

To: MBIE
Wellington

31 July 2019

Submissions by Pipers IP.

We are a firm of patent and trade mark attorneys representing predominately clients in NZ and Australia, with a smaller percentage of international clients.

We have extracted your questions from the PDF and converted to Word – so we apologies in advance for some of the unusual formatting as a result of the conversion. May we suggest that in future you prepare a word document contain the questions you wish answered – perhaps in summary form – to make it easier to prepare answers and possibly make it easier to collate at your end.

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.

Answer 1 – No – we should keep open the possibility of divisionals as they currently exist under the old Act practice, without restriction on the filing or examination of such divisional applications. That earlier practice served patent applicants well for 60 years. It is in keeping with the law and practice of our major trading partners who comply with their obligations under the Paris Convention and TRIPS.

Patent System is to serve the public not the convenience of IPONZ.
The ability to file and have examined Divisional applications is required by the Paris Convention. To seek to exclude them is to breach our international obligations.

To further jeopardise our system of IP by adding roadblocks to the internationally recognised system of allowing divisional or continuation applications for administrative convenience is short-sighted.

Divisional applications do not hinder the public. They do not create uncertainty. The requirement of “support “allows a competitor to assess what if any coverage an applicant can validly achieve.

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.

NO.

Daisy chaining is the same practice that the USA calls “continuation applications”. A patent applicant should be able to extend the time to deal with examination issues by filing a “continuation divisional” which requires the payment of another filing fee. The patent applicant is well aware that this will not extend the term of protection – the term is set by the filing date of the parent application.

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.

NO. Retain the status quo. Your proposal would be a breach of the Paris Convention.

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?

No. We do not need a limit. Each divisional should be allowed a reasonable time for examination as it would have in the USA or Australia for example.

Question P5:

MBIE proposes to only allow divisionals to be filed from a parent application and requiring all such divisionals to be in order for acceptance by the ‘in order for acceptance’ deadline that applies to the parent application. If examination is not requested within 5-years of the application date that the application would then become abandoned.

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.

NO. We disagree with S.64 in principle. Regulation 71 needs to be amended to allow a divisional application a reasonable time for examination based on the time that the divisional is actually lodged (not the deemed date) – as in the Australian provision. In that case we see no reason why not the divisional filing should be accompanied by an immediate request for examination or at least the filing of a request for examination within 3 months

of the actual lodgment of the divisional application.

In such an arrangement then (and only then) we would have no objection to the provision that failure to file an examination request within 5 years would result in an automatic abandonment at or immediately after the 5 year point.

The alternative would be to set the Case Management System to automatically issue Direction to request Examination at say 4 years and 6 months. Failure to request examination following the direction could/should then result in abandonment.

Question P6:

Do you agree that poisonous priority is not likely to be a significant issue in New Zealand? If not please explain why.

Yes we agree.

Question P7:

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

Yes.

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.

We agree.

Question P9:

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

It is proposed that the Act and Regulations would be amended so that an extension of time could be requested along with the request for a hearing.

The other option is the status quo whereby the Commissioner exercises their discretion under section 230 to grant a retrospective extension of time following the hearing.

It is logical that requesting a Hearing should trigger an automatic extension of time as the

timing is within the power of IPONZ.

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.

MBIE proposes that such applications should be marked as abandoned.

We agree.

Question P11:

Do you consider that the usefulness requirements in the 2013 are unclear? Why?

No.

Question P12:

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

YES – the NZCA has approved Swiss Style claims as a “sui generis” special “method of manufacture type claim. To move to EPC2000 claims would create even more difficulties in terms of these “purpose bound product claims” especially in the area of enforcement as potentially the Doctor, patient, and prescribing pharmacist would be held to infringe. Such claims would intrude into the prohibited area of “methods of medical treatment” especially if they claim an old active with a new treatment regime.

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.

Yes

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?

No – the 2013 provides for international novelty and assumes that the NZ Patents Act is subject to NZ Sovereignty but within an international regime. The patent system has always been an arm of economic policy to encourage the development of industry but within unduly intruding on a competitive economy.

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?

No. The old provision placed an unnecessary burden on the person seeking revocation to notify the A-G but we are not aware of any instances where the A-G has intervened.

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)?

Not needed.

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?

The A-G can apply under the "any person" provision if needed.

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?

YES.

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?

YES - to stop wasteful objections. The abstract has always been intended as a search tool and not part of a legal document.

Question T1

No.

Question T2

Series marks should remain available in New Zealand. They provide applicants with a useful way of capturing various trade mark formats on the Register. This assists the public in identifying the full scope of a given trade mark registration. In recent years, IPONZ has made a thinly veiled attempt at trying to dissuade applicants from adopting series marks by handing examination of the same to pedants. The inability of examiners to diagnose minor variations from those that substantially affect the trade mark's identity has made series marks a significantly more painful and expensive process for applicants. The misuse of series applications to obtain the ability to cherry pick a suitable mark at a later date can easily be combatted. For example, it would be easy to reduce the time limit for remedying a series objection from one year (as it stands now) to three months. Another option would be to allow for the removal of applications filed as a series where the filed trade marks are clearly different. Regardless of the tactical usage MBIE considers is made possible by series applications, they remain relevant. MBIE should be doing all it can (i.e. Options (i), (ii) and (iii)) to preserve this practice rather than taking the easy way out (i.e. Option iv).

Question T3

Yes. Such an amendment would only be expressly setting out what is (and has been) good case law since *Kiwi Polish Co v Kempthorne Prosser & Co* [1925] NZLR 26 CA, despite IPONZ's clear intention to ignore the same. In fact, IPONZ did previously accept prior use as a "special circumstance" under Section 26 but seemed to cease this practice after an internal examination policy change.

Question T4

We agree with this approach in principal. However, we consider it would be necessary to provide further guidance on "how clear" is clear enough, and "clear to who". There is a major difference between "incomprehensible" and "linguistically incorrect", the former being a reasonable limb for objection while the latter being a possible playground for pedantic examiners. If clarity with regards to scope of protection is so important, we consider that IPONZ should force trade mark owners having older coverage for "computer software" or "retail services" to retroactively amend the same so that the public are clear what the exact scope of protection is.

Question T5

No. Why should a prospective applicant be forced to use the IPONZ picklist specifically for S&PA applications when said applicant is not forced to use the same picklist when filing a trade mark application. Clearly, the IPONZ picklist is extremely rigid and does not lend itself

well to drafting detailed and nuanced specifications. It seems nonsensical (other than MBIE trying to do the least amount of work possible) to offer the S&PA service, which is geared as an optional pre-filing clearance step, and then expect applicants to adopt the same constricted coverage in any subsequent application (which could form the basis of any overseas filings). This seems like an easy honey trap for lay applicants who are more likely to use the S&PA function than professionals.

Question T6

We consider that Option (iii) should be followed. Although, clear guidance (preceded by robust discussion) should be provided on what constitutes "nature" and "scope" with regards to the rights associated with a registered trade mark. For example, licence agreement arguably affects the nature of the trade mark right, yet it is likely not envisaged to be the kind of entry MBIE wishes to allow.

Question T7

We do not consider that Option (iii) would negatively impact trade mark owners or the public. The Register is a convenient place to state this information and the onus should always fall on the trade mark owner to ensure that any memorandum is correct.

Question T8

Yes, although surely the same guidance can be provided in an IPONZ Practice Guideline.

Question T9

Yes, although surely the same guidance can be provided in an IPONZ Practice Guideline.

Question T9A

Yes.

Question T10

Yes. Clearly a national applicant is being held to a different standard to IRDNZ applicants. Not only is the IRDNZ applicant afforded to option of not responding to the partial provisional refusal, but it is also provided more guidance by the examiner (with regards to the examiner stating what goods/services are being objected to). Why should local applicants be disadvantaged?

Question T11

Yes.

Question T12

Yes. While there is no issue with an undefended non-use revocation action in principal, there is an issue if the action of not defending was unintentional due to the trademark owner not being aware of the pending removal action. If a registrant makes a conscious decision not to fight the removal action, all good. However, what recourse (other than appeal to the High Court which is expensive) is available to registrants that have their rights removed because the initial (and only) notice from IPONZ was not received by them?

Question T13

Removal of uncontested non-use applications is the taking away of owners property by default – put simply it is theft of intellectual property by failing to prove that the owner was properly notified of the proceedings. Absence of a reply from the owner coupled with absence of real proof of service is not and cannot be taken to be proof that the owner was aware of the challenge to its trade mark.

Service (and ensuring service is made satisfactorily) should clearly be the domain of IPONZ. More effort and additional steps should be taken by IPONZ to ensure trademark owners are aware that their rights are being attacked. For example, IPONZ should force trademark owners to provide sufficient details to ensure the case management facility can be used (e.g. entering an email address so that an electronic notification is received alerting them to the removal action being filed). Alternatively, IPONZ should send a follow-up physical mail (after the initial physical mail) reminding the trademark owner of the pending removal action. This is considered more generally below. We believe it is one of the most important issues that needs to be dealt with today.

Service of Documents

There is a problem in ensuring rights owners are properly notified of any challenge to their rights and this is a more general problem which should be addressed in respect of all registered rights. Admittedly this is a greater problem for trademark owners as they are more likely to have self-filed. However any changes should apply to all registered rights. Service by post is no longer effective nor is it reliable. – The deemed service by placing a letter in the post may have been acceptable 40 years ago but is not tenable today as the postal service deteriorates.

But in practice it is not service. See case 4533 where the TM owner of registration 829773 lost his rights because he did not receive a letter posted by IPONZ just before Christmas.

We Recommend:

Change in law to require all rights owners to have a qualified representative in NZ or AU linked to the Case Management System (abbreviated to CMS). Attorneys handle most of the cases already and monitor the Case Management System 24/7.

In all challenges to registered IP the case management system should be modified to allow one party to file documents and then the CMS should copy that to the other party. This should avoid the problems arising from one party failing to serve documents on the other party in contested matters. This will only work if the use of the CMS is mandatory for all IP including international trade marks.

The less preferable solution is to require either IPONZ or the challenging party to follow High Court rules and use process servers and provide affidavits of service.

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?

Yes – it needs to be brought into line with patent and trade mark legislation

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?

Yes.

Question D3:

Do you agree with the proposal to amend S. 38(2) of the Designs Act so that it is consistent with the corresponding provisions of the 2013 Act and the Trade Marks Act? If not why?

Yes – should be 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?

Yes – consistency and fairness is important.

Question D5:

Do you agree that the Designs Act be amended to remove the requirement to file an authorization of agent in connection with design applications or proceedings before the Commissioner of Designs? If not, why?

Yes – consistency with other IP statutes.

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?

Yes.

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?

Yes.

Question A1:

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

Never – the AI might give guidance but the discretion should be exercised by a human.

Question A2:

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

N/A – as the decision should remain with a human.

Question A3:

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

Yes – absolutely.

Sincerely

Jim Piper | Patent Attorney



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PATENT AND TRADEMARK ATTORNEYS



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