

22 July 2016

**SUBMISSIONS ON THE TRANS-PACIFIC PARTNERSHIP  
AGREEMENT AMENDMENT BILL**

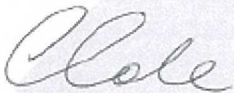
To the Foreign Affairs, Defence and Trade Committee

This submission is from the New Zealand Institute of Patent Attorneys (NZIPA), of  
PO Box 5116, Wellington, New Zealand.

We do not wish to appear before the committee to speak on our submission.

We can be contacted at the below contact details or by email at  
[secretary@nzipa.org.nz](mailto:secretary@nzipa.org.nz).

Yours faithfully

A handwritten signature in cursive script, appearing to read 'Corinne Cole', is written over a large, light blue, semi-transparent watermark of a hexagonal shape.

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## **NEW ZEALAND INSTITUTE OF PATENT ATTORNEYS INC.**

Submission to the Committee Secretariat, Foreign Affairs, Defence and Trade Select Committee, on the Trans-Pacific Partnership Agreement Amendment Bill.

### **1. About the New Zealand Institute of Patent Attorneys Inc.**

- 1.1 The New Zealand Institute of Patent Attorneys Inc (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. Current membership stands at approximately 260, made up as 150 Fellows, 1 Honorary, 70 Students, 12 Associates, 4 Retired and 23 Overseas members.
- 1.2 The NZIPA is governed by a set of rules and a code of professional conduct to ensure its members maintain a consistent high standard of professionalism at all times.
- 1.3 A Council of 9 Fellows is elected each year at the Annual General Meeting. They meet at least monthly throughout the year to manage the affairs of the NZIPA.
- 1.4 The Rules set out the objects of the NZIPA, which are as follows:
  - To maintain a representative group of registered New Zealand patent attorneys.
  - To promote the interests of the Institute.
  - To assist in developing, promoting and maintaining the integrity of the laws and regulations relating to intellectual property matters.
  - To preserve and maintain the integrity and status of the patent attorney profession by setting and administering Rules and a Code of Professional Conduct.
  - To provide means to resolve differences between Members of the Institute, and between members of the public and Members of the Institute.
  - To arrange and promote opportunities to acquire and share knowledge about the patent attorney profession.

## **2. The role of the patent attorney industry in boosting productivity**

- 2.1 Patent attorneys advise on all parts of Intellectual Property. 'Intellectual property' or 'IP' is the term used to describe rights in intangible things. Those rights can be registered (as in the case of patents, designs, trade marks or plant variety rights) or unregistered (as in the case of copyright, trade secrets, goodwill and reputation).
- 2.2 As a profession, Patent Attorneys operate in the global arena assisting New Zealand business to take their ideas and innovations to the world. We understand the need to be smart about intellectual property – protection is important and commercialisation more so. We provide real support to New Zealand's innovators through identification and enhancement of ideas, protection and commercialisation.
- 2.3 NZIPA members have many touch points with their clients which enable them to easily detect relevant, marketable and commercial ideas. As a result of their engagement, patent attorneys:
- Regularly visit New Zealand businesses to enable early identification of innovative ideas;
  - Educate New Zealand businesses about the range and scope of those intellectual property rights both in New Zealand and overseas;
  - Occasionally take equity in New Zealand businesses to assist with the commercialisation of ideas and innovations that they see have potential, and which may not otherwise get to market without our assistance;
  - Are actively involved in the commercialisation of ideas and innovations by sitting at the negotiation table, drafting and reviewing related documents and providing strategic, commercially relevant and pragmatic advice across a broad range of issues (i.e. commercial issues, not just those that are IP related); and
  - Develop strategies to protect those ideas and innovations in key markets through varied intellectual property rights.
- 2.4 Patent attorneys are a highly educated profession. Many of the registered patent attorneys in New Zealand are both legally (i.e. Bachelor of laws or higher) and technically (i.e. Bachelor of Science or higher) qualified as well as being registered patent attorneys.

- 2.5 We work with New Zealand businesses across all sectors from fashion to telecommunications, and from wine to biotechnology. We are attuned to the opportunities and challenges which New Zealand businesses face both locally and internationally.
- 2.6 Our members are globally focussed. They travel regularly and are abreast of issues that will affect New Zealand businesses as they seek to commercialise their innovations and take them to the world.
- 2.7 Most importantly, patent attorneys have a unique insight into how New Zealand businesses can (and should) use the intellectual property systems in New Zealand, Australia and further afield to maximise commercial advantage on the world stage.
- 2.8 We welcome the opportunity to comment on the proposed Bill to amend New Zealand law as part of the implementation of the free trade agreement, named the Trans-Pacific Partnership (TPP).
- 2.9 NZIPA's comments are made in relation to the Acts which particularly deal with intellectual property rights.

### **3. Part 2 – Amendments to Copyright Act 1994**

#### **3.1 Notice – section 135B**

Subsection (2) - Postal delivery receipt is 'received... when it would have been delivered in the ordinary course of post'. New Zealand Post aims for delivery within three working days in New Zealand from receipt. However, this may change over time, so we assume that this time frame would be determined by reference to the standard of the day set by New Zealand Post (or the equivalent existing organisation), which is currently three working days for New Zealand with variations of time frames for the rest of the world.

- 3.2 Subsections (3) and (4) - The distinction between the time frame for deemed delivery/receipt of the Notice between a fax (the day after the date on which it is sent) and an email (two days after it is sent) makes no sense. NZIPA considers that a time frame for delivery/receipt 'the day after date on which it is sent' is reasonable.

- 3.3 Subsection (5) - NZIPA considers that the limitation to 'email' is unduly restrictive and should relate to all forms of delivery of the notice.

- 3.4 A possible change to the subsection could be:

'(5) However, a notice must not be treated as received if the person to whom it is sent proves that it was not received, otherwise than through fault on the person's part'.

3.5 It should be possible for the person to prove that a notice was not received, regardless of which method was used to send it.

### 3.6 **Release of items – sections 135C**

3.7 NZIPA considers that 3 working days is too short a time period to issue a notice under section 136 (1), and submits again that this period seems unnecessarily short.

3.8 NZIPA suggests that a longer period of 5 working days is more reasonable. Recognising the importance of handling infringement matters, it still can take time to obtain instructions. This is because of the need to verify information, check sources of possible infringing product, get authority to file a Customs Notice (or not), obtain ownership details, instruct an application to be filed, arrange monies for payment of the bond etc. The process is likely to take longer for a copyright infringement matter especially if it is not clear who is the owner, and enquiries have to be made to determine this. It is also important to determine what work is suspected of being infringed and this can take time to verify also.

3.9 There are also date issues to consider. A rights holder based in the USA would not receive a notice issued by Customs in New Zealand on say a Monday until Tuesday (New Zealand time). Does the proposed three working days run from when the actual rights holder receives the notice or from when its address for service (if the owner has appointed one) in New Zealand receives it?

3.10 What consideration, if any, has been given to public holidays operating in the country where the rights holder is based which may not apply in New Zealand? Thanksgiving in the USA and Chinese New Year are two examples.

3.11 There does need to be a balancing of positions here – an opportunity given to a rights holder to file a customs notice so that they have the ability to deal with suspected infringements, and for an importer to be able to gain access to goods they have bought and hope to sell for commercial gain.

3.12 The public interest should also be taken into consideration. Not having a procedure in place that gives a rights holder sufficient time to file a customs notice to be able to deal with suspected infringing goods could have detrimental consequences in some cases, particularly if the suspected infringements are

medicines/pharmaceuticals or have a public safety or health component associated with them, like fireworks, batteries, machinery etc. The New Zealand public, quite apart from a rights holder, would not want infringing and potentially defective goods in the marketplace which could be dangerous. The measures adopted should deal effectively with unlawful counterfeit activity without impeding the freedom of legitimate trade.

- 3.13 Extending the time frame to 5 working days would be consistent with the current approach under section 140 of the Copyright Act which allows an owner 10 working days to respond. It favours a fair time frame for receiving, considering and responding to the notice.
- 3.14 Consideration could also be given to including an option like section 140(2) of the Copyright Act which states that "The Chief Executive may in any particular case extend the period referred to in subsection (1)(e) to 20 working days if he or she considers it appropriate to do so in all the circumstances".
- 3.15 Section 135C(1)(a) could be subject to a new Section 135C(2)(A) that states "The Chief Executive may in any particular case extend the period of 3 working days referred to in subsection 135C(1)(a) to 10 working days if he or she considers it appropriate to do so in all the circumstances". This would give Customs discretion to give more time to respond to a notice where there is an overseas rights holder. It would also be consistent with the approach adopted in section 140.
- 3.16 NZIPA considers it is unclear in section 135C (2) what is meant by the wording "...to the person entitled to it". If this is intended to refer to the importer then that should be stated.
- 3.17 The onus currently is on the rights holder to take steps to deal with suspected infringements in New Zealand. In Australia the onus has shifted to the importer who now needs to make a claim for goods seized by Customs. If no claim is made the goods are forfeited. The importer is required to provide name, address and telephone number and grounds for seeking the release of the seized goods. This information may be available to a rights holder which is helpful when dealing with importers of counterfeit products across multiple jurisdictions. It is noted that Australian Customs will only seize goods that are the subject of a customs notice, not under ex officio powers. Despite this, the Australian system has aspects of it which are worthy of consideration if New Zealand wishes to provide better cost-effective mechanisms for rights holders to prevent counterfeit goods entering New Zealand.

- 3.18 We make the point here, as we do elsewhere in these submissions, that as a general theme of recent changes to our patent laws has been alignment and consistency with Australian law, it seems out of step to not consider and introduce provisions that could align our processes dealing with counterfeit goods more closely to the Australian system.
- 3.19 NZIPA would also be concerned if Customs did not advise a rights holder each and every time they suspected the importation of potentially infringing goods. It is expensive to file a Customs Notice and pay the bond of \$5000. A rights holder should be able to make a determination as to when the time is right to file a Customs Notice. They may for economic reasons chose not to file a Customs Notice if the imported quantity of product is not large. But if that situation changes and they are advised of increasing numbers of potential infringements, then this may be enough to change their position. A rights holder should be given every opportunity to deal with the infringement of its rights.
- 3.20 Section 142 amended (Powers of Court) –it is noted that this revised wording now aligns with that of section 154 of the Trade Marks Act 2002.
- 3.21 **Performers’ moral rights**
- 3.22 Section 170A (3) – NZIPA sees no reason why the musical component of a live performance should give rise to moral rights while the visual aspects do not.
- 3.23 Section 170D (c) – it is not clear why there is an exclusion for the “purposes of advertising any goods or services”.
- 3.24 Section 170F (2) – NZIPA sees no reason why the musical component of a live performance should give rise to moral rights while the visual aspects do not.
- 3.25 **Definitions of TPM terms**
- 3.26 Section 226 - The definitions do not make it clear that a computer program would be covered by the definition of ‘TPM circumvention device’.
- 3.27 NZIPA suggests adding the word ‘technology’ to the definition of ‘TPM circumvention device’, so that it reads as follows: ‘TPM circumvention device means a technology device, product, or component...’.
- 3.28 This would add clarity to the definition, because currently as drafted it could be read as suggesting that the ‘device, product, or component’ needs to have physical properties when it is conceivable that the device could be intangible like a computer program. This would be consistent with MBIE’s definition of a TPM,

as follows: 'Technological protection measures (TPMs) are technical locks copyright owners use to guard or restrict the use of their material stored in digital format, such as encryption software.'

### 3.29 **Copyright term extension**

3.30 It is recognised that under the Trans-Pacific Partnership Agreement the copyright term applying in New Zealand is to be extended to 70 years based on agreement reached during the negotiations. However NZIPA make the point that there has not been any economic report showing that a longer term of copyright is necessary for providing incentives to create and to invest in commercialising copyright works.

3.31 In most instances where the copyright term is extended it changes from 50 to 70 years. However the graduated approach as proposed under Sections 46 and 50 to 60 years, is likely to introduce confusion, particularly for those unfamiliar with copyright terms and the overall structure of the Copyright Act.

## **4. Part 8 – Amendments to Patents Act 2013**

### 4.1 **Requests for extension of patent if delay in granting patent – section 111A**

4.2 NZIPA agrees that a patent should be able to be extended if there is a delay in the grant of the patent.

4.3 The determination of 'unreasonable delay' should take into account classified applications. Such applications are subject to a secrecy order that prevents publication (and grant) of such applications. The intent of the legislation would suggest that such applications be processed and examined within reasonable timeframes, and maintained in a pre-acceptance state pending lifting of the secrecy order. However, current IPONZ policy dictates that classified applications are not even examined until the secrecy order is lifted.

4.4 Classified applications therefore experience delays in both examination and grant. Applicants should be compensated for such unreasonable delays.

### 4.5 **Grant of extension of patent on ground of unreasonable delay in granting patent –section 111B**

4.6 There are a number of periods of time that the Commissioner must disregard under subsection (2). These include the time taken by an applicant to respond to an examination report.



- 4.7 To have a blanket disregard to such periods seems to be a little harsh on an applicant, particularly with a new Act and where the objections raised already under that Act have apparently been quite monumental. Some qualification to those periods, for example by the Commissioner being able to disregard any 'undue delay' in responding to an examination report, would be desirable.
- 4.8 'Undue delay' is considered in the Patents Act for assessing restorations. Therefore there is case law available to assist in assessing undue delay in any particular case.
- 4.9 The blanket disregard for periods of time where there is an assertion under section 90, an opposition under section 92 and re-examination under section 94, appear to be again rather draconian.
- 4.10 There is a risk that a third party can 'game' the system by delaying the issuance of a patent. NZIPA considers that there must be some way that the Commissioner can identify unreasonable efforts to prevent the patent being granted by a third party rather than refusing to take into account any of those periods in assessing the extension. Again perhaps introducing some measure of 'undue delay' would meet the problem.

The example given (on page 60) also appears to be contrary to subsection 2(b)(iii). In the example the periods disregarded were the applicant filing a counterstatement to the notice of opposition and the time taken by the opponent to file evidence in support of the opponent's case. Apparently however, the following periods would not be disregarded:

- time for the applicant to file its evidence, and
- the time taken to file the notice of opposition itself, and
- the time taken to have the hearing and receive the decision.

This needs to be reviewed and clarified.

- 4.11 Just as an applicant should not be allowed to game the system, nor should third parties be able to use procedures to unreasonably delay the grant of a patent.
- 4.12 **Sections 111F to 111O – extension of term of patents through unreasonable curtailment**
- 4.13 As the New Zealand registered representative body for most of the patent attorneys resident in New Zealand, we collectively have clients across the whole

spectrum of the pharmaceutical (including biologics) supply industry. That includes:

- innovative pharmaceutical companies
- research organisations researching for new pharmaceuticals and biologics including New Zealand research organisations
- generic companies based in New Zealand
- generic companies supplying pharmaceuticals from abroad.

4.14 NZIPA therefore takes a neutral stance on issues relating to the supply of pharmaceuticals such as extensions of term. This neutral stance is not to be taken as endorsing the proposed clauses in the bill. NZIPA will simply not express a view.

4.15 We do however make the point that recent changes to our patent law, and other laws, has introduced a general theme of alignment and consistency with Australian law. It therefore seems out of step to introduce a significant anomaly into our patent term extension provisions. Many of our trading partners including Australia have a 5 year maximum term for patent term extensions, but we are going to limit it to 2 years. At least Australia and Europe (and no doubt others) measure the 'curtailment' period from filing date to date of approval, not from date of applying for approval to date of granting approval.

## **5. Part 11 – Amendments to the Trade Marks Act 2002**

### **5.1 Interpretation – definition of 'counterfeit goods' – section 135**

The definition of "counterfeit goods" as set out in (b) should also include the wording "or confuse" to be consistent with the wording used in section 89 (c) and section 135 definition of "infringing sign" of the Trade Marks Act 2002.

### **5.2 Detention of goods suspected of bearing infringing sign - section 135A (2) (a)**

5.3 The current wording of this section proposes that the Chief Executive take reasonable steps to notify the owner of the trade mark of the detention of suspected counterfeit goods. We consider that this section should be amended to also include the words 'or its agent/address for service'.

- 5.4 NZIPA considers that Customs should contact the listed agent/address for service of the suspected infringement in the first instance, who would then contact the rights holder for instructions. The agent/address for service would have the relevant rights holder contact details. Often within an organisation specific personnel have responsibility for handling infringement matters, so to get instructions promptly all correspondence needs to be appropriately addressed.
- 5.5 **Release of goods – section 135B**
- 5.6 NZIPA considers that three working days is too short a time period to issue a notice under section 137, and submits again that this period seems unnecessarily short.
- 5.7 NZIPA cannot see why a longer period of five working days could not be adopted, particularly given the importance of responding to infringement matters, particularly involving counterfeits, it still can take time to obtain instructions. This is because of the need to verify information, check sources of possible infringing product, get authority to file a Customs Notice (or not), obtain registration details, instruct an application to be filed, arrange monies for payment of the bond etc.
- 5.8 We reiterate our comments as made above in clauses 3.9 to 3.19.
- 5.9 Again NZIPA would be concerned if Customs did not advise a rights holder each and every time they suspected the importation of potentially infringing goods. It is expensive to file a Customs Notice and pay the bond of \$5000. A rights holder should be able to make a determination as to when the time is right to file a Customs Notice. They may for economic reasons chose not to file a Customs Notice if the imported quantity of product is not large. But if that situation changes and they are advised of increasing numbers of potential infringements, then this may be enough to change their position. A rights holder should be given every opportunity to deal with the infringement of its rights. Customs Notices based on trade mark registrations are also only in force until the trade mark registration is due for renewal. For economic and logistical reasons, it is in the best interests of the rights holders to align renewal dates for trade mark registrations and Customs Notices –another reason why a rights holder should be able to make its own determination about timing.
- 5.10 NZIPA considers it is unclear in section 135B (2) what is meant by the wording "...to the person entitled to them". If this is intended to refer to the importer then that should be stated.