Intellectual Property Update

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Welcome to *Intellectual Property Update*, a regular review of issues and developments in this area of New Zealand law from Bell Gully.

In this issue, we feature:

- Stopping counterfeits: How to get Customs Notices in place and use them to protect your intellectual property
- Trade marks: Issues arising out of a dispute concerning the ownership of rights in the trade mark WORLD CUP WILLIE
- Patents: The New Patents Bill
- Copyright: The English High Court's extermination of the plaintiff's claim in the *Daleks* case
- Copyright: The introduction of the Copyright (Artists' Resale Right) Amendment Bill
- Confidential information: International hacking and breach of confidence - *Ashton Investments Limited v OJSC Russian Aluminium (Rusal)*
- Copyright: The announcement of the date for the coming into force of the Copyright (New Technologies) Amendment Act
- Domain names: Beware scare tactics that suggest that you should register

Read more about Bell Gully's expertise in Intellectual Property online at www.bellgully.com.

Need more information?
For more information on any of the cases, articles and features in *Intellectual Property Update*, please call Alan Ringwood on 64 9 916 8925, Ian Gault on 64 9 916 8967 or Garry Williams on 64 9 916 8661.

Disclaimer: *This publication is necessarily brief and general in nature. You should take professional advice before taking any action in relation to the matters dealt with in this publication.*

Stopping counterfeits - how to get Customs Notices in place to protect your intellectual property

Earlier this year, New Zealand Customs destroyed a significant number of counterfeit Ab King Pro machines that were being imported into New Zealand. That they were able to do so was a direct result of the rights-holder having a border protection notice in place (i.e. a Customs Notice).

A Customs Notice enables New Zealand Customs to detain any imported item where they form the opinion that the imported item may be counterfeit. They are the first line of defence against counterfeit goods but are woefully under-utilised.

In this article we look at how to get a Customs Notice in place and discuss the ways in which the relevant legislation can be used to protect your intellectual property.

Background

In 1995 in order to comply with its obligations under the World Trade Organisation's Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), New Zealand enacted border enforcement provisions designed to enable certain rights-holders to prevent the entry of counterfeit product into the New Zealand market.

The relevant legislation is now contained in the Trade Marks Act 2002 and the Copyright Act 1994. The provisions allow the owner of a trade mark or copyright to lodge a notice with the Customs Service requesting the detention of counterfeit goods, while those goods are subject to Customs control.

However, Customs may only take action in respect of such counterfeit goods if the owner of the relevant trade mark or copyright has lodged a Customs Notice.

A Customs Notice will be valid for five years or until the relevant trade mark registration expires or the copyright in the work expires – whichever comes first.

Requirements

At the time of lodging a notice, the rights owner is also required to complete a form of indemnity to cover any costs that may be incurred by the Customs Service (such as storage, transport or legal) in enforcing the notice.

A standard security bond of $5,000 is also required. This is refundable when the notice expires, less any costs incurred.

To be accepted, a Customs Notice must comply with the requirements of the Copyright Act 1994 or the Trade Marks Act 2002. The key to this is to ensure that in the case of a:

(a) *Notice requesting detention of goods infringing a registered trade mark or marks*: the mark(s) relied on is/are correctly referred to and a copy of the registration(s) is/are attached to the notice; and

(b) *Notice requesting detention of pirated copies pursuant to the Copyright Act 1994*: the details which identify the relevant copyright work or works are supplied correctly and the basis of the right-holder's claim to copyright is outlined.

What happens when Customs detains goods pursuant to a Customs Notice?

Customs make a determination (i.e. forms an opinion) as to whether the goods appear to be counterfeit or pirated. Customs will detain any goods which it considers infringe a trade mark or copyright covered by a Notice. The determination is issued to the right holder, and includes details of the importer and the goods. A copy is also sent to the importer. The detention period is 10 days. During the period of detention, the right holder can commence action in the High Court against the importer, including for an order to obtain possession of the goods. If the right holder initiates court proceedings within this period, the relevant goods will continue to be detained by the Customs Service pending the decision of the court.

If the Customs Service has not been served with a notice of court proceedings during the detention period, the goods will be released to the importer after the 10 days.

Practical considerations

Of course, simply lodging the Notices will not guarantee that Customs will identify infringing products and detain them. Any information you can provide to the Customs Service that will assist them to identify counterfeit or pirated products will greatly improve the chances of those products being intercepted as a result of the Notices. Useful information falling into this category would be the names and addresses of suspected suppliers, importers or consignees of the goods and ways by which legitimate goods can be distinguished from fakes.

Need more information?
For more information on Customs Notices or anti-counterfeiting please email Garry Williams at garry.williams@bellgully.com or call Garry on 64 9 916 8661.

“Three Lions on a shirt, Jules Rimet still gleaming; thirty years of hurt, never stopped me dreaming…”

“Three Lions” is quite possibly the greatest sporting anthem ever written, and the familiar lyrics of David Baddiel and Frank Skinner came irresistibly to mind when reading the recent judgment in ***Jules Rimet Cup Limited v The Football Association Limited*** [2007] EWHC 2376 (CH).

The decision dealt with various intellectual property issues arising out of a dispute concerning the ownership of rights in the trade mark WORLD CUP WILLIE and a device consisting of a cartoon lion dressed in the England football strip.

In particular, it considered questions of ownership of copyright in the original WORLD CUP WILLIE drawing; the effect of the design having been industrially applied; whether the device mark was copied from the original drawing; whether the copyright had been infringed; whether the Football Association still had any accrued goodwill in relation to the drawing sufficient for a passing off action at the time of registration of the mark; whether use of the mark would constitute passing off; and whether the trade mark applications had been made in bad faith.

The question whether, after over 40 years of hurt, people still remembered World Cup Willie, the Lion mascot of the 1966 World Cup winning England team, was central to the case.

Background

Three English entrepreneurs set up a company, Jules Rimet Cup Limited, to capitalise on the nostalgia for the time in 1966 when the England football team won the World Cup, then formally known as the Jules Rimet Trophy. “World Cup Willie” was the name of the lion mascot for the 1966 competition which had been hosted in England by the Football Association (FA). Apart from some use in relation to the 1970 World Cup, the FA had not used or licensed World Cup Willie since then, and had allowed its trade mark registrations for WILLIE to lapse. In 2005 Jules Rimet Cup Limited applied to register the words WORLD CUP WILLIE, and a lion device together with the words WORLD CUP WILLIE, as trade marks in respect of a range of goods. The Football Association became aware of the applications and opposed them. It also raised various other intellectual property issues.

Commercialisation of the original design

The court held that the application of the original design to various articles by an industrial process (which results in a shorter period of copyright) would provide a defence to copyright infringement in respect of some articles, but not in respect of others which were excluded from the effect of s.52(1) and (2) of the Copyright Designs and Patents Act 1988 (eg. wall plaques, medals, calendars, trade advertisements). This meant that it would still be an infringement of the artistic work to reproduce it on paper or canvas, and this was held to be sufficient to prevent anyone but the copyright owner applying to register a reproduction of the artistic work as a trade mark.

Copyright infringement

Jules Rimet Cup Limited denied that their device was a reproduction of the original artistic work. In order to produce its new WORLD CUP WILLIE device mark, Mr Tufft of Jules Rimet Cup Limited instructed Mr Day, a freelance designer and artist, to create the image. The designer searched on the internet for the 1966 images and found an image of the original character. Using Photoshop software he produced an image of a similar lion but changed it, putting it in a modern looking England kit and making it look stronger. Mr Tufft however thought the design too simple and similar to the 1966 images and instructed Mr Day to have another attempt and to get away from the 1966 images – he wanted a lion that was more open and friendly, “a lion with attitude” (NB: The intro to “*Three Lions on a Shirt*” featured a sample of a Trevor Brooking commentary - *"We're not creative enough; we're not positive enough"…).* Mr Day proceeded to produce another version from scratch.

It was held that the designer still had the original design in his mind, could not do a completely independent design, and that any similarities between the device and the original World Cup Willie image was due to subconscious copying.

The court however went on to hold that although there were similarities, the new version did not reproduce a substantial part of the original, with the result that there had been no copyright infringement.

Bearing in mind the designer's access to the original images and the finding that any similarities were due to subconscious copying you be the judge. The original is on the left:

Goodwill and passing off

The FA opposed registration of the two trade marks on the grounds that the FA owned the goodwill in the original drawing and in the name World Cup Willie; and that the applications were made in bad faith.

The court ruled that goodwill had been created by the merchandising activities leading up to the 1966 World Cup; that the FA owned that goodwill; that it had not abandoned that goodwill in the interim, despite having allowed its trade mark registrations to lapse; and that there was residual goodwill in 2005 belonging to the FA. Although the court ruled out market survey evidence that the FA sought to introduce, it was nevertheless able to find that there was residual goodwill in 2005, largely on the basis of documents produced by Jules Rimet Cup Limited itself, including sales literature which referred to the rights to World Cup Willie (and to the Jules Rimet Cup) as "some of the most valuable sports rights in the UK". In addition, the FA still received approaches from time to time from potential licensees seeking licences; and held out hope of hosting the World Cup again (possibly in 2018), in which case World Cup Willie would be used again ("*I know that was then, but it could be again. It's coming home, it's coming home, football's coming home…*"). The court held that fair use of the new device mark and word mark across the specifications applied for would result in passing off.

Bad faith registration

The court adopted the test of bad faith established in *Harrison's Trade Mark Application (CHINAWHITE)*, whereby the court decides whether the knowledge of the applicant was such that his decision to apply for registration would be regarded as in bad faith by persons adopting proper standards. The applicable standard is acceptable commercial behaviour observed by reasonable and experienced persons in the particular commercial area being examined. Various matters were advanced by the FA as indicating bad faith, most of which failed on the factual findings of the court, in particular the fact that Jules Rimet Cup Limited believed that the FA had no continuing interest in World Cup Willie and did not believe that it needed to seek permission from the FA. The court did however find that Jules Rimet Cup Limited knew when it made its trade mark applications that there was valuable residual goodwill in World Cup Willie, and that applying for the registrations in light of that knowledge amounted to bad faith. The court stressed that this was on the basis of an objective legal test, and that the people concerned did not think they were doing anything wrong.

Comment

This case is a fascinating example of the ability of goodwill to survive over a period of some 40 years of virtual disuse, and the consequent ability of the owner of the residual goodwill to recapture it when prompted to do so by the recognition of others that there remains something valuable still to be exploited.

Given the finding of actual (albeit subconscious) copying, and the clear similarities between the new device and the original drawing, the copyright infringement issue was certainly not clear-cut. Nor was a finding of bad faith based simply on knowledge of the existence of some residual goodwill, particularly given the apparent lack of any continuing interest by the FA in World Cup Willie. The decision is accordingly an interesting precedent on both of these points. It will be interesting to see whether it is appealed.

Need more information?
For more information on intellectual property infringement issues please email Alan Ringwood at alan.ringwood@bellgully.com or call Alan on 64 9 916 8925.

New Patents Bill introduced

On 9 July 2008 a new Patents Bill was introduced in the House.

The Bill is intended to replace the Patents Act 1953 which has long been considered to be outdated. It is hoped that the Patents Bill will provide a regime that ensures that an appropriate balance is maintained between providing adequate incentives for innovation and protecting the interests of the public.

The Bill will also update the regulatory regime that applies to patent attorneys.

The key features of the Bill are:

- The introduction of an "absolute novelty" standard. Under the Patents Act 1953 novelty is determined with respect to what was known or used in New Zealand prior to the filing date of the patent application. No notice is taken of information available outside New Zealand. The new "absolute novelty" standard will see all information made available to the public in any form anywhere in the world taken into account when assessing the question of novelty. This will assist in reducing the risk that patents are granted in New Zealand for inventions that are otherwise known elsewhere and that would not be eligible for patent protection in other countries.

- Patent applications will now be examined for inventive step and usefulness. These criteria are currently not part of the patent examination process. This change will bring New Zealand into line with most other countries who generally examine for both novelty and inventive step. Many countries also examine for usefulness as well. For an invention to meet the requirement of being useful, the Bill requires that inventions demonstrate specific, substantial and credible utility. In other words, patents will only be granted where the inventor identifies a real world use for the invention. This will be of particular importance to claims involving genetic material where, in the past, there have been instances of patents being granted for material where no specific use has been disclosed.

- The retention of the current definition of patentable subject matter as a "manner of manufacture" and the provision of specific exclusions from patent protection for inventions involving human beings and/or biological processes for their generation, methods of medical treatment of human beings, plant varieties and inventions whose commercial exploitation would be contrary to public order or morality.

- The Bill if enacted will establish a Maori advisory committee to provide advice to the Commissioner of Patents in respect of patent applications for inventions involving indigenous plants and animals.

- It will introduce a specific experimental use exception into New Zealand's patent legislation. Thus in certain circumstances use of a patented invention will not amount to an infringement.

- The proposed Act will provide that disclosures of an invention up to 12 months prior to the filing of an application will not destroy novelty if the disclosure was derived from the inventor and disclosed without the inventor's consent. This is to cover such situations as where an inventor may disclose the nature of their invention to a third party for the purposes of seeking funding and that third party later makes the invention public without the inventor's consent.

- The current pre-grant opposition procedure will be repealed and replaced with new procedures for challenging the grant of a patent. These will include providing for a re-examination that allows third parties to object to the grant of a patent on the grounds that the invention is not novel or lacks an inventive step and providing an administrative revocation procedure where third parties can, at any time during the term of a patent, apply to the Commissioner to revoke the patent on any of the grounds on which grant could be refused. The existing High Court procedure for revoking a patent will also remain available.

- The new Act would update the regulatory regime for patent attorneys by:

  - repealing the current age and citizenship requirements for registration as a patent attorney;

  - allowing a person's registration as a patent attorney overseas to be recognised for the purposes of registration in New Zealand under specific conditions;

  - introducing a good character requirement;

- establishing a patent attorneys' standards board comprising the Commissioner and representatives of the patent attorney profession, with functions including the administration of the qualifications and disciplinary regimes for patent attorneys;

- requiring a code of conduct meeting specified objectives to be developed for and maintained by the patent attorney profession; and

- specifying the grounds on which a complaint about a patent attorney's conduct can be made, the procedure for making a complaint, and the orders following any breach of acceptable standards of service.

The Bill also makes a number of other changes to update and simplify various other aspects of the patents regime.

Need more information?
For more information on patent issues, please email Garry Williams at garry.williams@bellgully.com or call Garry on 64 9 916 8661.

English High Court exterminates Daleks claim

*In **JHP Ltd v BBC Worldwide Ltd & Trustees of the Estate of Terry Nation** the English High Court grappled with a claim that JHP Ltd was the owner of copyright in certain books that had been published in the 1960s relating to the Daleks and the BBC had infringed the copyright in those books by incorporating material from them in its own book in 2002 - The Dalek Survival Guide.*

In order to determine whether JHP Ltd could succeed, the court first had to consider and construe a number of agreements that were entered into by Terry Nation (the individual who created the Daleks) and the predecessor of JHP, a company called Souvenir. There were three relevant agreements. The first was dated 7 May 1964 and related to a book provisionally entitled *The Daleks Book*. The second was a letter dated 12 March 1965 by which Terry Nation's agent accepted the same terms for a further book provisionally referred to as *The Dalek Annual No.2*. The third was a formal Memorandum of Agreement dated 14 July 1965 relating to a further book provisionally called *The Dalek Pocket Book and Space Travellers Guide*.

After carefully analysing the three agreements, Mr Justice Norris found that they constituted limited licenses to publish the three books to which they related. In other words, they did not constitute assignments of the respective copyright in the three works.

This finding raised the second key issue for determination, namely whether, given that JHP as exclusive licensee of the right to publish the books had commenced proceedings against BBC Worldwide in respect of alleged infringements of that right, could BBC Worldwide avail itself as a matter of law of any defences which would have been available had the proceedings been brought against it by the estate of Terry Nation (i.e. the owner of the copyright)? This was important because section 101(3) of the Copyright Designs & Patents Act 1988 (UK) provides that in any action brought by an exclusive licensee the defendant may avail himself of any defence which would have been available to him if the action had been brought by the copyright owner. The New Zealand Copyright Act 1994 contains an identical provision (s 123(3)).

The answer to this question turned on evidence which demonstrated that BBC Worldwide acted in the belief that it had the permission of the Terry Nation estate to use material derived from the texts in which the Nation estate held copyright. BBC Worldwide had approached the manager of the entire Terry Nation catalogue of rights in 2002 (a Mr Hancock) and by July 2002 had obtained from him a "clear and firm understanding" that BBC Worldwide could use material from the three books in question. It followed from this that if the estate of Terry Nation had sued BBC Worldwide in respect of the infringements which were alleged by its exclusive licensee, BBC Worldwide could have successfully defended those proceedings on the ground that it had acquired a licence by estoppel from the estate. JHP's claim therefore failed.

The *Daleks* case demonstrates two important aspects of copyright law:

First, publishing agreements do not always involve the assignment of copyright in the work that is to be published. There are many reasons why an author may wish to retain ownership in the copyright and only provide the publisher with an exclusive right to publish a work in return for a royalty. As Justice Norris correctly pointed out in this case, an author may wish to do this in circumstances were he is commercialising the relevant work in different media and over a period of time. The lesson to be learned: as a publisher, if you want an assignment of the copyright in the work you intend to publish, make sure that your publishing agreement is expressed clearly to effect such an assignment.

Secondly, an exclusive licensee's rights of action can be curtailed by the conduct of the copyright owner. Accordingly, it is very important to investigate whether the copyright owner may have undermined its own and its exclusive licensee's ability to successfully sue to enforce copyright before commencing copyright infringement proceedings.

Need more information?

For more information on copyright law issues please email Garry Williams at garry.williams@bellgully.com or call Garry on 64 9 916 8661.

Government introduces Copyright (Artists' Resale Right) Amendment Bill

The Government has tabled a Bill that will amend the Copyright Act 1994 to establish a mandatory resale right for artists when their works are resold in New Zealand. The right will apply to artists who are residents or citizens of New Zealand or who are nationals of countries that offer a similar right to nationals of New Zealand.

The proposed resale right will entitle an artist to receive a royalty payment each time his or her original artistic work is resold on the secondary art market.

An "artistic work" for the purposes of the relevant right will include a graphic work, photograph, sculpture, collage or model and works of artistic craftsmanship. Artistic works forming part of a limited edition of artistic works created by an artist or under the artist's authority will also be subject to the resale right. Works of architecture are, however, excluded. The resale right will apply only where ownership in a artistic work is transferred by sale after the first transfer of ownership of that work by the artist. It will not apply to the first sale or transfer of an artistic work and, importantly, it will not apply to sales between private individuals.

The right is inalienable and cannot be waived, assigned or charged.

The artist who created the artistic work will hold the right regardless of whether the artist owns the copyright in the work. The right can only be transmitted on the death of the holder of the resale right. Upon that occurrence, the right will pass in accordance with the artist's will or, if there is no will, by operation of law.

The proposed resale royalty rate will be a fixed percentage of the resale price (i.e. of the hammer or sale price) and will only be payable in relation to sales that are above a specified minimum threshold. At present it is understood that the royalty rate will be a flat 5% and the specified minimum threshold will be $500.

The resale right will continue for only so long as the copyright in a work subsists. That will generally be for 50 years after the death of the artist.

The obligation to pay the resale royalty arises at the time when an artistic work is sold on the secondary art market through any auction house, gallery, dealer or other intermediary professional involved in the business of dealing in works of art. The seller, together with the art-market intermediary or professional involved in the sale will be jointly and severally liable to pay the resale royalty. If there is no agent involved in the sale, the seller and the buyer will be liable, so long as they are acting in the course of a business of dealing in artistic works.

The collection of resale royalties will be managed through a compulsory collection system by the sole collecting agency on behalf of artists. This is so whether or not the artist is a member of that agency. Only this agency will be entitled to request information on any resale in order to secure payments of royalties and it must treat such information as confidential. In return for managing the resale right, the collecting agency will be entitled to charge a fixed fee or percentage of the royalty as determined under regulations to be enacted.

Non-payment of resale royalties and failure to provide information as required under the Act will be subject to civil proceedings. Such proceedings will only be able to be pursued by the collecting agency, on behalf of a resale right holder (ie. the artist or his or her successor).

The Bill has been introduced in the face of criticism that the establishment of such a resale right will depress the art market in New Zealand and/or move it offshore. However, the Government has pointed to the success of the introduction of similar legislation in the United Kingdom to demonstrate that this is unlikely to happen. It has also been argued that the New Zealand art market is unlikely to move offshore because the majority of New Zealand works of art purchased in the last ten years in Australasia were purchased by buyers within New Zealand and that trend is unlikely to change.

Need more information?
For more information on copyright law issues please email Garry Williams at garry.williams@bellgully.com or call Garry on 64 9 916 8661.

International litigation over cross-border hacking and downloading of confidential information

*In the recent case **Ashton Investments Limited v OJSC Russian Aluminium,** the English High Court had to rule on whether proceedings could continue in England against foreign defendants accused of hacking from offshore into a London-based server.*

Ashton Investments Limited (Ashton) is an English company with a computer system in its offices in London. It provided consultancy services to Ansol, a Channel Islands company. Ansol had entered into a series of commercial arrangements with a state-owned aluminium producer in Tajikstan which resulted in litigation into which OJSC Russian Aluminium (Rusal), the world's third largest aluminium producer, was joined as a party.

In January 2006, during a routine security scan on Ashton's server, Ashton detected the existence on its computer system of "spyware". The spyware programme was designed to be installed surreptitiously, often by an innocent looking email sent from a remote computer, to create a log of everything typed on the computer, and to transmit information secretly to the person who had installed the software. Investigations revealed that there had been various attempts to gain unauthorised access to the system from internet addresses registered to the defendant Rusal. Numerous successful attempts had also been made from other internet addresses in Austria and Moscow. Ashton and Ansol inferred that Rusal was behind all these attempts, and that it had managed to obtain secret information about the litigation in which Ansol and Rusal were involved.

Ashton and Ansol issued proceedings against four Russian parties - Rusal, Rusal Management Co, Rusal's Chairman (Mr Deripaska) and its CEO (Mr Bulygin), alleging unauthorised access by one or more of the defendants to confidential and privileged information on Ashton's computer system. The first cause of action was for breach of confidence. The claimants also sought damages for unlawful interference with their business and intent to injure by unlawful means; damages for conspiracy by unlawful means; and an injunction.

The Russian defendants denied that they or anyone acting on their behalf ever sought to gain access to Ashton's server. Their evidence was to the effect that the attempted access shown to have been from their internet address could not have been from either of the two Rusal computers which were authenticated for use at that address (both of which were shown not to have been in use at the relevant times), and had most likely resulted from Media Access Control numbers, which controlled access from those computers to Rusal's wireless connection to the internet, being cloned and used by third parties. The defendants applied for an order that the English court had no jurisdiction to try the proceedings, or alternatively that it should not exercise any such jurisdiction; and further contended that Russia was the appropriate forum for the resolution of the dispute.

The High Court (Queen's Bench Division, Commercial Court) concluded that there was a good arguable case against Rusal and Rusal Management Co., and held that the proceedings against those parties could continue in England; but that there was insufficient evidence to show that there was a serious issue to be tried against Mr Deripaska and Mr Bulygin.

Much of the argument concerned the application of the English rules of procedure for service of proceedings out of the jurisdiction, and *forum conveniens* arguments over whether England was the appropriate forum for the resolution of the dispute. Importantly the court held that:

1. Although the attack emanated from Russia, relevant acts were committed within the English jurisdiction, in that the hacking occurred where the server was located and accessed in London.

2. The digitally stored confidential information which was the subject matter of the claim was "property" - in the form of intellectual property – which was located within the jurisdiction.

3. Significant damage also occurred in England where the confidential and privileged information was viewed and downloaded, even though it had been transmitted almost simultaneously to Russia.

On these grounds the court concluded that the English procedural rules permitting service out of the jurisdiction had been satisfied. The court also observed that if an injunction were to be sought to restrain the defendants from interfering with Ashton's server that would be a claim for an injunction ordering the defendants to refrain from doing an act within the jurisdiction, which would also enable service of the proceeding to be made out of the jurisdiction.

Similar issues would arise in New Zealand if such a claim were brought here as a result of hacking into a New Zealand computer system and downloading of information from offshore. Rule 219 of the New Zealand High Court Rules permits proceedings issued in New Zealand to be served out of New Zealand on a foreign defendant where any act in respect of which damages are claimed occurred in New Zealand (i.e. hacking into a server located in New Zealand); or where the subject-matter of the proceeding is property situated in New Zealand (i.e. confidential information or other intellectual property contained in digital form on a server in New Zealand); or where it is sought to restrain the performance of any act in New Zealand (i.e. further hacking into a server located in New Zealand).

As in the *Ashton* case, a defendant in New Zealand proceedings who has been served overseas can challenge the jurisdiction of the New Zealand court on the grounds that the claim does not fall within the rules entitling proceedings to be served overseas; or on the ground that there is no serious issue to be tried; or on the ground that New Zealand is not *forum conveniens*.

Need more information?
For more information on breach of confidence, hacking, and related intellectual property and IT issues, please email Alan Ringwood alan.ringwood@bellgully.com or call Alan on 64 9 916 8925.

Government announces timetable for the Copyright (New Technologies) Amendment Act

The Copyright (New Technologies) Amendment Act received Royal assent on 11 April 2008. However, it is yet to come into force. In late June 2008, the Associate Minister of Commerce, the Honourable Judith Tizard, announced that the Government expected that the Amendment Act would come into force in October of this year, once certain regulations have been promulgated. We outline below the key changes that the Amendment Act will make to copyright law.

The use of technologically-neutral language

To take account of technological developments the Act will amend and replace existing terms to create a technology neutral framework. Thus terms such as *broadcasting* and *cable programme service* are replaced with technologically-neutral terms.

Clarification of the liability of ISPs for copyright infringement

It also clarifies the liability of Internet Service Providers (ISPs) for copyright infringement. It will make it clear that an ISP will not be liable where it merely provides the physical facilities to enable a communication to take place. Further, it provides that there will be no liability for an ISP when storing and caching infringing copyright material if it deletes or prevents access to infringing material as soon as possible after it becomes aware that the material is likely to infringe copyright.

Updating of permissible fair dealing by educational establishments, libraries and archives

It updates the existing permitted acts for fair dealing by educational establishments, libraries and archives. Educational establishments, libraries and archives will be able to create and store digital copies of works on the Internet or other electronic retrieval systems, provided certain conditions are met.

Creation of a format shifting exception to copyright infringement for sound recordings

It creates a format shifting exception for copying sound recordings for personal use or the personal use of an individual's household provided certain conditions are met. This new exception for format shifting of sound recordings will allow the public to rip CD tracks so long as the conditions for doing so are met. However, the original purchaser of the sound recording must not make more than one copy for use on each device owned and the purchaser must retain both the original version of the sound recording purchased and the copy made. In other words, this new exception will not allow copying of CDs for friends or online file-sharing. Such conduct remains infringement.

Lawful decompilation and adaptation of software

The Amending Act will also allow decompilation or adaptation of computer programs under certain conditions. A lawful user of a computer program will not infringe copyright in it by observing, studying or testing the functions of the program in order to determine the ideas and principles that underlie it.

The protection of technological protection measures (TPMs)

The amended Act will give more comprehensive protection to technological protection measures (devices by which copyright owners seek to protect their copyright). Both civil and criminal sanctions are to be provided for the circumvention of such measures. For example, it introduces criminal offence provisions in limited circumstances where circumvention of a TPM is for large-scale commercial dealing in copyright material.

Re-enactment of the nine month parallel importation ban on films

The Amendment will see the nine month parallel importation ban on films from their international theatrical release date continue. This ban was set to expire on 31 October 2008. The amended Act re-enacts the nine month ban until 31 October 2013.

Need more information?
For more information on copyright law issues please email Garry Williams at garry.williams@bellgully.com or call Garry on 64 9 916 8661.

Beware of domain name scare tactics

Has your business been on the receiving end of a communication from a purported domain registrar advising you that someone else is attempting to register domain names or internet key words which incorporate the name of your company or your trade mark?

These types of notices, particularly out of China, are becoming increasingly common. They are usually an attempt by an organisation or person pretending to be a legitimate domain name registrar to drum up business.

Usually the notice will state that a third party has applied to register certain domain names or internet key words incorporating your trade mark or company name. It will invite you to contact the registrar to register your domain name promptly to prevent the other party from obtaining registration.

By way of background all .cn domain names and internet key words in China are administered by a quasi-governmental body called China Internet Network Information Centre and can only be registered via a registrar accredited by this organisation. Chinese law states that a domain name or internet key word registrar is supposed to register domain names and internet key words on a first come, first served basis.

So what should you do if you receive one of these notices? The answer is "probably nothing". Certainly no response to the bogus registrar is required. However, you should take the opportunity to review whether you need to protect your name or trade mark by registering appropriate domain names and/or internet key words through reputable accredited registrars. You may elect to do this for marketing purposes or even for defensive purposes. Clearly registration will be very important if you plan to do business in China where the bulk of these notices appear to originate from. The registration of your desired domain name by someone else will be frustrating and disruptive of your marketing plans. It will cost much less to take proactive steps to register your domain names now, than it will to sort out the aftermath if someone acquires registration first.

The question is how far do you go with registration? There is a proliferation of ways in which you can register domain names with different country codes and extensions, and clearly a cost benefit analysis is required to determine how far to go. The registration of an internet key word, which enables internet browsers to be directed to your website, may be an attractive option but requirements will vary from business to business.

Need more information?
For more information on domain name issues, please email Colleen Cavanagh at
colleen.cavanagh@bellgully.com or call Colleen on 64 9 916 8646.