

john mcbride

BARRISTER

WHO CARES ABOUT TRADE MARKS?

TRADERS smart enough to have distinctive brands will know there are not-so-smart competitors out there, who will prefer to - or who just need to - imitate rather than innovate when it comes to their own branding requirements. Innovators and imitators: both need to care about trade marks.

A TRADE MARK IS any distinctive sign ("*mark*") that can distinguish one trader's goods or services from another's, so as to indicate or identify their origin. It can be a name, signature, design, logo, letter, number, an advertising slogan, a 3 dimensional shape, a colour or a sound. Even a smell - although there are practical difficulties with smells; you have to be able to describe your trade mark smell in words and show it is capable of distinguishing your goods/services from those of other traders.

People think of trade marks as giving the owner the right to *use* the mark. But like other intellectual property rights, a trade mark registration is an *exclusive* right: what it actually confers is the right to stop ("*exclude*") others from using the mark (or a confusingly similar mark) in trade.

TRADE MARKS CAN BE REGISTERED OR UNREGISTERED: The ® symbol denotes a registered trade mark. The ™ symbol is generally used to claim ownership of an unregistered trade mark. Legal action can be taken to protect an unregistered trade mark, namely an action for *passing off*, usually paired with a claim for breach of the *misleading and deceptive conduct* provisions of New Zealand's Fair Trading Act 1986.

However in a passing off action and - to a lesser extent - a Fair Trading Act claim, the claimant must prove in Court that it has a reputation under that name/brand. A key advantage of a trade mark *registration* is that, like a certificate of title to land, it proves the ownership of that mark.

New Zealand trade mark applications, and Madrid Protocol International Registration applications, are made to the Intellectual Property Office of New Zealand - www.iponz.govt.nz.

HOW DID TRADE MARK LAWS DEVELOP? Marks identifying the makers of goods have been found on pieces of 5000 BC pottery in central Europe. Egyptians, Greeks, Romans and others used them. From about the 12th Century (end of the Dark Ages) craftsmen in Europe would carve their signatures into their artisan or artistic products. Hallmarking of gold, silver and precious metals started to occur in about the 16th Century.

However modern trade mark law only started to develop in the latter part of the 19th Century. The Industrial Revolution brought a mass of mass-produced goods onto the market. There was the need to assist consumers to select products by type and quality, and the need for powerful producers to protect themselves from competition.

The Industrial Revolution started in Great Britain so it is no surprise that the first trade mark registry was established in London. That was 1876.

INTERNATIONALISATION OF TRADE MARK LAW: Shortly after came the first of the international conventions that have transformed trade mark laws into what we now have. Trade marks are “*territorial*” - so that a New Zealand trade mark registration is effective only in New Zealand - but hundreds of countries now have highly developed and increasingly consistent sets of trade mark laws. This makes it relatively easy to achieve registration across large numbers of countries.

WHAT ARE THE KEY INTERNATIONAL CONVENTIONS?

- 1883: The Paris Convention - gives a trade mark applicant in one member country the right to file within 6 months in any other member country and gain “priority” over any marks filed during that 6 months - known as “*Convention Priority*”. New Zealand became a member in 1931.
- 1957: The Nice Agreement - established the system of classifying goods and services into separate classes, for purposes of registering trade marks. We are now onto the “9th edition” of the Nice classification, with its 45 classes of goods and services. New Zealand has never become a member of the Nice Agreement, but we have followed it for many years anyway and will formally accede to it very soon.
- 1973: The Vienna Agreement - established a remarkably comprehensive system for classifying device/logo marks. New Zealand has not signed up, but follows the Vienna classifications, and we have added some of our own.
- 1994: the World Trade Organisation’s TRIPS Agreement - member countries (including New Zealand) agreed to build minimum standards of trade mark protection into their laws. TRIPS has to do with the *substance* of that protection, as opposed to the registration *procedures*.
- The Trademark Law Treaty 1994 and its updated version the Singapore Treaty 2006 - require member countries to streamline and harmonise their registration *procedures*, to make them more user friendly and to reduce compliance costs. New Zealand has signed the Singapore Treaty.
- 1989: The Madrid Protocol - offers a form of “international” trade mark registration. You obtain (or apply for) a trade mark registration in your own country (“*Office of Origin*”) then file a single “*International Registration*” application which your country’s Office of Origin transmits to WIPO (World Intellectual Property Organisation) in Geneva. The International application designates the other Madrid Protocol member countries in which you seek registration. You pay WIPO (in Swiss francs) a fee for each member country in which you seek registration. 88 countries have now joined the “Madrid Union”, including the UK, Japan, China, Korea, USA, the European Union and Australia. Countries which have not joined include Canada, Malaysia, India, Taiwan, Indonesia and Brazil. New Zealand has implemented the Madrid Protocol only in December 2012, but IPONZ is now open to accept International applications for filing.

THE NEW ZEALAND TRADE MARKS ACT 2002: replaced the old (very old) 1953 Act, and basically implemented all the above treaties, except the Madrid Protocol and

some aspects of the Singapore Treaty 2006, which have now been implemented. Our law has a mixed parentage:

- A major influence was the Singapore Trade Marks Act 1998, much of which is drawn from the 1994 UK Act, much of which comes from the European Community Trade Marks Directive.
- But much is also drawn from our old Trade Marks Act 1953.
- There is some injection of Australian law (eg to do with shape marks) but not much. Thus our law goes against the trend of Trans Tasman conformity. Our Australian neighbours need to understand that New Zealand decisions (both at the IPONZ and the Court level) quite regularly cite European Court of Justice decisions, as opposed to Australian Courts' decisions in trade mark cases.

SOME KEY FEATURES OF THE NEW ZEALAND LAW:

- A relatively simple and economical (and fast) application process.
- Multi class applications can be made.
- Shapes can be registered, provided they pass the threshold for having distinctive character.
- Industry associations or groups of traders can register *certification trade marks* (which indicate certain characteristics or quality standards) or *collective marks*.
- Initial registration period is 10 years (from date of application), with renewals at 10 year intervals.
- Applications made in *bad faith* are to be disallowed, thus curbing a time-honoured kiwi practice of registering a well known overseas brand here and waiting to be bought out.
- Increased protection for *well known* marks. There is a prohibition on registration of a mark that is well known in New Zealand, even for goods/services which are not similar to the registered proprietor's, if consumers would likely think there was a connection with the registered proprietor and there would likely be some prejudice to the registered proprietor. The infringement provision goes further. It comes close to being a protection against so-called "dilution": the well known mark is infringed if "*unfair advantage*" is taken of it and this is "*detrimental to its distinctive character or repute*".
- Marks likely to offend a significant section of the community (in particular Maori) to be disallowed. Which didn't stop Masport registering **THE BASTARD** for lawn mowers.
- If an application is "abandoned" because IPONZ's deadline to respond to a Compliance Report was missed, the applicant now has 2 months in which to revive the application by providing the overdue response to the Compliance Report, and requesting "continued processing". However only one "continued processing" request is available per application.

- A mark can be revoked for “*genericism*” if it has become a common name, based on the general public (not the trade)’s evidence, as a result of the proprietor’s activity or (more likely) inactivity.
- New Zealand does not require confirmation of use declarations to be filed, but a mark can be challenged off the register for 3 years non-use.
- Comparative advertising using a competitor’s registered trade mark is allowed. There are conditions around this: it must be in accordance with “*honest practices*” in commerce and must not “*without due cause take unfair advantage of or be detrimental to the distinctive character or repute of*” the registered mark. But these conditions are reasonably easily satisfied, so the door on comparative advertising is opened quite wide.
- New Zealand also has a liberal regime for parallel importing of genuine (not pirated) goods. If the goods were put on the market, anywhere in the world, by the trade mark owner or with its express or implied consent, there is no trade mark infringement when those goods are imported into and sold in New Zealand. This expressly incorporates the “*exhaustion of TM rights*” principle into New Zealand law. There is a similar provision permitting parallel importation of copyright works (although with exceptions for films, software and music, because they can be so seamlessly pirated).
- IPONZ is now open as the New Zealand “Office of Origin” for Madrid Protocol “International” applications. A “Basic Registration” or “Basic Application” in New Zealand qualifies the applicant to file an “International Registration” application, which designates which of the Madrid Protocol member countries the applicant seeks protection in. Likewise, applicants in other Madrid member countries can file in their local “Office of Origin”, then file an International Registration application seeking protection in New Zealand.

KEY ADVANTAGES OF REGISTERING TRADE MARKS:

- The registration proves you own the mark - you don’t have to prove “reputation”.
- Once the mark is registered you can (and should) use the ® symbol, which is a powerful way of giving notice of your rights.
- The registration details are searchable on IPONZ’s website, which deters other traders from “sailing too close” to your name/brand.
- The infringement provisions in the Trade Marks Act 2002 are a powerful enforcement tool.
- You can apply for registration before starting to use the mark, on the basis of intended use, which means you can establish your priority rights to the mark before you publicly go to market with that brand.
- The New Zealand application gives you 6 months *Convention Priority* over other applicants if you apply for the same mark in overseas countries which are members of the Convention.
- It is simpler to licence your business’ marks if they are registered.

- In the sale of business situation, on due diligence you can show a prospective purchaser the schedule of your registrations.
- Sponsors (eg of a sports or cultural organisation) can be given the comfort that they are putting their money behind a brand you have proven ownership of.
- Ability to lodge Customs (Border Protection) Notices, to help prevent importation of infringing goods into New Zealand.

THE APPLICATION PROCESS AT IPONZ

For applications to register the mark in New Zealand only, the process is relatively straight forward:

- **Search:** not a legal requirement, but you should obtain a professional search to verify that you can use the mark, without infringing somebody else's rights in the same or a confusingly similar mark.
- **Filing application at IPONZ:** application fee is NZ\$150 + GST per mark per class of goods/services. Overseas applicants do not pay GST - it is zero rated. Almost all applications are filed online.
- **Examination:** IPONZ examines to determine if the mark appears to be eligible for registration. An objection will be raised if it is too descriptive, or is confusingly similar to other trade marks which are registered or already applied for, and which cover similar goods and services. An "offensive" mark will raise an objection.
- **Compliance Report:** IPONZ raises any objections in its *Compliance Report*, usually issued within 7-14 days of filing. Compared with most countries this is lightning fast. The applicant will get 12 months to respond, ie to make submissions to overcome the objections. IPONZ tries to respond to submissions within about 2-4 weeks but the response time can in fact be up to 4 months.
- **Acceptance:** if no objections are raised, or if they are overcome, the mark is given "accepted" status.
- **Advertisement:** as soon as the mark is accepted, it is advertised in the monthly *Trade Marks Journal*. Anybody wanting to oppose registration must do so by lodging an Opposition Notice, or formally requesting an extension of time to oppose, within 3 months of the advertisement.
- **Registration:** if there is no opposition, the mark is registered. The initial registration lasts 10 years, from date of application.
- **Renewal:** the registration expires at the end of the 10 years, but can be renewed indefinitely at 10 year intervals, at modest cost, currently NZ\$350 + GST per mark per class.

For Madrid Protocol "International" applications the process is:

- **Application to IPONZ:** the New Zealand applicant files their "Basic Application" online at IPONZ, or relies on their existing Registration, then files their International Registration application (same owner, same mark, same or narrower range of goods/services) which designates which Madrid Protocol

member countries in which they seek trade mark protection. The applicant must be a New Zealand national, domiciled here or have a real and effective industrial or commercial establishment in New Zealand. There is a single application number.

- **Languages:** the choice of languages for the applications is English, French, Spanish.
- **IPONZ transmits to WIPO:** IPONZ checks the International Registration application and certifies it and transmits it to WIPO's International Bureau. IPONZ doesn't charge any handling fee. A single set of WIPO fees is paid (in Swiss francs) direct to WIPO, and varies depending on the countries you designate.
- **WIPO forwards to designated countries:** WIPO's International Bureau reviews the application and may raise objections, but otherwise forwards it to the designated countries' intellectual property offices ("Offices of Origin") and back to IPONZ.
- **Examination:** the designated countries' intellectual property offices and IPONZ then examine the application according to their local law. Care has to be taken to address particular features of the other countries' local law, eg the US which requires filing of Statements of Use of the mark. If the overseas intellectual property offices have objections, they notify IPONZ, and the applicant (or their lawyers) can address the objections.
- **Registration:** the International Registration lasts 10 years.
- **Renewal:** there is a single renewal date covering all the countries, and a single renewal application made via IPONZ.
- **Failure or Cancellation:** if the Basic Application to IPONZ fails, or if your Basic Registration is cancelled, the International Registration also fails, although you may be able to retain the local (New Zealand) registration.
- **Overseas applicants:** the system works in reverse for overseas applicants who have designated New Zealand as one of the countries in which they seek trade mark protection. Once the overseas application is received by IPONZ (via WIPO) it examines it according to the New Zealand law.

WHY BOTHER? Because imitation is a painful form of flattery when suffered by owners of intellectual property. Trade mark registration in New Zealand is relatively cheap and simple to achieve. Businesses (and also cultural, sporting, religious and other organisations) would be mad *not* to register their valuable names and brands. There is a continuing misconception in New Zealand that registration of a company name confers name protection: it does not. However, trade mark registrations confer a high level of name and brand protection.

If you would object to a competitor "stealing" your name/brand in New Zealand, you should secure it - tie it down - with a New Zealand trade mark registration.

For protection outside New Zealand there is now a choice. You will have 6 months from date of the New Zealand application to lodge individual applications in the countries you intend to trade in, and claim Convention priority. And there is now the option of being able to use your New Zealand application/registration to file a Madrid Protocol International Registration application.

Local businesses should also understand that the IPONZ trade mark register is becoming a crowded place. Now that overseas applicants can lodge an application in their own country which designates New Zealand as a country in which they seek trade mark protection, the IPONZ register will become more crowded. Now is the time for New Zealand businesses to review their brands and trade marks and apply for the registrations needed to preserve their exclusive rights, here and overseas.

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Important note: This guideline contains general information and opinions, and should not be used or relied on in the absence of specific legal advice.