

# **Submission**

by

**Business|NZ**

to the

**Commerce Select Committee**

on the

**Trade Marks Bill**

**20 September 2001**

PO Box 1925  
Wellington  
Ph: 04 496 6555  
Fax: 04 496 6550

# **TRADE MARKS BILL**

## **DRAFT SUBMISSION BY BUSINESS NEW ZEALAND**

**20 SEPTEMBER 2001**

### **1. Introduction**

1.1 This submission is made on behalf of Business New Zealand, incorporating regional employers' and manufacturers' organisations. The regional organisations consist of the Employers and Manufacturers Association (Northern), Employers and Manufacturers' Federation (Central), Canterbury Manufacturers' Association, Canterbury Employers' Chambers of Commerce, and the Otago-Southland Employers' Association. Business New Zealand represents business and employer interests in all matters affecting the business and employment sectors.

1.2 Business New Zealand welcomes the substantial rewrite of the Trade Marks Act 1953 provided by this bill and the intention to more clearly define the scope of the rights protected by trade marks and simplifying the procedures for obtaining a trade mark. We have not focused in our submission on the technical detail of the changes proposed but wish to address two key policy concerns.

### **2. WHO MAY APPLY FOR RELIEF FOR INFRINGEMENT OF REGISTERED TRADE MARK**

2.1 Clauses 101 to 104 set out the process by which an owner of a trade mark may apply for relief if a registered trade mark is infringed. A licensee is required to request the owner of the trade mark to take proceedings to prevent infringement of the registered trade mark. If the owner refuses or neglects to bring proceedings within two months after the request from the licensee, the licensee is then allowed to commence proceedings as if it were the owner of the trade mark. In a large number of cases the owner of a trade mark is likely to be an overseas resident company while the licensee will normally have purchased exclusive rights to the use of the trade mark on the New Zealand market.

2.2 We believe the process set out in the Bill place the licensees at a significant commercial disadvantage because of the risk of a two-month delay before a licensee can apply for relief if its trade mark has been infringed. Given that a licensee is likely to become aware of an infringement much sooner than a trade mark owner, the licensees should have the same rights as owners to take action promptly against infringing products or services on the market. This is especially so where the trade mark owner is not resident in New Zealand.

2.3 We therefore recommend the following amendments to the bill:

- a) That Clause 101 be amended to: “The owner or licensee of a registered trade mark ...”
- b) That Clauses 102 to 104 be deleted.

### **3. ENFORCEMENT OPTIONS**

3.1 There are concerns that the costs of applying for relief against infringement of registered trade marks are prohibitive for much of the small business sector in New Zealand because of the costs involved in making an application to the Court for relief. There is interest from the business sector in whether it is practical for small firms to make use of a lower cost legal process such as the Disputes Tribunals for cases where there is agreement from both parties and the issues are straightforward. This concern over costs applies to the infringement of trade marks by domestic competitors since the border protection measures in the bill provide a low cost measure to protect owners or licensees of registered trade marks from infringing imported product.

### **4. RECOMMENDATIONS**

4.1 That clause 101 of the bill be amended to “The owner or licensee of a registered trade mark ...”

4.2 That clauses 102 to 104 be deleted.

4.3 That applications for relief against infringement of a trade mark may be initially lodged with a Disputes Tribunal.