Plain Packaging Questionnaire

RESPONSE FROM NEW ZEALAND

Questions

Please answer the following questions. For each of questions 1) – 10) below, please answer in relation to your country's national laws including any constitutional law.

1) If the general conditions of registrability are met, does the product or service in relation to which a trade mark is used or proposed to be used have any affect on the ability to:

   (a) register the trademark; and
   (b) use it once so registered?

   The goods or services for which trade mark protection is sought does not affect the applicant's ability to register the trade mark if the general conditions of registrability, as set out in the Trade Marks Act 2002 ('TMA'), are met.

   The goods or services for which trade mark protection is sought will not generally affect the applicant's ability to use the trade mark once registered. One specific exception does exist in New Zealand law. The Smoke-free Environments Act 1990 places restrictions on the use of a tobacco product trade mark on non-tobacco products and in advertising and sponsorship.

2) What rights are derived from trademark registration?

   According to section 10 of the TMA, the rights of the owner of a registered trade mark include the right:

   a. to use the registered trade mark;
   b. to authorise other persons to use the registered trade mark;
   c. assign or transmit the registered trade mark (either in connection with the goodwill of a business or not);
   d. give valid receipts for any consideration for any such assignment or transmission.

3) What rights exist in relation to a sign used as a trademark but not registered? What is the basis of any such right?

   Unregistered trade marks enjoy common law trade mark rights. Unregistered trade marks are protected under the Fair Trading Act 1986 and the common law tort of passing off. The Fair Trading Act, broadly, protects against misleading or deceptive
conduct in trade. The common law tort of passing off protects against misrepresentation that causes damage to a trader’s goodwill.

4) Is it possible to:

(a) obtain; or
(b) maintain;

registration for a trademark that is not:

(i) used; or
(ii) intended to be used?

Yes, it is possible to obtain and maintain a registration for a trade mark that is not used. However, trade marks that are not used for a period of three years following registration may be or become vulnerable to cancellation for non-use (s66).

It may technically be possible to obtain and maintain a registration for a trade mark that is not intended to be used. Registration and maintenance of a trade mark is not dependent upon showing evidence of use of the trade mark in the New Zealand market. However, if at the time of filing an applicant had no intention to use a trade mark then the validity of the registration may be open to challenge. The TMA requires that an applicant use or propose to use the trade mark (s32).

5) If yes to 4) above, are the rights derived from such trademark registration the same or different to registered trademarks that are used?

The rights that attach to a registered trade mark are identical whether the trade mark is used or proposed to be used.

6) Are rights in unregistered trademarks dependent on use? Whether yes or no, please explain the basis for your answer.

Rights in an unregistered trade mark are dependent on the reputation that the trade mark enjoys in New Zealand. Reputation will usually be dependent upon use in New Zealand.

7) Is there any basis to restrict the use of:

(a) a registered trademark; or
(b) a sign used as a trademark?

If yes, please explain any relevant laws or precedents.

The use of trade mark, whether registered or not, will still need to comply with New Zealand law. For example, if the use of a trade mark misleads or deceives then it may breach the Fair Trading Act.

A trade mark registration may be objected to on the basis that the use of the trade mark would be contrary to law (s17(1)(b) TMA). A specific exception exists for
tobacco product trade marks. The use of a tobacco product trade mark on non-
tobacco goods is restricted under the Smoke-free Environments Act 1990 (s24) but
the registration of a tobacco trade mark for non-tobacco goods is still allowed under
the Trade Marks Act (s17(3) TMA).
8) Is there any basis for the state or any state-controlled body to expropriate?

(a) a registered trademark;
(b) a sign used as a trademark; or
(c) the rights deriving from either (a) or (b)?

If yes, please explain any relevant laws or precedents.

We are not aware of any instances where the state or any state-controlled body has expropriated a registered or unregistered trade mark or any rights deriving from a registered or unregistered trade mark.

Ultimately, however, Parliament is considered sovereign in New Zealand and can pass any legislation that it sees fit. Fundamental common law principles do apply, however. Protections for liberty and property can be traced back to the Magna Carter. Any expropriation of a property right would require legislation and would only occur after due process of the law (see Legislative Advisory Committee Guidelines).

9) If yes to 7) or 8) above, do public interest considerations provide any basis for such restriction or expropriation ("Restriction/Expropriation")? If yes, please explain any applicable public interest considerations, and any relevant laws or precedents.

The restriction on the use of property and the expropriation of property are different actions with different considerations.

Public interest considerations will apply whether regulations are being implemented to restrict the use of property or whether property is being expropriated. Decisions about what constitutes the public interest involve social and political judgements and generally rest with the democratically elected legislature of the day.

10) If yes to 7) or 8) above, are trademarks different from other intellectual property rights in this regard?

Trade mark rights are the same as other intellectual property rights in this regard.

11) If yes to 7) or 8) above, are any treaty or other international obligations relied on to provide a basis for such Restriction/Expropriation (as applicable)? If yes, please explain the international obligations, and how those obligations are reflected in or received into your country's law.

In New Zealand, the power to accede or ratify a treaty lies with the Executive. Legislative changes may be required to give effect to obligations arising from a treaty.

We are not aware of any instances where property has been expropriated as a consequence of an international treaty entered into by New Zealand.
12) Is your country a signatory to the WHO Framework Convention on Tobacco Control ("FCTC")? If yes, has your country ratified the FCTC?

New Zealand is a signatory to the FCTC. New Zealand ratified the FCTC in 2004.

13) If yes to 12) above, has the FCTC been implemented in your country? If yes, please explain its legal impact, if any, including by reference to the Guidelines for Implementation of Articles 11 and 13 of the FCTC.

The New Zealand Government has implemented or is implementing the FCTC.

In relation to Article 11 (packaging and labelling of tobacco products), the Smoke-free Environments Regulations 2007 provide for pictorial health warnings on cigarette packaging. The Regulations also replaced the requirement for cigarette packaging to display CO, nicotine and tar figures with a requirement that packaging include a general statement about harmful chemicals and the damage they can cause parts of the body.

In relation to Article 13 (tobacco advertising, promotion and sponsorship), the Smoke-free Environments Act 1990 placed restrictions on tobacco advertising, promotion and sponsorship. The Smoke-free Environments (Controls and Enforcement) Amendment Act 2011 prohibits the display of tobacco products at any sales outlet.

14) Is the FCTC received directly into your country's domestic law or is domestic legislation required to give it effect in your country's law?

Domestic legislation is required to give effect to the FCTC in New Zealand.

15) If there is presently a legal basis in your country for permitting any Restriction/Expropriation, please answer the following questions in relation to both registered trademarks and unregistered trademarks (if your country recognizes/protects the latter).

See answer to question 8 – there is no current specific legal framework permitting expropriation of trade marks.

(a) What are the parameters for such Restriction/Expropriation? For example, the nature of any stated public interest considerations, the proportionality of the proposed measure to the Restriction/Expropriation.
(b) Is it relevant that such Restriction/Expropriation only applies in relation to a particular class of products, eg tobacco products, foods deemed to be unhealthy or alcohol?
(c) What are the financial consequences for the state and the trademark rights holder respectively? For example, is a rights holder entitled to or eligible for any compensation in respect of the Restriction/Expropriation? If yes, what type of rights holders are so entitled or eligible? If not, why is no compensation available?
(d) If compensation is available, how is it calculated?
(e) Does a trademark rights holder affected by Restriction/Expropriation have any
other claims or remedies against the state? If yes, please explain the basis and nature of any claims or remedies.

(f) In the event of Restriction/Expropriation, could a trademark remain registered?

(g) If yes, what is the consequence of any Restriction/Expropriation on a well known trademark that was registered prior to the Restriction/Expropriation?

16) If there is presently no legal framework in your country permitting Restriction/Expropriation, please answer the following questions in relation to both registered trademarks and unregistered trademarks (if your country recognizes/protects the latter).

(a) What legislative changes would be necessary in your country to implement a plain packaging regime for a specific class or classes of products such as those previously mentioned? For example, amendments to existing domestic trademark legislation, changes to your country's constitution, multilateral or supranational treaty obligations.

Legislation would be required if a plain packaging regime were adopted in New Zealand. For plain packaging of tobacco products, an amendment to the Smoke-free Environments Act 1990 is most likely to give effect to the policy.

(b) Could a plain packaging regime be implemented in your country without providing compensation to affected trademark rights holders? If no, what type of rights holders would be entitled to or eligible for compensation? If yes, why would no compensation be payable?

Compensation is usually only considered where property rights are expropriated but not where regulatory restraints are placed upon the use of property. Whether personal property is expropriated would depend on the legislation.

The Legislative Advisory Committee Guidelines suggests where property is expropriated then consideration should be given to the compensation of the loss of such rights (see 3.2.1). However, "Parliament is sovereign and can enact laws expropriating property without compensation" (Westco Lagan Ltd v Attorney-General [2001] 1 NZLR 40 at [95]).

(c) Would a trademark rights holder affected by Restriction/Expropriation have any other claims or remedies against the state? If yes, please explain the basis and nature of any claims or remedies.

Consistency with International treaty obligations may be relevant but would depend on the exact nature of the restriction or expropriation and how it is implemented.

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