

28 February 2023

IP Policy Team  
Ministry of Business, Innovation & Employment  
**Wellington**

By email: [ip.policy@mbie.govt.nz](mailto:ip.policy@mbie.govt.nz)

**Re: Reform of Geographical Indications Law in New Zealand discussion document**

1. The New Zealand Law Society Te Kāhui Ture o Aotearoa (**Law Society**) welcomes the opportunity to comment on the *EU-NZ Free Trade Agreement: Reform of Geographical Indications (GI) Law in New Zealand discussion document (Discussion Document)*.
2. This submission, prepared with input from the Law Society's Intellectual Property Law Committee, responds to some of the consultation questions set out in the Discussion Document. It does not contain responses to questions which relate to policy matters outside the Law Society's remit and expertise.

***Q4. Do you agree with our preferred option (Option iii) of providing provisions for the enforcement of GIs within the GIs Act? If not, where should these provisions be and why?***

3. For the reasons set out in the Discussion Document, the Law Society agrees the Geographical Indications (Wine and Spirits) Registration Act 2006 (**GIs Act**) should contain tailored enforcement provisions.

***Q5. Which option do you prefer for the court(s) to hear and determine the infringement of a registered GI, and why?***

4. Our preference is for infringement proceedings to be heard and determined in the High Court (Option iii in the Discussion Document). We consider the High Court to be the most appropriate forum for two reasons:
  - a. It is presently the forum for hearing and determining appeals relating to decisions made by the Registrar of Geographical Indications under the GIs Act.<sup>1</sup>
  - b. It is the infringement and appellate court for all registered intellectual property rights, including registered trade marks, registered designs and patents. The High Court is therefore the court most experienced in dealing with intellectual property matters.

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<sup>1</sup> Geographical Indications (Wine and Spirits) Registration Act 2006, section 48.

5. We understand the Ministry is also seeking feedback on the factors plaintiffs might consider when choosing a court to commence infringement proceedings.<sup>2</sup> In our view, plaintiffs will likely be influenced by the cost of a proceeding in a particular court, any previous experience the court may have had in dealing with intellectual property matters, and the capacity of the court to hear and determine a proceeding in a timely manner.
6. We believe parties will likely be more inclined to commence a proceeding in the High Court because:
  - a. As noted above, the High Court has more experience in dealing with intellectual property matters;
  - b. It is better-resourced, and therefore more likely to be able to hear and determine matters in a timely manner; and
  - c. The costs incurred (court fees aside) would likely be the same for the District or the High Court.

***Q6. Do you agree with our preferred option (Option iii) to limit persons who may initiate civil action for the enforcement of GIs to “interested persons”? If not, who do you think should be able to take legal action and why?***

7. We agree with the Ministry’s preferred option (Option iii) for the reasons set out in pages 23-24 of the Discussion Document.
8. We also note the Trade Marks Act 2002 provides that members of a collective association can apply to the court for relief for the infringement of a collective trade mark.<sup>3</sup> In our view, it is similarly appropriate to ensure interested persons (as defined in the Discussion Document) are able to initiate civil action for the enforcement of geographical indications (GIs).
9. However, we suggest a definition of “interested persons” in the GI Act which expressly includes any industry body that regulates the production of the goods under the GI, members of that industry body and any individual producer who uses the GI. This encompasses all parties who would generally have an interest in the GI, and gives more certainty to parties and the courts when assessing the ability to initiate civil enforcement action.

***Q7. What would be the advantages (or disadvantages) of providing the same remedies to address an infringement of a GI as are provided under the Trade Marks Act for the infringement of a trade mark?***

10. The Law Society considers it is appropriate to provide for the same remedies set out in sections 106-110 of the Trade Marks Act to address an infringement of a GI (noting the court will always have the discretion to grant these remedies, and to tailor the remedies to the circumstances of each case).

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<sup>2</sup> Discussion document, paragraph 74.

<sup>3</sup> Section 101.

**Q8. What other remedies (other than those provided for under the Trade Marks Act) should be adopted for addressing the infringement of a GI and why?**

11. We do not consider any other remedies to be necessary for addressing the infringement of a GI.

**Q9. Do you agree on basing the border protection measures for GIs on the Trade Marks Act? If not, what other measures should be adopted instead? Q10. If the border protection measures based on the Trade Marks Act were to be adopted for GIs, what changes (if any) should be made to those measures and why?**

12. We agree with basing the border protection measures for GIs broadly on the Trade Marks Act. However, we note that certain foodstuffs (e.g. cheeses), wines and spirits may deteriorate, and become unsafe for consumption, if they are detained for a lengthy period (particularly where an interested person commences ordinary proceedings alleging infringement). Therefore, the provisions in the Trade Marks Act should be modified to provide for more bespoke measures for the handling and detention of goods with a limited shelf-life.

**Q11. Do you agree with the preferred option of limiting persons who may lodge a notice with Customs to those persons who have an interest in the GI concerned? If not, who should be able to and why?**

13. We agree with the Ministry's preferred option (Option ii).

**Q12. What would be the advantages (or disadvantages) of providing the same investigative powers currently available to the Commerce Commission under the Fair Trading Act to the agency responsible for providing the administrative enforcement of GIs? Are there any other investigative powers that should be provided instead?**

*Agency undertaking administrative enforcement of GIs*

14. The Law Society understands that the administrative enforcement of GIs will likely sit with an existing agency.<sup>4</sup> The Law Society does not have a view on the agency that would be best placed to provide administrative enforcement (and we acknowledge that the Ministry is not seeking feedback on this issue). However, in the event this proposal is progressed, we note that the GIs Act will be the only intellectual property statute which empowers a publicly funded agency to enforce private rights in a civil action.<sup>5</sup> Other enactments simply place the cost and time of enforcing such rights on the rights-owner. As this is a novel proposal (in relation to the intellectual property law regime), it may be worth considering whether it is in fact appropriate for a publicly funded agency to enforce private rights.

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<sup>4</sup> Discussion document, paragraph 96.

<sup>5</sup> While the Commerce Commission enforces the Fair Trading Act, practitioners are of the view that the Commission only acts on a few of these complaints, likely due to resource constraints. Enforcement action is generally taken where there is a strong consumer protection element, rather than the protection of another party's trade mark rights.

*Powers available to the Commerce Commission*

15. The investigative powers available to the Commerce Commission under the Fair Trading Act 1986 are extensive, and include powers to:
  - a. search a place specified in a search warrant;<sup>6</sup> and
  - b. require any person to supply information or documents or give evidence.<sup>7</sup>
16. While such powers may be necessary and appropriate for the regulation of the wide range of conduct and practices that come within the Fair Trading Act, it is unclear why such extensive powers are required to enforce GIs. After all, the infringement of a GI is likely to be readily apparent from the product itself (as the product will have the infringing GI on its label).
17. We are not aware of any intellectual property legislation which provides for administrative enforcement, or grants any person the power to search, demand information or to obtain a search warrant for civil enforcement. We acknowledge that the Trade Marks Act gives broad investigative powers and the ability to obtain search warrants.<sup>8</sup> However, those powers are only exercised for the purposes of gathering information and investigating *offences* under that Act (and not for the purpose of taking civil action).<sup>9</sup>
18. The Law Society queries whether it is appropriate to exercise such powers for the administrative enforcement of a civil action. In our view, it would be unusual to allow the gathering of evidence for a civil action by using the State's search powers to carry out more invasive searches.
19. If information or evidence can be obtained by means other than by granting new search powers (for example, by recourse to the common law, or existing powers), those alternatives should be used.<sup>10</sup> We note that other intellectual property enforcement regimes function adequately when coupled with the discovery and inspection processes, and the search order provisions in the High Court Rules 2016.<sup>11</sup> These processes are better suited for the purpose of enforcing GIs, and more proportionate to the objective of obtaining the evidence needed to enforce a GI. This would be our preferred alternative to the options set out in the Discussion Document.
20. If the powers under the Fair Trading Act are to be used to enforce GIs (notwithstanding our concerns), we ask that officials be mindful of the following guidelines relating to search powers:<sup>12</sup>
  - a. Each search power must have a separate justification for why it is necessary. A general justification that search powers are required is not sufficient. The more

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<sup>6</sup> Fair Trading Act, section 47.

<sup>7</sup> Fair Trading Act, section 47G.

<sup>8</sup> Trade Marks Act, subpart 2A.

<sup>9</sup> Trade Marks Act, section 134C.

<sup>10</sup> Legislation Design and Advisory Committee *Legislation Guidelines* (September 2021), section 21.1.

<sup>11</sup> The discovery and inspection processes are set out in Part 8, subpart 1 of the High Court Rules. The search order provisions are set out in Part 33 of the High Court Rules, and empower the High Court to make 'search orders' to secure or preserve evidence, and to require a respondent to permit persons to enter premises for the purpose of securing the preservation of evidence.

<sup>12</sup> Above n 10.

invasive a particular search power is, the greater the justification required to create it is.

- b. Statutory law enforcement search powers must be triggered by suspicion that a specific matter or class of matters has taken place.
- c. Generally-worded law enforcement search powers (which allow 'fishing expeditions') are likely to be interpreted narrowly by the courts, and should not be authorised by legislation.

***Q13. What remedies should the courts be able to grant arising from administrative enforcement of GIs and why?***

- 21. If there is to be administrative enforcement, we agree that the remedies available in respect of such enforcement should be similar to the remedies available for enforcement by an interested party, with the exception of damages (discussed below).

*Damages*

- 22. We agree it will be difficult to gather evidence and establish the level of damages without input from affected producers. However, it is important to note that the courts do not award damages in the abstract. It is the damages suffered by the plaintiff that are awarded. If the producers have not brought the action, there is then no reason for the administrative enforcement agency to seek damages for the benefit of producers. For this reason, we do not consider damages to be an appropriate remedy for administrative enforcement.

*Injunctions*

- 23. We do not agree with the Ministry's assessment that an injunction is unlikely to be a deterrent on its own.<sup>13</sup> An injunction is often the most important remedy in an intellectual property proceeding because it stops the infringing activity. A party who is subject to an injunction is unlikely to repeat the infringing activity because of the risk of contempt of court. The infringing party will also be liable for costs if the injunction is ultimately granted. In our view, injunctions remain an appropriate remedy.

*Account of profits*

- 24. It would also be appropriate for the Court to grant an account of profits. It would be possible for the administrative enforcement agency to calculate an account of profits without input from the producers, as the monetary amount involved would be the profit made by the infringing party.

***Q17. How might the costs to administer the GIs Act be recovered and from whom?***

- 25. The Law Society does not agree with the following statement in the Discussion Document:<sup>14</sup>

*Under the Government's cost recovery policy the cost for administering the new GIs Act, which would provide protection for 2,133 EU GIs, would largely*

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<sup>13</sup> At [83] and [108].

<sup>14</sup> At [114].

*fall upon New Zealand wine producers and a small number of foreign producers.*

26. The Discussion Document states that the Government policy on cost recovery require the costs of administering an intellectual property regime to be fully recovered from the *beneficiaries* of those regimes.<sup>15</sup> New Zealand wine producers and the small number of foreign producers are not the beneficiaries of the registration of the 2,133 EU GIs. In our view, the beneficiaries of those registrations are the EU producers.
27. Ordinarily, these EU producers would be expected to pay for registration and enforcement. If the Government is to proceed on the basis that no fees are payable by the EU or its producers, then the cost of administering the GIs Act should be borne by government. It cannot properly be allocated to other users of the system who do not benefit in any way from these particular GIs.

***Q18. Are there any other problems with the current GIs Act or proposed new GIs registration regime? What changes, if any, should be considered?***

*Proposed new GIs regime*

28. The Discussion Document does not seem to address the question of what is expected of the agency that will be responsible for the administrative enforcement of GIs. The GIs Act should clearly specify whether:
- a. The enforcement agency is compelled to act upon receiving a complaint, or identifying a likely infringement; or
  - b. The enforcement agency has a discretion on whether to act upon receiving a complaint or identifying a likely infringement.<sup>16</sup>

*Current GIs Act*

29. Section 45 of the GIs Act provides for the registrar to remove a registration that should not have been registered for a specified reason. There is no similar provision for the court to remove such invalid registrations. This is inconsistent with other intellectual property statutes which provide for a concurrent validity jurisdiction for the High Court and the relevant Commissioner.
30. A challenge to the validity of an intellectual property right often arises when the rights owner endeavours to enforce their intellectual property right. It is a significant gap in the procedure if a court dealing with an alleged infringement of a GI could not also consider the validity of the GI. The Law Society proposes that the GI Act be amended to provide the High Court with concurrent jurisdiction to determine the validity of a registered GI.

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<sup>15</sup> At [112].

<sup>16</sup> For example, the Commerce Commission has the power to issue infringement notices under section 40D of the Fair Trading Act. However, practitioners have observed that the Commission often declines to act where the allegation raised is one of a likelihood of misleading or deceptive conduct arising from a private right, such as misuse of a trade mark.

31. If the Ministry has any questions, or if further discussion would assist, please do not hesitate to get in touch via the Law Society's Law Reform & Advocacy Advisor, Nilu Ariyaratne ([Nilu.Ariyaratne@lawsociety.org.nz](mailto:Nilu.Ariyaratne@lawsociety.org.nz)).

Nāku noa, nā

A handwritten signature in blue ink, consisting of several overlapping loops and lines, positioned above the name and title.

Ataga'i Esera  
**Vice-President**