

Prosecution policy guidelines under the Trade Marks Act 2002 and the Copyright Act 1994

Introduction

1. New Zealand's regime for protecting copyright owners and trade mark from the importation of pirated or counterfeit goods is set out in the Copyright Act 1994 and the Trade Marks Act 2002. The Chief Executive of the Ministry of Business, Innovation and Employment (MBIE) is empowered to prosecute the offences of manufacturing, importing and selling counterfeited goods and pirated works prescribed in those Acts. These guidelines set out the approach that MBIE, through the Intellectual Property Office of New Zealand (IPONZ) takes in investigating and prosecuting those offences, and how IPONZ will work with other agencies that have a role in trade mark and copyright enforcement, particularly NZ Customs which also has prosecution powers.
2. These guidelines are intended to guide and inform rights holders and the public. They are a living document and may be revised from time to time in accordance with MBIE's enforcement objectives and priorities.

Legal protection of intellectual property rights

3. The Copyright Act 1994 gives the creators of a wide range of artistic, intellectual or other creative forms ("works") the rights to control who may copy, perform, adapt, or otherwise use or profit from their own creations, for a certain period of time.
4. A trade mark is a unique identifier (typically a name, logo, symbol, slogan, image or a combination of these) that enables a business to easily distinguish its goods and services from those supplied by other businesses. In other words it is a "badge of origin". It is used in marketing to enable consumer recognition that goods and services of a given quality originate from a particular business.
5. The Trade Marks Act 2002 provides a mechanism for businesses to register their genuine trade marks and protect them from unauthorised copying, i.e. counterfeiting and other forms of brand piracy.
6. In passing the Copyright Act 1994 and the Trade Marks Act 2002, the New Zealand government has recognised that there is a public interest in protecting the rights of persons to their own intellectual property. Unauthorised use may:
 - deny rights holders the legitimate proceeds of their work;
 - discourage innovation and creativity;
 - deceive consumers as to the origin and quality of goods;
 - cause health and safety risks (e.g. counterfeit pharmaceuticals or defective electrical equipment);
 - provide a source of funding for organised crime and terrorist groups.
7. New Zealand has signed up to certain international treaties and agreements about protecting intellectual property rights. The Trade Marks and Copyright Acts reflect these treaties and help New Zealand to fulfil its international obligations and contribute to global solutions.

Prosecution criteria

8. MBIE, through IPONZ, will consider each complaint on its own merits when making the decision to bring criminal proceedings. In making the decision whether or not to prosecute, MBIE must act fairly and consistently. MBIE is also mindful that not all offending should result in prosecution action, that prosecution decisions must take into account matters such as the public interest, the strength of the available evidence, the potential cost of the investigation or prosecution and the availability of funds, competing claims on those funds by other cases and the comparative importance of each case in the context of MBIE's enforcement objectives.
9. One of the key considerations will be whether any other available remedies have been exhausted or are not practically available. Criminal investigation and prosecution is not a substitute for civil remedies, and there must be a compelling public interest in order for MBIE to take prosecution action.
10. In all cases, MBIE will make an independent decision to provide instructions to the relevant Crown Solicitor to proceed with a prosecution, which will be guided by these prosecution guidelines, and will conform with the [Solicitor-General's Prosecution Guidelines](#).
11. In making prosecution decisions, MBIE will have regard to the overarching principles of MBIE's prosecution policy.
12. From time to time MBIE may concentrate on a particular area or areas of offending by way of focussed programmes. The aim of such focussed programmes would be to bring about compliance and provide deterrence in particular areas of concern.

Evidential criteria

Is there sufficient information/evidence?

13. When MBIE receives a complaint or referral, it will first consider whether there is sufficient information to indicate that an offence may have been committed. MBIE will need to consider whether there is credible evidence that an offence has been committed, whether the person who has allegedly committed it is identified or is likely to be identifiable, and whether there is one or more rights holder/s that are identified and willing to give evidence.
14. If an investigation proceeds to the point of considering prosecution, MBIE will need to assess whether:
 - the evidence identifies a particular offender;
 - the evidence is credible and whether witnesses are reliable;
 - there is sufficient evidence that is legally admissible;
 - there is an objectively reasonable prospect of a conviction on the evidence;
 - the available evidence is capable of proving the offence beyond reasonable doubt.

Public interest criteria

15. If there is sufficient evidence to support a prosecution, MBIE must also consider whether it is in the public interest for a prosecution to proceed. The criteria for this falls under three broad headings:
 - the extent of the harm;

- the seriousness of the conduct;
- other public interest factors.

The extent of the harm

16. Generally, the more significant the harm that has been, or is likely to be, caused by the alleged offending, the more likely it is that MBIE will make a decision to prosecute. The key criteria are:
- whether the alleged offending poses a risk to the health and/or safety of the public (e.g. counterfeit pharmaceuticals, cosmetics or foodstuffs, counterfeit safety equipment);
 - whether there is financial loss to the public (e.g. overpriced counterfeits, replacement costs of defective counterfeits);
 - whether there may be damage to national or regional economies;
 - whether a large number of consumers are likely to be affected (e.g. high volumes of counterfeit product, high number of sales outlets);
 - the extent of financial loss to the rights holder (e.g. direct costs, loss of market share, damage to reputation or goodwill);
 - the number of rights holders affected (e.g. distribution or sale of multiple counterfeit brands).

The seriousness of the conduct

17. Generally, the more serious the conduct, the more likely it is that MBIE will commence an investigation or continue with enforcement action. The key criteria are:
- is there repeat offending or a pattern of offending?
 - is the offending intentional or calculated?
 - has the alleged offender ignored cease and desist letters or other warnings in the past?
 - is there an indication of organised crime being involved?
 - can the breaches be remedied?
 - has the alleged offender been co-operative and /or attempted to remedy the breaches?
 - are there any aggravating or mitigating factors?
 - is a conviction likely to result in a significant penalty?
 - is the alleged offender a ringleader or organiser of the offence?

Other public interest factors

18. As with any enforcement agency, MBIE must have regard to a number of factors in the wider public interest, such as:
- whether other available remedies have been exhausted or are not practically available, including civil remedies available to rights holders under the relevant legislation;
 - whether enforcement is likely to clarify an uncertain area of the law, or otherwise achieve one of MBIE's enforcement objectives;
 - the potential deterrent effect of a conviction;
 - the cost-effectiveness of taking prosecution action;
 - whether the conduct is of a type that MBIE wishes to target;
 - whether enforcement would accord with the purposes of the legislation, in particular to address breaches of copyright and counterfeit activity in relation to trade marks in New Zealand.

Choice of charges

19. Once a decision to prosecute has been made, a choice as to which charges should be laid should reflect the criminality of the defendant's conduct. In making a decision as to which charges should be laid, MBIE will have regard to any advice of the relevant Crown Solicitor.

Disclosure and appeals

20. MBIE will adhere to the Ministry Guidelines in respect of disclosure under the Criminal Disclosure Act 2008, and in respect of the process for appeals.

Working with other enforcement agencies

21. The New Zealand Customs Service and Police also have a role in enforcing intellectual property laws. Some of the information that may be obtained during Intellectual Property Right investigations may also be of interest to other enforcement or regulatory agencies that deal with matters such as product safety (consumer products, pharmaceuticals, food), organised crime, and money laundering.
22. MBIE will share information with such agencies (within the limits of the law) and will refer any complaints that it considers would be more appropriately dealt with by another agency.

Publicity

23. MBIE will publicise the outcomes of every prosecution unless there are legal reasons (or other compelling reasons) not to do so. MBIE may also publicise the outcome of investigations that do not result in prosecution, in appropriate cases. Publicity is intended to raise awareness of intellectual property issues, to inform rights holders and the public, and to act as a deterrent to other potential offenders.

Evaluation and review

24. These guidelines may be reviewed on a regular basis, and adjusted according to changes in MBIE priorities and emerging trends or issues of concern.
25. In order to inform such reviews, MBIE will undertake regular evaluations of its prosecutions, and their costs and benefits. It may seek the views of outside agencies or interested parties in undertaking such evaluations.