

HEARINGS TECHNICAL FOCUS GROUP

29 November 2016

10.30am

MBIE Building, 15 Stout Street

Room G.14

Present

Greg Arthur (NZLS), Nick Holmes (IPTA) – via teleconference, Kate McHaffie (AJ Park), Thomas Huthwaite (Baldwins), Ian Finch (James & Wells), Richard Watts (Simpson Grierson), Dan Winfield (Duncan Cotterill)

Invitees for this meeting

- Sheana Wheeldon (attending in Wellington)

Meeting documents

- Draft frequently cited cases lists for patents and trade marks
- Costs document
- Link to published costs guidelines: <https://www.iponz.govt.nz/about-ip/trade-marks/hearings/current-hearings/costs-awards/>
- Draft pre-hearing directions for trade marks

Apologies

Andrew Brown; Barbara Sullivan (NZIPA); John Landells (IPTA)

Minutes

Previous minutes of 1 August 2016 agreed.

Actions

| No. | Action | Comment |
|-----|--|---------|
| 1 | Next meeting to be organised for March 2017 . | |
| 2 | Agenda for next meeting to be circulated by TBC | |
| 3 | Pre-hearing directions to be drafted and circulated | |

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| 4 | Two Costs Schedules to be drafted and circulated – one for Trade Mark proceedings, and one for Patent proceedings | |
| 5 | Hearings Office process and practice guidelines to be amended with regard to costs in withdrawn proceedings – due to either party, or where proceedings are upheld due to the non-filing of a counterstatement. | |
| 6 | Evidential requirements to be reviewed. HO to consider whether to align to a similar practice to Australia, and provide a deadline for raising evidential issues. | |

Agenda

1. Hearings Office updates:

- 1.1 Update on recruitment for new Assistant Commissioner (AC) – signalled at last meeting, will assist in workload, currently 6 month delay for hearing; total of 6 ACs once the current vacancy has been filled.
 - 1.1.1 Changed the model so AC's being are now expected to hear both trade mark and patent cases.
 - 1.1.2 There was a question regarding decisions over registrability for patents. The Hearings Office confirmed that AC Glover has just done one of these decisions; and the Hearings Office has capacity for them and the right capabilities.
 - 1.1.3 The process for hearings with current AC's is working well and there are high quality decisions being issued, as confirmed by the feedback from attorneys and the courts.
- 1.2 Earthquake – business as usual.
- 1.3 Hearings scheduling – as above.
- 1.4 Costs implications now mentioned in “Deadline for Counterstatement” correspondence at suggestion of an AC.
- 1.5 AC conference feedback – the HO Conference was held since the last TFG
 - 1.5.1 It is a twice yearly meeting held with the ACs, to ensure consistency in our decisions, and to provide for feedback on ideas and areas for change or improvement in the Hearings Office.
 - 1.5.2 There was some feedback with regard to case management and costs – which will be covered under the separate agenda items.

2 Hearing rooms

- 2.1 Was not discussed due to time constraints. Will be carried over to future meeting.

3. Frequently cited cases update

- 3.1 The Hearings Office provided the HTFG members with draft updated lists of frequently cited cases for their review.
- 3.2 At the meeting, the members reviewed the lists and reached agreement on the cases that should be in them.
- 3.4 The members asked if the Hearings Office could include hyperlinks to the cases on the lists. The Hearings Office agreed to do so where possible.
- 3.3 The Hearings Office undertook to publish the updated lists on its website.
- 3.5 It was noted that if the cases are already with IPONZ and are electronically available that parties could just take the AC to the relevant section during a hearing. The Hearings Office noted that in the future the aim is to have all of the cases available electronically in the hearing, but they are not there yet.

4. Extensions of time to oppose – Regulation 75 Trade Marks Regulations 2003

4.1 TM Regulation 75(2) reads:

- (1) A party who opposes an application for registration of a trade mark must file a notice of opposition with the Commissioner within 3 months after the date when acceptance of registration was first advertised.
- (2) The Commissioner may, if requested, extend the deadline for filing a notice of opposition—
- (a) by up to 1 month, without the applicant's consent; **and**
- (b) by up to 2 months, with the applicant's consent.
- (3) The Commissioner must not extend the deadline if the request for extension is received after the deadline has expired.

(my emphasis)

- 4.2 The use of the word “and” in reg 75(2)(a) raises a question of what is the total maximum extension of time available. One possible interpretation is that there is a 1 month extension available under (a) together with a further 2 month extension available under (b). That is, a total of 3 months extension is possible. However, the alternative reading is that (a) and (b) should be read together as meaning there is a maximum total possible extension of 2 months available. That is, you can get 1 month extension without consent and up to 2 months extension with consent.

- 4.3 The Hearings Office Guidelines currently state that there is a maximum of 3 months extension available. However, in light of the fact that the corresponding patent

regulation 93 uses the word “or” instead of “and” the question of the correct interpretation was put to the HTFG members for discussion.

- 4.4 The general consensus was that the Trade Marks Regulations probably intended the extension available to be either one month or two months; but there were clearly statutory interpretation issues given the use of the word “and” so the current practice should not be changed.
- 4.5 It was however agreed that IPONZ should seek an amendment of trade mark regulation 75 to make it consistent with patent regulation 93 by using the word “or” instead of “and”.
- 4.6 Regulation 16 in the Trade Marks (International Registration) Regulations 2012 also needs to be amended.

5. Case Management

- 5.1 The Hearings Office made the distinction between (1) **pre-hearing directions** and (2) **Case Management**, and how the two could be used together to improve the hearings process.
- 5.3 Regulation 124(2) governs pre-hearing directions e.g. exchange of submissions, deadlines for filing submissions and this should be used in preparation for hearings rather than resorting to case management.
- 5.3 It was agreed that there was no compelling case for case management to be a standard step in trade mark proceedings. Instead, it would be reserved for dealing with exceptional issues as and when needed.
- 5.4 The HTFG then considered the Hearing Office’s draft TM pre-hearing directions.
 - 5.4.1 Sequential exchange of submissions: There was general consensus to a sequential exchange of submissions with 10 working days for the initiating party and 5 working days for the other party. There was some concern that in exceptional cases more time may be needed. The Hearings Office pointed out they were only standard directions and could be modified on a case by case basis if necessary.
 - 5.4.2 Length of hearings: Agreed on a standard direction that the hearing would be scheduled for a one day hearing from 10am – 5pm (or equivalent). It was noted that a longer hearing could be arranged if the parties advised in advance that more time would be needed.
 - 5.4.2 Evidential Issues: The Hearings Office proposed that there be a direction that parties raise any evidential issues. Members agreed that there should be a general expectation that parties signal evidential issues as soon as possible. There was then considerable discussion about appropriate timeframe for signalling these issues. One possibility was 20 working days after being served with evidence, which is consistent with the High Court Rules. Another option was to adopt a similar approach to IP Australia where a deadline is set from the closing of evidence to raise any evidential or pleadings issues. The discussion then turned to what type of evidential issues must be raised. The Australian approach seemed the preferable option together with a reminder in the pre-hearing directions that this was a last opportunity to raise any evidence issues.

- 5.4.3 Common bundle of documents: It was agreed that the parties should provide a common bundle of documents.
- 5.4.4 Bundle of authorities: It was agreed that both parties should provide the Commissioner with an indexed common bundle of authorities. The parties should co-operate to prepare the bundle. A question was asked regarding what the Assistant Commissioners would prefer – for example, would they like the decisions uploaded in electronic form rather than turning up with paper copies at the hearing? The Hearings Office confirmed there is an expectation that all authorities are loaded onto the IPONZ Case Management System and that the parties should also provide a hard copy of their joint bundle of authorities at the hearing.
- 5.5 It was agreed that if the Hearings Office were to follow the IP Australia type model for case management that it would apply to both trade mark and patent proceedings. If the IP Australia timings also work for New Zealand it would make sense to keep them consistent.
- 5.6 In the event that case management is required, members suggested the success or failure depends on whoever is managing that process. There was support for Assistant Commissioners to play a firmer role in case management generally and there would need to be capacity in the role to be active and robust, and not just “deal with it later” at the substantive hearing. This would also require a culture change at IPONZ as well as the profession.
- 5.6 Members also felt there should be cost implications if grounds or prior art are dropped in the late stages of proceedings when this should and could have been signalled earlier. The Hearings Office pointed to the new Hearings Costs Guidelines which were principle based and already covered this precise situation.

6. Further review of costs schedule/s

- 6.1 The group agreed that there should be two separate schedules – one for Patents and one for Trade Marks to reflect the greater complexity and costs in patent proceedings
- 6.2 The Hearings Office reported back on the Assistant Commissioners feedback on costs from its Hearings Office Conference:
- The Courts have moved away from percentage vs actual.
 - The guiding principal is to avoid the arguments over costs, and evaporate the recovery issues with regard to how much to return.
 - Certainty is the overriding principal.
 - As IPONZ is a tribunal it cannot have a high scale of costs as that goes against its purpose: quicker, cheaper, more accessible and less formal. It would be wrong to limit access to the tribunal especially for individuals and small businesses.
 - For the AC to make the decision on costs.
- 6.3 It was, however, agreed by all that the current amounts for steps needed to be higher.
- 6.4 Discussion was held regarding the practice as to costs agreements before withdrawing, especially where costs are sought in the initiating notices.

- 6.4.1 There was disagreement with the current practice of the default position that a party will not get costs unless there is a prior agreement in place before withdrawing a proceeding/application even if they had requested costs in their pleadings.
- 6.4.2 It was agreed that at the conclusion of a proceeding due to a withdrawal that the Hearings Office would amend their correspondence, and provide the successful party with a deadline to request the award for costs. It was agreed that a one month deadline would suffice.
- 6.5 With regard to the amounts of costs on the schedules it was agreed that the HO would draft two schedules for circulation and agreement at the next HTFG.

7. Any other business

- 6.1 Clarification was sought with regard to the different criteria for Security for Costs between patents and trade marks.
 - 6.1.1 The Hearings Office advised that they had requested an amendment to the Trade Mark Act to make the security for costs provision consistent with new Patents Act.
- 6.2 Discussion was also had with regard to where the security should be held, for example, whether it should be in trust.
 - 6.2.1 The Hearings Office stated that it was for the parties to agree.
 - 6.2.2 There is a technical issue where IPONZ cannot hold the funds in trust.
 - 6.2.3 When there is professional counsel involved, the monies should be held in their trust account together with the standard solicitors' undertakings to pay.

8. Next meeting

- 7.1 Agenda Items for the Next Meeting
 - Consideration of the case management proposal; and
 - Review of the costs proposal.
- 7.2 It was agreed that the next meeting will be held in March 2017.