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SUBMISSIONS ON PROPOSED INTELLECTUAL PROPERTY LAWS AMENDMENT BILL

These submissions have been prepared by the New Zealand Institute of Patent Attorneys Inc. (NZIPA).

The submissions are made in response to the May 2019 Discussion Paper entitled 'Intellectual Property Laws Amendment Bill – Patents Act 2013, Trade Marks Act 2002, Designs Act 1953'.

BACKGROUND

The 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. A significant majority of our members are registered as Trans-Tasman Patent Attorneys and/or Australian Trade Mark Attorneys.

The current membership of NZIPA comprises comprises 156 Fellows, 3 Honorary, 24 Students, 17 Non-resident, 15 Associates and 2 Retired.

Patent attorneys operate in the global arena across all sectors of industry to assist businesses in their key markets and to use intellectual property (IP) systems for strategic advantage. Patent Attorneys are qualified to, and regularly advise on, all intellectual property rights including, but not limited to, patents, trade marks, and designs.

Members of NZIPA provide real support to New Zealand's innovators through identification and enhancement of ideas, protection and commercialisation.

Members of NZIPA represent local and international patent owners and alleged infringers of patent rights in New Zealand and Australia. Due to this diversity of clients, a single unified view on some points may not be possible.

PATENTS ACT 2013

> **Question P1: Do you agree with the amendment to the transitional provisions of the Patents Act 2013 proposed by MBIE? If you do not agree, please explain why.**

In view of the diversity of clients that our members represent, NZIPA must remain fairly neutral. That said, MBIE's proposal seems to be a reasonable compromise between the two extremes of keeping the status quo (option (i)) and barring further divisionals from applications proceeding under the 1953 Act (option (ii)).

We would, however, be against expanding beyond the proposed grounds of the 2013 Act that would apply during examination of 1953 Act divisionals.

We are strongly opposed to option (ii), as we are to the examination request deadline in the 2013 Act. As we have seen in other countries that have, or have previously had, similar provisions, this can create a great deal of stress and complexity that provides little benefit and often ends up in additional divisional applications being filed just to safeguard against the unexpected; clearly contrary to the intended goal.

> **Question P2: Do you agree with MBIE's assessment of the potential problems caused by "daisy-chaining" of divisional patent applications? If you do not, please explain why you consider that MBIE's assessment is incorrect.**

As indicated above, we are strongly against any time limits around the filing of divisional applications. If there has been an issue, it seems this could be dealt with by the proposal to introduce option (ii) above.

There are some advantages to daisy-chaining and these are not all abusive. For example, patent applications (and the claims) are often filed at an early stage of development. Over time, realisations of the invention may change and, provided there is proper support, having a pending application can enable an applicant to obtain appropriate protection for the modifications.

Further, applicants are often not aware of all prior art at the outset and this may only become apparent many years after filing and potentially grant of a first application. For example, new prior art could be cited in another jurisdiction, e.g. Europe, Japan or Canada, many years after a first New Zealand patent is granted. While there is the opportunity to amend claims after grant, there are tight controls around this. Having a pending application can enable an applicant to protect a different invention, or perhaps essentially the same invention but in a different way, such that they are granted the protection the invention merits rather than having to unduly limit the scope of protection.

Question P3: Do you agree with MBIE's preferred option for dealing with the issue of 'daisy-chained' divisional patent applications?

If you do not, which option do you prefer? Please explain why you prefer this option.

In view of the diversity of clients that our members represent, NZIPA must remain fairly neutral on this issue.

That said, option (i), maintaining the *status quo*, appears to be the least problematic of the option put forward. We are not aware that daisy chaining *per se* is a significant issue, it is the combination with the lower level of scrutiny under the 1953 Act.

That said, we refer to MBIE's comments in section 1.5; that IPONZ is a small patent office with limited resources. This has led to delays in examination, which can disadvantage applicants seeking to prosecute, under the *status quo*, patent applications that have been found to include multiple inventions.

Option (ii) seems a clear way forward but presents significant problems. For example, consider a case where an application has 20 claims. The examiner indicates there are two separate inventions, the first covered by claims 1-10 and the second covered by claims 11-20. The applicant prosecutes the first invention through to grant and timely files a divisional to claims 11-20. However, the examiner of the divisional raises a new lack of unity objection; that original claims 15-20 relate to a different invention from claims 11-14. If the applicant is unable to successfully argue these claims are, in fact unified, the applicant would simply have to delete one of the inventions from the divisional application with no ability to protect it. The consequence of this in other countries is that we see applicants file several divisionals across a wide range of different positions to provide room to manoeuvre. This change could, therefore, have a significant detrimental impact on those seeking change. A variation on this option would be to allow voluntary divisionals from the first application, with divisionals of divisionals only possible if the examiner raises a lack of unity objection. This approach is taken in, e.g., China.

Regarding option (iii), we first need to clarify the position in the UK. It is possible to extend the compliance or acceptance deadline in the UK by two months and divisionals can be filed up to three months before the extended compliance deadline. Further, if the compliance deadline on the parent application has been extended, this extended compliance deadline becomes the non-extended compliance deadline on the divisional. This can be repeated on and on such that the compliance deadline is extended by two months for each new divisional. If this proposal was adopted, we (and we assume patent examiners) would very much appreciate similar provisions, but perhaps extended out to three months. While it seems this could be used to endlessly daisy-chain, the requirement to file successive divisionals in such close time proximity to one another means this does not happen in reality.

Further regarding option (iii), there may need to be provisions around IPONZ workflows. We refer to MBIE's comments in section 1.5; that IPONZ is a small patent

office with limited resources. While examination is generally fairly rapid in New Zealand at present, this may change and the time limits imposed need to be workable and potentially able to change. At least some discretion should be given to examiners to extend the compliance deadline beyond that originally set. Otherwise, it is hard to see how this proposal could work without sacrificing the quality of examination.

Of the options offered, our preferred option is option (i). If option (iii) were to be implemented with the compliance deadline extensions available, we would then prefer option (iii) over option (ii). It is otherwise hard to pick between options (ii) and (iii) as there will be cases where one is preferable over the other. Option (ii) should result in less pressure regarding turnaround of examination reports and responses, but if examination is conducted quickly, option (iii) may result in some divisionals not having to be filed because applicants can potentially prosecute a divisional through to allowance and assess the ultimate claim scope before deciding whether to file a divisional.

> **Question P4: If MBIE's preferred option was adopted, do you agree with the 12-month time period proposed? If not, what other time period could be adopted?**

We are strongly opposed to this and we would expect all New Zealand patent applicants to be so too.

Many New Zealand patent applicants are small businesses without dedicated internal IP resources. Further, budgets are often limited and applications may also be being prosecuted in other countries. Focussing on IP work takes them away from actually commercialising their product, which is ultimately critical to the success of any business. A 12 month time frame is at best tight and would severely hinder an applicant's options to vary scope as product changes are made. Even if there is a need for a time limit, why does it need to be as short as 12 months?

If a 12 month compliance period is imposed, we suggest at least providing for the ability to extend the period as provided for in the UK (see comments on option (iii) regarding P3).

> **Question P5: Do you agree with MBIE's proposed amendments to the provisions relating to requesting examination and the proposed transitional provision? If you do not, please explain why.**

As indicated above, we are generally against any imposed time limit on the filing of divisionals, including through imposing a deadline on requesting examination.

That said, the position at present is uncertain and should be clarified. So, regardless of whether we agree to the time limit *per se*, we agree that there should be clarification around what happens to applications after the five year deadline.

However, there is no reason why normal restoration/reinstatement provisions should not apply to safeguard applicants where a deadline is mistakenly not met. These should

simply use the unintentional requirement but could possibly also include a due care requirement.

If there are changes put in place that tie the compliance deadlines of divisionals to their parent case, we agree that time frames should be condensed but would prefer a short window for this after filing, say one month, and only if the divisional application is filed after a specified time e.g. within 6 months of compliance deadline. This would provide time for applicants to better formulate the claims and consider the relevance of prior art.

Question P6: Do you agree that poisonous priority is not likely to be a significant issue in New Zealand?

If not please explain why.

For the sake of brevity, we refer to and endorse the comprehensive and thorough 9 July 2019 submission of Michael J Caine of Davies Collison Cave.

We add that there appears to be some reluctance from MBIE to recognise and address this issue despite it having been raised as a serious problem elsewhere. The structure of the question clearly reflects this.

This is a complex issue with subtle nuances and is only likely to be an issue in litigation. Since patent litigation is somewhat infrequent in New Zealand and poisonous priorities and divisionals only exist in some cases, it is not surprising that there are no actual decided cases on this, but this does not mean that no action should be taken.

The complexity of this issue is illustrated by the fundamental errors made in the priority date *etc*. analyses that are included in the discussion document to support MBIE's conclusions. Several of these are identified in Michael Caine's submission.

Having identified the issue, it should not be necessary to wait for one or more patent proprietors to lose protection for an invention that they should be able to protect before action is taken. For any proprietor to lose protection in this way would make it a significant problem.

At best, there is uncertainty at present and we fail to see how this uncertainty can benefit anyone. If this is a non-issue, why not explicitly rule it out as an issue rather than have two litigating parties have the issue decided?

Question P7: Do you agree with MBIE's preferred solution to the poisonous divisional issue? If not, please explain why.

For the sake of brevity, we again refer to and endorse the comprehensive and thorough 9 July 2019 submission of Michael J Caine of Davies Collison Cave.

We add that, while there may be no examples of a patent being revoked or refused under the 2013 Act as a result of poisonous divisionals, this does not mean that it is not a real problem. One member of NZIPA Council alone has knowledge of at least five applications, in two patent families, having poisonous divisional-type objections raised

during examination by IPONZ. If nothing else, this issue is creating unnecessary expense for applicants.

We consider MBIE's preferred solution (option (i)) provides only a partial solution. While that option represents progress, our view is that the ability for a claim to have more than one priority date (option (ii)) more completely addresses the issue.

> **Question P8: Do you agree with MBIE's assessment that there is no need to amend the 2013 Act to provide that patent claims can have more than one priority date? If not, please explain why.**

For the sake of brevity, we again refer to and endorse the comprehensive and thorough 9 July 2019 submission of Michael J Caine of Davies Collison Cave.

We add that there is the suggestion at paragraph 161 that this is not a problem because a provision has been carried over from the 1953 Act. However, this completely ignores the very different fair basis/support requirements of the two Acts.

> **Question P9: Of the two options presented by MBIE for dealing with extensions of time when hearings are requested, which do you prefer? Why?**

As the discussion document notes, there are two issues with the current situation relating to hearings requested under section 208. Firstly, the likelihood that a hearing cannot be held and a decision issued before the expiry of the section 71 deadline, and secondly, the lack of provision for an extension of the section 71 deadline to allow an applicant to make amendments to put an application in order for acceptance after a decision is issued.

We appreciate IPONZ's current use of section 230 to extend the section 71 deadline when a hearing is requested is a pragmatic solution to the problem identified in the discussion document; that IPONZ is a small patent office and it generally does not have the resources to hold a hearing and issue a decision within the constraints of the section 71 deadline.

We note, however, the concerns expressed by Victoria Casey QC as Assistant Commissioner of Patents in *Biocon* ([2018] NZIPOPAT 2) as to the legitimacy of using section 230 to extend the section 71 deadline to allow for a hearing and, even more so, to allow an applicant to make amendments to put an application in order for acceptance after a decision is issued.

Accordingly, we prefer MBIE's second option; amendment of the 2013 Act and/or the 2014 Regulations to allow for an extension of time for putting a patent application in order if a hearing is requested under Section 208.

We also agree that the extension should allow sufficient time for the applicant to make appropriate amendments to the application so that it can be accepted, if that is the Commissioner's decision. But, in such circumstances, we consider twenty working days

after the date of the decision would not be a sufficient extension. The extension must allow sufficient time for the applicant to prepare and file the amendments, and for the amendments to then be examined by IPONZ with sufficient time to resolve any minor matters that might arise during that examination. We suggest an extension of three months after the date of the decision would be appropriate.

> **Question P10: If an extension of time for putting an application in order is granted when a hearing is requested, and the hearing request is withdrawn before a hearing, what should happen to the application? Do you agree with the approach suggested by MBIE? If not, please explain why.**

We appreciate MBIE's concerns if any proposed extension is tied to the date of the hearing. As noted above, we consider it more appropriate that the extension be tied to the date a decision issues.

Regardless, we disagree with MBIE's suggested approach; that an application lapse if a hearing request is withdrawn and the 12 month period set under section 71(1) has expired.

MBIE's suggested approach does not allow for any previous extension of the section 71 deadline that may have been granted during the examination procedure, or otherwise. See, e.g., *Biocon* (vide supra), in which there had been a first extension of the section 71 deadline during examination and a further extension of the section 71 deadline following restoration of the application.

In addition, MBIE's suggested approach would not allow for other mechanisms for resolving all matters preventing acceptance of an application without a hearing taking place, e.g. in a case management meeting prior to a hearing. In view of the resourcing concerns identified in the discussion document, we suggest such other mechanisms should be encouraged and whatever approach MBIE adopts should allow for them.

> **Question P11: Do you consider that the usefulness requirements in the 2013 are unclear? Why?**

No. Section 10 clearly sets out the usefulness requirements in the 2013 Act.

We acknowledge that a court may have regard to the law that developed in relation to classical utility to inform their assessment as to whether or not an invention satisfies the requirements of section 10. But, with the coming into force of the 2013 Act, classical utility is an anachronism, and its assessment as a separate requirement to the usefulness requirements in section 10 would be inconsistent with the scheme and purposes of the 2013 Act.

> **Question P12: MBIE considers that the 2013 Act should not be amended to allow EPC2000-type claims. Do you agree? If not, why?**

The discussion document refers to the Court of Appeal's decision in *Pharmaceutical Management Agency Limited* v *Commissioner of Patents* [2000] 2 NZLR 529, which

held that Swiss-type claims are allowable. We refer to paragraphs 64 and 65 of that decision:

> [64] Just as there can be invention and novelty in the discovery of unrecognised properties in known substances qualifying for patent protection under the doctrine of selection patents and under the decision in NRDC, so there can be invention and novelty in the discovery of unrecognised properties of known pharmaceutical compounds. Where the somewhat special requirements for a selection patent are not met, a claim to the substance *per se* should not be allowable. Where the new properties are employed in a method of medical treatment, claims cannot extend to that method. But by its accession to the TRIPs Agreement New Zealand has undertaken to make available patents "for any invention, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application" (art 27:1). That obligation, which has been assumed by all parties to the agreement, is not to be set aside on grounds based on circumstances of convenience such as the comparatively low level of medical research undertaken in this country or the particular method by which medicines are funded.
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> [65] Once it is accepted that there can be new invention in the discovery of previously unrecognised advantageous properties in a chemical compound, the obligation to make patent protection available must apply. The provisions of the Patents Act should if possible be construed so as to give that effect. The Judge-made rules relating to novelty and methods of treatment, unless dictated by the statute, should be modified if that is necessary.

Paragraph 65 is a direction that the obligation (under article 27 of TRIPs) to make patent protection available must apply to cases where an invention relates to 'a discovery of previously unrecognised and advantageous properties of the chemical compound'. It required the 1953 Act to be construed in such a way to provide patent protection for the discovery of any previously unrecognised and advantageous property. The Swiss-type format was held to be the appropriate way of doing this.

Since that decision, and as explained in the discussion document, amendments to the EPC have rendered the Swiss-type format obsolete in Europe. Instead, the EPC2000-type format is now used.

The discussion document refers to decisions from the EPO's Enlarged Board of Appeal and Technical Board of Appeal, which suggest that there **may** be some difference in scope between Swiss-type claims and EPC2000-type claims. However, the discussion document does not explain how those differences would lead to any practical difference in relation to validity or infringement that would justify the conclusion that 'there may be significant disadvantages to amending the 2013 Act to allow EPC2000-type claims'.

Moreover, the Preparatory Document MR/18/00 from the EPC2000 legislators explains that the intention behind EPC2000-type claims was 'to match as closely as possible the scope of protection to the scope provided by a "Swiss type claim"'. Indeed, the purpose of Article 54(5) was to eliminate 'any legal uncertainty on the patentability of further medical uses'.

The discussion document suggests, instead, that the reason EPC2000-type claims were adopted was to stimulate research into new medicinal uses of known drugs.

One of the purposes of the 2013 Act, set out in section 3(e), is to 'ensure that New Zealand's patent legislation takes account of developments in the patent systems of other countries'.

In a small jurisdiction such as New Zealand it is inevitable there will be limited domestic jurisprudence on, for example, the interpretation of Swiss-type claims. In view of the amendments to the EPC, there is no longer a developing body of jurisprudence on the interpretation of Swiss-type claims. They have become an anachronism. Instead, the courts in Europe, including those in the United Kingdom, will develop their jurisprudence on the interpretation of EPC2000-type claims.

The advantage of amending the 2013 Act to allow EPC2000-type claims is that IPONZ will have the advantage of that jurisprudence in developing its examination practices, and the New Zealand courts will also have the benefit of that guidance.

> **Question P13: Do you agree that the 2013 Act should be amended to explicitly provide for exhaustion of patent rights? If not please explain why.**

In view of the diversity of clients that our members represent, we do not have a view on whether or not the 2013 Act should be amended to explicitly provide for exhaustion of patent rights.

That said, we agree that it is currently unclear whether parallel imports of patented products into New Zealand are permitted under the 2013 Act.

For that reason, we consider that some amendment of the 2013 Act is desirable. That amendment should, at least, make it clear whether or not parallel imports of patented products into New Zealand are permitted under the 2013 Act.

> **Question P14: If the 2013 Act is amended to provide for exhaustion of rights, should the Act provide for international exhaustion? Would there be any disadvantages in providing for international exhaustion?**

In view of the diversity of clients that our members represent, we do not have a view on whether or not the 2013 Act should be amended to provide for international exhaustion of patent rights.

> **Question P15: The 2013 Act provides that the Attorney-General has the right to challenge the grant of a patent or otherwise intervene in patent proceedings. Do you consider that the Attorney-General should retain this right?**

As the chief law officer of the Crown, it seems only appropriate that the Attorney-General should retain the right to challenge the grant of a patent or otherwise intervene in patent proceedings.

The discussion document identifies issues with two sections in the 2013 Act; the rights of the Attorney-General under section 163, and the requirement to give notice to the Solicitor-General under section 164.

The discussion document then appears to conflate these issues and all of the options deal with sections 163 and 164 together.

If MBIE considers there is no longer any purpose in maintaining the requirement to give notice under section 164, it does not logically flow that section 163 should also be repealed. And, as explained below, we support the retention of section 163.

> **Question P16: If you consider that the Attorney-General should retain the right to challenge the grant of a patent or otherwise intervene in patent proceedings, do you consider that there should be an explicit provision providing for this (for example along the lines of MBIE's preferred option)?**
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> **Alternatively, do you consider that the provisions in the 2013 Act that "any person" can apply to oppose or revoke a patent, or apply for re-examination, are sufficient to give the Attorney-General the right to do these things?**

We agree with MBIE regarding the possible implications of repealing section 163; that this might imply parliament intended that the Attorney-General no longer retain the right to intervene in patent proceedings.

However, MBIE's proposed solution under option (iii) appears incomplete. The rights of the Attorney-General under section 163 are broader than would be covered by merely amending 'any person' to 'any person, or the Attorney-General' in sections 92, 94 and 112. The risk in MBIE's proposed solution is that it might imply parliament intended the Attorney-General retain the right to intervene in only those patent proceedings, and not the other proceedings set out in section 163.

Instead, we suggest that section 163 be retained and, if there is no longer any purpose in maintaining the requirement to give notice under section 164, only section 164 be repealed.

> **Question P17: Do you agree that the transitional provisions in the 2013 Act are unclear about the availability of documents relating to 1953 Act applications and patents granted on them?**

The IPONZ fact sheet 'Release of information held under the Patents Act 1953' available at https://www.iponz.govt.nz/about-iponz/release-of-information/ advises 'the Patents Act 2013 Act applies to all patent granted under the Patents Act 1953' and that IPONZ will release to third parties:

> [A]ll information and documents associated with the application including IPONZ examination reports or any information that could be used to establish the contents of the examination reports such as responses to examination reports and in the possession of the Commissioner except:
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> - Internal examiner notes and confidential examination documents uploaded by the examiner, such as Search Strategy, Search statements Extracts of search, examiner's notes, etc.

- Any information that could disclose a trade secret or could be used to prejudice the commercial position of the applicant, such as financial details or lists of clients.

We note MBIE's proposal, that section 91 of the 1953 Act continue to apply to all patents granted on 1953 Act applications, would change IPONZ's current approach as regards IPONZ examination reports.

Question P18: Should the 2013 Act be amended to provide that the abstract must not be used to interpret the scope of an invention described or claimed in a complete specification? If so, why?

As the discussion document notes, the abstract is intended to be merely a summary of the invention to assist in searching the patent register or other collections of patent data. We support IPONZ's current approach of examiners amending the abstract as a pragmatic solution to the rigorous policing of the requirements of regulation 33 noted in the discussion document.

But, particularly in light of that rigorous policing, we share the concerns set out in the discussion document regarding the lack of guidance in the 2013 Act as to the use/interpretation of the abstract.

Other limitations on the abstract set out in regulation 33, e.g. limiting the length of the abstract, mean that an applicant may not be able to mitigate the risk of the abstract being used in a way that is disadvantageous to the applicant.

The lack of any instances of which MBIE is aware of the Commissioner or the courts using the abstract to interpret the scope of the claims of a complete specification is not surprising in view of the limited patent jurisprudence in a relatively small jurisdiction such as New Zealand. But that is not a good reason to avoid taking action to clarify how the abstract should be used.

Regulation 33 reflects PCT Rule 8.1. It would seem appropriate then, that the 2013 Act reflect the scheme of the PCT as regards the abstract and include a provision similar to PCT Article 3.3, consistent with Australia and the European Patent Convention.

Such an amendment would remove any uncertainty as to how the abstract should be used. Moreover, the discussion document does not identify or suggest any problem that might arise from such an amendment.

TRADE MARKS ACT 2002

Question T1: Are there any other options in relation to series of trade marks that MBIE should consider?

Yes. Other options for MBIE to consider include imposing a cap on the number of marks allowed to be filed in a series application and removing the ability for an applicant of a series of marks to apply for the division of any mark in the series not considered to form part of a valid series (regulation 49(a)).

The UK has a cap of six marks in a series application while Hong Kong has a cap of four marks.

A cap on the number of trade marks in a series (possibly in conjunction with an increased application fee based on the number of marks in the series as contemplated by MBIE's option (iii)) may reduce the number of series applications being filed (including those filed for "strategic" reasons) and should also reduce the related applicant and IPONZ compliance costs of dealing with incorrectly filed series applications.

Removing the ability of an applicant to apply to divide any mark(s) not considered to form part of a valid series should discourage the strategic or tactical use of series applications because if any mark is not truly part of a series, it will need to be deleted from the application. It would no longer be possible to divide a series application into one or more new applications to preserve the priority date. Marks not forming part of the series would have to be deleted from the application. This is the position under UK trade mark law.

> **Question T2: MBIE proposes that the Trade Marks Act be amended to remove the ability to register series of trade marks. Do you agree with this proposal? If not, please explain why.**

No. We do not support MBIE's proposal to amend the Trade Marks Act to remove the ability to register series of trade marks.

To do so would remove the current benefit for trade mark applicants of being able to cost effectively obtain protection for the many ways they use their trade marks.

The obvious benefit of a series application is that it is possible to obtain protection for multiple non-material variations of a trade mark without having to pay the fees that would be involved with filing multiple trade mark applications.

Our experience is that most applicants do not file obviously invalid series applications for strategic or tactical reasons.

We support the clarification of criteria and providing more guidance to applicants as to what constitutes a valid series. We recommend the Practice Guidelines be updated to provide this clarity and guidance. IPONZ could look to the examination guidelines of the intellectual property offices of the UK, Singapore and Hong Kong for relevant analogous examples of valid series applications.

Clarification of the criteria and increased guidance will help lead to more efficient examination of series trade mark applications. This is because IPONZ's decision about the acceptance of any individual trade mark is likely to be the same as the decision on all the other trade marks in the series. This will help speed up the assessment of series trade mark applications and reduce the incremental costs of assessing them.

> **Question T3: Should the Trade Marks Act be amended to expressly provide for the Commissioner of Trade Marks to consider the circumstances of**

prior continuous use as a ground to overcome the citation of a trade mark registration with an earlier priority date? If not, please explain why not.

Yes. We support the proposal to amend the Trade Marks Act to allow prior continuous use of a trade mark as a ground for overcoming an objection to registration based on a prior registered mark.

This would harmonise New Zealand law with section 44(4) of the Australian *Trade Marks Act 1995* (Cth). This would also explicitly provide for this practice to be introduced and is preferred over the option of IPONZ issuing a practice guideline as discussed at paragraph 48 of the discussion document.

Question T4: Do you agree with MBIE's proposal that the Trade Marks Act be amended to specifically require specifications to be clear? If not, please explain why.

Yes. We support the proposal to amend the Trade Marks Act to specifically require specifications of goods/services to be clear. This will help to remove the current inconsistency in the examination of national trade mark applications and international trade mark registrations designating New Zealand (IRDNZs) containing unclear terms. The amendment should help to reduce those instances of IRDNZs being approved for vague, incomprehensible or linguistically incorrect terms. It should also help to reduce the potentially adverse consequences of registering trade marks containing unclear terms.

Question T5: Do you agree with MBIE's proposal to require the IPONZ picklist to be used for S&PA applications? If not, please explain why.

Yes. We support MBIE's proposal to require the IPONZ picklist be used for S&PA applications. This should help avoid IPONZ having to examine specifications of goods/services which is not part of the S&PA service and enable IPONZ to provide an accurate and cost-effective S&PA service.

Question T6: What additional information, if any, about a registered trade mark should be permitted to be entered on the register by way of a memorandum? If additional information should be permitted, please explain why is it important, or otherwise necessary, for the public to know this information? Should the Trade Marks Act be amended to require trade mark owners to provide this information?

Our view is that permissible memoranda should include those that allow the trade mark owner to provide the public with any information about the trade mark registration they consider the public would benefit from knowing, provided the memoranda do not in any way extend the rights given by the existing registration of the trade mark.

Current IPONZ practice that an application to enter a memorandum will be refused unless the information in the proposed memorandum limits the scope and nature of the rights associated with a registration is unnecessarily restrictive. There may be

circumstances where the entry of a memorandum provides the public with beneficial information about the trade mark registration that does not limit the scope and nature of the rights associated with a registration, but which otherwise does not in any way extend the rights given by the registration. For example, licence or other contractual arrangement information, which current IPONZ practice is to refuse as these are either considered to be contrary to the intentions of the legislation (in the case of licence agreements) or private commercial matters for which the public has no right of access to, nor entitlement to know. The owner of a trade mark registration may consider it beneficial to record details of a licensee by way of a memorandum as this can potentially help safeguard the registered owner from the cost and inconvenience of having to defend unnecessary revocation for non-use attacks by assisting third parties to more easily make the link between use of a trade mark registration by a licensee with the trade mark owner. Recordal of this type of information by way of memoranda should be permissible.

For these reasons, we do not favour MBIE's option (i) which is to remove of the ability to be able to enter a memorandum on the register.

We also do not favour MBIE's option (ii) which is to amend the Trade Marks Act to allow any additional information to be entered as a memorandum on the request of the trade mark owner that they consider the public would benefit from knowing, so long as that memorandum does not in any way extend the rights given by the existing registration.

While we support the intention of the proposed amendment, we consider that such an amendment is unnecessary. The intentions of the proposed amendment could be dealt with by clarification in IPONZ's Practice Guidelines; that permissible memoranda include those that allow the trade mark owner to provide the public with any information about the trade mark registration they consider the public would benefit from knowing, provided the memoranda do not in any way extend the rights given by the existing registration of the trade mark.

This would also require amendment of the current practice to only permit memoranda that limit the scope and nature of the rights associated with a registration given the existing legislative safeguard restricting memoranda to those that do not extend the rights given by the registration.

We also do not favour MBIE's option (iii), which is to amend the Trade Marks Act to limit memoranda to those that affect the scope and nature of the rights associated with a registration. Our view is that this will unnecessarily restrict the owner of a trade mark registration from entering a memorandum and providing information they think is beneficial to the public to know about their registration.

Question T7: What would be the impact on trade mark owners and the public if the Trade Marks Act was amended to limit the use of memoranda

to providing additional information about the nature and scope of the rights associated with the registration of the trade mark concerned?

For the reasons set out in our response to question T6 above, we do not favour amendment of the Trade Marks Act to limit the use of memoranda to providing additional information about the nature and scope of rights associated with the registration of the trade mark concerned.

This may unnecessarily restrict the owner of a trade mark registration from entering a memorandum that provides information they think is relevant to the public to know about their registration even if that memorandum does not strictly relate to matters affecting the scope and nature of the rights associated with the registration. In other words, the affect or impact of the memorandum on the scope and nature of the rights associated with the registration may be neutral.

Question T8: Do you agree with MBIE's proposal that the Trade Marks Act should be amended to make it explicit that a registration can be declared invalid if the registered owner is not the true owner of the mark? If not, please explain why.

Yes. We support MBIE's proposal to amend the Act to make it explicit that a registration can be declared invalid if the registered owner is not the true owner of the mark.

This would make the grounds of invalidation more consistent with the possible grounds of opposition. This would also harmonise New Zealand law with that of Australia. Currently, under section 88(2)(a) of the Australian *Trade Marks Act 1995* (Cth), an application for cancellation of a registered trade mark can be made on any of the grounds on which the registration of the trade mark could have been opposed under that Act. This includes section 58 of the Australian Act, which states the registration of a trade mark may be opposed on the ground that the applicant is not the owner of the trade mark.

Question T9: Do you agree that the Trade Marks Act should be amended to clarify that s17(1)(b) only applies to activities that are contrary to New Zealand laws other than the Trade Marks Act? If not, please explain why.

Yes. We support an amendment to the Trade Marks Act to clarify that s17(1)(b) only applies to activities that are contrary to New Zealand laws other than the Trade Marks Act. Such an amendment would help avoid opponents under section 47 or applicants for a declaration of invalidity under section 73 from including a ground in their notice of opposition or application for a declaration of invalidity that use of the trade mark concerned would breach provisions of the Trade Marks Act. In turn, this should reduce the compliance cost of the trade mark applicant/owner having to respond to this ground and the cost and delay of the Commissioner or court from having to rule on this ground.

Although the Commissioner has twice ruled that s17(1)(b) does not include the Trade Marks Act and IPONZ could rule to that effect when serving the notice of opposition or

declaration of invalidity on the trade mark applicant/owner, specific amendment to the Trade Marks Act to clarify that point is preferable. This is to minimise the possibility of opponents and applicants for declarations of invalidity including that ground in their pleadings in the first place.

> **Question T9: Do you agree with MBIE's proposal that the Trade Marks Act should be amended to remove the requirement that only an "aggrieved person" can apply to revoke or invalidate a registration? If not, please explain why.**

We support MBIE's proposal that the Trade Marks Act should be amended to remove the requirement that only an "aggrieved person" can apply to invalidate a registration for the reasons given in the discussion document. It brings the threshold into line with that of an opposition, and this makes sense.

We do not support MBIE's proposal that the Trade Marks Act should be amended to remove the requirement that only an "aggrieved person" can apply to revoke a registration. We are of the view that this should be retained.

In practice, there is no significant extra cost in particularising this claim in an application. Further, while the Commissioner may have the power to decline a vexatious application, it will most likely fall to the Owner to prove this. Retaining the "aggrieved person" threshold for revocation should not only keep the initial burden on the applicant to show they have an interest in revoking the trade mark, but also acting as a low-level bar to reducing the likelihood of vexatious or mischievous applications being filed by trade competitors.

> **Question T10: Do you consider that the different approaches to partial refusals for national and international applications are a problem? If so, please explain why.**

Yes. We consider that the different approaches to partial refusals for national and international applications are a problem. This is because the applicant of a national application is placed at a disadvantage in that they have to actively respond to a partial refusal, otherwise their application will be abandoned. Actively responding to the partial refusal is likely to result in the applicant having to spend additional time and money. This compares to the owner of an international registration who will obtain registration following a partial refusal without having to respond to the relevant compliance report (assuming their application is not successfully opposed).

> **Question T11: Do you agree with the proposal that the Trade Marks Act be amended to provide for the same approach to partial refusals for both national applications and international registrations? If not, why?**

Yes. We support the proposed amendment to the Trade Marks Act to provide for the same approach to partial refusals for both national applications and international applications. This will remove the current inequities resulting from the different approach.

Question T12: Do you consider that the current IPONZ practice regarding undefended applications for revocation of a registration for non-use is causing any problems? If so, please explain why.

No. The current practice should be retained. We support the current requirement for the owner to take steps to defend its mark by filing a counterstatement and *prima facie* evidence of use. Evidence should not be required from an applicant other than where they are seeking revocation and cessation of the rights of the owner from a date earlier than the date of the application.

We also support retaining the requirement for IPONZ to issue a decision, although this could be reduced to apply only in circumstances where an applicant is seeking to establish that the grounds for revocation existed at an earlier date than the date of the application for revocation.

Question T13: If you consider that the current IPONZ practice regarding undefended applications for revocation of a registration for non-use is a problem, what alternative approaches could be used? Please explain why.

As above.

DESIGNS ACT 1953

Question D1: Do you agree that the Designs Act should be amended to allow for substitution of Applicant? If not why?

If the Act is amended to allow substitution of applicant, do you agree that the procedure should be based on those in the Patents Act and the Patents Regulations?

We agree that the Designs Act should be amended to allow for substitution of applicant. That would be consistent with the Patents Act and the Trade Marks Act. IPONZ used to allow substitution of applicant until they realised that was not actually provided for under the Designs Act.

Enabling a substitution of applicant to be recorded could be achieved by clarifying that section 27 can apply to either someone who becomes entitled to a registered design **or an application for a registered design** or to a share in a registered design **or an application for a registered design**. Although if the second schedule (forms) is deleted as proposed below, then the required information for recording the assignment would not be clear.

Alternatively, the procedure could be based on that of the Patents Act and the Patents Regulations.

Question D2: Do you agree with the proposal to amend the Designs Act and the Designs Regulations to require use of the IPONZ Case Management Facility? If not, why?

We have no concern with requiring the use of the case management facility.

Nor do we have any concern with abolishing the requirement to use certain forms, as long as it is clear from other sections of the Designs Act and Designs Regulations and/or the case management facility itself what information (that was previously outlined in the forms) is required for each action, and provided that evidence can be readily obtained by the person submitting the form as to what was submitted. For example, if an extension of time is requested via the case management facility, it would be important to receive a receipt that provides clear evidence that the extension was requested and received.

Question D3: Do you agree with the proposal to amend s38(2) of the Designs Act so that it is consistent with the corresponding provisions of the 2013 Act and the Trade Marks Act? If why?

The current provisions under the Designs Act are more restricted than under the Patents Act. Specifically, under the Designs Act, the Commissioner can require security for costs from a party who does not reside or carry out business in New Zealand, and who applies for cancellation of registration of a design or for grant of a licence or who appeals a decision of the Commissioner. The provisions are more general under section 213 of the Patents Act. Specifically, under the Patents Act, the Commissioner may require security for costs relating to **any proceedings** if the Commissioner is satisfied that the party does not reside or carry out business in New Zealand, **or there is reason to believe that the party will be unable to pay the costs of the other party if unsuccessful in the proceedings**.

We agree with the proposal to amend section 38(2) of the Designs Act to be consistent with the corresponding provisions of the Patents Act 2013. The Trade Marks Act and Patents Act are already consistent.

Question D4: Do you agree that the Designs Act be amended to provide that, before the Commissioner makes a decision involving the Commissioner's discretion, any person adversely affected by that decision must be given an opportunity to be heard? If not, why?

We agree that any person adversely affected by a decision should be given an opportunity to be heard (e.g. an applicant for cancellation of a design). We see this is a basic requirement for the provision of natural justice. This provision should be consistent with the Patents Act and the Trade Marks Act. This provision is currently inconsistent with the Patents Act and the Trade Marks Act.

Question D5: Do you agree that the Designs Act be amended to remove the requirement to file an authorisation of agent in connection with design

applications or proceedings before the Commissioner of Designs? If not, why?

We agree that the Designs Act should be amended to remove the requirement to file an authorisation of agent in connection with a design application or proceedings before the Commissioner. That would be consistent with the Patents Act and Trade Marks Act.

We presume that an authorisation of agent would still be required if a change of agent is to be recorded against an existing case.

Question D6: Do you agree that the Designs Act be amended to provide for provisions setting out the procedural and evidential requirements for proceedings before the Commissioner of Designs? If not, why?

We believe that the Designs Act should be consistent with the Patents Act in this regard.

Question D7: If your answer to question D6 is yes, do you agree that the provisions be modelled on those in the 2013 Act? If not, what alternative provisions should be provided?

No further comment.

USE OF ARTIFICIAL INTELLIGENCE BY IPONZ

As an initial comment, we note this section does not fit well with the rest of the content of the discussion document, which relates to proposed technical amendments to New Zealand's IP Laws. We presume its inclusion is motivated by the recent amendments of Australia's IP Laws to accommodate future use of AI to make discretionary decisions. But the section does not include any specific proposals from MBIE to amend New Zealand's IP Laws.

Question A1: What criteria should an AI system have to meet before IPONZ can delegate power to make discretionary decisions to it?

As the discussion document notes, it is important that there be a level of confidence in an AI system's ability to perform a task before such a system be used. Both IPONZ and the users of New Zealand's IP system must have confidence in such a system before it is used.

At a minimum, an AI system should be demonstrably impartial, accurate and consistent before IPONZ delegate power to make discretionary decisions to it.

The AI system should also be at least as accurate as, preferably more accurate than, a person performing the same task.

If IPONZ were to consider using an AI system to make discretionary decisions then, in the initial stages, each discretionary decision made by the AI system should be independently made by a person, and the outcome compared so that any differences can

be reviewed before the decision has effect to minimise any negative impact of the use of the AI system.

Question A2: Who should decide what discretionary decisions IPONZ can delegate to an AI system?

The discussion document suggests two approaches, one in which IPONZ alone decides what discretionary decisions it can delegate to an AI system, and another in which only those decisions specified in the IP laws or associated regulations could be delegated to an AI system.

IPONZ would benefit from public consultation before delegating discretionary decisions to an AI system. Consultation would help ensure that users of New Zealand's IP system have confidence in such a system. Those users may also have insights into the operation of New Zealand's IP system that can better inform IPONZ's decision as to what discretionary decisions it can delegate to an AI system, and what decisions are unsuitable to be delegated to such a system.

In addition, a disadvantage of the latter approach is that, as the sophistication of AI systems develops, IPONZ may be faced with significant delay in being able to extend their use due to delays in legislative or regulatory amendment.

We agree with the suggestion in the discussion document to require ongoing disclosure of relevant information, such as:

- publication by IPONZ of statistics relating to decisions made by an AI system, including how often decisions are challenged and whether those challenges are upheld, and

- publication of the tasks which an AI system is performing.

We also consider that, if IPONZ issues or acts on any decision made by an AI system, the affected parties should be notified that the decision was made by an AI system.

Question A3: Should there be a requirement for public consultation before discretionary decisions can be delegated to an AI system?

As discussed above, we consider that public consultation should be required before IPONZ delegates any discretionary decisions to an AI system.

That consultation should also embrace issues such as the questions noted in the discussion document:

- How should erroneous decisions made by an AI system be dealt with?

- How should appeals against a discretionary decision made by an AI system be dealt with?

CONCLUDING REMARKS

We would welcome the opportunity to discuss any aspect of our submission with the review team.

Yours faithfully

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