

New Act brings significant changes to New Zealand trade mark law

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Colleen Cavanagh - Senior Associate

The Trade Marks Act 2002 (the new Act) came into force on 20 August 2003 and heralds a number of significant changes to trade mark law.

The new Act replaces the Trade Marks Act 1953, and the main changes are explained below.

New test for distinctiveness

To register a trade mark under the old Act, it had to be either “adapted to distinguish” or “capable of distinguishing”. To qualify for registration under the new Act, a trade mark must simply have “a distinctive character”.

No distinction between Part A and Part B

The new Act treats all registrations equally, and there is no longer a distinction between registrations formerly registered in Part A or Part B.

Multi-class applications/ Merger/Division

Under the new Act, a single application can cover as many different classes as the applicant requires (previously, a separate application was required for each separate class of goods or services).

However, application fees will remain at their current level, as fees will be payable for each class included in an application.

The new Act also allows for division of applications and mergers of applications and registrations provided certain criteria are met.

Changes to registration and renewal periods

Trade marks filed after 20 August 2003 will now be registered for an initial term of 10 years and renewed every 10 years thereafter.

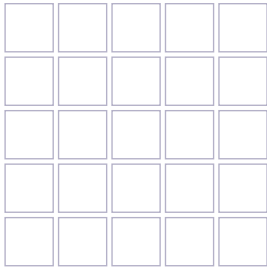
Marks filed under the old Act (ie. before 20 August 2003) will have an initial registration period of seven years, although further renewals will be for 10 years.

The fee for renewing trade marks under the new Act has been reduced to reflect the shorter term.

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Katy Holt - Senior Solicitor

Better protection for well-known trade marks

The new Act prohibits registration of a trade mark that is identical to or similar to a trade mark that is well-known in New Zealand, if the use of the second trade mark would be taken to indicate a connection between the two marks in the course of trade. There is no requirement to prove a likelihood of deception or confusion.

The trade mark infringement provisions have also changed, and allow the owner of a well-known registered trade mark to sue for trade mark infringement if another entity uses a mark on any goods or services that takes unfair advantage of, or is detrimental to, the distinctive character or reputation of the trade mark.

Absolute grounds for refusal to register

The old legislation listed attributes that a trade mark must have in order to *qualify*

for registration; the new Act takes a different approach by stipulating what *cannot* be registered as a trade mark. These include:

- a sign that is not a trade mark;
- a trade mark that has no distinctive character;
- a trade mark that consists of signs or indications that may serve, in trade, to designate the kind, quality, intended purpose, value, geographical origin, time of production of goods or of rendering services, or other characteristics of goods or services;
- a trade mark that consists only of signs or indications that have become customary in the current language or in the bona fide and established practices of trade;
- a trademark that is likely to deceive or cause confusion;
- any trade mark whose use would be contrary to New Zealand law or would be disentitled to protection in any court;
- a trade mark that the Commissioner of Trade Marks considers would be likely to offend a significant section of the community, including Maori. The new Act requires the Commissioner to establish an advisory committee to advise whether the proposed registration or use of a trade mark that is – or appears to be – derivative of Maori text and imagery is likely to be offensive to Maori;

- where the application is made in bad faith. This is likely to be used as a vehicle to litigate trade mark proprietorship disputes.

Counterfeiting is a criminal offence

Under the old law, trade mark owners were restricted to civil remedies to tackle counterfeiting. The new Act makes it a criminal offence to counterfeit a registered trade mark, and the penalties include imprisonment for a term of up to five years or a fine of up to NZ\$150,000.

Law on comparative advertising clarified

Under the new Act, a registered trade mark is not infringed if it is used for comparative advertising. However, the advertisement must not be contrary to honest practices in industrial or commercial matters or take unfair advantage of, or be detrimental to, the registered mark's distinctive character or the reputation of the trade mark.

Non-use period reduced

Trade marks can be removed from the Register in certain circumstances, including those instances where the trade mark has not been used.

Under the old legislation, the non-use period was five years, but the new Act has reduced this to three years.

Common names for products in general public use now revocable

The old legislation allows a trade mark to be removed from the Register if it has become commonly used **in the trade** to refer to a particular type of product. The new Act alters the test for removals of this type.

The test is whether or not the trade mark has become a common name for the product **in general public use**, so trade mark owners must be vigilant in maintaining the distinctiveness of their trade marks.

It is important to always use the ® sign to designate that a mark is registered, or ™ to designate that it is a trade mark which is unregistered or pending registration. Specific programmes for monitoring inappropriate use of a trade mark may be necessary for trade marks where "generic" use is likely to be a problem.

Defensive trade marks abolished

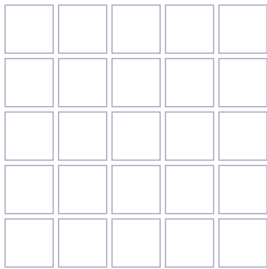
The 1953 Act allowed for defensive trade marks to be filed where a registered trade mark had become well-known in relation to particular goods and/or services. Defensive marks could not be removed for non-use.

The new Act abolishes defensive trade marks. Existing defensive trade mark registrations become ordinary trade mark

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▲ **Carolyn Green** is the latest addition to Bell Gully's trade marks team. Based in our Auckland office, Carolyn has over 12 years experience in all aspects of trade mark registration and maintenance.



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registrations. These registrations will ultimately be able to be challenged on the basis of non-use following a three-year grace period after the new Act comes into force.

Assignments simplified

The procedures for recording assignments, including assignments of trade marks without goodwill, have been simplified.

The new Act abolishes the restrictions in the old legislation that invalidated assignments of trade marks without goodwill where they were in use, if an application for directions for advertisement of the assignment was not filed on time.

As the new Act also abolishes the association of trade marks, the restriction on assignments of associated trade marks is also abolished.

No alteration of trade marks

The new Act states that the owner of a registered trade mark may not alter the registered trade mark after its actual date of registration.

The old legislation allowed the alteration of a registered trade mark (provided certain criteria were met), but if significant changes are now made to trade marks after registration, new applications will need to be filed to obtain protection for the new versions of the trade marks.

Advice and information

Bell Gully's Intellectual Property Team can advise you on all types of IP issues, including the registration and maintenance of trade marks. Contact the team for more information.

For further information, please contact your usual Bell Gully adviser or:

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