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# Twenty-five years on — is New Zealand now a place where talent wants to live?

*Doug Calhoun BSc (Hons), MSc, LLB, IP Mentor*

## Introduction

It has now been 25 years since the first issue of this journal hit the streets — or at least the law libraries. That first issue has since been followed by 101 others (now, mostly, digital). John Katz and Doug Calhoun have been on the editorial board since the outset, joined by Bram van Belle in 1999 and Paul Sumpter in 2009. For the first 10 years the publisher was Butterworths and since then the publisher has been LexisNexis. The first 20 years were celebrated in the special issue of September 2015.<sup>1</sup>

One of the articles<sup>2</sup> in that issue traced IP history in New Zealand over the 20 years in the context of the contemporaneous development of technology. The article concluded with some predictions of what might happen in the next 20 years, based on the premise that while governments of all hues would give IP a low priority, some squeaky wheels would get some grease.

First of all, any predictions made before 2020 have been overwhelmed by COVID-19. And an important IP issue is whether the patent system would assist or hinder the development of a treatment and a vaccine. Patent laws, at least in New Zealand and Australia, and many other commonwealth countries, provide for Crown use of patented inventions in times of emergency. The Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement allows compulsory licensing of patented inventions during emergencies.<sup>3</sup> While there may be a race to line up exclusive purchasing of a vaccine by some countries, there has been unprecedented cooperation in vaccine development<sup>4</sup> indicating that, so far, these tools have not been needed.

Not everyone agrees. India and South Africa sought a waiver of four sections of the TRIPS agreement (Copyright, Designs, Patents, and Undisclosed Information) at the October meeting of the TRIPS Council.<sup>5</sup> That proposal was greeted with a mixed reaction between developed countries and developing countries. The proposal had not been made

with the required 90-day notice period so the chair of the TRIPS Council was able to kick for touch until 31 December when it will be considered again.

The report of the meeting noted:

While a number of developing and least developed country members welcomed the proposal as a contribution to the discussion, many were still studying it in their capitals and asked for clarification on certain points, particularly regarding its practical implementation and the possible economic and legal impact of the waiver at national level. A number of developing and developed country members opposed the waiver proposal, noting that there is no indication that intellectual property rights (IPRs) have been a genuine barrier to accessing COVID-19 related medicines and technologies.

While acknowledging that the sustained and continued supply of such medicines and technologies is a difficult task, they observed that non-efficient and underfunded health care and procurement systems, spiking demand and lack of manufacturing capacity are much more likely to impede access to these materials. In the view of these members, solutions can be legitimately sought within the existing IP system as the TRIPS Agreement provides enough tools and sufficient policy space for members to take measures to protect public health. The suspension of IPRs, even for a limited period of time, was not only unnecessary but it would also undermine the collaborative efforts to fight the pandemic that are already under way.

With predictions that the World Trade Organization itself may be losing support,<sup>6</sup> any suspension of the TRIPS agreement could be meaningless.<sup>7</sup> But it is predictable that once vaccines become available and the sense of crisis has diminished, vaccine manufacturers will be aggressively asserting their patent rights. And if, as seems likely, immunity to COVID-19 may only be short term, vaccines and treatments

1. NZIPJ (2015) 7(9).
2. Doug Calhoun "It was 20 years today: that the journal first began to play 1 (2015) 7 NZIPJ 231 at 231–234.
3. Agreement on Trade-Related Aspects of Intellectual Property Rights, art 31(b).
4. World Health Organization "172 countries and multiple candidate vaccines engaged in COVID-19 vaccine Global Access Facility" (press release, 24 August 2020).
5. World Trade Organization "Members discuss intellectual property response to the COVID-19 pandemic" (press release, 20 October 2020).
6. World Politics Review "Preparing for a World Without the World Trade Organization" (press release, 25 November 2020).
7. This was written before the outcome of the US presidential election was known.



will have a recurring demand — a recipe for great little earners. That will be when the real test in the contest between nationalism and internationalism intensifies and it could be fought on an IP battlefield.

### Prediction scorecard

So how did those IP predictions made five years ago pan out?

#### **Prediction 1 — the Wai 262 Report<sup>8</sup> recommendations on powers of the Māori advisory committee in the Patents Act 2013<sup>9</sup> would result in a decision that would be bound to upset whichever side lost**

Five years on that prediction remains undetermined. There has not yet been a published decision on a patent application referred to the Māori committee by the Commissioner of Patents.

However, another recommendation of the Wai 262 Report — that there should be a requirement for patent applicants to disclose the origin of genetic resources and/or traditional knowledge used in their inventions<sup>10</sup> did get some traction, generating a discussion paper, an economic evaluation, and nine written submissions. But that initiative has been sidelined by the proposed whole of government response<sup>11</sup> to the Wai 262 Report. It took nine years from the completion of the Wai 262 Report for the government to respond. Apart from an outline of how it is to proceed, there have been no announcements of any progress. With a government otherwise occupied with managing a pandemic and a general election, this is not surprising. In spite of a majority government, it is predictable that any implementation will proceed at the same leisurely pace that has marked the Wai 262 response to date.

#### **Prediction 2 — New Zealand joining the 2010 Nagoya Protocol<sup>12</sup> would remain a work in progress**

Acceding to the Nagoya Protocol remains on the agenda, but is on the back burner until other recommendations of the Wai 262 Report have been addressed. Kete 3 of the whole of government response is focused on the Crown relationship with Māori in the area of international instruments.<sup>13</sup> Among those instruments is the Convention on Biological Diversity, to which the Nagoya Protocol is linked. New Zealand would need to establish a bioprospecting regime before ratifying the Nagoya Protocol.<sup>14</sup>

#### **Prediction 3 — more single economic market IP initiatives such as formulating common laws is unlikely**

The 2010 single economic market focus on IP of 2010 has exhausted whatever political capital it had since the creation of the joint regulation of patent attorneys regime in 2016.<sup>15</sup> Indeed, the last SEM meeting did not include any mention of IP.<sup>16</sup> The last trans-Tasman patent attorneys to qualify under the Patents Act 1953 regime sat their final exams in July 2020. Currently there are two Australian and one New Zealand based institutions providing accredited courses needed to qualify as a trans-Tasman patent attorney.<sup>17</sup> But the lone New Zealand provider only offers four courses of the required 10. The value of distance learning is going to be tested as long as COVID-19 remains with us. After the COVID-19 crisis Australian firms could be employing a lot of kiwi patent attorneys who do not want to return home after crossing the Tasman to qualify in person.

While the trans-Tasman single economic market in IP laws may have gone cold, a market for IP attorney firms has been established with Australian firms being first off the mark. Not only did some Australian attorney firms become limited liability companies under the more permissive Intellectual Property Laws Amendment (Raising the Bar) 2012 (AU) changes, but they have created holding companies that have bought up patent attorney firms and listed on the Australian Stock Exchange. The first of these holding companies, IPH Ltd, has now purchased two of New Zealand's oldest patent attorney firms, AJ Park<sup>18</sup> and Baldwins.<sup>19</sup> It may be a bit premature to be reminding the last kiwi firm to remember to turn out the lights before they head across the Tasman, but the market incentives seem all to be for heading west.

#### **Prediction 4 — the Trans-Pacific Partnership (TPP) Agreement would either be finalised or abandoned**

Both of those predictions proved to be correct. TPP was agreed to and then promptly abandoned by the US after the 2016 election. But out of the ashes of TPP came the Comprehensive Progressive Agreement for Trans-Pacific Partnership

8. Waitangi Tribunal *Ko Aotearoa Tenei: a report into claims concerning New Zealand law and policy affecting Maori culture and identity* (Wai 262, 2011).
9. Patents Act 2013, ss 225–228.
10. Ministry of Business, Innovation and Employment “Disclosure of origin requirements in the patents regime” (8 April 2019) <mbie.govt.nz>.
11. Ministry of Māori Development “Te Pae Tawhiti: Wai 262” (16 November 2020) <tpk.govt.nz>.
12. Convention on Biological Diversity “The Nagoya Protocol on Access and Benefit-sharing” (20 November 2020) <cbd.int/abs/>.
13. Ministry of Māori Development *The role of the Crown and Māori in making decisions about taonga and mātauranga Māori* (Discussion Paper Wai 262, August 2019).
14. At 44.
15. Patents (Trans-Tasman Patent Attorneys and Other Matters) Amendment Act 2016, pt 2.
16. Hon David Parker “Trans-Tasman Single Economic Market Ministers’ meeting” (press release, 13 September 2019).
17. Trans-Tasman IP Attorneys Board “Registration process — How to register as a patent attorney” <tipat-torney.govt.au>.
18. IPH Ltd “Settlement of Acquisition of AJ Park” (31 October 2017) <iphltd.com.au>.
19. IPH Ltd “Settlement of Acquisition of Baldwins Intellectual Property” (16 October 2020) <iphltd.com.au>.

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(CPTPP).<sup>20</sup> It could also be described as TPP light because many of the more IP intensive clauses were removed after their sponsor departed. In the end, the only substantive change to patent law as a result of CPTPP was the insertion of a one-year grace period for disclosures of an invention by a patentee before the filing of a patent application.<sup>21</sup>

But CPTPP finally brought the Wai 262 plant variety rights (PNR) pigeon home to roost. In 1991, the PVR international treaty, International Union for the Protection of New Varieties of Plants (UPOV), was amended to expand the rights of plant breeders. Initial efforts to conform the Plant Variety Rights Act 1987 to UPOV 91 were halted in the face of the Wai 262 claim. In 2005 the then Ministry of Economic Development produced an exposure draft PVR amendment bill that generated a few submissions, but that initiative was halted to await the Wai 262 report. The 2011 Wai 262 Report recommended that the new PVR Act should include a power to refuse a PVR if it would affect kaitiaki relationships with taonga species.<sup>22</sup> The TPP negotiators were able to negotiate a special condition for New Zealand that remained in CPTPP. New Zealand could have a PVR law that was compliant with UPOV 91, as well as meeting its obligations under the Treaty of Waitangi.<sup>23</sup> Because this law must be enacted by 30 December 2021, its implementation has been moved ahead of the remainder of the whole of government response to the Wai 262 Report. The most recent consultation document<sup>24</sup> proposes to give a PVR Māori committee sole power to decide if a “kaitiaki condition” has been met before an application for a new variety of taonga species may proceed to determine if it is eligible for a PVR grant. The Bill is targeted to be introduced into Parliament before the end of the year to be enacted before the end of 2021.<sup>25</sup>

**Prediction 5 — another review of the Copyright Act 1994 will try to play catchup with technology**

This prediction proved to be partly correct, but overlooked the recommendations of the Wai 262 Report, which have been picked up by the whole of government response.<sup>26</sup> The

proposal is to consider options to enable kaitiaki to more fully exercise kaitiakitanga over taonga works and mātauranga Māori.<sup>27</sup> One of the options being considered is to do this through the current review<sup>28</sup> of the Copyright Act 1994. This has brought the copyright review to a halt.

The copyright review began with a stocktake of the relationship of the creative sector with copyright.<sup>29</sup> It got as far as an issues paper that generated 148 written submissions from a wide variety of organisations and individuals.<sup>30</sup> After the election we now have a plethora of newly elected MPs learning the ropes and a reconstructed cabinet whose first priority is the ongoing response to COVID-19. That is not a recipe for a quick change to our copyright laws.

**Prediction 6 — national IP laws will continue to become increasingly ineffective in regulating international commerce on the internet**

New Zealand copyright law enabled Eminem to successfully sue the National Party for copyright infringement over its use of *Eminem Esque* in a 2014 election TV ad.<sup>31</sup> But trying to stop the Republican Party from using popular songs in election campaigns has not been as successful.<sup>32</sup>

Efforts to reign in the internet giants, Facebook and Google from using news content provided by the traditional media have largely been ineffective. The latest attempt in Australia has come in the form of proposed *sui generis* legislation called the News Media Bargaining Code.<sup>33</sup> Not surprisingly, that has resulted in pushback by Facebook and Google.

The ubiquity of pay per view or audio streaming services has largely eliminated the illegal file sharing on the internet that spurred the 2008 reforms,<sup>34</sup> but the endless fair dealing/fair use debate continues.<sup>35</sup> A further twist to the debate is the concept of “user rights”,<sup>36</sup> in the manipulation of sound files through technology. The one constant of copyright law is that it is always trying to play catch up with technology. And often the technology has moved on just as the law has caught up.

20. New Zealand Foreign Affairs & Trade “Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)” <mfat.govt.nz>.
21. Patents Act 2013, s 9(1)(f).
22. Waitangi Tribunal, above n 8, at 212. This recommendation was qualified by recommending that the interests of kaitiaki should be balanced against those of PVR applicants and the wider public in determining if an application should be refused.
23. CPTPP, Annex 18A.
24. Ministry of Business, Innovation and Employment *Review of the Plant Variety Rights Act 1987: Outstanding Policy Issues* (Discussion Paper, August 2020) at 11, [17].
25. Above, at 43, [229].
26. Ministry of Māori Development, above n 13.
27. Ministry of Māori Development, above n 13 at p 20.
28. Ministry of Business Innovation and Employment “Background to the Copyright Act review” <mbie.govt.nz>.
29. Ministry of Business Innovation and Employment *Copyright and the Creative Sector* (December 2016).
30. Ministry of Business Innovation and Employment *Review of the Copyright Act 1994* (Issues Paper, August 2019).
31. *Eight Mile Style, LLC v New Zealand National Party* [2017] NZHC 2603.
32. Stuart Braun “Musicians pile on Trump campaign for unpermitted song use” (7 August 2020) DW <www.dw.com>.
33. Rod McGuirk “Australia to amend law making Facebook and Google pay for news” (17 September 2020) AP News <https://apnews.com/>.
34. Copyright (New Technologies) Amendment Act 2008.
35. University of Otago “What is ‘Fair dealing’ with copyright material?” <otago.ac.nz>.
36. Neil Wilkof “Glenn Gould: Inventor of ‘User Rights’?” (7 October 2020) The IPKat <https://ipkitten.blogspot.com/>; Neil Wilkof “Another view on Glenn Gould, user rights, performance and recording” (20 October 2020) The IPKat <https://ipkitten.blogspot.com/>.

## The future

Looking back from 2020, 25 years does not seem to me to be a long time. But, to put it into perspective, 25 years before I first entered the patent profession (in 1968) the world was in the midst of a global war, overseas travel (after the war) would mostly be ship for the next 20 years and telegrams were the fastest form of written communication. Things may not have changed as much in the last 25 years as they did between 1943 and 1968, but they have changed. And then came 2020.

So what will the next 25 years bring us? For the pessimist, New Zealand might look a bit more like it did in 1943 than it did in 2019. As a result of the COVID-19 crisis, international air travel might not resume to its pre-COVID-19 levels

and airlines might shrink or even go out of business. That might be partially good news for the planet, but only if the trend to energy efficiency keeps expanding. It is difficult to see the collapse of the internet and all the digital technologies it has spawned. But how will this translate into our everyday lives?

COVID-19 has precipitated an early end to the OEs of many young New Zealanders. Although it is not quite in the way Paul Callaghan<sup>37</sup> imagined it, New Zealand is now the place where talent wants to live for those returning New Zealanders. For the optimist this increase in talent could bring with it an explosion of innovation that is great for New Zealand — and with it a demand for IP talent to support the exploitation of that innovation. Let's hope that is what this column will be about in 25 years' time.

37. Sir Paul Callaghan "New Zealand as a place talent wants to live — Paul Callaghan's vision, five years on" (16 November 2016) *The Spinoff* <<https://thespinoff.co.nz/>>.

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# Copyright: overstrength, overregulated and overrated (with yet further apologies to the late Sir Hugh Laddie QC)

*John Katz QC, LLB (Hons) (Auckland), Barrister and Solicitor, High Court of New Zealand*

So ran the banner heading to my article in the 2015 NZIPJ in honour of the, then, 20th anniversary of the journal.<sup>1</sup>

In that article I raised a real question of whether copyright is now being (or perhaps in truth has for some years been) over-utilised and overplayed, such that the original purpose of it has been lost.

It is also useful to ask, a half decade over the original article, whether in that period of time, much has changed.

Many so-called and self-styled originators firmly believe that copyright protects the monopoly of the originator against the rest of the world, and simply because the originator thought up the idea first. Thus copyright is all about protection and nothing else. Even then protection of ideas or thoughts, rather than as the law, requires only the expression of those thoughts or ideas in a tangible form.

Copyright, as we all know, protects originality and creativity. Thus, simple, often banal objects or works can qualify for copyright protection. Simplicity is clearly no barrier, yet often that simplicity stretches the bounds of originality and creativity.

In this fashion, simple, often banal slogans, catchwords or catchphrases are increasingly being monopolised to the point that others are denied the right to use simple, ordinary commonplace words or phrases.

We must remember that copyright protects originality — the skill and labour expended in coming up with something that is creative. It does not follow that a large degree of creativity is required. But taking ordinary words from the English language and combining them in a manner that is catchy is hardly a likely candidate for copyright protection of the slogan as a literary work.

Thus, the judgment in *Sunlec International Pty Ltd v Electropar Ltd*<sup>2</sup> may seem a little surprising, perhaps even alarming.

Sunlec was an importer and distributor of wire-marking products made in Italy. The products were designed to provide a simple method of labelling electrical wires with letters or numbers so that the purpose of a particular wire could be readily identified just by looking at the wire and the label on it. Clearly the purpose would be excellent in terms of safety, utility and ease.

But that is not what the case was about. In the judgment Wylie J set out what the works in suit were:<sup>3</sup>

The pleaded works are as follows:

- (a) Four photographs and a caption, “How it works — Four Easy Steps”: the Four Easy Steps work;
- (b) A photograph of a Grafoplast item number 175: the item 175 work; and
- (c) Caption of a Grafoplast 050C Trasp case — “‘Field Friendly’ — the best choice for field work”: the Field Friendly work.

The defendant was a sub-distributor of the wire-marking products in New Zealand under an agreement with the plaintiff. That arrangement came to an end, but the defendant continued to distribute the products in New Zealand under a direct arrangement with the Italian manufacturer whilst continuing to use the works in suit.

For present purposes we can restrict our interest to the third pleaded work in suit, the “caption”.

The substantive hearing lasted it appears only one day, but the Judge heard evidence from a number of witnesses including the managing director of Sunlec, a Mr Ellard. In relation to the caption or slogan the Judge noted that Mr Ellard and a consultant “spent a lot of time devising a ‘snappy memorable phrase’ to best describe how the ... product could be used by customers”.<sup>4</sup>

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1. John Katz “Copyright: over-strength, over-regulated and over-rated (with apologies to the late Sir Hugh Laddie)” (2015) 7 NZIPJ 227.  
2. *Sunlec International Pty Ltd v Electropar Ltd* (2008) 79 IPR 411 (HC).  
3. At [2].  
4. At [20].



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Electropar reproduced the same caption or slogan in its own materials post termination of its sub-distribution agreement with Sunlec.

When discussing the issue of subsistence of copyright, the Judge said:<sup>5</sup>

As well as showing that the works fall within one of the [categories] in s 14(1), Sunlec has to establish that the works in respect of which it claims copyright are original works. The requirements of the Act in this regard have recently been discussed by the Supreme Court in *Henkel KGaA v Holdfast New Zealand Ltd* (2006) 70 IPR 624 ; [2007] 1 NZLR 577 (*Henkel*). In giving the judgment of the Court, Tipping J noted that the concept of originality is not defined in the Act, and that the common law principles apply. The court noted that to be original for copyright purposes, the work must originate from its author, and it must be the product of more than minimal skill and labour. Originality in this context is not to be equated with novelty, and the Court observed that the threshold for originality is a low one.

He then identified the central issue before him with respect to the caption as follows: “This case puts in issue whether copyright can exist in the slogan “Field Friendly” — the best choice for field work”.”<sup>6</sup>

Then, citing from Sunlec’s submissions, the Judge continued with Sunlec’s counsel’s argument as follows:<sup>7</sup>

He argued that the Field Friendly work is an original literary work, that time, skill, labour and judgment were exercised in its creation, and that it is clearly associated with Sunlec’s products and business. He submitted that there was no evidence to suggest that Sunlec copied this slogan from another source, and that the slogan provides information and/or instruction as to a Sunlec product in a catchy and memorable way.

Any reading of this paragraph on its own might perhaps draw the reader into a debate as to whether the cause of action was not copyright infringement but rather trade mark infringement or breach of the Fair Trading Act 1986. But no, it was all about copyright.

The Judge correctly directed himself that the slogan was a literary work (if anything) and that there was no requirement that the literary work in suit has any literary merit. He said:<sup>8</sup>

Traditionally a literary work has been said to be something intended to give information, instruction or pleasure — see *Exxon Corporation v Exxon Insurance Consul-*

*tants International Ltd* [1982] Ch 119 at 143 ; [1981] 3 All ER 241 at 248 and *Noah v Shuba* [1991] FSR 14 at 33.

He referred to the 15th edition of *Copinger and Skone James on Copyright*<sup>9</sup> that “copyright does not subsist in advertising slogans, but that more substantial copy<sup>10</sup> may be protected as a literary work”.<sup>11</sup>

He then referred to some Australian cases denying copyright protection to slogans.

So, the issue resolved to the following:<sup>12</sup>

It cannot be asserted that copyright cannot exist in a slogan, simply because it is a slogan. Rather inquiry must be made into the circumstances in which the slogan was evolved and has been created. If independent skill, labour and judgment have been involved in its creation such that it satisfies the requirement of originality, and if it conveys information, instruction, or pleasure, then in my view a slogan can attract copyright protection.

Having rehearsed the evidence of Mr Ellard on how and why he and his consultant came up with the slogan, the Judge held copyright to subsist in the slogan.

Perhaps the more relevant aspect of the judgment came in the award of damages for the infringement which were fixed at \$500 for the slogan infringement. A claim for additional damages was rejected.

There is no doubt that the requirement of originality is tied up with the need for the literary work to convey something meaningful, whether it be information, pleasure, advice or whatever. As the authors of *Copinger and Skone James on Copyright* put it:<sup>13</sup>

In general, however, in every case the question is what is the work which lies behind, and is the subject of, the communication. What matters is the message, not the medium. A message, expressed in writing, speech or song, will be capable of being a literary work. That is not, however, to confuse the expression of the message with its contents. It is with the expression and the form of that expression that copyright is concerned, not the content.

By this means, something overtly banal, such as computer code, can qualify for copyright protection. On the basis of this reasoning, there can be no argument but that computer code does convey information and generally vital information.

New Zealand cases such as *Sunlec* are few and far between. So in the search for other examples we must turn to our neighbours across the Tasman.

5. *Sunlec International Pty Ltd v Electropar Ltd*, above n 2, at [44].

6. At [51].

7. At [53].

8. At [56].

9. Kevin Garnett, Gillian Davies and Gwilym Harbottle (eds) *Copinger and Skone James on Copyright* (15th ed, Sweet & Maxwell, London, 2004).

10. Using the word “copy” in the advertising sense.

11. *Sunlec International Pty Ltd v Electropar Ltd*, above n 2, at [57].

12. At [62].

13. Gillian Davies, Nicholas Caddick and Gwilym Harbottle (eds) *Copinger and Skone James on Copyright* (17th ed, Sweet & Maxwell, London, 2016) at [3.33].



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In *Victoria v Pacific Technologies (Australia) Pty Ltd (No 2)*<sup>14</sup> Emmett J denied copyright protection to what the Judge described as the Help Words, the phrase “Help-Help-Driver-in-Danger-Call-Police-Ph.000”.<sup>15</sup> The State of Victoria successfully sought a declaration that the words, devised by Pacific Technologies, were not an original literary work and therefore not capable of copyright protection.

Emmett J set out a list of nine instances where phrases or slogans had been denied copyright protection.<sup>16</sup> Perhaps with something of an eye on the *Sunlec* case decided just nine months earlier, but not referred to in the judgment, Emmett J noted:<sup>17</sup>

Whether or not those types of phrases might constitute a trademark is not a question that is presently relevant. Short phrases, single sentences and the like are too insubstantial or too short to qualify as a literary work for the purposes of the Copyright Act [1968 (Cth)]. That is so, even though skill and labour has been expended on their creation: see *Exxon Corporation v Exxon Insurance Consultants International Ltd* [[1982] Ch 119; [1981] 3 All ER 241]. The term “literary work” is intended to afford either information and instruction or pleasure in the form of literary expression.

He then continued:<sup>18</sup>

The Help Words are not a form of literary expression, but a setting down of several simple words in the nature of saying something in ordinary parlance. They are no more than a simple instruction. The Help Words do no more than state the obvious words for use in drawing attention to a taxi driver requiring urgent assistance. They are not words that should be afforded monopoly protection.

The Help Words simply indicate a desire to convey the notion that a taxi driver in duress seeks urgent assistance. They do no more than state an idea. The expression is inseparable from the fundamental idea that is being conveyed by the words. When the expression of an idea is inseparable from its function it forms part of the idea and is not entitled to the protection of copyright (see *Autodesk Inc v Dyason* [(1992) 173 CLR 330 at 345]).

Then, in *Volunteer Eco Students Abroad Pty Ltd v Reach Out Volunteers Pty Ltd*,<sup>19</sup> the plaintiff claimed copyright in its slogan “Changing the world, one village at a time” and infringement of that slogan by the defendant whose counterpart was “Change the world, one adventure at a time”.

Griffiths J rejected the claim on the grounds that the plaintiff had not advanced sufficient evidence that the requisite degree of judgment, effort and skill had been applied in creating the tagline.<sup>20</sup>

Similarly, in *Sullivan v FNH Investments Pty Ltd*,<sup>21</sup> Jacobson J rejected a claim to copyright in the slogans “Somewhere in the Whitsundays” and “the Resort that Offers Precious Little” on the grounds that there was no sufficient evidence of the requisite degree of judgment, effort and skill to confer copyright protection.<sup>22</sup>

In *Fairfax Media Publications Pty Ltd v Reed International Books Australia Pty Ltd*,<sup>23</sup> Bennett J rejected claims to copyright in the plaintiff's newspaper headlines.

The Pacific Technologies case was followed by the Singapore District Court in *JPG Enterprise Pte Ltd v Hairspec Private Ltd*<sup>24</sup> where there was more than a phrase or slogan. It concerned an advertorial that read:<sup>25</sup>

Our unique and revolutionary hair system is undetectable and the latest in hair loss solutions. It consists of human hair that has been implanted into a micro-thin layer of artificial skin. We then gently bond this artificial skin with the implanted hair onto your scalp. The whole procedure is pain-free, non-surgical and takes less than 90 minutes.

The defendant reproduced the advertorial exactly save for substituting 60 minutes for 90 minutes. The Court held the work was sufficiently insubstantial or original to attract copyright.

All of this merely means claims of copyright subsistence appear to have progressed from the sublime to the ridiculous.

It would be an indulgence to suggest that claims such as those that have been made in the cases discussed above do little to enhance the notion of copyright and the reasons why protection is afforded.

It is useful then when discussing the concept of copyright and its purpose in life to begin with the original statute, the Statute of Anne of 10 April 1710. It can immediately be seen that the original statute is now over three centuries old.

When enacted, its purpose was stated to be “an Act for the encouragement of learning”. In return for, then, a relatively limited period of protection<sup>26</sup> a form of monopoly was granted to the creator or originator. In accordance with the statute, the maximum term was fixed at 28 years, depending on the circumstances.

The purpose of this 1710 Act can be seen also as consistent with the purpose of a Grant of Letters Patent — a fixed statutory and absolute monopoly granted by the Crown as an incentive to the inventor to disclose all so that upon expiry

14. *Victoria v Pacific Technologies (Australia) Pty Ltd (No 2)* [2009] FCA 737, (2009) 81 IPR 525.

15. At [1].

16. At [19].

17. At [20].

18. At [22]–[23].

19. *Volunteer Eco Students Abroad Pty Ltd v Reach Out Volunteers Pty Ltd* [2013] FCA 731, (2013) 102 IPR 161.

20. At [363].

21. *Sullivan v FNH Investments Pty Ltd* [2003] FCA 323, (2003) 57 IPR 63.

22. At [114].

23. *Fairfax Media Publications Pty Ltd v Reed International Books Australia Pty Ltd* [2010] FCA 984, (2010) 88 IPR 11.

24. *JPG Enterprise Pte Ltd v Hairspec Private Ltd* [2020] SGDC 12.

25. At [2].

26. Twenty-one years for books in print, 14 years for new books, and a right of one further term of 14 years upon expiry of the first term if the author was still alive.

of that term, others could use and build on the original invention for the benefit of the public at large. Thus, manufacturers were rewarded. But the social good was also recognised and catered for. This was simply what was known as the social contract.

Accordingly, when the United States Congress enacted that the term of copyright for certain works such as films be extended to 95 years from the date of first publication, the impetus was largely funded by the Hollywood lobbyists. Opponents and critics labelled the law as The Mickey Mouse Protection Act, not so much as a pejorative description of the type of legislation that it was, but rather because it ended up giving longer protection for characters such as Mickey Mouse and his portrayal in the 1928 short cartoon *Steamboat Willie*.<sup>27</sup>

The term of copyright in the United States was extended in 1998 under the typically American-termed Sonny Bono Copyright Term Extension Act<sup>28</sup> increasing the term from life plus 50 years to life plus 70 years and in certain circumstances to a total of 95 years in absolute terms. Moreover, the amendments to the copyright law were retroactive in operation.<sup>29</sup>

Yet there are claims to even longer protection. Lobbyists, particularly in Hollywood, who see the value of works that are imminently to expire from copyright protection, see the ongoing value of their library diminished year by year as more and more works run out of term. But, how even the 95-year term can be justified in accordance with the original purpose of copyright law or even as an incentive to creativity and encouragement to others, post expiry, to build on the original, must be an elusive notion.

Proponents of longer terms, particularly in the United States, point to the Constitution, which in art 1, s 8, cl 8 proclaims that the purpose of patents and copyright is: "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

But "progress" requires building on the original, not accepting it as the holy grail, never to be exploited by others.

The notion of long-term protection for most works is consistent more with a proprietorial concept underlying copyright rather than incentivising others. And given that a comparatively youthful creator of an artistic work, or a musical work, can look forward to, perhaps, a century of ownership,<sup>30</sup> the proprietorial basis is also truly an elusive notion.

For artists, the real protection lies in the right to be recognised as the author or creator, not the owner.

Few people who buy an original artwork by a living artist, and pay perhaps tens of thousands of dollars for it, understand that whilst they have bought the artwork and therefore own the work, and can sell it without restriction, they acquire no right to reproduce the work on the front of, say, their family Christmas card. So the proprietorial aspect of copyright becomes confused, and for some people, confusing.

Because of this, there is much to be said for the reduction in term of copyright, rather than its extension. The rights of

artists to have their creativity and often much later recognition acknowledged is the adoption of a resale royalty right akin to current moral rights. This would go in some way to satisfying the reasonable sensitivities of artists. If this is to be regarded as a royalty/revenue stream based on a property right then so be it, but not at the cost of prohibiting reproduction of the original.

There could be no argument but that creators deserve protection. Their originality and creativity should be rewarded and properly so. But the question must be asked, whether the term of copyright for, say, musical works has not been in part at least, and perhaps some would say a large part, responsible for phenomenon bridging the 20th and 21st centuries of ripping, burning and peer-to-peer file sharing.

Whilst generally peculiar to artists living and performing in the late 20th to early 21st centuries, one can analogise with the Mickey Mouse Protection Act and wonder why a song written 100 years ago should still in 2020 be entitled to copyright protection.

Nevertheless, it is pertinent to note the other side of the argument and record that on what in the United States is called Public Domain Day 2020, on 1 January 2020 a number of musical works by the venerated American composer George Gershwin fall into the public domain. A notable example is *Rhapsody in Blue* used for many years (no doubt with appropriate attribution and payment of royalties) by United Airlines as its theme music.

Similarly, as of 1 January 2020 a number of notable films including some by Buster Keaton fell into the public domain as also did some notable books, such as EM Forster's *A Passage to India* and AA Milne's *When We Were Very Young*.

But what of the financial rewards that accrue to the benefactors of the extension of term of copyright?

And is it consistent with the statutory purpose in the Statute of Anne (or even the United States Constitution)?

One of the greatest difficulties in assessing the "value" of copyright, including its term, is the economic model.

It is now well accepted that the rationale for copyright protection lies more in ensuring adequate reward or return to the creator rather than the original altruistic objectives set out in the Statute of Anne, namely for the encouragement of learning or in accordance with the United States Constitution, to promote the progress of science and useful arts.

In the case of films, the production costs can be so enormous that real protection needs to be afforded to ensure the costs of production are recouped, and then some to enable the financial war chest to be created to help fund future productions.

And it is those front-end-loaded set up costs, unrelated to later output costs, that drive the need for protection at least in pure economic terms. Thus, the argument goes, no protection and rampant infringement simply destroys the incentive to create and recoup set up costs.

27. Katz, above n 1.

28. Sonny Bono was a United States Congressman and sponsor of the Act. He was also the Sonny of the 1960s–1970s duet Sonny & Cher.

29. Arguably under the Act there is a possibly even longer (up to 120 years) term for works of corporate authorship.

30. Assuming creation at age 20, a life of three score plus 10 years and then 50 years after death.

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Precisely the same arguments arise in the case of patents, especially pharmaceutical patents where so-called dry wells are much more frequent than truly innovative and highly successful discoveries.

In the case of a musical work (or a literary work of true aesthetic pleasure or educational worth) there are real arguments in favour of a robust quasi-monopoly.<sup>31</sup> Whilst the production costs may not be anywhere near as great, the social value of educational texts, good literature and pleasing music cannot be understated.

Therein lies the conundrum.

Whilst few creators create for the purpose of enriching themselves via royalties, that creativity is their lifeblood. That creativity is beneficial — it encourages learning, discussion, pleasure and satisfaction. So the principles of the Statute of Anne and art 1 of the United States Constitution are satisfied.

But whether life plus 50 or even 70 or more years is justified is highly questionable. And even whilst the term for industrial copyright is much reduced, Steamboat Willie hardly needs extended protection in his geriatricity.

In the Harvard Journal of Law and Technology, Liebowitz and Margolis<sup>32</sup> set out a table of the longevity of written works by category and title. The table lists books in accordance with their subject matter that have survived more than 58 years.<sup>33</sup>

At the top of the list are, in descending order, academic, philosophical, history, biographical and religious texts. Towards the bottom are autobiographies, art, travel and sports books.

Of academic books, topping out the list, 68 per cent of all titles remained in print after 58 years, the percentage being the same even if best-selling texts are removed.<sup>34</sup>

The same is unlikely to be the case for musical works although the desire for nostalgia and the golden era of the 1950s, 1960s and 1970s would likely produce a similar table, listing musical works by genre.

But one of the real risks posed by unrealistic terms of copyright is that many people are simply not prepared to wait (well beyond their own lifetimes) until the term expires to be able to use original work. Some would argue that this in part has been the catalyst for the peer-to-peer file sharing websites that have proliferated.

There can be no justification whatsoever for the various organisations that have emerged promoting or facilitating illegal file sharing. But the battle against it has perhaps been lost. That is not to say one should give up. Rather, an alternative methodology is required.

That methodology may involve a levy or royalty demanded of internet service providers and to be distributed through the various reproduction rights organisations that exist in a

similar way as those organisations that distribute royalties obtained for needle time, being the playing time of music on commercial radio stations.

In relation to the peer-to-peer file sharing organisations, perhaps the best known and most visible organisation involved in file sharing was the Swedish organisation known as Pirate Bay. Whilst now defunct, its ethos has continued. It has produced offspring including Piratbyrå, an organisation based in Sweden and directed to opposing copyright law. Its symbol is a Lego-style K inside a multi-coloured triangle known as Kopimi.

But it is not to be regarded as a solely Nordic organisation.

Promoting file sharing, the dogma of the organisation is that copying electronic files is holy, so much so that in Sweden it has been recognised by Kammarkollegiet, a Swedish government agency, as a church and registered as such. The church holds CTRL+C and CTRL+V<sup>35</sup> as sacred symbols. To avoid outright countercultural clashes, it does not directly promote illegal file sharing. Rather, and perhaps like the Creative Commons, it espouses the open distribution of knowledge to all. The age of its founder, 19, perhaps is telling.

Nor is Kopimi or Kopimism unknown in New Zealand. The church appears to have a New Zealand branch and sought formal recognition as a religion almost a decade ago, being known as the Missionary Church of Kopimism for New Zealand. Nothing has been heard of it in the last five years so its current whereabouts or activity is unknown.

It appears more active however in Australia where adherence to its secular views on file sharing promotes yet further and what are described as a more pragmatic and active dystopian realist post-modern Kopimist model. The Australian offshoot describes its ethos as the holy trinity of CTRL+ALT+DEL or ctrl+alt+del as opposed to the “traditional” Kopimism theology of simply copy and paste.

That such organisations exist and expose the views that they have may seem heretical particularly in the context of faith-based religions. But it shows the rather extreme and possibly obtuse lengths opponents of copyright have gone to, to promote and disseminate their views or dogma. It does, however, do little to enhance the debate at a sensible and cerebral level about what copyright is, should be, or what it properly protects.

It is probably fair to say that copyright is indeed overregulated, or as Mae West is attributed as having said, “too much of a good thing can be wonderful”.

The debate on what copyright protects and for how long that protection should run will continue probably for as long as any extended term of copyright.

31. Quasi as opposed to absolute as only a patent confers absolute monopoly.

32. Stan J Liebowitz and Stephen Margolis “Seventeen Famous Economists Weigh In On Copyright: The Role of Theory, Empirics, and Network Effects” (2005) 18 HJLT 435 at 456.

33. For example, those which are still in print.

34. Although not stated in the article, the table listing academic books lasting more than 58 years is driven by academic texts no doubt running into multiple subsequent editions.

35. Shortcuts for copy and paste.



# IP Round-up: Recent decisions from the Courts

*Paul Sumpter, Registered Patent Attorney and Senior Lecturer in Law, University of Auckland*

## **International Consolidated Business Pty Ltd v SC Johnson & Son Inc**

[2020] NZSC 110

Although the other intellectual property areas may contain loftier issues there is no doubt that trade mark law poses a significant challenge because of its technical, tricky nature. Nowhere is this more apparent than in the recent Supreme Court decision involving the saga of who owns the ZIPLOC trade mark in New Zealand.

International Consolidated Business (ICB) had a registered mark for ZIPLOC from June 2006. SC Johnson & Son (Johnson) filed a revocation application for non-use against this mark on 22 April 2013. That mark was revoked for non-use on 26 June 2014 as at 22 April 2013. Three days before Johnson's revocation application was filed — on 19 April 2013 — Johnson applied to register the trade mark ZIPLOC itself. ICB filed a further application for registration of that same mark on 26 September 2014. Because it was filed later than Johnson's application, ICB's application was held in abeyance pending processing of Johnson's April application.

ICB opposed Johnson's April application for registration on four grounds, two of which remained relevant before the Supreme Court:

- The application for registration was not made by a person who was the owner: s 32(1) of the Trade Marks Act 2002.
- The mark was identical to a registered mark which at the relevant date belonged to a different owner (namely ICB) for the same goods and contrary to s 25(1)(a).

The Assistant Commissioner decided in January 2017 that Johnson's application should not proceed to registration because at the date of its April application ICB was still the registered owner of the ZIPLOC mark. While the Commissioner held there to be special circumstances under s 26(b) of the 2002 Act, this did not, in her view, remove the ownership impediment to Johnson's registration.

This decision was partially overturned by the High Court and the matter remitted to the Assistant Commissioner for further determination of the ownership issue.

The Court of Appeal, however, held that Johnson's April application could proceed to registration because the register is judged at the time a mark is entered on to the register and not at the date of application. This conclusion rested largely on its interpretation of s 68(2) and it was here, crucially, where the superior Court begged to differ.

The issues before the Supreme Court were:

- (a) When is the state of the register assessed for the purpose of ascertaining whether there are competing marks?
- (b) Does the application date for a mark remain relevant if the answer to (a) is that the register is assessed at the date of entry onto the register?
- (c) Was ICB the owner of the ZIPLOC trade mark at the date of Johnson's application?
- (d) What is the effect of s 26?

The Supreme Court held (in agreement with the Court of Appeal on this point) that s 68(2) did not change from previous law the date of assessment of the register in deciding the question of competing marks.<sup>1</sup> The New Zealand court thus concurred with the Singapore Court of Appeal in *Campomar SL v Nike International Ltd*<sup>2</sup> on the issue and that assessing the register at the time of entry on to the register meant that later events can be taken into account.<sup>3</sup>

An English case also remained of relevance, *RIVERIA Trade Mark*,<sup>4</sup> where there was an application to invalidate a later trade mark made by the owner of the earlier mark, where the earlier, similar trade mark had already been revoked. The Singapore Court of Appeal in *Campomar* agreed with the point made in *RIVERIA* that the rights of the owner of a revoked registration continue to exist up until the date of the application for revocation, unless the registrar is satisfied that grounds for revocation existed at an earlier date.

The New Zealand Supreme Court considered, unlike the Court of Appeal, that the reasoning in *Campomar* and *RIVERIA* applied in New Zealand with regard to revocation.<sup>5</sup> It noted that s 68(2) allows revocation to occur at a date earlier than the revocation application and this means that the date can be set to match the application date for the new registration application, provided the grounds for non use in s 66 exist at that time. Backdating a revocation application to align with the date of registration had the

1. *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2020] NZSC 110 at [45].

2. *Campomar SL v Nike International Ltd* [2011] 2 SLR 846.

3. At [43].

4. *RIVERIA Trade Mark* [2003] RPC 50.

5. *International Consolidated Business Pty Ltd v SC Johnson & Son Inc*, above n 1, at [53].

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effect that there will be no issue with s 25(1) of the Act as there will not be two identical or similar registered marks on the register at the same time.<sup>6</sup>

The Supreme Court rejected Johnson's submission that such an interpretation rendered s 44(2) "otiose".<sup>7</sup> It also downplayed any "alleged practical difficulties" relating to the one month grace period allowed for in s 66 and pointed out that an applicant must remember to apply to backdate a revocation application under s 68(2) if this was appropriate.<sup>8</sup> Johnson had also pointed out that issues could arise for those who only found out about competing registrations after the receipt of the examiner's report from the Commissioner. "Do a search" was the response of the Supreme Court.<sup>9</sup>

So, an application for revocation must pre date the application for registration or there must be an application for backdating under s 68(2). Johnson was in difficulty because its application to revoke did not request backdating.<sup>10</sup>

The Supreme Court therefore concluded that ICB was the owner of the ZIPLOC mark at the date of Johnson's April application, unless saved by s 26. The Court noted that s 26 overrides s 25(1)(a) and the Commissioner "must register"

where special circumstances existed in the opinion of the Commissioner that make it proper for a mark to be registered.<sup>11</sup> ICB did not challenge the special circumstances finding but argued that s 26 cannot override the s 32(1) ownership requirements (leave to appeal wider ownership issues was refused<sup>12</sup>). The Supreme Court noted the Court of Appeal had held that ICB could not rely on events that pre dated the non use period to found any claim to ownership and this finding was not under challenge before the Supreme Court. This meant there was nothing ICB could put forward, other than mere registration, to defeat what the Court of Appeal held to be Johnson's legitimate claim to ownership. Therefore there was no impediment to Johnson's April application being registered.<sup>13</sup>

In short, the appeal of ICB was successful with regard to the effect of s 68(2). However, the appeal was dismissed because special circumstances had been found to exist by the Assistant Commissioner. As s 26 overrides s 25(1)(a) Johnson's April application could proceed to registration.<sup>14</sup>

Did trade mark law become clearer and easier in practice? More on this case later.

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6. *International Consolidated Business Pty Ltd v SC Johnson & Son Inc*, above n 1, at [55].

7. At [56].

8. At [57]–[58].

9. At [59].

10. At [60].

11. At [80].

12. At [65].

13. At [82].

14. At [84].

# Official Action

## Decisions from the Intellectual Property Office

*Sophie Thoreau, Senior Solicitor, Buddle Findlay (Trade Marks) and Jason Wach, Senior Associate, James & Wells (Patents)*

*Issue 93: Trade mark, patent and registered design decisions issued between 1 July and 30 September 2020*

### TRADE MARKS

#### Invalidity

#### [2020] NZIPOTM 13 SUNLONG (NZ) LTD

(Trade mark registration no 960678)



in class 12)

*Trade mark registration — application for declaration of invalidity — ownership — bad faith — Trade Marks Act 2002, ss 17(1)(a), 17(1)(b), 17(2), 32(1), 73(1) — Trade Marks Regulations 2003, regs 107(f), 164*

Before Nigel Robb, Assistant Commissioner of Trade Marks, 30 July 2020

Written submissions — applicant for invalidity

The owner, Sunlong (NZ) Ltd, now Sinolink NZ Ltd, owned a registration for the trade mark



*for commercial buses; motor buses; coaches; automobile chassis; and their parts and fittings; minibuses* in class 12.

The applicant for invalidity, Shanghai Sunlong Bus Co Ltd, also known as Shanghai Shenlong Bus Co Ltd, has made an application for a declaration of invalidity on the basis that it is the owner of the mark by virtue of being the manufacturer of buses branded with the mark. The owner was said to be a New Zealand distributor of the applicant.

The applicant was established in China in 2003 and in 2016 it sold over 4,500 buses. The applicant had used the word SUNLONG since 2003 and the Dragon Device since 2009.

The applicant had used the marks in New Zealand by way of the sale of buses for delivery to New Zealand, with 15 buses delivered to the owner between 2013 and 2016.

Mr Wang, the sole director of the owner, was a former distributor of the applicant. A distribution agreement was signed between the applicant and Mr Wang in 2015 under which Mr Wang acknowledged the applicant owns the SUNLONG and Sunlong and Dragon Device marks. The relationship between the parties broke down in 2016 and the owner changed its name to Sinolink. The applicant was unaware that the owner had registered the mark



until it was cited against the applicant's own application in 2016.

Mr Robb proceeded on the basis that the owner was the legal entity that filed the trade mark application and Mr Wang may have been acting in his personal capacity in dealings with the applicant.

Mr Robb determined the owner was a mere distributor of the applicant's buses and there was no relationship of agent and principal between the parties.

#### Aggrieved person — s 73(1)

A person with a substantial or real interest in the removal of the trade mark from the Register will satisfy the "aggrieved person" test. This generally includes trade rivals and a party that has had the prior mark cited against their own application.

Here, the applicant had filed an application to register the



in class 12 (no 1049999) and the owner's mark was cited against it. This was sufficient to give the applicant standing.

#### Preliminary issue — pleadings

The applicant pleaded bad faith and lack of ownership but did not include references to the relevant provisions of the Act in the invalidity application, that is, s 17(2) and s 32(1), as required under reg 107(f).

Regulation 164 provides that the Commissioner "may waive a requirement in these regulations for information to be provided in any proceeding or document if the Commissioner is satisfied that the information is unnecessary".

The invalidity application particularised separate challenges to the owner's claim to ownership of the mark and allegation of bad faith but did not refer to the specific sections of the Act.

The counterstatement showed the owner understood that ownership and bad faith were standalone grounds and the owner addressed the grounds in evidence.

Mr Robb noted there is a mechanism for amending pleadings which had significance when considering the place of reg 107(f) in the scheme of the Act and Regulations.

Mr Robb considered the owner was not prejudiced in any way by allowing the ownership and bad faith grounds to be pursued as the statutory references did not add anything or otherwise change the case to be made out and answered.

Mr Robb noted reg 164 is not an alternative or backstop provision for dealing with a deficient pleading.

#### Section 32(1) — ownership

Mr Robb had to first consider whether the respective marks are identical or substantially identical and whether any prior use was in connection with the same kind of things as the registered goods/services.



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Mr Robb found the marks to be substantially identical.

The registered mark covered *commercial buses; motor buses; coaches; automobile chassis; and their parts and fittings; minibuses*. The evidence showed use of the applicant's mark on a vehicle could be described as a commercial bus, motor bus or coach, and Mr Robb considered a minibus to be the same sort of thing, just smaller. There was no evidence to show the applicant's mark had been used on automobile chassis or parts and fittings, and so the allegation of prior use by the applicant could not relate to those goods.

Mr Robb applied the test set out in *Newnham v Table for Six (1996) Ltd* (1998) 44 IPR 269.

The first *Newnham* requirement is that there is no prior use or prior assertion of proprietorship. The applicant had to show it had used the mark before the owner used or applied to register the mark.

Mr Robb found the applicant had used the mark in New Zealand before the date the application was filed.

The applicant succeeded on this ground of invalidity except in relation to *automobile chassis; and their parts and fittings*.

### Section 17(2) — bad faith

The registration of a foreign mark that is not used or known in New Zealand is not prohibited under New Zealand law.

Mr Robb noted a number of cases have held that the registration of a mark by a distributor of a manufacturer's mark amounts to bad faith.

The relationship between the owner and the applicant was one of distributor and manufacturer. A written agreement was entered into about 21 months after the application was filed. Under the agreement, the owner agreed the applicant was the owner of the marks in New Zealand and that the owner, as a distributor, was not entitled to register the mark.

Mr Robb considered the relationship between the owner and the applicant at the time the application was filed was similar to the position set out in the agreement as the owner knew it was acting as a distributor and the mark belonged to the applicant.

Mr Robb was satisfied that the owner's conduct fell short of the commercial behaviour expected of an experienced and reasonable distributor and so was made in bad faith.

The applicant succeeded on this ground of invalidity.

### Section 17(1)(b) — copyright infringement

The applicant's evidence on this ground and its submissions were minimal.

The applicant declared the logo element of the mark was designed by the applicant by J&J Advertisement Co and ownership of the copyright in the logo was transferred to the application under the contract of engagement with J&J.

Mr Robb found the applicant's evidence was insufficient to establish the applicant was the owner of the copyright in the dragon logo.

The applicant did not succeed on this ground of invalidity.

### Section 17(1)(a) — deception or confusion

Mr Robb was not satisfied that there was sufficient awareness, cognisance or knowledge of the applicant's mark in New Zealand at the time the application was filed. He noted the single sale of a business without any further evidence was insufficient to enable an inference of a reputation.

The applicant did not succeed on this ground of invalidity.

Mr Robb directed the registration be declared invalid.

Costs of \$3,400 were awarded to the applicant.

### Invalidity [2020] NZIPOTM 14 ZHU HONG

(Trade mark registration no 1043537



in class 32)

Before Nigel Robb, Assistant Commissioner of Trade Marks, 30 July 2020  
Decision on the papers

*Trade mark registration — application for declaration of invalidity — aggrieved person — Trade Marks Act 2002, ss 17(1)(a), 17(1)(b), 17(2), 32(1), 32(2), 73(1), 162 — Trade Marks Regulations 2003, reg 108(2) — Copyright Act 1994, s 21(3)*

The owner, Zhu Hong, owned a registration for the mark



for *bottled water* and other water products in class 32.

The applicant for invalidity, The New Zealand Way Ltd (NZW), claimed to be the owner of the Fern Mark.



The owner did not defend the registration as it did not file a counterstatement and so the application had to be determined on the documents filed by the applicant.

New Zealand Trade and Enterprise (NZTE) and the New Zealand Tourism Board are each 50 per cent shareholders of the applicant. The New Zealand Story Group (NZSG) is a division of NZTE.

The Fern Mark was created on commission in 1999 for the applicant.

NZSG manages the Fern Mark Licence Programme which licenses the right to use the Fern Mark.

The applicant owns a registration for the Fern Mark which covers numerous goods and services in many classes including *mineral and aerated waters and other non-alcoholic drinks* in class 32. The Fern Mark is licensed to entities that use it for bottled water.

### Aggrieved person

A person with a substantial or real interest in the removal of the trade mark from the Register will satisfy the test including trade rivals and a party that has had the registration cited against their own application.

The application for invalidity alleged copyright infringement and the applicant filed evidence to support the allegation, which was sufficient to give the applicant standing.

### Section 17(1)(b) — copyright infringement

The applicant alleged it owned copyright in the original artistic works of these logos:



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The applicant claimed the owner's mark infringed the applicant's copyright in the Fern Mark.

Mr Robb applied the four-stage test for copyright infringement from *PS Johnson & Associates Ltd v Bucko Enterprises Ltd* [1975] 1 NZLR 311.

Firstly, he had to consider whether there was a work in which copyright could subsist.

While the applicant had not produced an original work or explained the lack of original work, Mr Robb considered there was sufficient evidence for the purposes of a prima facie case for him to infer there was an underlying original work for the



logo.

Secondly, Mr Robb had to consider whether copyright subsists in the logo.

The applicant had identified the author of the Fern Mark and it appeared the work was first published in New Zealand and therefore qualified for copyright which would not yet have expired.

The threshold for originality is low and is a question of whether sufficient time, skill, labour or judgment has been expended in producing the work. A graphic designer had been commissioned to produce the logo which suggested time and effort was invested in the design of the logo.

Mr Robb was satisfied copyright subsisted in the logo.

Thirdly, Mr Robb had to consider whether the applicant owned the copyright in the logo. Having commissioned the work, the applicant was the first owner of copyright in the Fern Mark under the Copyright Act 1994, s 21(3).

Finally, Mr Robb had to consider whether there had been infringement of copyright in the logo. Mr Robb applied the test for infringement set out in *Lincoln Industries Ltd v Wham-O Manufacturing Co* [1984] 1 NZLR 641 (CA).

The fern device in the owner's mark formed about half of the design and it was this element of the mark that was in issue.

The silver fern is a common emblem for New Zealand businesses and sporting teams which means that silver fern designs are in common use. Mr Robb noted a crowded field of fern designs

suggested the degree of originality of any particular fern will be limited and small differences will avoid infringement.

Mr Robb considered there was objective similarity in this case because the arrangement of the features and stylisation of the owner's fern design were so similar to the features of the applicant's mark.

The closer the similarity of the two works, the stronger the inference of copying. Here, Mr Robb considered it unlikely a person would independently arrive at an expression of features that so resembled the applicant's logo.

It was altered copying that was under consideration given the respective marks are not identical. Mr Robb considered the owner's mark incorporated a substantial part of the applicant's mark.

The applicant succeeded on this ground of invalidity.

**Section 17(1)(a) and 17(1)(b) — deception or confusion; contrary to law**

The applicant had to first establish there was sufficient reputation in its trade mark.

The evidence did not establish on the balance of probabilities there was a reputation for the Fern Mark in New Zealand at the relevant date.

The applicant did not succeed under these grounds of invalidity.

**Section 17(2) — bad faith**

There was no evidence to show the owner's conduct fell short of reasonable standards of commercial behaviour or otherwise amounted to bad faith.

Mr Robb noted neither the applicant's prior use of its mark nor the owner's failure to respond to the applicant's cease and desist letter (which was sent after the relevant date) meant the owner's trade mark application was filed in bad faith.

**Section 32(1) — ownership**

Mr Robb did not consider the respective marks to be substantially identical. *North Face Apparel Corp v Sanyang Industry Co Ltd* [2014] NZCA 398 established that the component parts of a composite mark are not divisible therefore it was not possible for Mr Robb to treat the fern device separately from the other parts of the owner's mark.

The applicant did not succeed on this ground of invalidity.

**Section 32(2) — no intention to use**

There was no evidence regarding the owner's intentions when the application was filed.

The applicant did not succeed on this ground of invalidity.

Mr Robb declared the registration invalid.

Costs of \$1,650 were awarded to the applicant.

**Invalidity**

**[2020] NZIPOTM 15  
LE HOANG DIEP THAO**

(Trade mark registration no 1067280



in class 30)

Before Nigel Robb, Assistant Commissioner of Trade Marks, 30 July 2020  
Decision on the papers

*Trade mark registration — application for declaration of invalidity — aggrieved person — Trade Marks Act 2002, s 73(1) — Trade Marks Regulations 2003, reg 108(2)*

The owner, Le Hoang Diep Thao, owned a registration for the



trade mark for *coffee; instant coffee; refined coffee; coffee extracts; mixtures of coffee, non-dairy creamer, milk and sugar; and coffee substitutes* in class 30.

The applicant for invalidity, Cong Ty Co Phan Dau Tu Trung Nguyen, sought to invalidate the owner's registration on the basis it was the owner of the mark in New Zealand.

The owner did not file a counterstatement and therefore did not defend her registration and so the application had to be determined on the documents filed by the applicant.

The applicant had to make out its pleaded case on a prima facie basis to rebut the prima facie presumption of validity of the registration.

**Aggrieved person**

The citation of the owner's registration against the applicant's trade mark application was sufficient for the applicant to have standing to bring the invalidity application.

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### Sections 17(1)(a) and 17(1)(b) — deception or confusion; contrary to law

The applicant had to first establish there was sufficient reputation in its trade mark.

The applicant's stylised G7 trade mark was not identical to the owner's registered mark.

The threshold for establishing a reputation for the purposes of s 17(1)(a) is low, however, Mr Robb noted more is required to establish awareness of the applicant's stylised G7 mark than an assertion of unquantified use by a distributor of unknown legal personality.

The evidence did not establish on the balance of probabilities that there was a reputation for the applicant's G7 trade mark in New Zealand at the relevant date.

Given the higher threshold required to establish breach of the Fair Trading Act 1986 and passing off, the evidence was also insufficient to support the s 17(1)(b) grounds.

The applicant did not succeed under these grounds of invalidity.

### Section 32(1) — ownership

A claim to ownership of a mark can be overturned by a single instance of use of the identical or substantially similar mark on the same kind of goods or services as specified in the registration.

Mr Robb was not persuaded that any use could be attributed to the applicant.

The applicant did not succeed under this ground of invalidity.

### Section 17(2) — bad faith

There was no evidence to show the filing of the application by the owner was conduct that fell short of reasonable standards of commercial behaviour or otherwise amounted to bad faith.

The applicant did not succeed under this ground of invalidity.

Mr Robb noted the fact the owner had not participated in the proceedings suggested it had no interest in its registration.

He acknowledged the applicant was not required to make out a complete case and evidence supporting a prima facie case of invalidity would be sufficient.

However, here the applicant had not met the onus of establishing a reasonable prima facie case for any of the invalidity grounds.

Mr Robb directed the registration remain on the register.

There was no award of costs.

### Revocation

#### [2020] NZIPOTM 16 WAIWERA LLC

(Trade mark registration no 761140)



in class 32)

WAIWERA WATER NEW ZEALAND LTD (IN LIQ)

(Trade mark registration no 838765)



in class 35)

Invalidity

WAIWERA LLC

(Trade mark registration no 838596)

WAIWERA in class 32)

Opposition

SAVERNAKE HOLDINGS LTD

(Trade mark application nos 1051397, 1051398 and 1051399 WAIWERA ONE in classes 41 and 43)

Invalidity

WAIWERA LLC, WAIWERA GROUP LTD (IN LIQ), WAIWERA ORGANIC WINERY LTD (IN LIQ), WAIWERA WATER NEW ZEALAND LTD (IN LIQ)

(Trade mark registration no 1042734 WAIWERA ONE in classes 3, 5, 25, 29, 44 and 45)

Before Wendy Aldred, Assistant Commissioner of Trade Marks, 24 August 2020

Anthony Harper and Kevin Glover for Savernake

David Marriott for the Waiwera parties

This matter concerned seven inter-related sets of proceedings between Savernake Holdings Ltd and various Waiwera entities which were heard together because the issues overlapped to a certain extent.

### Savernake revocation applications

*Trade mark registrations — applications for revocation for non-use — aggrieved person — genuine use — Trade Marks Act 2002, ss 66(1)(a), 67, 68*

Savernake filed revocation actions against these trade marks owned by Waiwera LLC.



### WAIWERA ARTESIAN logo

The logo was registered for *natural mineral water and drinking water* in class 32.

The onus falls on the trade mark owner to prove it has made genuine use of its mark during the relevant period or that the non-use was due to special circumstances outside the control of the owner. Here special circumstances were not pleaded.

The principles applicable to determining genuine use are set out in *Target Australia Pty Ltd v Target New Zealand Ltd* [2019] NZHC 923.

### Aggrieved person

The applicant had to first establish it was an aggrieved person at the date on which the revocation application was filed, that is, it would have been appreciably disadvantaged in a legal or practical sense by the register remaining unchanged.

Ms Aldred found the applicant to be an aggrieved person as the mark subject to the revocation action was being relied upon by the Waiwera parties to oppose Savernake's three trade mark applications for WAIWERA ONE and in their invalidity application in relation to Savernake's registered WAIWERA ONE mark.

### Use

The evidence fell short of establishing the owner had commercially exploited the mark in order to establish use within the relevant period.

Ms Aldred directed the registered logo mark be revoked.

### WAIWERA stylised

The stylised mark was registered for *advertising and promotional activities* in class 35.

### Aggrieved person

The Waiwera parties relied upon the stylised mark to oppose Savernake's three trade mark application for WAIWERA ONE. Ms Aldred found the applicant to be an aggrieved person.

### Use

Ms Aldred agreed with the applicant that use of the mark to promote water products did not constitute use for "advertising and promotional activities".

Ms Aldred found the owner had not established it had used the mark during the relevant period.

Ms Aldred directed the registered stylised mark be revoked.



## Savernake invalidity application

*Trade mark registration — application for declaration of invalidity — disclaimer of trade mark for public interest reasons — aggrieved person — bad faith — no distinctive character — signs only denoting geographical origin — Trade Marks Act 2002, ss 17(2), 18(1)(b), 18(1)(c), 71, 73, 74, 75*

Savernake sought to invalidate the WAIWERA word mark registration owned by Waiwera LLC which was registered for *natural mineral water; drinking water* in class 32.

### Aggrieved person

Ms Aldred found the applicant to be an aggrieved person because the Waiwera parties relied on the WAIWERA word mark in their oppositions to the applicant's WAIWERA ONE applications and their invalidity application brought against the applicant's WAIWERA ONE registration.

### Section 17(2) — bad faith

Bad faith is not confined to dishonesty and may be demonstrated by evidence of conduct falling short of reasonable standards of commercial behaviour.

The applicant argued the evidence and submissions filed by the owner to overcome IPONZ's registrability objection under s 18(1) and to establish acquired distinctiveness were misleading. Ms Aldred accepted s 17(2) is broad enough to encompass bad faith in the owner's dealings with IPONZ.

Ms Aldred considered the applicant's evidence met the high bar for a finding of bad faith. The evidence clearly showed the owner provided evidence of acquired distinctiveness that was misleading and so Ms Aldred found the application to register the mark was made in bad faith.

### Section 18(1)(b) and (c) — no distinctive character; mark only comprised of signs denoting geographical origin

Distinctiveness is assessed as at the date of application.

Ms Aldred found the WAIWERA mark *prima facie* lacked distinctiveness in relation to the water products on the basis of the evidence of the Waiwera area's longstanding reputation as a geothermal area and source of mineral water. Ms Aldred therefore had to consider whether the acquired distinctiveness exception was properly accepted.

The approach to s 18(2) is set out in *McCain Foods (Aust) Pty Ltd v Congara Inc* [2002] NZCA 123.

Taking those factors into consideration, Ms Aldred found the owner was not, at the relevant date, entitled to registration of the WAIWERA word mark on the basis of acquired distinctiveness.

Ms Aldred declared the registered word mark invalid.

### Waiwera parties' oppositions

*Trade mark applications — oppositions — similar to registered mark — deception or confusion — well-known mark — contrary to law — bad faith — not the owner — no intention to use — Trade Marks Act 2002, ss 17(1)(a), 17(1)(b), 17(2), 25(1)(b), 25(1)(c), 32(1), 32(2)*



Various Waiwera entities opposed three applications for the word mark WAIWERA ONE filed by Savernake, one for *fitness and exercise clinics* and related services in class 41 (no 1051397), one for *retirement home services* in class 43 (no 1051398) and one for *aged care services* and related services in class 43 (no 1051399).

The three registrations for the mark WAIWERA relied on by the opponents had been abandoned (nos 1012631, 1012632 and 1032650).

Ms Aldred had also declared the WAIWERA word mark invalid and she had revoked the WAIWERA ARTESIAN logo and WAIWERA stylised registrations.

None of these registered (or previously registered) marks could be taken into account in the current opposition proceedings.

The opponents were only able to rely on the registered marks for WAIWERA ARTESIAN SPRING in class 41 for *amusement park services* and related services and WAIWERA ARTSIAN SPRING for *caravan parks* in class 43.

The opponents also relied on the unregistered marks:



### Section 25(1)(b) — similar to registered mark

The opponents could only rely on the two WAIWERA ARTESIAN SPRING registrations for this ground of opposition.

The comparison under this ground is between a notional fair use of both the applicant's mark and the opponents' marks as compared to s 17(1)(a) where the comparison is between the notional fair use of the applicant's mark with evidence of actual use of the opponent's marks.

The applicant bore the onus of establishing the applicant's mark was not likely to deceive or cause confusion.

Ms Aldred applied *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281 (Ch) when comparing the respective services.

The applicant's marks covered fitness clinics and aged care services. Ms Aldred did not consider these services to be similar to the opponent's amusement park and caravan park services.

Given there was no similarity between the respective services, the opponents did not succeed on this ground of opposition.

### Section 17(1)(a) — likely to deceive or cause confusion

The opponents relied on their unregistered marks.

This section is designed to protect the public interest rather than competitors.

The relevant test is set out in *Re Smith Hayden & Co Ltd's Application* (1945) 63 RPC 97.

The opponents had to first establish there was sufficient awareness of the WAIWERA mark at the relevant date to give rise to the likelihood of confusion.

The threshold for market awareness is relatively low and all an opponent needs to demonstrate is awareness, cognisance or knowledge of the mark.

There is no requirement under this section for the goods/services of the respective marks to be similar.

Ms Aldred considered the evidence was insufficient to meet the threshold

test for awareness except in relation to bottled water. None of the examples of use filed by the opponents showed use of the pleaded marks alone. She therefore considered the issue of confusion or deception only in relation to the opponents' use of the marks in respect of natural/mineral water.

Mr Aldred considered the look and sound of the respective marks to be similar as WAIWERA was the most distinctive part of all marks and the addition of the word ONE in the applicant's mark made little difference to the overall impression created by the mark.

Turning to the goods and services, Ms Aldred considered the applicant's three marks individually because they specified different categories of services.

**WAIWERA ONE in class 41  
(1051397)**

The application specified fitness and exercise clinics and related services. Ms Aldred considered the applicant's services and the opponents' goods to be complementary as it would be common to find bottled water for sale in fitness clubs and there was sufficient association between the goods and services that members of the relevant market might believe there was a business connection.

**WAIWERA ONE in class 43  
(1051398)**

The application specified retirement home services. Ms Aldred did not consider the opponents' goods to be similar to the applicant's services.

**WAIWERA ONE in class 43  
(1051339)**

The application specified aged care services and related services. Ms Aldred did not see a natural connection between the provision of meals to the aged care sector and bottled water. She did not consider the respective goods and services to be competitive or complementary.

Turning to the surrounding circumstances, Ms Aldred noted that the WAIWERA mark has been used by various traders, particularly in the Waiwera geographic region for a number of years. In *Higgins Coatings Pty Ltd v Higgins Group Holdings Ltd* HC Wellington CIV-2009-485-2594, 30 June 2010, the High Court stated that a "complementary" service will not be sufficient of itself to create a real risk of confusion as to find otherwise would broaden the scope of the opponent's monopoly. A factor in that

case was the mark's status as a common surname, Higgins. Ms Aldred concluded that despite the complementary nature of the goods and services in the case of application no 1051397, the likelihood of confusion or deception was insufficient to justify finding for the opponents.

The opponents did not succeed on this ground of opposition.

**Section 25(1)(c) — well known mark**

The opponents had to first establish that the mark relied on was well-known. This is a higher standard than the requirements of establishing the requisite reputation under s 17(1)(a).

Ms Aldred considered the opponents' evidence failed to meet the threshold for establishing well-known status for the WAIWERA mark.

The opponents did not succeed on this ground of opposition.

**Section 17(1)(b) — contrary to law**

The threshold for establishing grounds for opposition under s 17(1)(b) is higher than for s 17(1)(a). The opponents had failed under s 17(1)(a) and so could not succeed under this ground.

**Section 17(2) — bad faith**

Ms Aldred accepted the applicant's submission that it had not engaged in conduct falling short of reasonable standards of commercial behaviour by seeking to register a trade mark which incorporates the location where its development will be undertaken and services provided. Ms Aldred also noted the applicant could not be supposed to have been acting with the intention to benefit from the similarity between its mark and the opponents' marks.

The opponents did not succeed on this ground of opposition.

**Section 32(1) and (2) — not the true owner and no intention to use**

In *North Face*, it was said that a person cannot properly claim to be the owner of a mark if another person has previously used the mark. Another person has previously used the mark if it was used as a trade mark and the use was in public.

Ms Aldred did not consider the applicant's marks to be sufficiently identifiable with the opponents' marks to support

the opponents' claim of prior use. This was essentially because of the addition of the word ONE in the applicant's marks.

Ms Aldred also took into account the low level of distinctiveness of the word WAIWERA.

The opponents did not succeed on this ground of opposition.

Ms Aldred directed the applicant's trade marks proceed to registration.

**Waiwera parties' invalidity application**

*Trade mark registration — application for declaration of invalidity — aggrieved person — Trade Marks Act 2002, s 73*

Various Waiwera entities sought to invalidate Savernake's registered word mark WAIWERA ONE.

Savernake's WAIWERA ONE mark was registered for *cosmetics* and related goods in class 3, *dermatological substances* and related goods in class 5, *clothing, footwear, headgear* in class 25, various foodstuffs in class 29, *aged care services; beauty salon services* and related services in class 44 and *personal care services* and related services in class 45.

**Aggrieved person**

The applicants pleaded that they have marketed similar goods and services to those of the registered mark under their WAIWERA marks.

The applicants' registered marks for this invalidity application were confined to the WAIWERA ARTESIAN SPRING registration in class 41 for *amusement park services* (no 1012938) and the WAIWERA ARTESIAN SPRING registration in class 43 for *caravan parks* (no 1012940).

None of Savernake's specified services overlapped with or were complementary to the services of the applicants' registered marks.

The applicants relied on the same unregistered marks as they did for the Waiwera parties' opposition to Savernake's WAIWERA ONE applications plus the marks:





The applicants pleaded they had used the registered and unregistered marks in relation to *natural mineral water and drinking water, reservation of places at holiday resorts; resort accommodation, resort hotel services, resort lodging services, restaurants, hot springs and hot pools; saunas and spa facilities, leisure and amusement park services, theme park and recreations park services*, and those services covered by their registrations.

Ms Aldred considered there was overlap between the class 44 services of Savernake's mark and the applicants' *hot springs and hot pools; saunas and spa facilities*.

Ms Aldred found the applicants to be aggrieved persons.

There was much similarity between the invalidity application and the Waiwera parties' oppositions to Savernake's WAIWERA ONE applications, but the goods and services of the registered mark were much broader than those covered by the opposed applications.

Ms Aldred accepted the only goods for which the applicants could point to any reputation were natural and mineral waters.

Ms Aldred considered the only similarity of the applicants' bottled water products with Savernake's registered goods and services lay with Savernake's *health spas (health, hygiene and beauty care services); health resort services (medical); saunas for health or hygiene purposes* in class 44.

While Ms Aldred considered these services may be complementary to natural and mineral waters, they were no more similar than Savernake's goods specified in opposed application no 1051397 WAIWERA ONE, and so Ms Aldred did not consider there to be sufficient risk of confusion or deception to justify a finding that WAIWERA ONE should be declared invalid.

The applicants did not succeed in the invalidity application.

Savernake had prevailed in all of the proceedings.

Costs of \$17,040 were awarded to Savernake.

## Revocation [2020] NZIPOTM 17 UNILEVER PLC

(Trade mark registration no 74364 SURPRISE in class 29)

*Trade mark registration — application for partial revocation for non-use — aggrieved person — fair description of the goods — Trade Marks Act 2002, ss 65(1), 66(1)*

Before Nigel Robb, Assistant Commissioner of Trade Marks, 27 August 2020

C Elliott QC for the applicant

Written submissions for the owner

The owner, Unilever Plc, of a registration for the mark SURPRISE for *preserved, dried, frozen, canned and pre-cooked foods in this class, but not including preserved vegetables* in class 29.

The applicant for revocation, Amazon Technologies, Inc, applied to partially revoke the registration for non-use.

Both parties agreed there had been use of the mark for "dried peas" but no other goods.

### Non-use

The onus is on the owner to establish, on the balance of probabilities, that there has been use of the mark or that there are special circumstances to justify the non-use.

### Aggrieved person

The owner's registration had been cited against the applicant's application to register the mark



for various goods and services in classes 29, 30, 32 and 35.

The applicant did not file any evidence in support of the revocation application. The Commissioner has taken judicial notice of the state of the register in other revocation proceedings. Mr Robb noted the register confirmed the citation of the owner's registration.

Mr Robb accepted the applicant was an aggrieved person.

### Fair description of the goods

The issue was therefore what constituted a fair description of the goods on which the mark has been used. Mr Robb had to consider the interests of the owner, the revocation application and the public interest.

Mr Robb considered a fair description to be "dried peas" on the basis of the evidence and submissions filed. The partial revocation application was successful.

Costs of \$2,960 were awarded to the applicant.

## Opposition — application to halt proceedings [2020] NZIPOTM 18 TIGERCAT INTERNATIONAL INC

(Trade mark application no 1069274 TIGERCAT in class 7)

*Trade mark application — halt in proceedings — Trade Marks Regulations 2003, reg 28*

Before Wendy Aldred, Assistant Commissioner of Trade Marks, 3 September 2020

G Arthur (with DLA Piper Australia by video link)

J Miles QC, M Gavin, K Logan

The parties were designers and manufacturers of heavy machinery. The opponent, Caterpillar Inc, owned registrations for the mark CAT. It had opposed the applicant's, Tigercat International Inc, two applications to register TIGERCAT.

The opponent applied to halt the opposition proceeding in relation to application no 1069274 TIGERCAT (the Second Proceeding) and IPONZ proposed to decline the application.

The opponent had also opposed the applicant's application no 1030462 TIGERCAT (the First Proceeding).

The parties jointly applied to halt the Second Proceeding for six months to avoid the parties having to progress parallel proceedings. The halt was granted.

The opponent applied for a further halt of the Second Proceedings for three months on the same grounds and the applicant opposed that halt request. IPONZ proposed to decline the halt request. The opponent requested a hearing on the issue.

### Regulation 28 — halt in proceedings

The Commissioner may halt a proceeding if they think it is appropriate, but halts are limited to a period of six months at a time.

Under reg 31A the Commissioner may consolidate proceedings on terms the Commissioner thinks just.

The mere existence of the common question of law or fact between related proceedings is not in itself enough to require consolidation. Relevant factors include:

- whether hearing in the manner proposed by the application would



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result in a more efficient use of the court and judicial resources; and

- whether the proposed course might add to the cost of the proceedings or would unfairly prejudice one of the parties.

Ms Aldred declined the opponent's halt request primarily because the determination of the First Proceeding would not dispose of the Second Proceeding. The applications had been filed some 20 months apart so the difference in the relevant dates for the respective oppositions would mean the evidence needed to be directed to different periods of time.

The opponent was not successful in its application for a halt.

### Opposition

#### [2020] NZIPOTM 19 MIXI, INC

(Trade mark application no 1017827 MONSTER STRIKE in classes 9 and 41)

*Trade mark application — opposition — decision on costs — Trade Marks Act 2002, s 166(1)(a)*

Before Natasha Alley, Assistant Commissioner of Trade Marks, 7 September 2020

Decision on costs

Watermark Trade Mark Attorneys for the applicant

James & Wells Solicitors for the opponent

Written submissions for both parties

The opponent, Monster Energy Co, had been unsuccessful in its opposition to the registration of the mark MONSTER STRIKE by the applicant, Mixi, Inc.

In the substantive decision, Ms Alley proposed to award the applicant costs of \$5,600 being scale costs plus an uplift of 90 per cent.

The uplift in costs was proposed because:

- much of the voluminous evidence filed by the opponent was vague and not tailored to the issues; and
- the opponent had not complied with standard pre-hearing directions.

Both parties elected to file cost submissions.

### Legal principles relating to costs

Under s 166(1)(a), the Commissioner may award costs they consider to be reasonable. While scale costs are the

norm, increased costs are awarded where the circumstances of the case or the behaviour of a party call for it.

In *Bradbury v Westpac Banking Corp* [2009] NZCA 234, the Court of Appeal observed that increased costs may be awarded where there is a failure by the paying party to act reasonably.

### Vague and irrelevant evidence

Ms Alley noted in *Green & Good Food Co v Monster Energy Co* [2016] NZIPOTM 2, Ms Glover warned the opponent about costs consequences from filing evidence of little or no relevance. Despite the opponent being successful in that case, Ms Glover did not award the opponent any costs.

This warning and the adverse cost decision in that case were issued to the opponent before it filed evidence in the present opposition. Ms Alley considered this to be sufficient of itself to warrant the uplift in costs.

### Non-compliance with pre-hearing directions

IPONZ wrote to the parties regarding the hearing date and reminded the parties of the requirements for the sequential exchange of submissions as required in its standard pre-hearing directions. The letter included a hyperlink to the full pre-hearing directions section of IPONZ *Trade Mark Hearings Practice Guidelines* (Guidelines). It also reminded the parties to file hard copies of the submissions with IPONZ and set deadlines for filing the submissions.

The opponent argued that the letter meant that the standard pre-trial directions would not apply to the proceeding given the Commissioner only expressly referred to the sequential exchange of submissions and the filing of hard copies. Ms Alley did not accept this and noted if any pre-hearing directions were not to apply this would have been clearly expressed in IPONZ's letter.

In the Guidelines, Direction 3 provides that a party's "written synopsis of submissions" must be no longer than 25 pages for substantive hearings. Direction 3 is entitled "Directions for hearings by attendance of at least one party".

The opponent argued that it did not file a *synopsis* of its submissions. It also understood Direction 3 did not apply in this case because the hearing was by way of written submissions only. It argued that its written submissions of 42 pages was therefore not an intentional flouting of Direction 3.

Ms Alley accepted the ambiguity in the wording and that the Guidelines could be reworded. However, she considered the opponent's submissions to be much longer than necessary even if it did not understand Direction 3 to apply to the proceeding in its entirety. The case did not involve complex or novel issues and the applicant's evidence and submissions were not especially voluminous.

The applicant would have inevitably incurred unavoidable costs as a result of the unjustified length of the opponent's written submissions. Ms Alley therefore considered increased costs should be awarded due to the opponent's undesirable behaviour.

### Reasonable uplift of scale costs

Ms Alley considered much of the uplift was justified due to the serious and repeated evidential issues of the opponent. Non-compliance with pre-hearing directions was a lesser factor in the uplift of costs.

Ms Alley considered an uplift of 75 per cent above scale costs was a reasonable award here.

Costs of \$5,162.50 were awarded to the applicant.

### Opposition

#### [2020] NZIPOTM 20 REPUBLIC IP LTD

(Trade mark application no 1008012 (IR no 1153768) in classes 18 and 25)

# Crafted

*Trade mark application — opposition — similar to registered trade mark — Trade Marks Act 2002, s 25(1)(b)*

Before Wendy Aldred, Assistant Commissioner of Trade Marks, 24 September 2020

Decision on the papers

Duncan Cotterill for the applicant

A J Park for the opponent

The applicant, Republic IP Ltd, filed an application for the mark

# Crafted

for *bags; baggage; luggage* and related goods in class 18 and *articles of clothing; footwear; headgear; and belts* in class 25.

The opponent, New Wave Group AB, opposed the application on the basis of its registered CRAFT mark in class 25

and mark

**CRAFT** ::

in classes 9, 18 and 25.

### Section 25(1)(b) — similar to registered mark

The respective goods overlapped substantially, the exceptions being the opponent's class 9 goods and *walking sticks* in class 19, and the applicant's *belts* in class 25. Otherwise the goods were identical.

Ms Aldred applied *Re Application by Pianotist Co Ltd* (1906) 23 RPC 774 when comparing the respective marks. Ms Aldred considered the overall concept of the marks to be similar.

For the purposes of deception or confusion, it is sufficient that *someone* in the market is likely to be deceived or confused, not *all* persons are required to be.

In *Sexwax Inc v Zoggs International Ltd* [2014] NZCA 311, the Court of Appeal said the similarity does not need to evince a shared origin of the brands, just enough to tie the brands together and to spark a connection in the minds of consumers.

Due to the high degree of similarity between the marks and their similarity in overall look and concept, Ms Aldred considered a substantial number of persons in the relevant market might be caused to wonder whether the goods marketed under the applicant's mark originated from the opponent.

The opponent succeeded on this ground of opposition.

### Remaining grounds — ss 17(1)(a), 17(1)(b), 25(1)(c)

Ms Aldred was not required to reach a decision on these remaining grounds of opposition because she had found the opponent successful under s 25(1)(b).

Ms Aldred noted though that she would have been unlikely to find any of the remaining grounds were made out because the opponent had not filed evidence of its reputation in its marks to meet the threshold requirement for awareness under s 17(1)(a).

Ms Aldred directed the application not to proceed to registration.

Costs of \$2,050 were awarded to the opponent.

### Revocation

#### [2020] NZIPOTM 21 INTERAG

(Trade mark registration nos 201560 CIDIROL and 255885 CIDIROL in class 5)

*Trade mark registration — application for revocation for non-use — special circumstances — Trade Marks Act 2002, ss 66(1)(a), 66(2)*

Before Nigel Robb, Assistant Commissioner of Trade Marks, 30 September 2020

E Szentiványi and J Strafford for the applicant

Written submissions for the owner

The owner, Interag, owned two registrations for the mark CIDIROL, one for *pharmaceuticals* in class 5 and one for *veterinary products in this class including fertility enhancers for animals* in class 5.

The applicant for revocation, Bayer Intellectual Property GmbH, sought to revoke the registrations for non-use.

Both parties agreed there had been no use of the mark since 2007. Interag claimed there were special circumstances which justified the non-use.

Interag said in 2007 there was a ban on oestrogen products for animals producing food intended for human consumption. Until 2007, Interag had used the mark on a fertility enhancer product for animals which had an oestrogen active ingredient.

### Aggrieved person

Interag accepted the opponent was an aggrieved person as its registration had been cited against the opponent's CIDIROL application.

Mr Robb accepted the opponent was an aggrieved person.

### Section 66(2) — special circumstances

Mr Robb noted the leading New Zealand court decisions on s 66(2), namely *Manhaas Industries (2000) Ltd v Fresha Export Ltd* [2012] NZHC 1815, *Cure Kids v National Sids Council of Australia Ltd* [2014] NZHC 3366 and *Fokker Brothers Inc Ltd v Fokker Brothers Ltd* [2020] NZHC 953 which clearly show the existence of special circumstances turns on the facts of the case at hand.

"Special circumstances" is not defined in the Act.

Mr Robb considered a special circumstance should align with the general policy of the revocation provisions in order to justify departing from the strong public interest in preventing unused marks clogging up the register.

Mr Robb did not accept that it was in the public interest to allow the mark to remain registered simply because the

mark had not been abandoned by Interag. While voluntary abandonment might disqualify an owner from relying on s 66(2), a lack of abandonment is not a special circumstance.

Mr Robb acknowledged s 66(2) focuses on the position of the owner. An owner is given leeway because it has been unable to use the mark in a timely way despite intending to use the mark and efforts to use it.

### Article 19 of TRIPS

Interag submitted that art 19 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) which gives "import restrictions ... or other government requirements" as examples of circumstances that excuse the non-use of the mark was relevant here.

Mr Robb noted that special circumstances in art 19 appear to be directed at excusable delay or interruption to the use of mark and did not consider the current case to reflect this type of situation.

The ban prevented use and was not an obstacle that could be overcome.

For a mark to remain on the register it should be in the interests of fairness to the owner or some other identified reasons justifying a relaxation of the strict three-year non-use period.

The ban ended Interag's 12 years of use of the mark and created a new business environment. However, Mr Robb found the ban was not "special" within the meaning of s 66(2) and distinguished the three leading New Zealand cases on the basis of the facts under consideration.

Here there was no evidence to indicate that there was a realistic possibility of the ban being lifted. Allowing the mark to remain on the register would lead to a registration that could never be used and never be removed.

Overall, Mr Robb did not consider the ban prevented the mark from being used. The ban prevented the mark CIDIROL from being used on an oestrogen product for animals producing human food. The registration was broad and covered different pharmaceuticals not related to animal fertility enhancement and the ban did not prevent use on pharmaceuticals generally.

Interag argued the ban on a particular fertility product for animals made it commercially impractical to use the mark on any fertility enhancer for bovine animals. More was needed for Interag to substantiate the likelihood of confusion

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as a basis for the non-use, at best there was just a subjective supposition by Interag that confusion would arise.

Fertility enhancers for bovine animals are a purchase that is made in consultation with a veterinarian. There was no evidence to support awareness and likely confusion amongst vets.

Mr Robb directed the registrations be removed from the register.

Costs of \$4,760 were awarded to the applicant.

## PATENTS

### [2020] NZIPOPAT 2 and [2020] NZIPOPAT 3 SELLE SMP SAS DI MAURIZIO SCHIAVON

(Patent application no 715816)

*Patentability of claims — hearing on examiner's objections under Patents Act 2013, s 39(2)(c) — claim not supported by the matter disclosed in the complete specification — support for claims in drawings where no textual support*

Per Mark Luiten, Assistant Commissioner of Patents, 15 September 2020

## Introduction

This decision concerned an applicant's request for a hearing on the examiner's objection under s 39(2)(c) that claim 1 was not supported by the matter disclosed in the complete specification.

## Relevant background

The patent application concerned the shape of a bicycle saddle. More specifically, the application was concerned with modifying the rear portion of a previous patenting of the applicant. While keeping much of the shape of the previous invention, the application provided a shape which allowed the rider to have an unimpeded forward and backward movement of the torso ([2020] NZIPOP2 at [5]).

The first examination report raised issues of lack of clarity, novelty and obviousness with regard to claim 1. The applicant made "major" amendments to the claims. While many of the novelty, obviousness and clarity objections were resolved, the examiner maintained the amendments made were not supported by the complete specification. The applicant requested a hearing.

## Findings

### The outstanding objections

The first objection related to amended claim 1's requirement that the area which supports the ischiatic tuberosities were coplanar (second area) with the extensions that extended out of that area (first extension). The examiner had considered that this feature was not supported by the specification, and in particular, was contrary to the embodiment shown in Figure 3 (at [27]). The applicant eventually conceded this, as set out below.

The second objection was that the claim did not include an essential detail which was required to clearly define the orientation of the saddle areas. The applicant conceded and proposed an amendment to specify the exact orientation. The Assistant Commissioner agreed that the amendment would overcome that specific objection (at [26]).

### The disclosure in the original complete specification

The Assistant Commissioner began by considering the disclosure found within the original complete specification. He referred to page 4 and claim 1 in finding that two portions of the rear saddle had "substantially flat areas" and that these areas were "substantially parallel to the ground" (at [15]).

"Flat" was not a term defined by the specification itself. The Assistant Commissioner ultimately took the position that "flat" meant "having a relatively smooth or even surface which tends toward being approximately planar and approximately level" (at [19]).

However, the Assistant Commissioner had "difficulty reconciling features described and claimed with features as illustrated in the drawings" (at [17]). Figures 4 and 5 depicted the first areas, referred to in page 4 as "substantially flat", as in fact being "gently curved convex upward, perhaps with a relatively straight horizontal portion at the highest part" (at [20]). Since there was a reasonably straight portion which the gluteal muscles rested on, the Assistant Commissioner decided that this part accorded "to the definition above ... though they are neither strictly planar nor strictly horizontal" (at [20]). The same was not true for the second area meant to support the ischiatic tuberosities. These areas were "far from being flat in section but instead [were] curved almost a full half circle" (at [21]). Similarly, the first extensions that extended out of this area were also "clearly not flat by any stretch of

the meaning of the word" since they curved almost a full half circle (at [24]).

The applicant ultimately conceded that there was no *textual* support for the position that the second areas were coplanar with the first extension (at [28]). This was the basis of the examiner's first objection. It therefore became necessary to consider whether support could be found in the drawings.

### Interpretation of the patent drawings

The applicant had taken the position that the drawings should be seen primarily as illustration and not a precise, technical engineering drawing (at [29]). The Assistant Commissioner agreed that the drawing was not an "engineering drawing". However, the invention was concerned with the shape of the bicycle saddle and therefore the drawings were "practicality essential to describing and defining the invention" (at [31]). Therefore, while the drawings did not give precise engineering detail, the drawings did (at [31]):

... depict an embodiment of the shapes of the saddle, spatial relationships and orientations, proportions, and angular relationships between the various parts of the saddle with sufficient precision and accuracy so that the skilled person making the saddle as drawn would make the saddle in accordance with the invention.

The Assistant Commissioner considered that, as long as the text of the specification did not contradict the drawings, support could be found for the claim in the drawings. Likewise, if a claim was "incontrovertibly contradicted by the drawing", and was not originally described in the text, then the claim would not be supported (at [32]).

In the present case, the figures showed that an important feature of the invention was that the top surface of the saddle was substantially straight and horizontal from the rear tips, through the substantially flat area supporting the rider, and to the more forward part of the saddle where it began to droop toward the nose (at [34]). The proposed amendments effectively removed such a shape and orientation from claim 1 and therefore were not supported (at [37]).

### Proposed amendments in submissions not permitted/discretion for further amendments

The applicant proposed amendments in its written submissions to overcome the first outstanding objection. The Assistant Commissioner was satisfied that



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these effectively removed from claim 1 “any of the requirements regarding the shape and orientation of the second areas and the first extensions” (at [37]). Nonetheless the applicant had already committed to the intent of these limitations and therefore it was inappropriate for them to resile from that position at this stage.

However, since there appeared to be an inventive contribution over the prior art, the Assistant Commissioner was prepared to allow the applicant to amend the claims one final time in line with his own directions (at [39]).

It was noted that the application was outside the time frame of s 71 of the Patents Act 2013 to continue the examination process. However, the Assistant Commissioner was satisfied to use his discretion under s 230 to extend the time period to allow the examination process to continue and for the applicant to make the proposed amendments (at [44]).

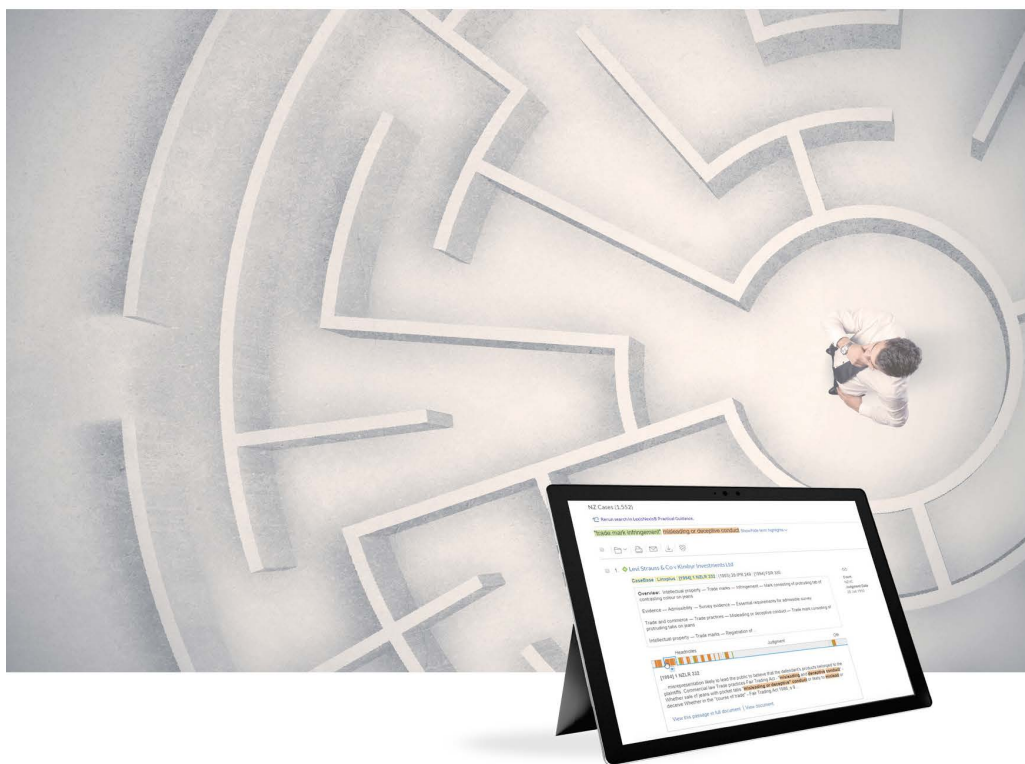
### Determination

The Assistant Commissioner declined in [2020] NZIPOPAT 2 to make a final decision until after the proposed amend-

ments were filed. He indicated that his final decision would either uphold the objection for the reasons outlined above and allow the fresh amendments, or if amendments were not filed, refuse the application.

### Final decision — [2020] NZIPOPAT 3

In the final decision, published as [2020] NZIPOPAT 3, the examiner's objection on support was upheld, but the fresh amendments had been filed and approved and therefore the application was approved (at [10]).



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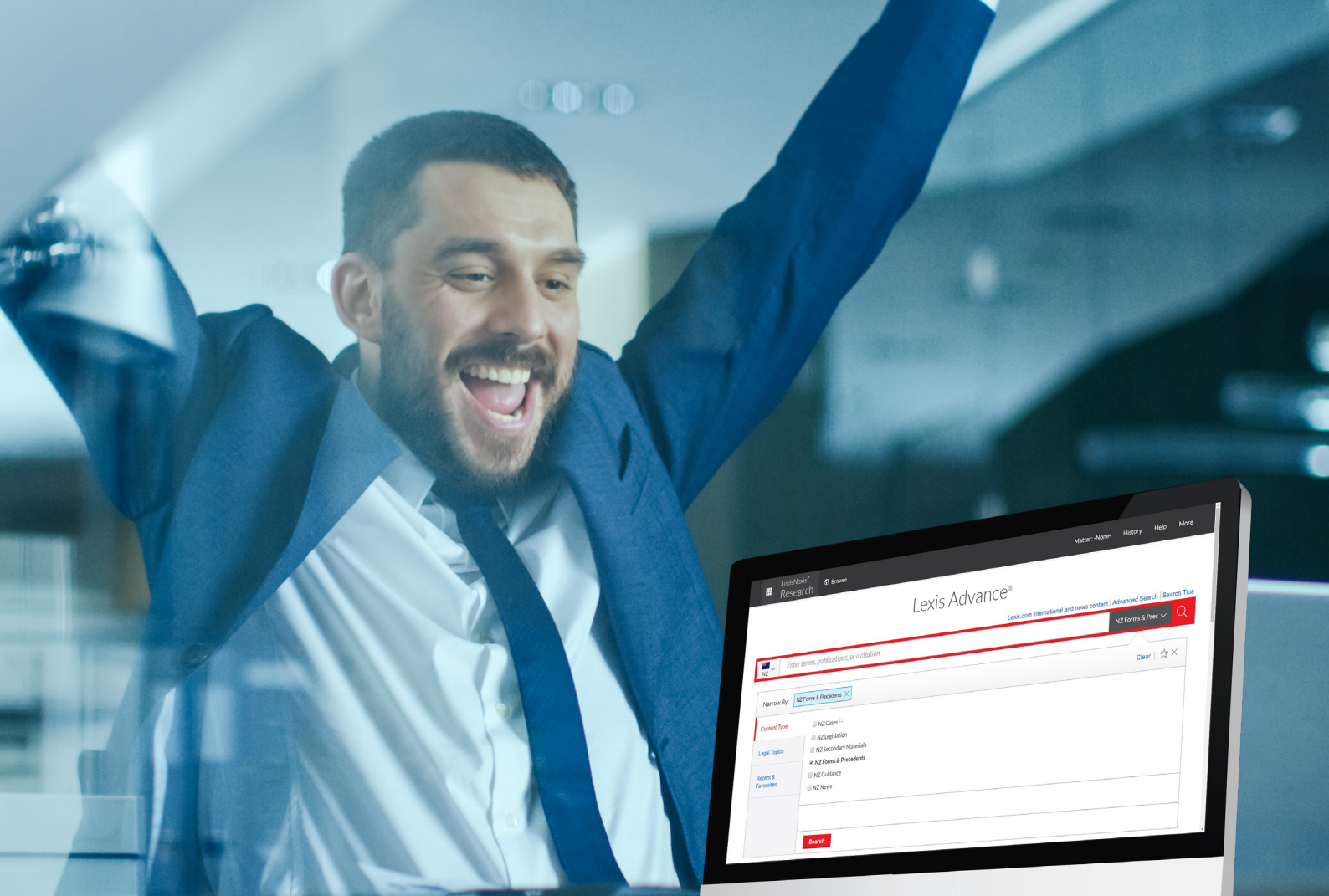
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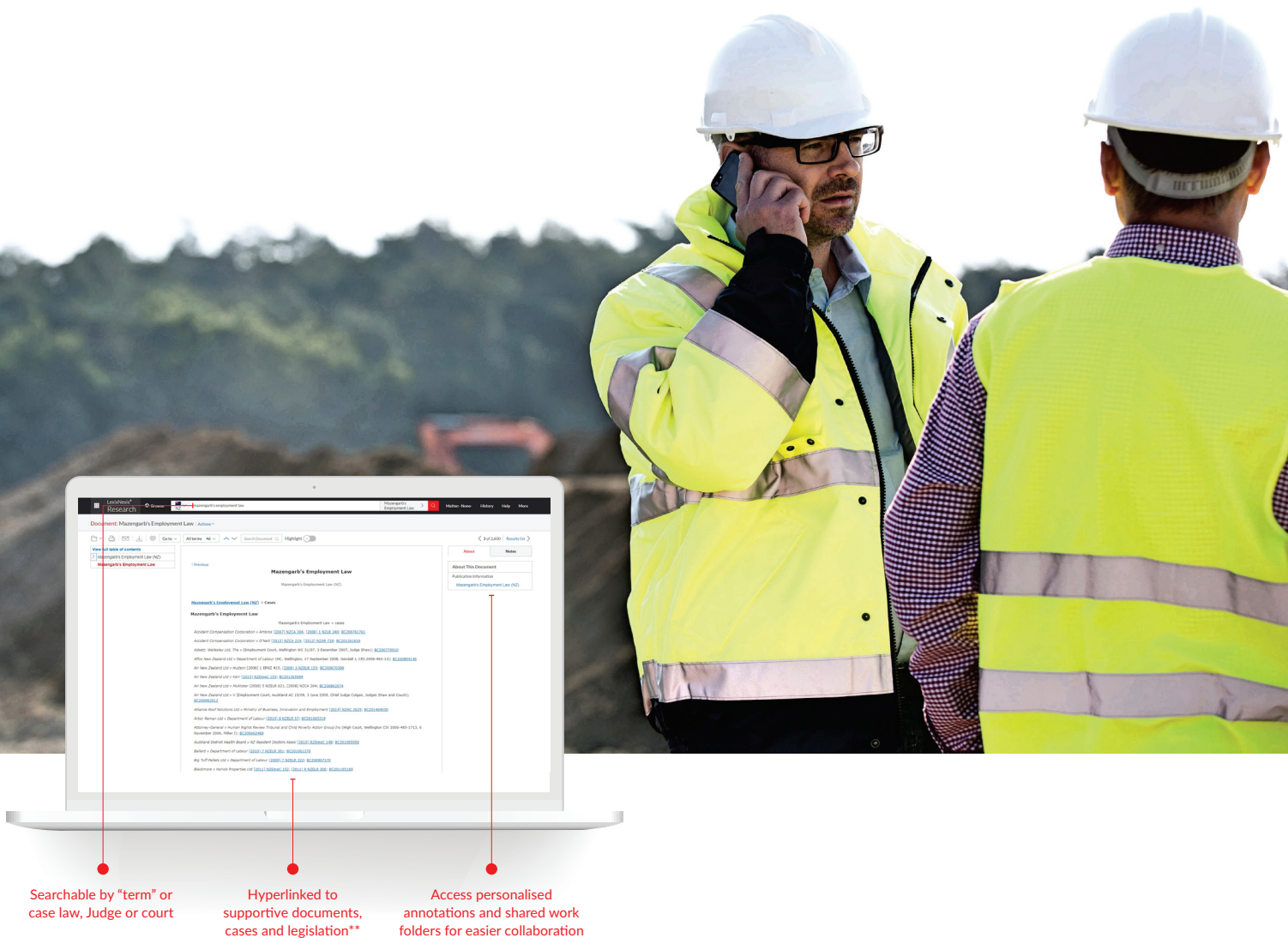
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