

New Zealand Institute of Patent Attorneys Inc. Submission on the Exposure Draft and Proposed Fee Structure: Geographical Indications (Wine and Spirits) Registration Regulations

Introduction

1. This submission is made by the New Zealand Institute of Patent Attorneys Inc. (NZIPA).
2. NZIPA was established in 1912. It is an incorporated body representing most Patent Attorneys registered under the New Zealand Patents Act, and who are resident and practising in New Zealand. Current membership stands at approximately 260.
3. NZIPA is governed by a set of rules and a code of professional conduct to ensure its members maintain a consistent high standard of professionalism at all times.
4. The Rules set out the objects of NZIPA, which are as follows:
 - To maintain a representative group of registered New Zealand patent attorneys.
 - To promote the interests of the Institute.
 - To assist in developing, promoting and maintaining the integrity of the laws and regulations relating to intellectual property matters.
 - To preserve and maintain the integrity and status of the patent attorney profession by setting and administering Rules and a Code of Professional Conduct.
 - To provide means to resolve differences between Members of the Institute, and between members of the public and Members of the Institute.
 - To arrange and promote opportunities to acquire and share knowledge about the patent attorney profession.
5. A Council of 9 Fellow members is elected each year at the Annual General Meeting. They meet throughout the year to manage the affairs of the NZIPA.

General position

6. We support in principle the enactment of the Geographical Indications (Wine and Spirits) Registration Act 2006 (the Act) and the amendments proposed under the Geographical Indications (Wine and Spirits) Registration Amendment Bill (the Bill).
7. As a professional body, we support the enactment of strong IP laws that support New Zealand businesses, particularly in protecting their valuable IP.
8. The New Zealand wine industry is a valuable and significant source of export income¹.

¹ Exports of NZ\$1.42 billion, New Zealand Winegrowers Annual Report 2015, Chair's report, p 5.

9. The Act brings New Zealand into line with a number of its trading partners, complies with international treaty obligations (such as TRIPS), and potentially opens the door for *sui generis* protection of New Zealand geographical indications GIs in other markets.

Responses to questions posed in the Exposure Draft

Question 1: The Regulations are based largely on corresponding provision in the Trade Marks Regulations 2003. Do you agree with this approach?

10. Yes.

Question 2: Do you consider that all of the information set out in regulations 7 and 9 needs to be filed with the application?

11. Yes.

Question 3: The pre-registration opposition procedure (and other opposition proceedings set out in the Regulations) is modelled on the pre-grant opposition procedure in the Patents Regulations 2014. Do you consider this procedure to be appropriate? If not what alternative procedures should be used?

12. For the most part, we consider that the process and the time lines are appropriate. However, for some proceedings there are inconsistencies in requirements or timelines on which we have the following comments.
13. Regulation 28(1) states that “*an interested person*” may oppose an application for registration of a GI.
14. Under the Patents Act 1953 this wording required the opponent to have *locus standi* which must be established by the opponent². This requirement has not been carried over in the Patents Act 2013³. Locus is not required for oppositions under the Trade Marks Act 2002⁴.
15. We are not aware of any basis for requiring locus for an opposition under the Act.
16. Regulations 40, 45, 52, and 57 also require locus if a person other than the registrant is opposing specific proposals by the Registrar or applications by a third party⁵ in relation to a

² Propeller Jet Limited v Richard Gwyn Davies [2005] NZIPOPAT 27; Globe Industries Corporation's Patent [1977] RPC 563; see also Regulation 28(2)(c)(i) of the GI Regulations

³ Section 92 Patents Act

⁴ Section 47 Trade Marks Act

⁵ Proposal by Registrar to remove or alter a registered GI or an application by a third party to remove or alter a GI.

registered GI. The requirement of locus appears appropriate in these cases as a party other than the registrant is seeking to defend the proceedings.

17. Regulations 28(2)(c)(v) and 40(2)(d) require the Notice of Opposition to “*contain, or be accompanied by*” a statement of case. The statement of case is to set out the facts on which the opponent relies and the relief sought.
18. The requirement of a statement of case in addition to or accompanying the Notice of Opposition appears to unnecessarily complicate matters. We acknowledge that regulations allow for the Notice of Opposition and the statement of case may be a single document. However, we consider the requirement to file a statement of case to be superfluous.
19. It would be procedurally easier if the Notice of Opposition also set out the facts on which the opponent relies and the relief sought rather than this information being set out in a statement of case. Only the opposition and removal proceedings require a statement of case and consistency across the proceedings would be desirable.
20. Regulation 29(2) provides for extensions of time of specific periods for filing the Notice of Opposition. This wording mirrors that used in the Patents Regulations 2014⁶ but is different to the wording utilised in the Trade Marks Regulations 2003⁷. The equivalent provision in the Trade Marks Act has been interpreted as providing for extensions of up to three months to file the Notice of Opposition.
21. As currently worded, Regulation 29(2)(a) provides for one month extension without the applicant’s consent. In the alternative, Regulation 29(2)(b) provides for an extension of up to two months with the applicant’s consent. The use of the word “or” means these two types of extensions are not cumulative.
22. Further, on a natural reading of the wording of Regulation 29(2) it appears that (a) and (b) are mutually exclusive. In other words, the opponent can have an extension of one month as of right OR up to two months with the applicant’s consent.

Question 4: The procedure for restoration of a lapsed registration is modelled on the procedure for restoring a lapsed trade mark. Do you agree with this approach? If no, why?

23. Yes we agree with the procedure as specified in Regulation 32(2) but wish to comment further on the length of the grace period for restoration (Regulation 32(2)(c)).
24. It is appropriate to reconsider the duration of the grace period for restoration in light of the renewal periods and the cost of renewal⁸.

⁶ Regulation 93 Patents Regulations 2014

⁷ Regulation 75 Trade Marks Regulations 2003 – note use of “and” rather than “or” in 75(2)

⁸ This is discussed below in more details in paragraphs 45 – 54

25. Clause 27 of the Bill provides that the GI can be renewed in perpetuity for successive 10 year periods (new section 47A in the Act) and specifies a grace period for renewal of 12 months (new section 47D in the Act). Both of these provisions are in line with the renewal and grace period provided under the Trade Marks Act 2002⁹.
26. The Proposed Fee Structure Discussion Document proposes different renewal terms with one option providing for 10 year renewal periods with a fee of \$500¹⁰ and another option providing for five year renewal periods with a fee of \$1,750¹¹.
27. Based on our member's experience with the low fee for a 10 year renewal for trade mark registrations, we do not believe that a fee as low as \$500 for a 10 year renewal will act as a deterrent against the renewal of unused GI registrations. This means that third parties may be hindered by the renewal of an unused GI and have to wait up to 12 months before they can take action to seek the removal of that GI. On top of this delay, the applicant for removal then has to pay a significant fee to file the application for removal¹².
28. If the renewal period is set at five years, a restoration period of 12 months is too long.
29. In either scenario, we suggest that a restoration period of six (6) months is more appropriate.

Question 5: Who should be able to apply for restoration of a lapsed registration? Should it be limited to the registrant, or should other people be permitted to apply for restoration and, if so, why?

30. We consider that it would be appropriate if the Registrant, or successor in title, or a person who can establish that they are using the GI, can apply for restoration of a lapsed GI registration.

Comments in response to other matters in the Regulations

31. We wish to take this opportunity to comment on the following other matters and regulations.

Regulations 18 and 94

32. Regulation 18 allows for the applicant to apply for an extension of time of the deadline specified in a notice of non-compliance given under regulation 16. The Registrar may allow that and subsequent extensions, unless the application for the extension is made after the deadline has passed.

⁹ Trade Marks Act 2002, sections 57, 58 and 60

¹⁰ Geographical Indications (Wine and Spirits) Registration Act 2006: Proposed Fee Structure, paragraphs 32, 33 and 35, the Ministry's preferred option (option 3)

¹¹ Geographical Indications (Wine and Spirits) Registration Act 2006: Proposed Fee Structure, paragraph 31, our preferred option (option 2)

¹² Geographical Indications (Wine and Spirits) Registration Act 2006: Proposed Fee Structure, Paragraph 42

33. The allowance of extensions appears to be completely within the Registrar's discretion with no restriction on the number of or duration of extensions.
34. However, this regulation appears to be subject to Regulation 94 which sets significant restrictions on the Registrar's discretion.
35. Regulation 94 provides that the Registrar may extend the time specified by the regulations for a step to be taken in a proceeding for a period not exceeding 3 months if Registrar is satisfied that the extension is reasonable in the circumstances¹³.
36. However, any further extension is possible only if "*the Registrar is satisfied that there are genuine and exceptional circumstances that justify the extension*"¹⁴. The word "exceptional" has been given a very narrow interpretation¹⁵. So narrow in fact that there are very few circumstances that would qualify as "exceptional".
37. An application for registration falls within the definition of "*proceeding*"¹⁶. This would mean an applicant could only secure an extension of up to three months to respond to a notice of non-compliance which is unnecessarily restrictive.

Regulation 38

38. As discussed above, we suggest a restoration grace period of six (6) months.

Regulations 40, 45, 52, and 57

39. Regulations 40, 45, 52, and 57 provide for the registrant or other interested person to oppose certain proceedings by filing a Notice of Opposition¹⁷ or a counter-statement¹⁸.
40. A period of two months is allowed for the filing of the Notice of Opposition or counter-statement.
41. There is a potential for confusion as there are different documents to be filed by the registrant in defence to the different proceedings. It would be preferable if the document in defence was a counter-statement in all cases rather than a Notice of Opposition for some.
42. Filing a Notice of Opposition also incurs a fee payable by the registrant in circumstances that appear inappropriate¹⁹.

¹³ Regulation 94(1)

¹⁴ Regulation 94(2)

¹⁵ *Muir Electrical Company Pty Limited v Good Guys Group Limited* [2009] NZHC 2400

¹⁶ See definition of "proceeding" in Regulation 4 and see also use of "application" as meaning an application for registration of a GI in Regulation 6(4)

¹⁷ Regulations 40 and 52 – proposal by Registrar to remove or alter GI

¹⁸ Regulations 45 and 57 – applicant for removal or alteration by third party

¹⁹ See further below, paragraph 55 - 58

43. Further, allowing three months to file a Notice of Opposition for opposing the registration of an application to register a GI²⁰ but then allowing only two months to file a Notice of Opposition to respond to a proposal by the Registrar²¹ may also lead to confusion for parties.

Responses to questions posed in the Proposed Fee Structure Discussion Document

Question 1: Do you agree with the “*cost to serve entire register*” approach to setting fees under the GI Act?

44. Yes. In relation to the cost to establish and support the Register, it is appropriate that users of the registration system pay for the cost of the system.

Question 2: Do you agree with the Ministry’s preferred renewal period option? If not, what other option should be adopted? Why?

45. We note the Ministry prefers option 3²²:

Application Fee	\$5,000
First Renewal fee (after 5 years)	\$2,000
Subsequent renewal fees (every 10 years)	\$500

46. We do not believe that this preferred fee structure fully meets the objective specified in paragraph 28(iv) of the discussion document and will potentially confuse registrants with the different renewal periods.
47. We do not believe that a renewal fee of \$500 for a ten year renewal period will “*encourage*” GI registrants to allow their GI registrations to lapse if they are no longer of value to them. At an amortised cost of \$50 per year this fee is far too low to encourage the lapsing of unused GI registrations.
48. Having a renewal period structure where the application provides protection for an initial period of five (5) years and then subsequent renewals of (10) years is reminiscent of the regime under the Trade Marks Act 1953 which provided for an initial period of seven (7) years and subsequent renewal periods of fourteen (14) years. This regime was out of step with the renewal regime in other countries and caused some confusion to trade mark owners.

²⁰ Regulation 29

²¹ Regulations 40 and 52

²² Geographical Indications (Wine and Spirits) Registration Act 2006: Proposed Fee Structure, paragraph 35

49. The limitation of the duration of a registration of a GI and subjecting the registration to renewals is out of step with many of New Zealand’s significant trading partners, such as Australia and the European Union
50. However, we completely understand the need to provide a renewal regime to cover the ongoing costs of maintaining the Register, but recommend that any initial registration and subsequent renewal periods are of the same duration. The Bill provides that the GI can be renewed in perpetuity for successive 10 year periods.²³
51. There needs to be a balance between the application and renewal fees so that neither is a deterrent to the registration and renewal of GIs that are in use.
52. We consider that option 2 provides a more appropriate fee structure:

Application Fee	\$3,500
First Renewal fee (every 5 years)	\$1,750

53. As well as meeting the anticipated funding requirements, this fee structure provides the balance between the amount of the application and renewal fees. The renewal fees recover costs at a level that encourages GI registrants to allow their GI registrations to lapse if they are no longer of value to them.
54. This fee structure also provides a regular renewal timeline for the GI.

Question 3: Do you agree with the proposed fees for hearings oppositions, and applications to alter or remove registered geographical indications? If not, what alternative fee levels would be more appropriate?

55. The Ministry has proposed a fee structure below the cost to serve as follows:

Hearings	\$1,700
Notices of Opposition	\$700
Applications to remove or alter a registered GI	\$1,000

56. We note that these fees are set at a level significantly higher than the equivalent fees payable in relation to proceedings for both trade marks and patents.
57. The fee for filing a Notice of Opposition would also be payable by the registrant (or other interested person) defending a proposal by the Registrar, “on his or her initiative” to remove or alter a registered GI²⁴.

²³ Clause 27; new section 47A Geographical Indications (Wines and Spirits) Registration Amendment Bill
²⁴ Regulations 40 and 52

58. This is not appropriate and could be avoided by requiring the registrant to file a counter-statement as suggested above²⁵.

²⁵ See paragraphs 39 - 43