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European Union Free Trade Agreement Legislation Amendment Bill - submissions

We attach the submissions of New Zealand Intellectual Property Attorneys Inc (NZIPA) in relation to the European Union Free Trade Agreement Legislation Amendment Bill in New Zealand.

NZIPA is an incorporated body representing most trans-Tasman patent attorneys registered and practicing in New Zealand. The current membership of NZIPA comprises 172 Fellows, 3 Honorary, 10 Students, 10 Non-resident, 28 Associates and 2 Retired.

Patent attorneys operate in the global arena across all sectors of industry to assist businesses in their key markets to use intellectual property (IP) systems for strategic advantage. Patent attorneys are qualified to, and regularly do, advise on all intellectual property rights including patents, trade marks, designs, and copyright.

We have addressed two issues that we wish to make submissions on in relation to the European Union Free Trade Agreement Legislation Amendment Bill.

1. Part 3 – Clause 27, Part 3 – Amendments to the Act previously called Geographical Indications (Wine and Spirits) Registration Act 2006.

We refer to Part 3 - Amendments to Act previously called Geographical Indications (Wine and Spirits) Registration Act 2006 of the European Union Free Trade Agreement Legislation Amendment Bill; and in particular Clause 27, which states:

27 Section 6 amended (What is geographical indication?)

(1) Replace the heading to section 6 with “**Geographical indications**”.

(2) In section 6(1),—

(a) replace “a wine or spirit” with “a wine, spirit, or other good (as the case requires)”; and

(b) replace “the wine or spirit” with “the wine, spirit, or other good”.

(3) Replace section 6(3) with:

(3) A foreign geographical indication—

(a) means a geographical indication that identifies a wine or spirit as originating in a country other than New Zealand; but

(b) does not include an EU FTA geographical indication unless the EU FTA geographical indication is also listed in Part 2 of the register.

- (4) An EU FTA geographical indication means a geographical indication that—
- (a) identifies a wine, spirit, or other good as originating in a country that is a member state of the EU; and
 - (b) is listed in Section A of Annex 18-B of the EU FTA.

In this current form, New Zealanders and foreigners are being afforded a narrower scope of protection for GIs than an EU FTA geographical indication.

This is because of the inclusion of the words “or other goods” within section (4)(a); which is not included in Sections (3) (a) and furthermore, there is no indication to amend the current Clause (6)(2) of the Geographical Indications (Wine and Spirits) Registration Act 2006.

We submit that New Zealanders in particular should not be afforded a narrower scope of protection.

To support this, we refer to Article 3 and 4 of the TRIPS agreement. In particular we note that following:

Article 3 – Each Member shall accord to the nationals of other Members treatment no less favourable than that it accords to its own nationals with regard to the protection ⁽³⁾ of intellectual property, subject to the exceptions already provided in, respectively, the Paris Convention (1967), the Berne Convention (1971), the Rome Convention or the Treaty on Intellectual Property in Respect of Integrated Circuits

Article 4 - With regard to the protection of intellectual property, any advantage, favour, privilege or immunity granted by a Member to the nationals of any other country shall be accorded immediately and unconditionally to the nationals of all other Members.

NZIPA Proposed Changes:

We submit that Clause 27 should be amended to read:

27 Section 6 amended (What is geographical indication?)

- (1) Replace the heading to section 6 with “**Geographical indications**”.
- (2) In section 6(1),—
 - (a) replace “a wine or spirit” with “a wine, spirit, or other good (as the case requires)”; and
 - (b) replace “the wine or spirit” with “the wine, spirit, or other good”.
- (2) In Section 6(2), -
 - (a) replace “A wine or spirit” with “a wine, spirit, or other good”
- (3) Replace section 6(3) with:
 - (3) A foreign geographical indication—
 - (a) means a geographical indication that identifies a wine or spirit, or other good as originating in a country other than New Zealand; but
 - (b) does not include an EU FTA geographical indication unless the EU FTA geographical indication is also listed in Part 2 of the register.
 - (4) An EU FTA geographical indication means a geographical indication that—

- (a) identifies a wine, spirit, or other good as originating in a country that is a member state of the EU; and
- (b) is listed in Section A of Annex 18-B of the EU FTA.

1. Schedule 2 – Consequential amendments to Acts.

We also refer to the proposal to amend the Trade Marks Act 2004 by inserting the following two sections:

195A Use of fees under this Act

(1) A fee, or a portion of a fee, payable to the Commissioner under this Act may be used to recover the costs, or a share of the costs, of the Registrar of Geographical Indications in the performance of the Registrar's functions, powers, and duties under the Geographical Indications Registration Act 2006.

(2) The costs recovered in accordance with subsection (1), and the functions, powers, and duties in relation to which those costs were incurred, need not be related, directly or indirectly, to the person or persons from whom the fee is collected.

195B Validation of fees used to recover costs of register of geographical indications.

(1) This section applies to a fee payable to the Commissioner under this Act that is or was payable under this Act on or before the commencement of the European Union Free Trade Agreement Legislation Amendment Act 2024.

(2) Money received by the Commissioner in payment of the fee may be applied on or after the commencement of the European Union Free Trade Agreement Legislation Amendment Act 2024 to recover the costs or a share of the costs of the Registrar of Geographical Indications in accordance with section 195A of this Act.

The proposed amendment to the Trade Marks Act will divert fees paid by users of the trade mark system to finance the protection of Geographical Indications.

Cross-subsidisation is currently avoided between the Trade Marks Act 2002 and the Patents Act 2013. MBIE has confirmed the need to avoid cross-subsidisation between the acts, in their Cost Recovery Impact Statement of 2018 – refer to: <https://www.mbie.govt.nz/dmsdocument/5764-intellectual-property-fees-review-cost-recovery-impact-statement>

In addition, Treasury's Guidelines for Setting Charges in the Public Sector

(<https://www.treasury.govt.nz/publications/guide/guidelines-setting-charges-public-sector>) states as follows:

Cross subsidisation

Cross subsidisation occurs when the charges for providing one type of good or service are put towards the cost of providing another type of good or service. Cross subsidisation should generally be avoided, as the costs are not borne by the users. In this way it is not consistent with the efficient allocation of resources.

The Treasury Guidelines suggest that cross-subsidisation is potentially unlawful and that any cross-subsidisation must be clearly authorised and transparent, and the reasons for doing so clearly documented.

Returning to the intellectual property fee review cost recovery impact statement to policy rationale for a user charge is clearly stated in the following terms:

18. IPONZ's main role is to examine applications for registrable IP rights and grant them where the criteria for grant are met. IP rights can be considered 'private goods', as they are rivalrous, and are excludable, in that the owner of an IP right can exclude others from commercially exploiting goods and services covered by that right.

19. There is a strong case for recovering the costs of a private good from those who benefit from it. In the case of patents and trade marks, the recovery of the costs takes the form of fees. Third party fees are used because the primary beneficiaries of the examination and grant of IP rights are those who apply for IP rights.

20. Third party fees for IP protection are a well-accepted cost of doing business, both in New Zealand and in other countries, and continue to be the most appropriate mechanism to best meet IPONZ's costs in administering the Patents Act 2013, and Trade Marks Act 2002.

21. IPONZ's fees are charged to all persons who wish to apply for a registrable IP right. These can include individuals and small businesses through to corporate entities and multinational organisations.

It is our submission that the cost of the Registrar of Geographical Indications in the performance of the Registrar's functions, powers, and duties under the Geographical Indications Registration Act 2006 should be obtained from its own fee collection source and not from fees obtained in relation to a different intellectual property source.

Do not hesitate to contact us if you wish to discuss any matter in more detail.

Yours faithfully,
New Zealand Intellectual Property Attorneys Inc.



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