Introduction

Free Trade Agreements (FTAs) provide an excellent opportunity to ensure adequate and effective protection of trademark rights on a bilateral and plurilateral basis. FTAs also reemphasize the need for a minima full implementation of the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) as well as stronger provisions to better protect and enforce intellectual property rights (IPRs).

In that context, the International Trademark Association (INTA) welcomes the negotiations for a comprehensive and ambitious trade agreement between the European Union (EU) and New Zealand (NZ), and hope that the agreement will deliver stronger, easier and more accessible IPRs at the benefit of businesses of all sizes, the economy and consumers.

It is essential to obtain stronger IP protection given both the significant contribution of IP-intensive industries and the impact of counterfeiting on the economy, growth and jobs, as demonstrated by studies conducted in different countries by INTA and by the European Union Intellectual Property Office and European Patent Organization1.

INTA would like to thank the European Commission for having made its textual proposal on the FTA IP chapter publicly available on June 13, 2018. We would like to respectfully submit comments on this proposal.

About INTA: Founded in 1878, INTA is the world’s oldest and largest brand owners association. With a membership of over 7,200 companies, INTA represents over 31,000 trademark professionals in diverse capacities: multinational corporations, businesses of all sizes, law firms and other professionals, academic institutions, and not-for-profit organizations from 190 countries, including 28 in New Zealand and 1472 in the EU.

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1 IPR contributes to 42 % of the total economic activity (GDP) in the EU and to 28 % of all jobs in the EU (60 million), according to the European Union Intellectual Property Office and the European Patent Office joint study on Intellectual property rights intensive industries and economic performance in the EU. INTA produced similar studies on the Economic Contribution of Trademark-Intensive Industries in South East Asia and Latin America. INTA-BASCAP report prepared by Frontiers Economics reports that the value of counterfeiting and piracy worldwide was estimated to €882.6 billion in 2013 and is set to reach €2,194.7 billion, while it costs 2.6 million jobs in 2013, and will amount to 5.4 million job losses in 2022.
INTA’s mission is to encourage and support best practices and excellence in the field of trademarks and intellectual property, and protection of rights for brand owners and consumers, as well as foster economic growth and innovation through awareness of the importance and development of brands. INTA is dedicated to the support and advancement of trademarks and related intellectual property rights as elements of fair and effective national and international commerce. To achieve this goal, INTA recently unveiled its new Strategic Plan, which is articulated around the following areas namely: 1) Promote the value of trademarks and Brands, 2) Reinforce Consumer Trust and 3) Embrace Innovation and Change.

**Comments and suggestions**

1. **Section A - General Provisions**

1.1 **Article X.1 - Objectives**
INTA welcomes the proposed FTA objective of promoting the production and commercialization of innovation and creative products for the benefit of the respective economies of the EU and NZ.

1.2 **Article X.2 – Nature and scope of obligations**
Paragraph 1
We welcome the requirement, established in this provision, that the parties effectively implement the TRIPS Agreement and other relevant international treaties in respect of intellectual property. This is essential to increase harmonization and legal certainty to the benefit of businesses of all sizes.

INTA, in line with its Board Resolutions (provided in the hyperlinks below) supports the accession to and proper implementation of the following international treaties:

- The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol)
- The Singapore Treaty of the Law on Trademarks,
- The Hague Agreement concerning the International Registration of Industrial Designs (Hague Agreement).

INTA understands that not all EU Member States have joined the Singapore Treaty and that New Zealand has not joined the Hague Agreement. We would therefore recommend that the FTA requests the adhesion of New Zealand to the Hague Agreement in priority.

1.3 **Article X.3 – Exhaustion**
INTA strongly supports this proposed provision: as far as trademark rights are concerned INTA supports the principle of national or regional exhaustion of trademark rights with regards to parallel imports.
We understand that New Zealand Trade Marks Act 2002 with subsequent amendment in 2003 (section 97A), currently follows a regime of international exhaustion, but as expressed in the explanatory note to the amendment bill “the parallel importing regime is not intended to encourage or legitimise attempts to sell pirated or counterfeit goods in New Zealand.”

In those countries that currently follow international exhaustion, and in which political or other conditions make it highly improbable that national exhaustion would be implemented, INTA supports that a “material differences” standard be adopted in order to exclude parallel imports that are materially different from those products authorized for sale by the trademark owner in the domestic market. More arguments in favor of the material differences standard are available here.

> We would recommend that at least, if requesting New Zealand to adopt national exhaustion is not possible, that the FTA requires New Zealand to introduce a material differences standard.

2. **Trademarks**

2.1 **Article X.17 – International agreements**

The provision requires that each party:
- complies with the Singapore Treaty on the Law of Trademarks;
- complies with the Nice Classification Concerning International Classification of Goods and Services for the Purpose of Registration of Marks; and
- makes all reasonable efforts to accede to the Singapore Treaty on the Law of Trademarks.

> As mentioned above, INTA strongly supports the promotion of, accession to and proper implementation of these International Agreements.

2.2 **Article X.18 – Signs of which a trademark may consist**

This section outlines the relevant types of signs for which a trademark may consist, including new signs such as sounds, colors and shapes and requires that signs in this regard are capable of distinguishing the goods and services of one undertaking from another and are also capable of being represented on the respective Trademark Registers of the EU and NZ.

In general, INTA supports this draft provision insofar as, according to it, a sign may be registered as trademark where:
- it is capable of performing the function of a trademark;
- it is capable of distinguishing goods and services from one undertaking from those of other undertakings and (not constitute a generic or descriptive sign; and
- it is capable of representation on the respective Registers, which means it can be adequately represented or described on a Register to enable comparison with other marks and for the purposes of searching the Register for clearance of future marks by third parties.

With the EU trademark, since October 1, 2017, the graphical representation of EU trademarks and EU Member States’ national trademarks is no longer a condition for registration. INTA welcomed the elimination of the graphical representation requirement in the EU trademark reform, as a way to facilitate the registration of nontraditional marks.

- We recommend that this provision further establishes the conditions under which a sign may be afforded trademark protection where it has acquired distinctiveness (factual distinctiveness).
- In addition, we suggest that the possibility of a trademark consisting of a combination of signs be provided for.
- Finally, we suggest that NZ considers the elimination of the graphical requirement as the EU did, in order to facilitate the registration on nontraditional marks.

2.3 Article X.20 – Registration procedure

We support this provision insofar as it requires a system of registration of trademarks for which there will be an appeal process and the ability for third parties to oppose applications. Each party to the Agreement shall also provide a publicly available electronic database of trademark applications and registrations. The proposed FTA article is, however, silent on the timeframes associated with an applicant being able to respond to an office action or file an opposition. In this respect, we recommend that it be clearly stated that a period of at least 3-6 months should be available to respond to an office action. Further, a suitable opposition period of 2-3 months should be applicable for the advertisement of accepted applications that would then be subject to potential third party oppositions.

We understand that NZ would be complying with this article, since it has an opposition system: a person has 3 months from the date of advertisement in the Journal to oppose the registration of the trademark. If no opposition is raised, then the mark will be registered not less than 6 months from the date of filing.

2.4 Article X.21 – Well-known trade marks

This requires the parties to adopt the well-known trademark provisions of the TRIPS Agreement. Articles X.17 International Agreements and X.2 Nature and Scope of Obligations require both parties to implement the obligations pursuant to the TRIPS Agreement which include detailed obligations in respect of well-known trademarks.
Pursuant to its 1996 resolution on protection of well-known marks and to its 1999 resolution on WIPO’s Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks, INTA supports the effective protection and enforcement of well-known marks worldwide and is committed to assisting countries in meeting their treaty international obligation. We encourage both the EU and NZ to align its laws and practices with the Joint Recommendation.

2.5 Article X.23 – Grounds for revocation

We note that in New Zealand the grace period after registration where use of the trademark is not required is of 3 years. The draft FTA provision proposed by the EU establishes a period of 5 years. In line with INTA Model Law Guidelines and Model Free Trade Agreement, registration shall be open to non-use cancellation within a period of time of between three and five years after registration. Therefore, we don’t think it is necessary to request NZ to extend its grace period to 5 years.

2.6 Article X.24 – Bad faith applications

INTA supports that bad faith is provided for in trademark legislation as both an absolute and relative ground of refusal. We believe that it is very important for businesses to be able to prevent the registration of bad faith trademarks, since registered trademarks may give way to abuses and various dishonest practices (e.g. interim injunctions) turned against the rightful brand owners.

➢ In accordance with our Board Resolution, we recommend that bad faith is narrowly construed to capture only conduct clearly inconsistent with norms of honest and fair commercial behavior. In this context, we suggest that the following requirements be imposed for a finding of bad faith application/registration:

- (1) the applicant/registrant knew of the third-party’s rights or legitimate interests in a mark identical to or substantially identical to the mark applied for/registered, where such knowledge is actual or may be inferred from the surrounding circumstances; and
- (2) the applicant/registrant’s conduct in applying for/registering the mark is inconsistent with norms of reasonable, honest, and fair commercial behavior.

3. Section A Sub-section 3 - Designs - Articles X.25-30

3.1 Article X.25 International agreements

INTA believes that the protection of registered designs is a key challenge of today’s economy. With the recent accession of South Korea, the United States
and Japan, the Hague System is becoming a very important tool to obtain international protection for designs. It is important to find ways to simplify and harmonize procedures for industrial design registrations. Therefore and in line with our Board Resolution, we strongly support NZ’s accession to the Hague Agreement.

In particular, we believe that accession to the Hague Agreement would bring the following advantages:

1. Easier protection for New Zealand designers in international markets through the filing a single application.
2. Cost savings including official fees, attorney fees, translation, maintenance, renewal fees
3. Increased term for designs protection for local designers
4. Incentivizing overseas designers to access protection in New Zealand through the agreement
5. Having a design registration system consistent with international norms.

3.2 Article X.26 Protection of registered designs

We support the scope of protection afforded to registered designs under this draft provision. We believe that New Zealand law already incorporates terms reflecting Article X.26.

Further, in line with INTA Model Design Law Guidelines, we recommend that the proposed FTA provisions include that protection be afforded to partial designs, i.e. that a part of a product can be registered as a design provided that it otherwise meets the requirements for registration. Indeed, many products may have quite generic appearances in their entireties, and it should be possible to register only the design of the part of the product that is new. Efforts made in relation to improvement of parts of designs should be protectable and the rights should be enforceable regardless of the design of the product in its entirety.

3.3 Article X.27 Duration of protection

In accordance with our Model Design Law Guidelines and with the Hague Agreement, INTA supports a term of protection of at least 15 years from application. The term may be made up of renewals after multiple shorter periods.

3.4 Article X.28 Protection conferred to unregistered designs

3.5 Unlike the EU, New Zealand does not have an unregistered design right. However, New Zealand’s Copyright Act 1994, provides analogous protection. Three dimensional and industrially applied works are subject to copyright protection for a period of 16 years (and New Zealand does not require registration of copyright). Additionally, even if a design is not registered, action might still be taken to protect goodwill under the law of passing off or the Fair Trading Act
Under this Act, the design is afforded protection against misleading and deceptive conduct in trade, if a third party has copied the features of a product’s design so closely that consumers are confused or likely to be confused into thinking that the third party’s product is that of the design owner or was otherwise licensed by the design owner.

3.6 Article X.29 Exceptions and exclusions

We believe that the laws governing Registered Community Designs in the EU and designs in New Zealand reflect this provision.

3.7 Article X.30 Relationship to copyright

According to its Model Design Law Guidelines, INTA takes the view that the grant or expiration of design rights should not preclude or alter other intellectual property rights, so long as the requirements for enforceable intellectual property rights are satisfied. A range of intellectual property protections may be available for a single product including utility patents for functional innovations, registered designs for aesthetic innovations, copyrights for artistic creations, and trademarks for signs which distinguish products sold in commerce. Trademark rights may accrue on such features as they are recognized by the public as distinguishing the goods or services of one entity from another.

The bases, functions, purposes, and intents of these diverse intellectual property rights (including design rights, utility patents, copyright, and trademarks) are different and stand independent of one another. Therefore, in order to spur innovation and creativity, intellectual property rights owners should be free to pursue any and all available sources of protection, both limited-term protection in the form of designs, and unlimited-term protection in the form of other intellectual property rights.

Therefore, INTA supports provision X.30 which is already reflected in both the EU and New Zealand legal systems.

Other recommendations concerning designs

- **Definition of a design- visibility**

Under New Zealand’s legislation, design means features of shape, configuration, pattern, or ornament applied to an article by any industrial process or means, being features which in the finished article appeal to and are judged solely by the eye.

In line with this provision, INTA recommends that a definition of design be introduced in the FTA clarifying that only visually perceivable design features are within the subject-matter of design protection.

- **Protection of Graphical User Interfaces (GUI)**
In New Zealand, GUI’s can be protected as they are features of pattern or ornamentation an article. INTA recognizes the commercial importance of GUIs and accordingly recommends that these be capable of registration in and of themselves. We therefore suggest that a provision is added to the FTA clarifying GUI design protection.

- **Representation of a design – number of views**

According to New Zealand’s legal framework, there is no maximum number of views in the application for the registration of a design. We applaud this approach and recommend that it be followed and expressed in the FTA’s text.

- **Multiple applications**

Under EU legislation (Council Regulation (EC) No 6/2002 on Community designs), several designs may be combined in one multiple application for registered Community designs.

According to our Guidelines for Examination of Industrial Designs, INTA considers that substantial cost and administrative savings can be made to users through the filing of multiple designs in a single application and therefore strongly recommends that Industrial Property Offices allow the filing of such multiple applications.

Accordingly, we recommend that the possibility to file multiple applications is contemplated in the FTA text.

4. **Article X. 65 – Institutional provisions**

As with other FTAs the EU negotiated, INTA would support the creation of a dedicated joint working body on intellectual property–related issues to address the implementation of the FTA provisions and of the international treaties specified above, on a regular basis.

**Conclusion**

INTA is pleased to have the opportunity to submit comments to the draft EU’s textual proposal for the EU-NZ Free Trade Agreement IP Chapter. INTA would be pleased to answer any questions that your office may have and is available to discuss our recommendations in more detail.

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