

27 February 2015

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Dear Ms Goss

Mutual Recognition Schemes – Productivity Commission Issues Paper

The New Zealand Law Society (Law Society) welcomes the opportunity to comment on *Mutual Recognition Schemes – Productivity Commission Issues Paper, January 2015* (issues paper).

Overview

The Law Society's submission has been prepared with the assistance of its Intellectual Property Law Committee, and responds to the issues paper discussion (pages 8 – 9) relating to the alignment of regulatory processes for granting and registering intellectual property rights in Australia and New Zealand.

In the Law Society's view, the Productivity Commission should not be asking whether there should be mutual recognition of trademark and patent registrations (Q19), but rather whether there ought to be a single trans-Tasman trademark and a single trans-Tasman patent.

By posing that question, the Law Society does not suggest it supports the broader proposition of a single register. As will be clear from the answer to Q18 below, it does not. The Law Society has made its view clear in previous submissions that the respective substantive laws need to be harmonised first because statutory rights that have been granted (and that are recorded in the register) simply reflect the substantive law.¹ The same or equivalent statutory rights cannot be granted if the substantive laws are different (which they are) and the courts of the two countries interpret them differently (which they do).

The New Zealand Cabinet Paper concerning the proposed implementation of a single patent application and examination process states:

It is also important that the proposals do not affect the ability of each country to determine its own patent policy and legislation consistent with their national interests. At this stage New Zealand and Australian patent policy objectives differ, particularly regarding patentability criteria, precluding full harmonisation or a single trans-Tasman patent.²

¹ NZLS 2014 submission on the proposed Patent Regulations under the Patents Act 2013: http://www.lawsociety.org.nz/_data/assets/pdf_file/0007/75733/Proposals-for-Regulations-to-be-made-under-the-Patents-Act-2013-050214.pdf. Note in particular at [117]: "For these reasons, it seems that the SAP [Single Application Process] and SEP [Single Examination Process] proposals are driven from the point of view of the benefits to IP Australia and IPONZ, rather than from a consideration of the benefits to businesses and to the overall economies of both countries. As long as there remain two distinct patent laws, harmonisation of patent processing can have only a very limited joint economic benefit. It is apparent that full efficiencies cannot be achieved without full integration."

² *Single Economic Market - Single Patent Application Process and Single Patent Examination Process*, Cabinet Paper, paragraph 13, available at link: <http://www.med.govt.nz/business/intellectual-property/single-economic-market-intellectual-property-outcomes/single-patent-application-and-examination-processes>

There has been no indication that either government has changed that policy. It is therefore likely that the differences in substantive trademark and patent law will remain for the foreseeable future.

Response to the issues paper: Qs 17 – 19

17. *Given current efforts to align intellectual property laws in Australia and New Zealand is there scope in the foreseeable future to remove the exclusion of intellectual property from the TTMRA? Would it yield a net benefit?*

The proposal would create more practical problems than identifiable benefits.

The Trans-Tasman Mutual Recognition Arrangement (TTMRA) scheme allows for the mutual recognition of the rights to practice an occupation or to sell goods in both countries. The consequences for third parties are that they have to compete with the mutually recognised occupations or goods, but they are not precluded from continuing to do what they were doing before mutual recognition. By contrast, trademarks and patents are rights to exclude competitors from using a trademark or exploiting a patented invention. Thus, if a trademark or patent were granted in one country and later mutually recognised in the other, the effect on third parties would be that they would have to stop their activity upon mutual recognition. Such a scheme would undermine the examination process in the second country. Trademark or patent applicants would not have to go through an examination process in the second country. They would only have to seek mutual recognition at some later stage to be able to stop a competitor who was lawfully using the trademark or patented invention up until then.

Both IP Australia and the Intellectual Property Office of New Zealand (IPONZ) have new laws providing for more rigorous examination of patent applications in each office. Mutual recognition would undermine those laws.

There are differences in substantive law between the two countries that mean that some inventions or trademarks are registrable in one country but not in the other. For example, methods of medical treatment may be patented in Australia, but not in New Zealand. It is unclear whether mutual recognition would mean that the owner of an Australian patent for such an invention would be able to enforce it in New Zealand through mutual recognition, even though that invention could never have been patented in New Zealand.

18. *What are the barriers to implementing a single trans-Tasman register for trademarks and patents? How can they best be addressed?*

It is the stated government policy objectives (referred to in the Cabinet Paper mentioned above) that are the main barriers to implementing a single trans-Tasman register for trademarks and patents.

The Law Society outlined some of the barriers to establishing single laws for trademarks and patents in the submission that it made to the Australian and New Zealand Productivity Commissions in 2012. We attach a copy of that submission. The practical difficulties are outlined in Appendix I of that submission.

As noted above, the focus on the question of a single register is a distraction from the real issue which would have to be grappled with in order to have a single register: the substantive patent and trademark law. The registers of trademarks and patents record trademarks and patents that have been granted according to the different laws of each country and as long as there is a difference in those laws there cannot be a single register without undermining those laws.

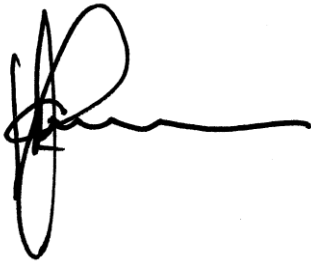
19. *In the absence of trans-Tasman registers for trademarks and patents, can mutual recognition of registration be a viable alternative? What would be the costs and benefits of mutual recognition?*

For the reasons outlined in answer to Q17, any benefits would flow to patentees and trademark owners who took advantage of the loopholes that would be created by mutual recognition. They would be able to avoid the expense and inconvenience of two examinations, to catch competitors unawares by late requests to register through mutual recognition, and to bypass exclusions to patent or trademark protection they would have otherwise faced. It would be possible to amend the substantive laws to close these loopholes, but the result would be little different from the existing law.

Conclusion

If you wish to discuss these comments, please do not hesitate to contact the convenor of the Law Society's Intellectual Property Law Committee, Clive Elliott QC, via the committee secretary Jo Holland (04 463 2967, jo.holland@lawsociety.org.nz).

Yours sincerely

A handwritten signature in black ink, consisting of a large, stylized initial 'C' followed by a horizontal line that tapers to the right.

Chris Moore
President

Encl (1)