**Submissions on Regulatory Systems (Economic Development) Amendment Bill (No 2) filed online 28 April 2019**

These submissions are made on behalf of the New Zealand Institute of Patent Attorneys (Incorporated), ("NZIPA"). NZIPA was established in 1912. It is an incorporated body representing most Patent Attorneys registered under the New Zealand Patents Act, and who are resident and practising in New Zealand.

The current membership of NZIPA comprises 155 Fellows, 3 Honorary, 27 Students, 17 Non-resident, 15 Associates and 2 Retired members. The membership comprises virtually the whole of the senior professional staff of all of the firms of registered patent attorneys practising in New Zealand comprising more than one partner, plus most of the registered patent attorneys who practice as sole practitioners. In addition a number of our Fellows are partners or senior staff solicitors in the intellectual property law departments of some of the large law firms in New Zealand.

We welcome the use of a Regulatory Systems Amendment Bill for regulatory fixes to existing legislation in a timely and cost-effective fashion.

We agree with and support the proposed amendments to the Geographical Indications (Wine and Spirits) Registration Act 2006, Plant Variety Act 1987 and Trade Marks Act 2002 apart from those discussed below.

**Part 7 - Amendments to Geographical Indications (Wine and Spirits) Registration Act 2006**

*Clauses 37 and 38 - amendments to sections 47B(2)(b)(iii)(A), 47C(1) and 47D(2)*

We consider that use of the status “subject to renewal” for a registered Geographical Indication (“GI”) for which the renewal fee has not been paid for the duration of the six month renewal grace period will not alleviate the identified confusion.

The term “subject to renewal” is ambiguous.  For example, all IP rights are “subject to renewal” in the 12 month period prior to the renewal date.   Alternatively, the status “subject to renewal” could be interpreted as meaning that the renewal application had been made and was being processed.

We recommend retention of the status “expired but restorable” which is clear and easily understood.

*Clause 38 - amendment to section 47D(1)(a)*

The proposed amendment to section 47D(1)(a) provides that a GI is not a registered GI for the purposes of section 21 to 24 during the renewal grace period provided by section 47C(2)(b).

The non-application of the restrictions on use of registered GIs during the six month renewal grace period could have the effect of persons acting in a way that might breach that restriction if the GI is renewed during the grace period.

There is no provision to deal with the situation of such use during the grace period prior to the renewal of the GI – this can be compared with section 28 and the handling of a wine or spirit bottled before the registered GI relating to the wine or spirit was registered under the Act.

**Part 13 - Amendments to Trade Marks Act 2002**

*Clause 120 and 125 - amendments to sections 59, 60, 60A and 182*

We welcome the reduction of the renewal grace period from 12 months to six months.

We consider that the introduction of the new status “subject to renewal” is ambiguous and not clear. A trade mark is subject to renewal at anytime in its life cycle, and particularly during the 18 month period during which the renewal fee can be paid. Alternatively, the status “subject to renewal” could be interpreted as meaning that the renewal application had been made and was being processed.

We recommend retention of the status “expired but restorable” which is clear and easily understood.

We appreciate the clarification regarding the status of a trade mark during the renewal grace period bought by the amendment to s 60(1).

However, we have some concerns about the amendment proposed to s 60(1)(a). We consider that the proposal to deem the status of a trade mark as “not a registered trade mark” for the purposes of sub parts 1 to 3 of Part 4 of the Trade Marks Act, without more, could cause uncertainty and have unintended consequences.

Subparts 1 to 3 of Part 4 of the Trade Marks Act are the infringement, criminal proceedings, enforcement officers, and border protection notice (“BPN”) provisions.

In relation to Subparts 1, 2 and 3 of Part 4 of the Trade Marks Act, the amendment has been proposed on the basis that the current situation causes confusion about the status of the trade mark during the renewal grace period and can create difficulties for future applicants.

The infringement provisions relate to use of a trade mark, not the application to register a trade mark, by a third person. If an expired but restorable trade mark was hindering the registration of a third party trade mark application, that applicant could seek the revocation of the expired registration under the provisions of sections 65 - 68.

To illustrate the potential for confusion or unintended consequences, we refer to the different operation of the BPN and infringement provisions.

Sections 139 -139C provide for the suspension and reinstatement of the BPN if the status of the trade mark changes.

Therefore, the notice would be suspended and not acted on by Customs Services during the trade mark renewal grace period and would be reinstated once proof of renewal is provided. The rights of third parties during the grace period is clear. The notice would not be of effect and any potentially infringing goods would not be detained by Customs Services.

Conversely, the situation is not so clear cut if the trade mark is renewed during the grace period and there has been third party activity that would now infringe that renewed registration.

To fully understand this scenario, it is appropriate to look at sections 99 and 100 of the Trade Marks Act.

Section 99 provides

“No person may bring proceedings to prevent, or to recover damages for, the infringement of an unregistered trade mark”.

Therefore, during the renewal grace period, when the trade mark is deemed not to be a registered trade mark, no infringement action can be initiated and no damages incurred.

Once the registration is renewed, the trade mark owner can enforce their registration immediately and s 100 applies.

Section 100 provides

“The owner of a registered trade mark may bring proceedings for infringement of the registered trade mark if,—

(a) in the case of a registered trade mark the application for registration of which has priority under section 36, the infringement occurred on or after the date of application in New Zealand for registration of the trade mark; or

(b) in the case of every other registered trade mark, the infringement occurred on or after the deemed date of registration of the trade mark”.

Whether s100(a) or (b) applies, the third party activity would have occurred on or after the “date of application in New Zealand for registration of the trade mark” or the “deemed date of registration of the trade mark”, as the case may be.

Therefore, any third party activity during the renewal grace period which would not be infringing activity could become infringing activity once the registration is renewed. That same previously non-infringing activity could be the subject of infringement proceedings.

While there would be no award of damages for any third party use during the renewal grace period, The third party may be subject to an award of damages or account of profits for any use subsequent to the renewal of the registration or an injunction preventing any further use may be granted - see s 106. We accept that the granting or scope of any injunction would be subject to the usual balance of convenience arguments. However, the scope of the third party’s liability is far from clear.

If the third party has to change their trade mark they would lose the benefit of any advertising, promotion and sales they had made before the registration was renewed.

Given the potential outcomes of the proposed amendment to s 60(1)(a) we consider that this amendment is potentially outside the scope of a “regulatory fix” and perhaps is not appropriate to be made via a Regulatory Systems Bill but should await the full legislative process of a specific Bill amending the Trade Marks Act. We suggest that consideration be given to whether this proposal be included in the proposed IP Omnibus Bill.

*Clauses 121 - 123 - amendments to section 65, 66 and 68*

We welcome the clarification of the mandatory nature of the revocation grounds and the registration must be revoked if the ground for revocation of a trade mark is made out.

We would like to be heard on our submissions.