

## HEARINGS TECHNICAL FOCUS GROUP

1 August 2016

10am – 12pm

MBIE Building, 15 Stout Street

Room G.06

### Present

Greg Arthur (NZLS), Barbara Sullivan (NZIPA), John Landells (IPTA), Nick Holmes (IPTA), Kate McHaffie (AJ Park), Thomas Huthwaite (Baldwins), Ian Finch (James & Wells), Richard Watts (Simpson Grierson), Dan Winfield (Duncan Cotterill)

### Apologies

All members present.

### Minutes

Minutes agreed / not agreed.

### Actions

No.	Action	Comment
1	Next meeting to be organised for October/November	It was agreed that meetings would be scheduled more frequently until progress on significant items had been made, then meeting frequency would be scaled back.
2	Draft agenda for next meeting to be circulated well in advance. It was agreed that the following matters would be covered at the next meeting: <ul style="list-style-type: none"> <li>• Review of costs schedule/s</li> <li>• Case management</li> </ul>	Members are to provide sub-topics for the agenda item 'Case Management', e.g. sequential exchange of submissions, timing, etc. Depending on the number of sub-topics to cover, it may be necessary to deal with this agenda item over a number of meetings.

## **Agenda**

### **1. Introductions / expectations:**

- 1.1 All members and Hearings Office staff introduced themselves to the wider group.
- 1.2 HTFG Chair thanked members for agreeing to be involved with the Hearings Technical Focus Group (HTFG), and set out the purpose of the group and expectations of members.

### **2. Hearings Office updates:**

- 2.1 Assistant Commissioner Thompson has resigned to spend more time enjoying his retirement. The Hearings Office noted Assistant Commissioner Thompson's significant contribution to the Hearings Office and his ongoing contribution to IPONZ and the IP Profession in his other role as Chair of the Patent Attorney Examination Board.
- 2.2 The Hearings Office intends to recruit a replacement Assistant Commissioner to ensure it has capacity to hear cases in a timely manner.
- 2.3 Assistant Commissioner Casey was included in this year's Queen Counsel Appointments.
- 2.4 The average time from when a case is ready to be decided to a hearing is currently sitting around 6 months. The Hearings Office has set an ambitious new business objective to try and reduce this timeframe to 65 working days.
- 2.5 The Hearings Office is currently undertaking work to improve its reporting capacity. This should provide valuable insights into hearings filing trends which will be shared with the HTFG.
- 2.6 WIPO system issues continue to delay WIPO's ability to serve provisional refusals to New Zealand Madrid trade mark designations based on opposition to overseas rights holders. The Hearings Office has implemented a procedure to halt all NZD opposition proceedings on the Commissioner's own initiative until such time as rights holders have been served with a copy of the provisional refusal by WIPO to prevent any procedural unfairness.
- 2.7 System updates – document visibility. Further to previous eNewsletter and website updates, IPONZ confirmed that all documents filed on hearings proceedings now default to "private" visibility. That is, by default, they are visible to both parties in the proceeding only, not to the general public. If parties wish to file confidential evidence, they need to load this using the new document type "confidential evidence". Confidential evidence will not be made visible to the other party in the

proceeding until the filing party has confirmed to the Hearings Office that it has been served on the other side. This change of practice puts the onus on parties, not the Hearings Office, to identify any evidence they deem confidential.

- 2.8 IPONZ is one of the first organisations in New Zealand to be certified with new ISO certification standard, 9001-2015 “Quality Management Systems”. The certification included the Hearings Office systems and procedures. The auditor commended IPONZ for the quality of its systems and procedures.

### 3. Overview of new Hearings Practice Guidelines

The hearings team provided an overview of the new hearings practice guidelines published with the release of the new IPONZ website. The discussion focused on guidelines which included some minor practice changes (see below), and comment and agreement was sought from HTFG members.

#### 3.1 Extensions and Halts:

- <https://www.iponz.govt.nz/about-ip/trade-marks/hearings/current-hearings/extensions-and-halts/>
- The new extension and opposition guidelines clarify that IPONZ will not grant a halt between when a party has been granted an ‘extension in which to oppose’ a trade mark application but before they have actually filed their notice of opposition. The premise being that a proceeding cannot be halted until such time it has actually been launched by the filing of a notice of opposition. HTFG members agreed with this approach, particularly in light of the consequences of not filing an opposition within time under article 5(2)(c)(ii) of the Madrid Protocol in which there is a 7 month time limit from the date of publication in the IPONZ Journal to notify WIPO of an opposition. If WIPO is not notified of an opposition within this timeframe they will not recognise the opposition proceedings or the outcome. See also opposition guidelines: <https://www.iponz.govt.nz/about-ip/trade-marks/hearings/current-hearings/opposition/>
- In response to questions of HTFG members, the Hearings Office confirmed that when parties request an extension in which to oppose the Hearings Office includes additional information regarding this change of practice in its confirmation letter so that parties do not inadvertently miss the new deadline to file their Notice of Opposition.
- Filing requirements for extensions have been clarified. The guidelines cover situations where a halt is more appropriate than an extension, for example when the parties are negotiating. This approach protects a party’s ability to seek extensions of time down the track if needed.

- Requests for extensions on “reasonable grounds” are fairly routine and do not require consent from the other party.

### 3.2 New evidence guidelines:

- <https://www.iponz.govt.nz/about-ip/trade-marks/hearings/current-hearings/evidence/>
- The Hearings Office advised that considerable effort had gone into producing the new evidence guidelines given that problems with evidence continue to be a theme in IPONZ hearings proceedings. The guidelines clearly set out the evidential requirements by reference to relevant case authorities.
- The guidelines also confirm the now established position that the standard of evidence in IPONZ proceedings is the same as the High Court to which IPONZ decisions are appealable.

## **4. Practice regarding requests to revoke ‘expired but restorable’ trade marks and/or how requests to disregard citations of cited marks under s 60(2)(a) should be dealt with during examination**

- 4.1 The Hearings Office advised it had obtained a legal opinion on whether it could admit applications to revoke ‘expired but restorable marks’ for non-use under s 65. The Office sought this advice in response to a number of requests to revoke ‘expired but restorable’ marks which the examination section had cited as confusingly similar marks against the applicant for revocation’s own trade mark application.
- 4.2 The advice was that it was not possible to revoke an ‘expired but restorable’ mark as s 65 only permits applications for the revocation of “the registration of a trade mark”, and that an ‘expired but restorable’ mark does not meet the definition of a ‘registered trade mark’.
- 4.3 In view of this the conversation turned to how the examination section would deal with requests to disregard a cited ‘expired but restorable’ mark under s 60(2)(a) on the ground that there “has been no genuine use of the [cited] trade mark... during the 2 years immediately before its removal”. While the examination section is willing to put a trade mark application into abeyance pending a cited ‘expired but restorable’ mark falling properly abandoned this is not always acceptable to trade mark applicants who do not wish to wait up to 1 year for the cited mark to fall properly abandoned.

- 4.4 The Hearings Office advised this situation may become less of an issue if a proposal to reduce the time an expired but restorable mark must be taken into account to 6 months is given effect. However, even with this reduction in time frame it is still necessary to consider how a request under s 60(2)(a) will be dealt with.
- 4.5 The Hearings Office expressed a view that under s 60(2) the onus was clearly on the trade mark applicant to satisfy the Commissioner that the cited mark had not been used during the 2 years prior to it being removed for non-payment of the renewal fee. This could only be achieved by filing formal evidence (statutory declaration or affidavit). If the examination section was satisfied there had been no genuine use of the cited mark they would advise both the trade mark applicant and the owner of the cited mark of the Office's proposal to disregard the cited mark. This would ensure principles of natural justice were met by giving the owner of the cited mark an opportunity to request a hearing on the Commissioner's proposed exercise of discretion to disregard its cited mark.
- 4.6 Some HTFG members raised concerns about the proposal to also notify the owner of the cited mark of a decision to disregard its cited mark under s 60(2). They felt it would inevitably result in the owner renewing its cited mark to the detriment of the trade mark applicant. Had the owner wished to retain its rights of priority then the proper course was for it to have renewed its registration in the first place. The owner should not be advantaged for a failure to renew its mark. Further, the Office's concerns about natural justice were misplaced as publication of the accepted trade mark application would provide the owner of the cited mark with an opportunity to oppose it, and this approach was more in keeping with the overall scheme of the Act.
- 4.7 Given requests under s 60(2)(a) are ultimately an examination matter, the Hearings Office will forward the comments of the HTFG members to the examination section for further consideration in consultation with its Trade Marks Technical Focus Group. The examination section's proposed practice will then be discussed with both Technical Focus Groups.
- 4.8 Everyone agreed that ultimately it would be far preferable to amend the legislation so it was possible to revoke an 'expired but restorable mark' so the onus was on the owner to prove use of its mark, rather than placing a reverse onus on the trade mark applicant to prove non-use of a third party's mark.

## **5. Review of costs scale**

- 5.1 Prior to the meeting the Hearings Office circulated a paper on costs setting out various options and approaches.

- 5.2 The Hearings Office expressed its view that the scale of costs should be kept as simple as possible given its clients range from private applicants through to IP Professionals with amounts set at a reasonable level so as not to discourage use of this forum, which is intended to be more accessible and less expensive than the courts. It also expressed its view that publishing a set of 'principles' by which costs would be assessed would encourage Assistant Commissioners to depart from the standard schedule when appropriate. This reduced the need for a range / band of different costs. These 'principles' are already incorporated into the new costs guidelines published on the new IPONZ website. The Hearings Office pointed to a number of recent decisions where the Assistant Commissioners have departed from the standard schedule. Here is a link to the new [costs guidelines](#).
- 5.2 All HTFG members agreed that a review of the scale of costs was needed. The discussions therefore focused on the most appropriate option, in particular whether it was preferable to have separate schedules for patent and trade mark hearings to reflect the greater complexity, and use of expert witnesses, in patent proceedings. After much discussion, HTFG members appeared to favour a single scale broken into 3 bands with the default position being that trade mark proceedings fell into the lower band A and patent proceedings into band B. The appropriate band could be agreed between the parties, or determined by the Office, following the filing of pleadings. The band could be changed during the proceedings if circumstances changed, for example the initiating party abandoning grounds or prior art.
- 5.3 HTFG members also suggested that the costs for expert witnesses could be included as a disbursement provided it could be shown that the expert testimony assisted the Commissioner in making a decision.
- 5.4 HTFG members expressed a view that while the intention behind the scale of costs is not cost recovery – it still needs to be reflective of the actual work carried out. They suggested a general principle to be applied to the amounts in the scale(s). For example, in the High Court costs are awarded on the basis of 2/3 of reasonable costs, and perhaps IPONZ should consider awarding costs on the basis of 1/2 reasonable costs. E.g. Analogy to HC – Band B of \$2,300 per day, could be \$1,200 for one day appearance at an IPONZ hearing.
- 5.5 The Hearings Office advised that it was also seeking feedback from its Assistant Commissioner's at the upcoming Hearings Office Conference and will discuss this with members at the next HTFG meeting. Once the general approach is agreed focus can turn to setting the actual amounts for items in the schedule.

## **6. Hearings facilities**

- 6.1 The Hearings Office is currently reviewing requirements for hearings rooms following a number of complaints from counsel about the adequacy of some of the

rooms being used in the Stout Street building, and sought specific feedback from HTFG members.

- 6.2 All members agreed that the smaller rooms being used are unsuitable for the formality of IPONZ hearings, the high value of the rights at stake, and the number of people attending the hearings.
- 6.3 They stated that hearings rooms needed to be large enough for both parties' counsel to lay out their hearing documents, including submissions, evidence, and bundles of authorities. The venue should also have power points for laptops. The rooms needed to be big enough that both sides counsel are not sitting next to each other (which is inappropriate in the context of contested hearings). Both counsel needed the space and privacy to take down notes during the hearing without them being visible to opposing counsel.
- 6.4 The rooms also have to be big enough to accommodate both counsel, their juniors, the Assistant Commissioner hearing the case, the IPONZ Case Officer, and increasingly clients and observers. The members also noted that recent High Court decisions have indicated that cross-examination is likely to become more frequent in IPONZ hearings and therefore the rooms must also be able to accommodate this.
- 6.5 Members agreed that it would be preferable to use a suitable MBIE room if possible to enable use of the MBIE video conference facilities for remote appearances by parties and witnesses. This avoids the risk of having to rely on external video conference facilities over which the Hearings Office has no control.
- 6.7 The overall preference was for facilities which are set out similar to a court room.

## **7. Any other business**

- 7.1 Greg Arthur on behalf of the IP Committee of the New Zealand Law Society enquired whether some of its other members could attend upcoming HTFG meetings where they had a particular interest in matters being discussed. The HTFG Chair confirmed he was happy to extend an invitation to these NZLS members for these meetings.

## **8. Next meeting**

- 8.1 Agenda Items for the Next Meeting:
  - Further consideration of possible changes to the schedule of costs
  - Case Management, including:

- When Case Management Conferences should be convened, in particular whether they should be held for all proceedings and at what stage
- Need to indicate issues ahead of time
- To clarify hearing procedure
- Broad case management powers
- Agreement between parties as to relevant cost schedule/what costs will apply
- Standards of evidence
- Content of evidence
- Sequential exchange of pleadings
- Standard of pleadings in patent oppositions
- Filing amendments in patent oppositions

8.2 It was agreed that more than one meeting will probably be needed on Case Management – the first to determine the general timing and scope of case management, and the second to refine and agree to the specific requirements / standard orders that may be used. The HTFG members were to provide feedback with specific case management items to discuss.

8.3 HTFG members suggested the next meeting should be in October/November, and that an agenda would be provided with enough time for attendees to provide input to the Case Management topics to cover.

8.4 HTFG members consider that over the long term HTFG meetings will only need to be convened every 6 months; however, there is a lot of work that can currently be done, especially in relation to case management, and therefore more frequent meetings will initially be required.