



COVERSHEET

Minister	Hon Kris Faafoi	Portfolio	Commerce and Consumer Affairs
Title of Cabinet paper	Intellectual Property Laws Amendment Bill – Policy Decisions	Date to be published	20 October 2020

List of documents that have been proactively released

Date	Title	Author
June 2020	Intellectual Property Laws Amendment Bill – Policy Decisions and supporting documents	Office of the Minister of Commerce and Consumer Affairs
24 June 2020	DEV-MIN-20-0109	Cabinet Office
20 February 2020	Briefing 2273 19-20: Cabinet Paper – Intellectual Property Laws Amendment Bill – Policy Decisions	MBIE

Information redacted

YES

Any information redacted in these documents is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been redacted for the reason of Confidential advice to Government.



BRIEFING

Cabinet Paper: Intellectual Property Laws Amendment Bill – Policy Decisions

Date:	20 February 2010	Priority:	Medium
Security classification:	In Confidence	Tracking number:	2273 19 - 20

Action sought		
	Action sought	Deadline
Hon Kris Faafoi Minister of Commerce and Consumer Affairs	Agree to the recommendations.	4 March 2020

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Susan Hall	Manager, Corporate Governance and Intellectual Property Policy	(04) 896 5304		
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The following departments/agencies have been consulted (if required)

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments:



BRIEFING

Cabinet Paper: Intellectual Property Laws Amendment Bill – Policy Decisions

Date:	20 February 2020	Priority:	Medium
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Purpose

To seek your approval to submit to the Cabinet Economic Development Committee (**DEV**) the attached Cabinet paper containing recommendations for amendments to the *Patents Act 2013*, the *Trade Marks Act 2002*, and the *Designs Act 1953* (**the IP Laws**), to be included in the Intellectual Property Laws Amendment Bill (**the IP Laws Amendment Bill**) and amendments to the associated regulations (**the IP Regulations**)

Executive summary

1. The Cabinet paper attached to this briefing seeks approval for amendments to the IP Laws, the amendments to be included in the proposed IP Laws Amendment Bill, and to the IP Regulations.
2. Confidential advice to Government
3. Submissions were sought on the proposed amendments in a consultation paper released by the Ministry of Business, Innovation and Employment (**MBIE**) in June 2019. The proposed amendments are summarised in **Annex 1** to Cabinet paper. For each of the issues included in **Annex 1**, we set out a summary of the issue, a brief summary of the submissions, and our recommendations for amendment to the relevant IP Law or IP Regulation.
4. Not all of the issues discussed in the consultation document have resulted in recommendations to amend the IP Laws or the IP Regulations. The remaining issues, that is, those where MBIE is not proposing amendments to the IP Laws, are listed in **Annex 2** to this briefing.
5. The amendments proposed in the Cabinet paper do not have a significant policy content. They predominantly involve changes to procedural and technical settings. The proposed amendments will largely be of interest to a small, knowledgeable audience, mainly patent attorneys and other intellectual property lawyers. We expect them to be of little interest to a broader audience.
6. On many of the issues that are the subject of the proposed amendments, submitters generally agreed with the analysis and proposed solution. On other issues there was a divergence of views among submitters about whether there was a problem, or, if there was, how it should be addressed.
7. There were, however, two issues where there was significant opposition to the proposals made in the consultation document. These involve divisional patent applications. This opposition came mainly from patent attorneys. However, I am also aware that some stakeholders, including Fisher & Paykel Healthcare (**FPH**), supported the proposals. These

stakeholders have expressed concern about what they see as the potential misuse of the provisions by competitors of the provisions relating to divisional patent applications.

8. Given the technical nature of the amendments proposed there would be value in releasing an exposure draft of the amendments before they are introduced to the House. This should assist in reducing the risk that the proposed amendments do not achieve the policy intent, and reduce the chance of unintended consequences.
9. At this stage we propose that the exposure draft will be released in mid 2020, with the amendments introduced to the House before the end of 2020.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

Confidential advice to Government

a

- b **Note** that a consultation document on issues to be included in the IP Laws Amendment Bill was released in June 2019

Noted

- c **Note** that, after analysing submissions, we propose amendments to the IP Laws (to be included in the IP Laws Amendment Bill), and to the IP Regulations

Noted

- d **Agree** to submit the attached Cabinet paper, seeking approval for amendments to the IP Laws and to the IP regulations, to the Cabinet Office in time for it to be considered at the Cabinet Economic Development Committee meeting on 11 March 2020.

Agree/Disagree

- e **Agree** that the attached Cabinet paper be proactively released in its entirety subject to any redactions that may be found justified under the *Official Information Act 1982*.

Agree / Disagree

Susan Hall
**Manager, Corporate Governance and
Intellectual Property Policy**

Hon Kris Faafoi
**Minister of Commerce and Consumer
Affairs**

20 February 2020

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Background

1. Experience with the operation of the IP Laws over the last few years has revealed a number of technical and less significant issues that may impose additional costs, complexity and regulatory burden on:
 - applicants for patents, trade marks, and designs, both local and foreign;
 - local businesses (other than patent, trade mark and design applicants); and
 - the Intellectual Property Office of New Zealand (**IPONZ**), which administers the IP Laws and the IP Regulations.
2. These issues are not suitable for inclusion in a Statutes Amendment Bill or Regulatory Systems Bill. For some issues, there is disagreement among stakeholders that there is a problem. Even where stakeholders agree that there is a problem, there are differing views on how best to address the problem. Other issues are of a technical nature, or significant enough in impact that they are not necessarily appropriate for a Statutes Amendment Bill or Regulatory Systems Bill.
3. Dealing with these issues will require amendments to the relevant IP Laws and the IP regulations. As the IP Laws are reviewed only infrequently, in the absence of a bill like the IP Laws Amendment Bill, there would be no means of making these sorts of amendments in the period between reviews of the IP Laws.
4. Confidential advice to Government
5. Attached to this report as **Annex 1** is a submission to the Cabinet Economic Development Committee seeking approval for amendments to the IP Laws to be included in the IP Laws Amendment Bill.

Consultation document

6. A consultation document seeking input from interested stakeholders on issues proposed to be included in the IP Laws Amendment Bill was released by MBIE on 4 June 2019 (DEV-19-MIN-0124 refers). Submissions closed on 2 August 2019.
7. The issues discussed in the consultation document were ones that had been raised over time by MBIE, patent attorneys, trade mark lawyers and local businesses. The consultation document presented MBIE's analysis for each of the issues raised. The results of this analysis varied depending on the issue, but can be summarised as follows:
 - where MBIE's analysis suggested that a problem existed, the document set out options for addressing the problem. Where MBIE had a preferred option this was stated.
 - for some issues, where MBIE was unsure there was a problem, submitters were invited to state whether or not they agreed with MBIE's analysis, and explain why.
 - for other issues, where MBIE considered that there was no actual problem, submitters were invited to provide information to establish whether or not they considered that a problem existed.
8. Eighteen submissions were received from a range of submitters including New Zealand patent attorney firms, the New Zealand Institute of Patent Attorneys, the Australian Institute of Patent and Trade Mark Attorneys, Fisher and Paykel Healthcare, and the New Zealand Law Society.

9. Submissions from patent attorneys and the Law Society commented on most or all of the issues discussed in the consultation document. Some submitters, including Medicines New Zealand and others involved with the pharmaceutical industry confined their submissions to a few issues related to the *Patents Act 2013*.

Issues to be included in the IP Laws Amendment Bill

10. After analysing the submissions on the consultation document, MBIE has developed a number of recommendations for amending the IP Laws and the IP Regulations. However, not all of the issues discussed in the consultation document are the subject of amendment proposals. Where issues are not the subject of amendment proposals, it is because:
 - MBIE are not convinced by the submissions that there is a problem that is best addressed through amendment of the IP Laws or the IP Regulations; or
 - MBIE considers that, where there may be a problem, it can be addressed through non-regulatory approaches.
11. A summary of the issues where MBIE considers amendment to the IP Laws is needed is annexed to the attached Cabinet paper. This summary contains a short description of each issue, what submitters said, a recommendation for amendment to the relevant IP Law.
12. The remaining issues, that is, those where MBIE is not proposing amendments to the IP Laws, are listed in **Annex 2** to this briefing. There is a short description of the issue, a summary of what submitters said, and why MBIE considers that either no amendment is needed or further analysis of the issue is required before deciding whether an amendment is necessary.
13. Most of the issues discussed in the consultation document are “technical” issues. On some of these issues there was general agreement with MBIE’s analysis and proposed solution. On others there was some divergence of views among submitters as to whether there was a problem, or if there was, how it should be addressed.
14. There were two issues, relating to divisional patent applications, which were particularly contentious, where nearly all of those submitters who commented on them considered that there was no problem that required amendment to the *Patents Act 2013*. They opposed MBIE’s proposals for legislative amendments to deal with the issues raised by MBIE. The two issues were:
 - transitional provisions for divisional patent applications filed under the *Patents Act 1953*; and
 - divisional patent applications filed under the *Patents Act 2013*
15. Given the contentious nature of these issues relating to divisional patent applications, they are discussed below, rather than in the summary attached to the Cabinet Paper.

Transitional provisions for divisional patent applications

16. This issue concerns the transitional provisions for divisional patent applications made under the *Patents Act 1953*. Fisher and Paykel Healthcare (**FPH**) approached you in 2018 expressing concern at the way one of their competitors was using these transitional provisions for purposes that were not intended. They argued that this could jeopardise their local manufacturing operations.
17. The consultation document presented three options for dealing with the issue. The preferred option was to amend the transitional provisions of the *Patents Act 2013* to provide that such

applications must meet specified criteria under the *Patents Act 2013* before they can be accepted for grant.

18. Adopting this option would mean that *Patents Act 1953* divisional patent applications will only be accepted for grant of a patent if the Commissioner of Patents is satisfied, on the balance of probabilities, that the application meets the novelty, inventive step, and support requirements in the *Patents Act 2013*. These criteria are stricter than the criteria provided for in the *Patents Act 1953*.
19. This approach should mitigate any problems caused by use of the transitional provisions for unintended purposes, while not significantly disadvantaging patent applicants. The modified criteria would apply only to *Patents Act 1953* divisional applications filed more than 3 months after the date of entry into force of the provision concerned. This will ensure that applicants have time to make decisions on how to deal with their *Patents Act 1953* divisional applications before the provision enters into force.
20. Most submitters who commented on this issue considered that no change to the transitional provisions was required, and argued that the changes proposed were somehow “unfair” to applicants who had made applications. FPH supported the preferred option. However, MBIE is not convinced that any disadvantage to patent applicants is sufficient to offset the potential disadvantages to third parties, including local businesses such as FPH.

Divisional Patent Applications under the Patents Act 2013

21. This issue also involves the use of divisional patent applications for purposes that were not intended. Some applicants are using divisional patent applications to circumvent other provisions of the *Patents Act 2013*. This can allow applicants to keep patent applications “pending” for excessive periods of time.
22. This can create considerable uncertainty for third parties about what patent rights might eventually be granted on an application. It could also mean that patent applicants may be able to obtain more generous patent rights than would otherwise be the case if the other provisions of the *Patents Act 2013* were followed. This may unfairly disadvantage third parties, including local businesses.
23. To deal with this, the consultation document proposed a preferred option which was based on the approach to divisional patent applications in the United Kingdom Patents Act 1977. This approach places strict time limits on the filing of divisional patent applications.
24. Most of those who submitted on this issue considered that there was no problem, and that no amendments to the *Patents Act 2013* were needed. The one notable exception was FPH, who supported MBIE’s proposals. FPH has applied for, and been granted many patents in New Zealand. MBIE is not convinced that any disadvantage to patent applicants in setting time limits for filing divisional patent applications is sufficient to offset the disadvantages to third parties, including local businesses.
25. Some submitters expressed concern that the time limits proposed in the preferred option were overly strict, and might be difficult for IPONZ to implement, given its limited resources compared with those available to the UK Intellectual Property Officer. One submitter, IPTA¹, while considering that no amendment was required, did propose a modified version of the preferred option that achieved a similar outcome, but which would be simpler to implement.
26. MBIE agrees with the submitters that the preferred option would be difficult for IPONZ to implement, and recommends that the modified version mentioned above be adopted, with some minor changes. This modified approach still involves setting time limits during which

¹ The Australian Institute of Patent and Trade Mark Attorneys.

divisional patent applications may be filed, but which are less strict than those proposed in the preferred option.

27. In particular, this modified approach would provide a time period during which divisional patent applications can be filed. It would not be possible to file divisional patent applications outside this time period. The time period begins when a request for examination² is filed on the original parent application. It ends either at the expiry of the time period prescribed in the Act for placing the original parent application in order for acceptance, that is, when all objections to acceptance of the patent application made by IPONZ have been overcome, or when the application is accepted, void or abandoned, whichever is earlier.
28. In addition it will also be necessary to provide that, when a divisional patent application is filed, it must be accompanied by a request for examination. This will ensure the divisional application can be examined in parallel with examination of the original parent application. This would ensure that applicants were aware of any objections to grant of a patent in respect of the parent application, and would have the opportunity to file divisional application(s) in response if they wished (albeit for a limited time).

Exposure Draft

29. In light of the highly “technical” nature of the amendments proposed to the IP Laws, we propose that an exposure draft of the IP Laws Amendment Bill be released prior to introduction of the Bill. This will help to ensure that the amendments actually achieve the policy intent, and reduce the risk of unintended consequences.
30. To this end, the attached Cabinet paper recommends that Cabinet authorise you to:
 - approve and release an exposure draft of the Bill and related commentary; and
 - make minor amendments to the wording of the amendments proposed in the exposure draft consistent with the Regulatory Impact Analysis.

Regulations

31. The proposed amendments to the IP Laws will require some amendments to the Patents Regulations 2014, the Trade Marks Regulations 2003, and the Designs Regulations 1953. Work on developing amendments to the regulations will begin once Cabinet approval for the proposed amendments to the IP laws has been obtained.

Consultation

32. The Department of Prime Minister and Cabinet has been informed of the Cabinet submission.

Communications and risks

33. The proposals contained in the attached Cabinet Paper are “technical amendments” which will be of interest mainly to patent attorneys, trade mark lawyers and, some local businesses such as FPH. Most of the proposals are not particularly contentious and unlikely to excite media interest.

² Under the 2013 Act patent applications are only examined when the applicant specifically requests it, and pays the prescribed examination fee.

34. The proposals relating to divisional patent applications may be more contentious, but, given their “technical” nature we consider there will be little interest beyond patent attorneys and some patent applicants.
35. In light of the specialised and technical nature of the proposals, we consider that there is no need for a press release announcing Cabinet’s decisions. We will ensure that those stakeholders who are likely to be interested in the decisions (such as patent attorney firms) are directly informed of the decisions. IPONZ will also publicise the decisions through its normal communication channels.

Proactive Release

36. We recommend that the attached paper proactively released in its entirety subject to any redactions that may be found justified under the *Official Information Act 1982*.

Next steps

37. We anticipate the following next steps:

<i>Step</i>	<i>Proposed date</i>
Date by which final policy approvals will be obtained from Cabinet.	March 2020
Date by which final drafting instructions will be sent to the Parliamentary Counsel Office or other drafter.	May 2020
Date by which the Bill will be released for exposure draft	August 2020
Dates on which the Bill will be before LEG and Cabinet for approval for introduction.	November 2020

Annexes

Annex 1: Cabinet Paper: Intellectual Property Laws Amendment Bill – Policy Decisions

Annex 2: Intellectual Laws Amendment Bill – Issues not included in amendment proposals

**Annex 1: Cabinet Paper: Intellectual Property Laws Amendment Bill –
Policy Decisions**

Annex 2: Intellectual Laws Amendment Bill – Issues not included in amendment proposals

ANNEX 2: INTELLECTUAL LAWS AMENDMENT BILL – ISSUES NOT INCLUDED IN AMENDMENT PROPOSALS

Patents Act 2013

1. A consultation document was released in June 2019 seeking input from stakeholders on issues proposed to be included in the IP Laws. Following analysis of submissions, MBIE has decided that, for some of the issues discussed, amendments to the IP Laws or IP Regulations are not required to address some of the issues.
2. These issues are set out below below, including a summary of submissions, and a discussion of why MBIE has decided that no amendments to the IP Laws or IP Regulations are needed.

“Poisonous Priority”

3. A patent application A for an invention can claim “priority” from an earlier “priority” patent application P. Publication of the invention after the date of filing of the “priority” patent application P, but before the filing date of the patent application A will not be taken into account when deciding whether the invention described in the patent application is novel or inventive. An invention must be novel and inventive if it is to be granted a patent.
4. In some jurisdictions, it is possible for the grant of a patent on a patent application to be refused on the basis of what is described in the “priority” application. This is known as “poisonous priority”. This can only occur in New Zealand in rare circumstances which can be avoided by patent applicants if they are aware of the issue. In light of this, MBIE considers that no amendment to the *Patents Act 2013* is required to deal with “poisonous priority”.

What did submitters say?

5. Of those submitters who commented on this issue, there were divergent views, with submitters evenly split on whether or not there was a problem. Some submitters, in particular IPTA¹, argued that poisonous priority was a significant issue in New Zealand. Their favoured solution was to provide that claims in a patent application can have multiple priority dates, noting that many other countries provided for this.
6. However, as noted above, MBIE considers that “poisonous priority” is not a problem in New Zealand, and in light of the discussion on multiple priority dates later in this document, MBIE does not accept that there is any need to amend the *Patents Act 2013* to deal with this issue.
7. *Multiple priority dates for claims in a patent applications*
8. Some submitters argued that allowing patent claims to have more than one priority dates would be a solution to the “poisonous priority” and “poisonous divisional” issues discussed in the consultation document.

¹ The Australian Institute of Patent and Trade Mark Attorneys.

9. Patent applications must include a “specification”, which is a detailed description of the invention the applicant wants patent protection for. The specification includes a series of statements called claims, which are the legal definition of the invention, and which must meet the criteria for granting a patent. The claims must not claim anything that was not described in the specification.
10. It is possible for a patent application A to claim “priority” from one or more earlier priority patent applications P. Under the *Patents Act 2013* each claim in application A has a “priority date”. Different claims can have different priority dates.
11. The “priority date” of a claim in application A is the date of filing of the priority patent application P if the specification of P describes the matter contained in the claim. A claim containing matter included in the specification of application A but which was not described in application P has a “priority date” that is the filing date of application A. If a patent application A does not claim priority from any earlier application the priority date of the claims is the filing date of the application A. The priority date is used when determining whether or not the invention claimed in the patent application is novel and inventive.
12. Sometimes a claim in a patent application will include material that was contained in one or more of the priority applications P and in the patent application A. Under the *Patents Act 2013* such a claim can have only one priority date, which is the date of filing of the application A. In other countries, such a claim could have two or more priority dates.
13. If a claim has more than one priority date, it could be read it as if it were one or more claims, each with a single priority date, in such a way that the “poisonous priority” and “poisonous divisional” issues cannot occur. However, this approach can only address these issues if the courts can be persuaded to use this approach to reading the claims described above.
14. There is no guarantee that this will happen. Australia provides for the claims in a patent application to have more than one priority date. However, the Australian courts have not, so far, been willing to consider the approach to reading the claims set out above.
15. In light of this, MBIE’s position is that there is no need to amend the *Patents Act 2013* to allow a claim to have more than one priority date. In addition, allowing claims to have more than one priority date could have unintended and potentially undesirable consequences.

What did submitters say?

16. The views of those submitters that commented on this issue were mixed. Some agreed with MBIE’s analysis. Those that did not agree argued that allowing a claim of a patent application to have more than one “priority” date was necessary to avoid the “poisonous priority” issue described above. As noted earlier, MBIE does not consider “poisonous priority” to be a problem.

The utility requirement

17. One of the criteria for granting a patent for an invention is that the invention be “useful”. Section 10 of the *Patents Act 2013* provides that an invention is “useful” if it has a specific, credible, and substantial utility.
18. In the context of the *Patents Act 1953*, an invention was considered “useful” if it did what the patent owner said it would do (“classical utility”). They suggest that the *Patents Act 2013* is unclear as to whether or not classical utility is a requirement of the *Patents Act 2013* in addition to the requirement in section 10 of the *Patents Act 2013*.
19. The approach taken by MBIE in the consultation document was that we were not convinced that there was any problem. The consultation document invited concerned stakeholders to provide us with their comments on whether they considered that there was a problem.

What did submitters say?

20. Most submitters did not consider there to be a problem with the utility requirements of the *Patents Act 2013*. After considering the submissions, MBIE is not convinced that there is a problem that would justify an amendment to the utility provisions of the *Patents Act 2013*.
Swiss-type claims
21. As described earlier in this document, the “claims” of a patent application are a set of statements in the application that are the legal definition of the invention the patent applicant wants patent protection for. A “Swiss-type” claim is a special type of claim used to provide some patent protection for a new therapeutic use of a known pharmaceutical compound.
22. Because the compound is known, it cannot be patented (or re-patented, if it was originally patented). One way of protecting the new therapeutic use would be to claim a method of using the substance to treat a specified medical condition. However, in New Zealand, as in most other countries, methods of medical treatment of humans are excluded from patent protection.
23. In order to get around this exclusion, a Swiss court developed the “Swiss-type” claim. This type of claim involves claiming the use of a known substance in the manufacture of a pharmaceutical to treat a specific condition. Provided that the use of the substance to treat that condition is new and inventive, such a claim was considered patentable. The New Zealand Court of Appeal has ruled that Swiss-type claims are allowable in New Zealand.
24. The European Patent Convention (EPC) provides an alternative form of claim for protecting new therapeutic uses of known substances. This alternative was expanded when the EPC was revised in 2000 – such claims are often known as “EPC2000-type claims”. This type of claim involves claiming a known substance for the treatment of a specified medical condition. If the use of the substance to treat that condition is new and inventive, it can be granted a patent. The European Patent Office² no longer allows Swiss-type claims.

² The European Patent Office grants European Patents under the EPC.

25. However, under New Zealand patent law, EPC 2000-type claims would be treated as a claim to the substance itself, regardless of use. Since the substance is known, no patent can be granted. In order for EPC 2000-type claims to be allowable in New Zealand, the *Patents Act 2013* would have to be amended to allow them.
26. MBIE considers that there would be no net benefit, and potentially a net cost in allowing EPC2000-type claims. This is because EPC2000-type claims could be broader in scope than Swiss-type claims. This means that actions that might not infringe a Swiss-type claim might infringe an EPC2000 type claim. This could increase costs for Pharmac, or for consumers.
27. At present, there are no judicial decisions, either in New Zealand or overseas, which give any certainty as to just how the scope of a Swiss-type claims compares with the scope of EPC 2000-type claims. In light of this, there seems no good reason to adopt EPC2000-type claims in New Zealand.

What did submitters say?

28. Submitters had mixed views on this issue. While some agreed with MBIE's analysis, others did not, and argued that EPC2000-type claims should be allowed in New Zealand. Among the reasons given were that we would be able to take advantage of judicial decisions, in particular from the United Kingdom³ on EPC2000-type claims.
29. Another reason given was that adopting the EPC2000-type claim format would support and encourage investment in the "re-purposing" of known pharmaceuticals for new medical treatments, both in New Zealand and elsewhere. Submitters who put forward this argument provided no evidence for this assertion.
30. MBIE has not been persuaded by the submissions that New Zealand should adopt the EPC2000 claim format.

Attorney-General's right to intervene in patent proceedings

31. Sections 163 and 164 of the *Patents Act 2013* permit the Attorney-General to challenge the validity of a patent, or intervene in any proceeding for the grant, amendment or revocation of a patent. This provision is carried over from the *Patents Act 1953*, which provided that only a "person interested" could oppose or challenge the grant of a patent. As far as MBIE is aware, this power has never been used.
32. The consultation document asked whether the Attorney-General should retain this power. The *Patents Act 2013* permits "any person" to oppose or challenge the grant of a patent, and there may no longer be any need for the Attorney-General to have the explicit power to intervene in patent proceedings.

What did submitters say?

³ The United Kingdom is a member of the EPC (this will not be affected by Brexit, as the EPC is not an EU treaty).

33. Again, submitters had mixed opinions. Some argued that there was no need for the Attorney-General to have the power to intervene in patent proceedings. Most considered that the Attorney-General should retain the right to intervene in patent proceedings. Although the *Patents Act 2013* provides that “any person” can apply to oppose or challenge the grant of a patent, submitters pointed out that sections 163 and 164 go further than this.
34. None of the submitters identified any particular problems in retaining sections 163 or 164. In light of the submissions, MBIE considers that these provisions should be retained, and no amendment is necessary.

Trade Marks Act 2002

False claims of ownership as a ground for invalidity proceedings

35. There may be occasions where a person will apply to register a trade mark where they believe, in good faith, that they are the owner of the trade mark, when in fact they are not the true owner. For example, the trade mark may have previously been used by someone else, but the person is unaware of this.
36. If the trade mark application is accepted, third parties have the opportunity to oppose registration under section 47 of the Act on the ground that the applicant is not the owner of the trade mark.
37. However, if the trade mark is registered, the Act is unclear as to whether the registration can be invalidated under section 73 of the Act on the ground that the owner of the registration is not the true owner of the trade mark. While there is a High Court decision that decided that this ground can be used to invalidate a registration, MBIE proposed that the Act be amended to make it clear that this ground is a ground of invalidity.

What did submitters say?

38. Some submitters supported MBIE’s proposal. However, others raised concerns that MBIE’s analysis of the issue did not cover all the nuances of this issue, and that further analysis would be necessary to decide how best to deal with the issue. MBIE agrees with these submitters, and has decided not pursue this issue in the IP Laws Amendment Bill. The issue is likely to be revisited in a future IP Laws Amendment Bill.

Undefended non-use revocation proceedings

39. The *Trade Marks Act* allows a person to apply to revoke a trade mark registration if the trade mark involved has not been genuinely used in trade for a period of at least three years or more. This is known as “non-use”. The usual reason why a person would apply to revoke a trade mark registration for non-use is that the person wishes to use and register the same or a similar mark for use with the same or similar goods or services. The presence of the unused trade mark registration prevents the person from using and registering the trade mark in their own name.
40. When an application to revoke a trade mark for non-use is made, the owner of the trade mark is informed, and given an opportunity to defend owner’s registration. If the owner

does not respond, this is known as an “undefended non-use revocation proceeding”. In such cases Commissioner of Trade Marks must make and issue a decision based on the documents filed by the applicant for revocation. To date, all undefended non-use revocation proceedings have resulted in the trade mark registrations concerned being revoked.

41. It takes time for the Commissioner to make and issue a decision in an undefended non-use revocation proceeding. In addition, the registration will not be formally revoked until after the expiry of the period allowed for appealing the decision to the High Court. Where the applicant for revocation is intending to register the trade mark in their own name, the time taken to revoke the trade mark may be frustrating.
42. The consultation document asked submitters whether they thought that the current approach was causing a problem and should be changed. One alternative approach would be to automatically revoke a registration, without a decision from the Commissioner, if the trade mark owner did not respond to the application for revocation.
43. This alternative approach might result in speedier revocations. However, it could unfairly disadvantage trade mark owners where the failure to respond was due to the owner not receiving notification of the application for revocation. Another problem is that, if no formal decision is issued, it might not be possible to appeal the decision to revoke the trade mark. MBIE is aware of at least two instances where revocation of a registration following undefended non-use revocation proceedings has been appealed.
44. After considering submissions, MBIE is not convinced that any disadvantages caused by the current procedure are sufficient to offset the disadvantages of the alternative approach. On this basis, no amendment is proposed to deal with this issue.

What did submitters say?

45. Submitters were divided on this issue. Some considered that the current practice unreasonably delayed finalisation of undefended non-use revocation proceedings. Others did not see this as a problem. A few noted that revoking a registration in an undefended non-use revocation proceeding was taking away the trade mark owner’s property by default. They argued that if automatic revocation was allowed in undefended non-use revocation proceedings, there would need to be safeguards to protect trade mark owners in the event that, for some reason, they did not receive the notification of the application for revocation.