEREST ANALYSIS**Singapore Treaty on the Law of Trademarks****Date of Proposed Binding Treaty Action**

- 1 The Singapore Treaty on the Law of Trademarks (“the Singapore Treaty”) was adopted at a Diplomatic Conference held in Singapore in March 2006.
- 2 The Singapore Treaty will enter into force three months after ten States who are members of the World Intellectual Property Organization (“WIPO”) or intergovernmental organisations (where all the Member States of the intergovernmental organisation are members of WIPO) have deposited their instruments of ratification or accession.
- 3 It is proposed that New Zealand sign the Singapore Treaty by March 2007 and ratify by December 2008.

Reasons for New Zealand to Become Party to the Treaty

- 4 While the World Trade Organisation (“WTO”) Agreement on Trade Related Aspects of Intellectual Property (“TRIPS”) sets the minimum standards of protection that WTO Members must provide for registered trade marks, it is silent on trade mark registration procedures. Each country has, therefore, developed its own unique trade marks registration procedures.
- 5 The Singapore Treaty defines a set of internationally agreed basic standards and rules regarding trade mark registration procedures. The aims of the Singapore Treaty are to reduce business compliance costs and to make national trade mark registration systems more user-friendly for applicants and the owners of registered trade marks. The Singapore Treaty endeavours to achieve these aims through the simplification and international harmonisation of national registration procedures.
- 6 While countries could adopt the standards and rules specified in the Singapore Treaty without becoming party to it, ratification of the Treaty would contribute to the realisation of the aims of the Treaty and send a clear signal to the international community of New Zealand’s commitment to provide an efficient and effective trade mark registration regime that is consistent with international best practise.

Advantages and Disadvantages to New Zealand from the Treaty Entering into Force

- 7 As the Singapore Treaty was adopted very recently, it has not yet entered into force, although 43 countries have signed, including a number of New Zealand’s trading partners.

- 8 The advantages of the Singapore Treaty entering into force are that it would contribute to both the simplification and harmonisation of trade mark registration procedures world-wide. This would make national trade mark registration systems more user-friendly and reduce business compliance costs for all businesses seeking to protect their trade marks in New Zealand and in other countries that ratify or accede to that Treaty.
- 9 A further advantage is that the Singapore Treaty provides for meetings of an Assembly of Contracting Parties to the Singapore Treaty. The Assembly is able to develop the text of the Singapore Treaty to take account of technological advances, such as, the creation of new types of trade marks and means of communication. This provision will ensure that the standards and rules prescribed in the Singapore Treaty stay up-to-date and relevant.
- 10 Being party to the Treaty would reinforce New Zealand's commitment to provide an efficient and effective trade mark registration regime that is consistent with international best practise.
- 11 There are no perceived disadvantages to New Zealand arising from ratification of the Singapore Treaty.

Obligations

- 12 The Singapore Treaty defines a mixture of agreed mandatory international standards and rules for trade mark registration procedures. These procedures are intended to apply broadly to any signs that can be registered as trade marks under national law, irrespective of whether the trade mark covers goods or services or both. There is no obligation on state parties to apply the standards and rules to collective trade marks or certification trade marks.
- 13 The majority of the provisions of the Singapore Treaty relate to the procedures of trade mark offices of contracting parties. The standards and rules are constructed to make it clear what a trade mark office can and cannot require from an applicant or owner of a trade mark.
- 14 These standards and rules cover:
 - the maximum information or elements required in or accompanying an application for registration of a trade mark;
 - address for service requirements and representation by trade mark agents;
 - filing dates;
 - the use of the Nice Classification to specify the classes of goods and services for which a trade mark is registered and used, and provision for applications and registrations across a number of classes;
 - the division of an application or registration into several applications or registrations;

- communications with a trade mark office;
- recording changes in the ownership of a trade mark and name and address details;
- correcting mistakes in applications and registrations;
- provision for renewal of trade marks after a ten year period;
- relief measures where time limits are not complied with;
- the ability for applicants to make observations where a trade mark office intends to refuse a request or application;
- complying with the obligations and requirements of Paris Convention for the Protection of Industrial Property and applying those obligations and requirements to the registration of trade marks for services; and
- registration of trade mark licenses.

15 Although the provisions of the Singapore Treaty do permit those ratifying or acceding to it to declare a number of allowed reservations, it is not proposed that New Zealand would declare any such reservations.

Economic, Social, Cultural and Environmental Effects

- 16 The Trade Marks Act 2002 (“the Trade Marks Act”) is already consistent with a substantial number of standards and rules of the Singapore Treaty, so it is unlikely that any measurable economic effects will arise from ratification.
- 17 As the Singapore Treaty only covers trade mark registration procedures, and does not attempt to harmonise substantive trade mark law, there are no perceived social, cultural or environmental effects arising from its ratification.
- 18 Ratification will also not limit the government’s ability to achieve specific policy objectives in the area of trade marks, such as responding to Treaty of Waitangi claims. Furthermore, ratification will not have any adverse effects on Māori interests or be inconsistent with our human rights obligations.

Costs

Government

- 19 No immediate costs to government would arise from New Zealand becoming a party to the Singapore Treaty. This is because member states of WIPO (including New Zealand) pay one membership fee irrespective of the number of WIPO treaties to which they are party.

- 20 Over the longer term there would be some minor resource implications for government, and in particular for the Ministry of Economic Development. As a party to the Singapore Treaty, New Zealand would be signalling its intention to participate in the work of the Assembly including attending meetings and contributing to reporting and information-gathering processes. Attendance at the Assembly would not itself incur any additional costs as the Assembly would meet annually at the same time and in the same place as the General Assembly of WIPO, and New Zealand is already funded by WIPO to attend the General Assembly. Attendance at any extra-ordinary Assembly meetings or working group meetings would be met out of existing Ministry of Economic Development appropriations.

Intellectual Property Office of New Zealand

- 21 IPONZ is fully third party funded and there would be no financial implications for the government arising from amendments to the Trade Marks Act.

Businesses

- 22 There are unlikely to be any direct costs to businesses arising from ratifying the Singapore Treaty. There may be some compliance costs for businesses that choose to take advantage of new Singapore Treaty provisions; however, the decision to do so would be voluntary for businesses.
- 23 As other member states of WIPO and intergovernmental organisations ratify or accede to the Singapore Treaty (and, therefore, simplify and harmonise trade mark registration procedures with those in New Zealand), there could be expected to be a minor cost savings to New Zealand trade mark owners seeking overseas registration through a reduction in overseas compliance costs.

Consumers/economy

- 24 Ratification to the Treaty is not expected to result in any costs for consumers or for the economy as a whole.

Future Protocols

- 25 While it is unlikely that any subsequent protocols (or other amendments) will be made to the text of the Singapore Treaty, there is specific provision in the Treaty for the Articles to be amended at a diplomatic conference. The decision on whether to convene a diplomatic conference is taken by the Assembly of contracting parties. Should New Zealand become party to the Singapore Treaty, it would be have the right to be represented on the Assembly.

Implementation

- 26 The Singapore Treaty would be implemented under the Trade Marks Act and its associated regulations. Prior to ratifying the Singapore Treaty this legislation would require amendment to bring New Zealand's trade mark registration procedures into line with all the standards and rules specified in the Treaty. As noted above, however, the Trade Marks Act is already consistent with a

substantial number of provisions of the Treaty, so only a minimal number of amendments will be required. The proposed Trade Marks (International Treaties) Amendment Bill has been categorised as priority level 5 (drafting instructions to be given to Parliamentary Counsel Office) on the government's 2006 legislative programme.

Consultation

- 27 A discussion paper entitled *International Trade Mark Treaties* was published on 8 March 2006. Submissions were sought from businesses, trade mark agents, patent attorneys, law practitioners and interested parties on whether New Zealand should joining the Singapore Treaty along with key amendments to the Trade Marks Act and associated regulations that would be required to ratify the Treaty.
- 28 Six submissions were received that commented on the Singapore Treaty. Submitters generally supported New Zealand becoming a party to the Singapore Treaty as this would help to align New Zealand's trade mark regime more closely with those of Australia and other leading trading partners. Submissions also generally considered that becoming a party to the Singapore Treaty would result in some minor decreases in compliance costs for users of the system, but would not have any significant economic or other impacts.
- 29 The Ministry of Consumer Affairs, the Ministry for Culture and Heritage, the New Zealand Customs Service, the Ministry of Foreign Affairs and Trade, the Ministry of Justice, Te Puni Kōkiri, and the Treasury were consulted on and concur with the proposal for New Zealand to become party to the Singapore Treaty. In addition, the Department of the Prime Minister and Cabinet has been informed.

Withdrawal or Denunciation

- 30 Any party to the Singapore Treaty may withdraw by giving twelve months notice to the depositary.
- 31 Any application pending or any trade mark registered at the time of the expiration of the twelve month period will not be affected, provided that the withdrawing party then discontinues applying the provisions of the Singapore Treaty to any registration, as from the date on which that registration is due for renewal.

Lead Agency: Ministry of Economic Development

Regulatory Impact Statement

Statement of the nature and magnitude of the problem and the need for government action

A trade mark is a unique identifier (word, brand, logo, colour, slogan, three-dimensional shape and sometimes even a sound or smell) that enables a business easily to 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 of a particular trader, thereby providing low-cost information to consumers and creating incentives for business to invest in quality products and services. Trade mark law in New Zealand is governed by the Trade Mark Act 2002 (“the Trade Mark Act”) and the Trade Mark Regulations 2003 (“the Trade Mark Regulations”). During the financial year ending 30 June 2005 the Intellectual Property Office of New Zealand (“IPONZ”) received 27,937 applications to register trade marks, registered 21,089 trade marks and received renewal notices for 10,014 trade mark registrations.

In March 2006 Member States, which includes New Zealand and Australia, of the World Intellectual Property Organization (“WIPO”) adopted at the conclusion of a Diplomatic Conference the Singapore Treaty on the Law of Trademarks (the “Singapore Treaty”). The Singapore Treaty aims to make national trade mark registration systems more user-friendly and to reduce business compliance costs, both for applicants for the registration of a trade mark and for trade mark registrants. This is achieved through the simplification and international harmonisation of trade mark registration procedures.

The majority of the provisions in the Singapore Treaty relate to the procedures of trade mark offices and, in particular, they are constructed to make it clear what a trade mark office can and cannot require from an applicant for registration of a trade mark or a trade mark registrant. While the Trade Marks Act incorporates many of the standards prescribed by the Singapore Treaty, there are a number of provisions that either do not currently meet those standards or are inconsistent with international best practice. Therefore, unless New Zealand amends the Trade Marks Act it is unable to join the Singapore Treaty.

Trade marks legislation that is inconsistent with the Singapore Treaty or international best practice can:

1. impose unnecessary compliance costs on businesses that use trade marks;
2. impose unnecessary restrictions on how trade marks can be handled; and
3. hinder the alignment of our trade mark system with that of our trading partners, especially Australia;

There are three areas of the Trade Marks Act inconsistent with the provisions of the Singapore Treaty. These are:

Division of trade mark registrations into several registrations

Currently the regulation making powers only enable procedures, requirements and other matters to be prescribed for the division of an application for registration of a trade mark into several applications. No provision is made for the owner of a trade mark registration to be able to divide his or her registration into two or more registrations. The Singapore Treaty requires that such a provision be available to registrants.

Assignment and transmission of title to a trade mark

The Trade Marks Act only permits the new owner of a trade mark to whom title to the trade mark has been assigned or transmitted to apply to the Commissioner of Trade Marks for registration of the person's title. There is no fee payable to register an assignment or transmission of title. No provision is made for the person assigning or transmitting title to a trade mark (the "previous owner") to apply to register the change in ownership of a trade mark. The Singapore Treaty requires a trade mark office to accept an application to register a change of ownership from either the previous owner or the new owner.

Registration of a person as a licensee

The Singapore Treaty does not require that provision be made for licensees to be registered, but if registration is provided then Contracting Parties must adhere to certain standards and rules, such as the maximum information a request to register a licensee may contain.

While the Trade Marks Act provides that licensees may be voluntarily registered (there is no fee payable for doing this), the information that must be provided and the evidence requirements are different to those permitted by the Singapore Treaty. Furthermore, under the Trade Marks Act if the licensee is not registered, the licensee is barred from taking action against infringement of the registered trade mark and from lodging a border protection notice to prevent the importation of counterfeit goods. There is also no requirement for licensees or trade mark owners to keep the information on registered licensees up to date, and there are business compliance costs associated with doing so. There are no statistics available on the number of licensees not registered in New Zealand or on the number of registered licensees where the information is not current.

In Australia the registration of a licensee is not a prerequisite for a licensee to have the ability to take action against infringement of the trade mark or to lodge a border protection notice with Customs. The matter of whether a licensee can take action against infringement or lodge a border protection notice is determined first by the licence agreement between the trade mark owner and the licensee. Unregistered licensees in New Zealand are, therefore, at a disadvantage when compared to those in Australia.

Statement of the public policy objective(s)

The primary public policy objective is to provide a more efficient and cost-effective trade mark registration regime under the Trade Marks Act that:

- streamlines and simplifies trade mark registration procedures;
- more closely aligns trade mark registration procedures and requirements with New Zealand's leading trade partners, in particular, Australia; and
- minimises compliance costs for business.

The secondary public policy objective is to ratify the Singapore Treaty.

Statement of feasible options (regulatory and/or non-regulatory) that may constitute viable means for achieving the desired objective(s)

Status Quo

New Zealand is not party to the Singapore Treaty.

The key features of the status quo sections are discussed in the problem section. The status quo is not preferred because the Trade Marks Act does not meet the public policy objectives.

Preferred Option –amend the Trade Marks Act 2002 to be consistent with the Singapore Treaty

Division of trade mark registrations into several registrations

Amend section 199(b) relating to regulation making powers concerning procedures, requirements and other matters for the division of an application for the registration of a trade mark into several applications, so that regulations can also be made in respect of procedures, requirements and other matters for the division of a trade mark registration into several registrations. It is anticipated that the procedures to be prescribed for dividing a trade mark registration in the Trade Mark Regulations will mirror those currently provided for dividing applications for registering a trade mark, that is the trade mark registrant would need to make an application to the Commissioner to divide the registration.

Assignment and transmission of title to a trade mark

Amend section 82 to permit the previous owner of a trade mark who is assigning or transmitting title to the trade mark to another person to also apply to the Commissioner. Whether the previous owner or the new owner applies to register the assignment or transmittal of title to the trade mark would be a matter for the two parties to determine.

Registration of a person as a licensee

Repeal sections 83 to 86, 182(d) and 199(c) to remove the provisions governing the registration of a person as a licensee (i.e. amend the Trade Marks Act so that a person cannot be registered as a licensee). The definition of "licensee" under section 5(1)

would also be amended to mean a person, other than the owner of the trade mark, who is authorised to use the trade mark by, and subject to the control of, the owner. In addition, all existing registrations of licensees would be cancelled and removed from the trade marks register. The provisions in the Trade Marks Act governing the actions of licensees in respect of infringement and border protection measures be aligned with the Australian Trade Marks Act 1995 so that the matter of whether a licensee can take action against infringement or lodge a border protection notice is determined by the licence agreement between the trade mark owner and the licensee.

Statement of the net benefit of the proposal, including the total regulatory costs (administrative, compliance and economic costs) and benefits (including non-quantifiable benefits) of the proposal, and other feasible options

Government

Amending the Trade Marks Act would allow New Zealand to become party to the Singapore Treaty and, therefore, would contribute to the realisation of the aims of the Singapore Treaty to make national trade mark registration systems more user-friendly and to reduce business compliance costs, both for applicants for the registration of a trade mark and for trade mark registrants. It would also assist to align trade mark registration procedures with our major trading partners, in particular Australia, and send a clear signal to the international community of New Zealand's commitment to provide an efficient and effective trade mark registration regime that is consistent with international best practise.

Amendment would also contribute to the development of a seamless trans-Tasman business environment, or "single economic market" and towards fulfilling the mandate in the 2000 Closer Economic Relations Memorandum of Understanding on the Co-ordination of Business Law that the two countries explore "the potential for more closely co-ordinating the granting and recognition of registered intellectual property rights."

Since the Singapore Treaty does not seek to harmonise substantive trade mark law, becoming party to that treaty would not impact on the government's ability to achieve specific policy objectives in the trade marks area, such as, for example, responding to Treaty of Waitangi claims.

The Intellectual Property Office of New Zealand ("IPONZ") is fully third-party funded and, therefore, there would be no financial implications for the government arising from amendments to the Trade Marks Act. It is anticipated that the proposed changes to the Trade Marks Act and its Regulations to enable New Zealand to become party to the Singapore Treaty would result in a minor reduction to IPONZ's administrative costs associated with maintaining the trade marks register. It is not possible to quantify this reduction in administrative costs.

Trade mark owners and users of trade marks

The likely business compliance costs are discussed in more detail in the Business Compliance Cost Statement below.

Division of trade mark registrations into several registrations

The decision to divide a registration would be a voluntary and initiated by the registrant. There would be business compliance costs associated with making an application to divide a trade mark registration for the trade mark owner. The process for doing so has not yet been developed, but it will be prescribed in the Regulations. It is anticipated that no fee would be payable by the registrant to make such an application.

Assignment and transmission of title to a trade mark

There would be business compliance costs associated with a previous owner applying to assign or transmit a trade mark application or registration. These costs are expected to be similar to the costs currently faced when a new owner applies to register change in title to the trade mark and they are discussed in more detail in the Business Compliance Cost Statement below.

Registration of trade mark licensees

Removal of the provisions relating to the voluntary registration of a person as a licensee under the preferred option will reduce business compliance costs. These costs are discussed further in the Business Compliance Cost Statement.

Removal of these provisions would decrease the publicly available information on the register about who is licensed to use a registered trade mark. The impact of this cannot be measured as many licensees are not registered, and for those that are the information on the licensee available from the trade marks register is may be out-of-date.

Society

Because of the narrow scope of the proposed amendments to the Trade Marks Act under the preferred option, there are not expected to have any noticeable impacts for consumers or on the range or costs of goods and services available in New Zealand.

Statement of consultation undertaken

Stakeholder consultation

The Ministry of Economic Development released a discussion paper entitled *International Trade Mark Treaties* in March 2006, which considered, amongst other things, New Zealand's becoming party to the Singapore Treaty and key amendments that would be required to the Trade Marks Act and its associated regulations. Six submissions from patent attorneys and law practitioners were received on these matters. Submissions favoured joining the Singapore Treaty, as this would assist to align New Zealand's trade mark registration regime with our leading trade partners.

A J Park was concerned that amendment to section 82 to allow the original owner of title to a trade mark to register a change of ownership did not make practical sense and had the potential to cause difficulties for the new owner. It was suggested, for example, that there is potential for confusion if the new owner is not aware that an assignment has been recorded and the records of the entities involved may be inconsistent and in some cases wrong. Officials note, however, that the provisions in the Singapore Treaty regarding changes to ownership require a trade marks office to accept an application for change of ownership from either the original owner or the new owner. Officials do not consider that any potential difficulties on this issue outweigh the overall benefits associated with becoming a party to the Treaty.

A J Park was also concerned that the original proposal in the discussion paper to align the provisions concerning the registration of a person as a licensee with the Australian Trade Marks Act 1995 would not result in any benefits and the registration of licensees often causes costs and confusion. Furthermore, they considered that the Commissioner should not play any role between the trade mark owner and a licensee, and nor should there be any practical or legal effects from the registration of a licensee. It was their view that there is no practical or legal effect at present. Officials agreed with the A J Park submission on the registration of licensees and the preferred option now proposes to remove the provisions relating to the voluntary registration of licenses and to cancel all existing licensee registrations.

Government department/agency consultation

The following departments and ministries have been consulted on the proposal: the Ministry of Consumer Affairs, the Ministry for Culture and Heritage, the New Zealand Customs Service, the Ministry of Foreign Affairs and Trade, the Ministry of Justice, Te Puni Kōkiri, and Treasury. No concerns were raised.

Business Compliance Cost Statement

The source of new compliance costs would include learning of the amendments to the Trade Marks Act, specifically:

- information that would be required for any application by the trade mark owner to divide a trade mark registration and the time taken to complete such an application; and
- information that would be required for an application by the previous owner to register a change of ownership of title to a trade mark and time taken to complete such an application.

The current sources of compliance costs that would be eliminated by the proposed changes include:

- information that would be required for an application to register a change of ownership of title to a trade mark where a licensee was previously registered; and
- information and procedures for registering a person as a licensee, amending such a registration, the cancellation of such a registration and the time take to complete appropriate application forms.

Parties likely to be affected will be trade mark owners, trade mark agents (such as law firms and patent attorney firms) who act on behalf of trade owners and other interested parties including businesses who use trade marks under licence agreements. It is not possible to identify the numbers of such parties or their size, but they range from individuals to large multinational businesses.

The new sources of compliance costs cannot be quantified until provisions are developed for the Trade Marks Regulations for the procedures relating to the division of a trade mark registration and registration of a change of ownership by the original trade mark owner. They are expected to be very small as these new provisions are expected to mirror existing provisions in the Trade Mark Regulations. In relation to registering a change of title to a trade mark, currently the new owner of the trade mark must bear the business compliance costs associated with registering a change of ownership. Under the preferred option, either the original owner or the new owner would bear these costs or the costs would be shared between the two parties, as determined in any assignment or transmission agreement.

Steps that will be taken to minimise compliance costs include: IPONZ would publish information on the various changes outlined in the preferred option, as well as publishing a set of sample application forms setting out the mandatory information required for any application to divide a trade mark registration into several registrations, and for an application to register a change of ownership by the original trade mark owner assigning or transmitting title of a trade mark to another person.

Text of the Singapore Treaty on the Law of Trademarks

<http://www.wipo.int/treaties/en/ip/singapore/>