



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HIKINA WHAKATUTUKI

Targeted Consultation Document

Implementation of the Trans-Pacific Partnership Intellectual Property Chapter

How to have your say

Submissions process

The Ministry of Business, Innovation and Employment (MBIE) seeks written submissions on the issues raised in this document by 5pm on **Wednesday 30 March 2016**.

Your submission may respond to any or all of these issues. We also encourage your input on any other relevant issues. Where possible, please include evidence to support your views, for example references to independent research, facts and figures, or relevant examples.

Please use the submission template provided at: <http://www.mbie.govt.nz/info-services/business/intellectual-property/tpp-intellectual-property-chapter/implementation-consultation>. This will help us to collate submissions and ensure that your views are fully considered. Please also include your name and (if applicable) the name of your organisation in your submission. Please include your contact details in the cover letter or e-mail accompanying your submission.

You can make your submission:

- By sending your submission as a Microsoft Word document to: tpp.ip.policy@mbie.govt.nz.
- By mailing your submission to:

Business Law
Building, Resources and Markets
Ministry of Business, Innovation & Employment
PO Box 1473
Wellington 6140
New Zealand

Please direct any questions that you have in relation to the submissions process to: tpp.ip.policy@mbie.govt.nz.

Use of information

The information provided in submissions will be used to inform MBIE's policy development process, and will inform advice to Ministers on the intellectual property changes that will be included in the Trans-Pacific Partnership implementation bill.

We may contact submitters directly if we require clarification of any matters in submissions.

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List of Acronyms

| | |
|---------|--|
| BPMs | Border protection measures |
| MBIE | Ministry of Business, Innovation and Employment |
| Medsafe | New Zealand Medicines and Medical Devices Safety Authority |
| TPM | Technological protection measure |
| TPP | Trans-Pacific Partnership |
| WIPO | World Intellectual Property Organization |
| WPPT | WIPO Performers and Phonograms Treaty |

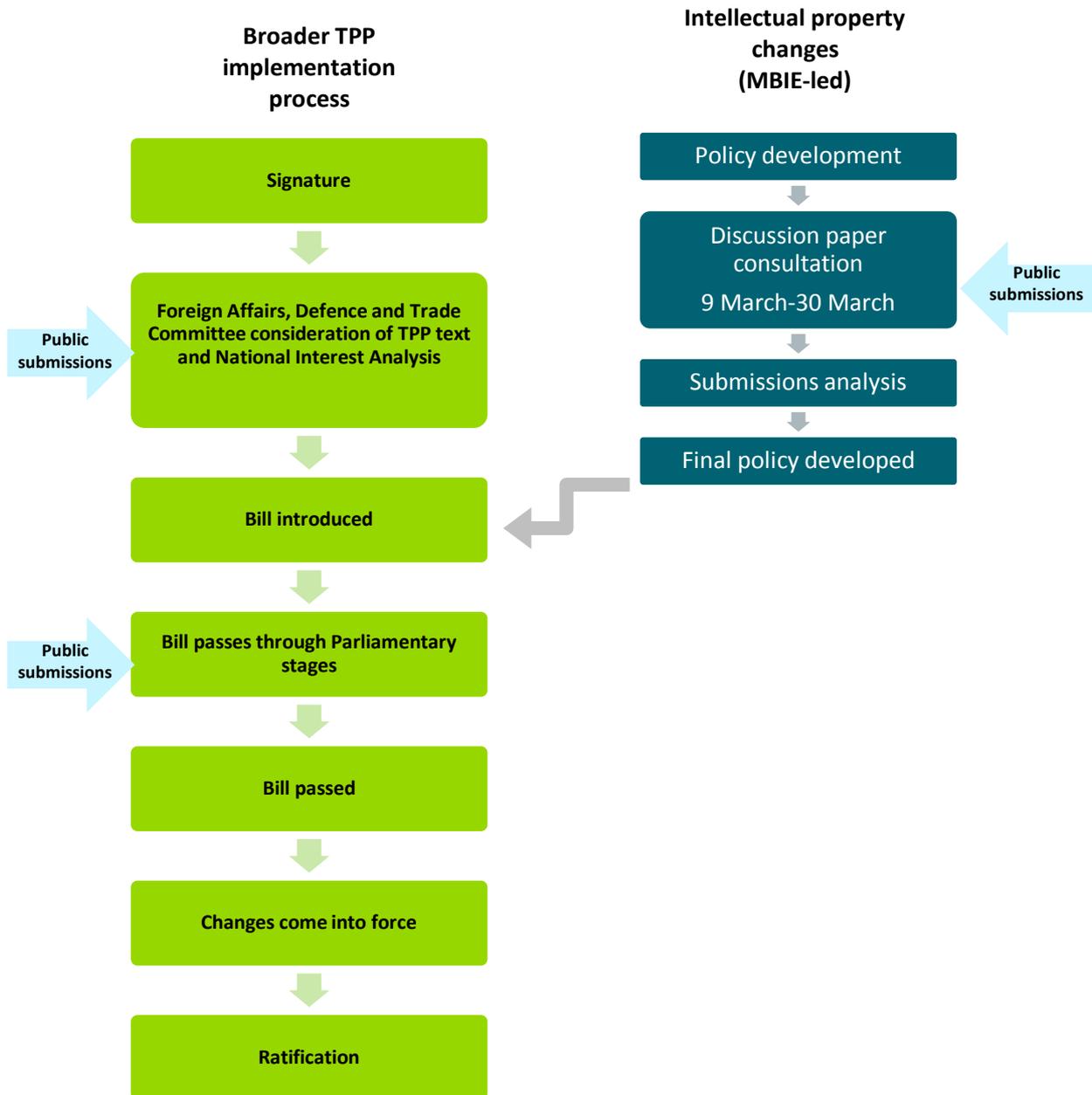
1 Introduction

Purpose of this discussion paper and context

1. The Trans-Pacific Partnership Agreement (TPP) is a free trade agreement between 12 Pacific-rim countries: New Zealand, Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, Singapore, the United States and Viet Nam. Ministers announced the conclusion of negotiations on 5 October 2015 and TPP was signed on 4 February 2016. TPP has not yet entered into force.
2. The Government has directed officials to prepare the legislation necessary to enable New Zealand to ratify TPP.
3. TPP includes an intellectual property chapter that contains the most extensive set of intellectual property obligations in a free trade agreement negotiated by New Zealand. Most provisions of the chapter are consistent with New Zealand's existing intellectual property regime. However, some provisions require New Zealand to make legislative changes before we can ratify TPP.
4. The Ministry of Business, Innovation and Employment (the Ministry) is providing advice to the Government on the intellectual property changes required to ratify TPP. As New Zealand has negotiated some flexibility in how we implement many TPP obligations, the Government is considering how to implement them in the most beneficial manner for New Zealand.
5. The Ministry is therefore seeking public feedback on the Government's proposed approach to implementation of the TPP intellectual property chapter.

Process for implementation of the TPP intellectual property changes

6. The Government is developing the implementing legislation necessary to ratify TPP (the TPP implementation bill). The Government's expectation is that the TPP implementation bill will be introduced to Parliament soon after the Foreign Affairs, Defence and Trade Committee reports back to Parliament on the text of TPP and the TPP National Interest Analysis.
7. The preparation of the intellectual property changes will need to fit into the wider timeframes that have been set down for TPP implementation as a whole.



What is this document for?

8. This discussion paper:
 - a. describes the intellectual property changes required by TPP
 - b. seeks feedback on our proposals for implementing those changes.

How to use this document

9. We have included suggested questions throughout the document but we welcome any other relevant information that you wish to provide. All paragraphs are numbered for ease of reference.

2 What intellectual property changes are needed to ratify TPP?

10. The TPP intellectual property chapter sets out a number of obligations for TPP countries. These obligations cover copyright, patents, data protection for pharmaceutical products, plant variety rights, trade marks, geographical indications, industrial designs, domain names, enforcement of intellectual property rights and internet service provider liability. The chapter also contains provisions on cooperation, traditional knowledge, traditional cultural expressions and genetic resources.
11. The intellectual property chapter contains an extensive set of provisions, many of which go beyond the obligations New Zealand has under multilateral treaties like the World Trade Organization's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) or under New Zealand's previous free trade agreements. However, most provisions are consistent with New Zealand's existing law.
12. Some provisions will require New Zealand to make changes to law before we can ratify TPP. These include changes to New Zealand's Copyright Act 1994, Patents Act 2013 and Trade Marks Act 2002. These changes are summarised in the table on the following page. New Zealand is also obliged to accede to a number of international intellectual property treaties that, with the exception of the WIPO Performers and Phonograms Treaty (discussed below in relation to performers' rights), require only minor or technical changes to our laws.
13. The intellectual property chapter also requires New Zealand to make changes to the Plant Variety Rights Act 1987. New Zealand has the option of either acceding to the most recent version of the International Convention for the Protection of New Varieties of Plants (UPOV 91), or to implement a plant variety rights system that gives effect to UPOV 91. When implementing this obligation, New Zealand would have the right to adopt any measures that it deems necessary to protect indigenous plant species in fulfilment of its obligations under the Treaty of Waitangi. Those options are not covered in this targeted consultation document as they do not need to be implemented before New Zealand ratifies the TPP. They can be made within three years of the TPP entering into force for New Zealand (the period for implementing these changes could therefore be up to five years after the TPP was signed).

Changes to be included in the TPP implementation bill

Copyright Act 1994

Extension of copyright term from 50 to 70 years (or from life + 50 years to life + 70 years). The extension applies to works that are still within their current 50 year term of protection, but not those that have already fallen into the public domain.

Technological protection measures – provide stronger protection to technological protection measures (TPMs), which are digital ‘locks’ that protect copyright works. The main new requirement is to provide civil and criminal remedies against people breaking TPMs.

Performers’ rights – new exclusive moral and property rights for performers such as musicians and actors, in relation to their performances, including in relation to the live communications (e.g. broadcasting) and recordings of their performances.

Border protection – additional powers for the New Zealand Customs Service to detain suspected infringing works at the border to assist copyright owners to enforce their rights.

Other changes – additional protection for rights management information and new protections for encrypted program-carrying satellite and cable signals.

Patents Act 2013

Patent term extension to compensate for unreasonable delays – New Zealand would be required to extend the term of a patent to compensate for any unreasonable delays in the patent examination process. Similarly, New Zealand would need to extend the term of a patented pharmaceutical product if there is an unreasonable curtailment of the effective patent term as a result of Medsafe’s safety and efficacy approval process.

Grace period – New Zealand would need to adopt a 12 month “grace period” for patent applicants. This means that if inventors make their inventions public, they would not lose their ability to be granted a patent in New Zealand if a patent application is filed within 12 months of the disclosure.

Trade Marks Act 2002

Additional damages – New Zealand would need to give New Zealand courts discretion to award additional damages for trade mark infringement, on top of the compensatory damages already provided for under New Zealand law. This would align damages for infringement of trade marks with those for copyright infringement in New Zealand.

Remedies for infringement – Clarifying that the courts should order the destruction of counterfeit goods, except in exceptional circumstances.

Border protection – Additional powers for the New Zealand Customs Service to detain suspected infringing goods at the border to assist trade mark owners to enforce their rights.

3 What changes are being consulted on in this paper?

14. Many of the domestic legislative changes required to implement TPP will not require significant policy development before they can be included in the TPP implementation bill. However, as New Zealand has negotiated some flexibility in how we implement many TPP obligations, there are policy decisions to be made on how to implement them in the most beneficial manner for New Zealand.
15. This discussion paper seeks feedback on the implementation of the TPP obligations to provide:
 - a. civil and criminal prohibitions against people circumventing technological protection measures, including what exceptions and limitations should be provided for
 - b. an extension of the patent term to compensate the patent owner for any unreasonable delay in the grant of a patent
 - c. an extension of the patent term, in respect of a pharmaceutical substance that is the subject of a patent, to compensate the patent owner for any unreasonable curtailment of the effective patent term as a result of Medsafe's marketing approval process
 - d. a more extensive regime for performers' rights, including what exceptions and limitations should be provided for in relation to those rights
 - e. Customs with the power to detain suspected infringing goods on its own initiative (*ex officio*), without first having accepted a border protection notice from a rights holder¹.
16. The targeted consultation document sets out how the Ministry proposes the TPP obligations for each of these matters should be implemented, and seeks feedback on the proposed approach.
17. The targeted consultation document does not cover the TPP intellectual property obligations where there is little or no flexibility in the implementation approach. These include copyright term extension, additional protection for rights management information, new protections for encrypted program-carrying satellite and cable signals, providing a 12-month patent "grace period" and the additional damages and remedies for infringement under the Trade Marks Act. The public will have opportunities to provide comment on these areas as part of the consideration of the TPP text and TPP National Interest Analysis by the Foreign Affairs, Defence and Trade Committee (currently underway – submissions close on 11 March 2016) and when the TPP implementation bill is examined by a Parliamentary select committee.
18. Furthermore, this discussion paper is confined to TPP implementation and does not seek feedback on other intellectual property issues. Broader issues around intellectual property are being examined in other policy processes. For example, the Government is currently undertaking a Creative Sector Study that is investigating the role of copyright and registered designs in the creative sector. One of the aims of this study is to identify potential copyright or design issues that may need future consideration by Government.

¹ "Infringing goods" in this context are goods that appear to infringe copyright or a registered trade mark.

TPP implementation overarching objectives

19. The Ministry's overarching objectives in developing its approach to implementing the intellectual property chapter of the TPP have been to:
 - a. enable New Zealand to meet the TPP obligations
 - b. minimise the impact of changes to intellectual property settings to maintain an appropriate balance between rights holders and users
 - c. provide certainty and minimise compliance costs.
20. These overarching objectives should be borne in mind when commenting on proposals and alternative options in each area.

1

Have the overarching objectives been framed correctly for this policy process? If not, what would be more appropriate objectives?

4 Technological protection measures

21. Under TPP, New Zealand would be required to provide stronger protection to technological protection measures (TPMs), but the agreement allows flexibility to provide exceptions and limitations to these new prohibitions as part of the implementation process.
22. The Government intends to create exceptions, in line with the provisions of TPP, that ensure people can continue to circumvent TPMs for legitimate purposes. Circumventing a TPM for the purpose of otherwise lawfully accessing a copyright work will not be a breach of copyright.
23. This section seeks feedback on what exceptions and limitations should be provided for.

What are technological protection measures?

24. TPMs are digital locks that copyright owners use to stop their material being accessed or copied. TPMs facilitate the development of online business models for the delivery of copyright works to consumers.
25. There are two main types of TPMs:
 - a. **TPMs that control access to copyright works:** TPMs that prevent unauthorised persons from being able to access content in order to be able to read, listen to, or watch material
 - b. **TPMs that protect against copyright infringement:** TPMs that prevent a person from infringing copyright but do not prevent a person accessing the material to read, listen or watch it.
26. It is possible to circumvent a TPM intended to control access to a copyright work, or a TPM intended to protect against copyright infringement, without subsequently using the protected work in a way that infringes copyright. Simply accessing a work which is protected by copyright does not necessarily infringe copyright in that work, unless that accessing involves making an unauthorised copy of the work or constitutes another infringing act. It is also possible to circumvent a TPM intended to protect against copyright infringement without infringing copyright (for example, to make a copy of a work for a use permitted under the Copyright Act).
27. Accordingly, TPMs that control access to copyright works may prevent activities that do not infringe copyright.

| Examples of TPMs that control access to a copyright work | Examples of TPMs that protect against copyright infringement |
|--|---|
| <ul style="list-style-type: none"> • <u>Password control systems</u> which limit access to content on a website to authorised members. • <u>Regional locks</u> applied to physical media that restrict access to copyright content (e.g. the film stored on a disk) to authorised players (e.g. DVD or Blu-ray Disc players with the correct region code). | <ul style="list-style-type: none"> • <u>A software lock</u> which prevents you from making a copy of a computer programme. • <u>Encryption measures</u> stored on the disk containing a movie or song, which prevent you from copying the movie or song. • <u>A function that 'locks' documents</u> to prevent them from being copied (e.g. security permissions that prevent printing, or copying and pasting text). |

What TPM protections and exceptions are currently provided for under the Copyright Act?

28. The Copyright Act 1994 currently provides a combination of prohibitions and exceptions in relation to *enabling circumvention of TPMs that protect against copyright infringement*. This combination of prohibitions and exceptions balances the rights of copyright owners to protect copyright works with the ability of users to use content for legitimate purposes.
29. Section 226A of the Copyright Act prohibits:
- making, importing, or dealing in TPM circumvention devices with knowledge or reason to believe that the device will be used, or is likely to be used, to infringe copyright in a work protected by a TPM
 - providing a service intended to circumvent a TPM with knowledge or reason to believe that the service will, or is likely to, be used to infringe copyright in a work protected by a TPM
 - publishing information enabling or assisting another person to circumvent a TPM if that information is intended for use in infringing copyright in a work protected by a TPM.
30. Unless an exception is provided for, the distributor of a work protected by a TPM (the copyright owner or a licensee) has the right to take civil proceedings against a person who carries out any of the above conduct. Civil remedies include forfeiting the profits made as a result of the prohibited conduct or compensation for the injury caused.²
31. People engaging in the above conduct in the course of business may also be liable to criminal penalties (a fine not exceeding \$150,000 or a term of imprisonment not exceeding 5 years, or both).
32. Alongside these prohibitions, the Copyright Act provides exceptions to enable:
- the exercise of a permitted act under Part 3 of the Copyright Act³
 - a qualified person⁴ to exercise a permitted act under Part 3 of the Copyright Act on behalf of another person
 - certain persons to undertake encryption research.

² These are the same civil remedies as for copyright infringement.

³ Part 3 of the Copyright Act allows for certain permitted acts to be exempt from copyright restrictions. A full list of permitted acts under Part 3 is included as Annex 1.

⁴ Section 226D(3) defines a qualified person as the librarian of a prescribed library, the archivist of an archive, an educational establishment, or any other person specified by the Governor-General by Order in Council on the recommendation of the Minister.

33. Currently, the Copyright Act does not prohibit:
 - a. a person circumventing a TPM, or
 - b. providing services and devices for circumventing TPMs that solely control access to a copyright work.
34. However, if copyright is infringed as a result of engaging in this conduct, copyright liability may still apply.
35. The Crimes Act 1961 contains criminal prohibitions against certain conduct involving computers (sections 249 to 252), including accessing a computer system for a dishonest purpose. The Crimes Act provisions apply irrespective of whether the material protected by the TPM is protected by copyright. There may be circumstances where acts involving the circumvention of a TPM are prohibited by the Crimes Act. Nevertheless, most of the acts prohibited by these sections are beyond the scope of the protections provided for TPMs under the Copyright Act.

What does TPP require?

Prohibitions required by TPP

36. Under Article 18.68 of the TPP, unless an exception is provided for, New Zealand would be required to make civil remedies available against any person who:
 - circumvents a TPM that controls access to a copyright work (new prohibition), or
 - provides devices or services that enable the circumvention of a TPM that:
 - protects against copyright infringement (current prohibition) or
 - controls access to a copyright work (new prohibition).
37. Criminal penalties would also apply, but only if a person is found to have engaged wilfully and for commercial purposes or advantage. The civil remedies and criminal penalties would be the same as those currently provided for in relation to breaches of the TPM prohibitions.
38. Unless an exception or limitation is provided for, these new prohibitions would apply regardless of whether copyright is infringed or not. However, the Government intends to provide exceptions and limitations to ensure that people can still use copyright content for legitimate purposes.

Exceptions permitted by TPP

39. Article 18.68.4 allows New Zealand to provide exceptions and limitations to the TPM prohibitions, provided that the following conditions are met:
 - The exception or limitation enables a use that does not infringe copyright.
 - The prohibition has an actual or likely negative impact on a use that does not infringe copyright.
 - The limitations and exceptions do not undermine the adequacy of New Zealand's legal system for the protection of TPMs, or the effectiveness of legal remedies against the circumvention of such measures.
 - Any limitations or exceptions in relation to enabling circumvention only enable the legitimate use of the exception by its intended beneficiaries.

40. Non-profit libraries, museums, archives, educational institutions, and public non-commercial broadcasters can also be exempted from criminal liability, and from civil liability if the relevant act was done in good faith without knowing the conduct was prohibited.⁵

How would this obligation be implemented?

41. New Zealand's current prohibitions relating to providing devices or services that enable circumvention of TPMs that protect against copyright infringement largely meet the TPP standards. However, in order to ratify TPP the Copyright Act would need to be amended to:
- extend the current prohibitions so that they relate to both TPMs that protect against copyright infringement and TPMs that control access to copyright works
 - provide for civil and criminal remedies for the circumvention of a TPM that controls access to a copyright work
 - provide for exceptions and limitations.
42. In order to strike an appropriate balance between the rights of copyright owners to protect their copyright works and the ability of users to make use of content for legitimate purposes, it is proposed that the following exceptions to the prohibitions on TPMs be provided for:
- exceptions to cover circumvention for the purpose of currently permitted acts under Part 3 of the Copyright Act
 - exceptions for situations where copyright is not infringed
 - exceptions relating to libraries and other non-profit entities.
43. Further detail on each of these exceptions is outlined below.

Exceptions to cover all currently permitted acts under Part 3 of the Copyright Act

44. Part 3 of the Copyright Act provides an important balance between the protection of copyright works and the facilitation of content consumption by allowing for certain permitted acts in relation to copyright works.
45. Part 3 permitted acts include:
- fair dealing for the purpose of criticism, review, news reporting, research, or private study
 - various educational purposes – for example, performing or showing a work in the course of activities of an educational establishment
 - time shifting of TV programmes for viewing at a later time
 - back up of computer programmes
 - braille copies of literary or dramatic works.
46. A full list of the Part 3 permitted acts is included in Annex 1.
47. It is proposed that exceptions be provided for so that TPMs can be circumvented, and TPM circumvention devices and services supplied, to enable the exercise of a permitted act under Part 3 of the Copyright Act.

⁵ Article 18.68.1

Exceptions for situations where copyright is not infringed

48. Unless an exception is provided for, TPP will prohibit conduct in relation to TPMs even if, in accessing the relevant work, copyright was not infringed. We therefore recommend that exceptions be provided for situations where copyright is not infringed, and that these exceptions apply to both the prohibition on circumvention, and the prohibition on providing devices or services that enable circumvention.

| Proposed exceptions | Examples of when the exception would apply |
|---|--|
| <p>To allow access to computer programmes that are embodied in a machine or device and restrict the use of goods (other than the work) or services in relation to the machine or device.</p> | <ul style="list-style-type: none"> • Enabling use of a generic (rather than manufacturer-approved) printer cartridge. • “Unlocking” a device to enable connection to an alternative wireless network (e.g. mobile or wifi) provided there is authorisation to do so. • “Jailbreaking” a legitimately purchased device to install legitimately purchased, non-infringing, apps or other software. • For the diagnosis, repair, or lawful modification of a vehicle. |
| <p>To enable circumvention of a TPM that to the extent that it controls geographic market segmentation by preventing the playback of legitimate physical copies of a film, sound recording, or computer game in New Zealand.</p> | <p>Viewing or using legitimate, non-infringing copies of physical works, such as DVDs for films or computer games, where regional zone protection is included.</p> |
| <p>To enable interoperability of an independently created computer programme with the original programme or other programme.</p> | <p>Allowing a third-party plug-in with another developer’s software.</p> |
| <p>To enable encryption research.</p> | <p>Allowing study or employment in the field of encryption technology for the purpose of identifying and analysing flaws and vulnerabilities of encryption technology.</p> |
| <p>To enable good-faith security research.</p> | <p>Allowing for the good-faith testing, investigating, or correcting of the security of a computer, computer system, or computer network.</p> |
| <p>To enable online privacy.</p> | <p>Allowing the circumvention of a TPM to remove unwanted programmes that are collecting personal information.</p> |
| <p>To enable law enforcement and national security.</p> | <p>To allow anything lawfully done for the purposes of law enforcement, national security, or performing a statutory function, power or duty.</p> |

| | |
|--|---|
| To enable individual play by gamers of legitimate video games for which outside server support has been discontinued. | Where a developer decommissions support for a legitimately purchased game that is no longer popular, rendering it unplayable. |
| For any other purpose that does not infringe copyright. | Enabling any other use that does not infringe copyright where there is an actual or likely negative impact on that non-infringing use. It is proposed that a regulation-making power be included to enable this exception to be clarified from time to time – for example, by excluding specific activities. |

49. In providing feedback on these exceptions, we would welcome comments on whether:
- any other exceptions are necessary to ensure that the new TPM prohibitions do not have an actual or likely impact on any non-infringing use
 - there would be a likely adverse impact on non-infringing uses in general if the exception for any other purpose that does not infringe copyright was not provided for
 - there should be a regulation-making power to enable the exception for any other purpose that does not infringe copyright to be clarified, and if so, what criteria should be considered.

Exceptions relating to libraries and other non-profit entities

50. Article 18.68 allows non-profit libraries, museums, archives, educational institutions, or public non-commercial broadcasters (**non-profit entities**) to be exempt from criminal liability, and from civil liability, if the relevant act was done in good faith without knowing the conduct was prohibited.
51. These non-profit entities play an important role in enabling the consumption of copyright material. It is proposed that they be:
- exempt from criminal liability in respect of anything done by these entities in performing their functions
 - exempt from civil liability:
 - in respect of anything done by these entities in performing their functions; and
 - provided that the relevant act was done in good faith without knowing the conduct was prohibited.
52. If the above exceptions are adopted, the current exception enabling a qualified person to exercise a permitted act under Part 3 of the Copyright Act would no longer be required. This is because any person would now be able to provide a TPM circumvention device or service to another person to enable the exercise of a permitted act.

2 Do you agree with the exceptions or limitations proposed for TPMs? What would be the impacts of not providing these exceptions? Please be specific in your answers.

3 Do you agree that the exceptions proposed for TPMs should apply to both prohibitions (i.e. circumventing a TPM and the provision of devices or services that enable circumvention)? Why / why not?

| | |
|---|--|
| 4 | Do you agree that, if our proposals are implemented, the current exception allowing a qualified person to circumvent a TPM that protects against copyright infringement to exercise a permitted act under Part 3 would no longer be required? Why / why not? |
| 5 | Are there any other exceptions or limitations to the TPM prohibitions that should be included in the Copyright Act? Please explain why any additional exceptions would be necessary. |
| 6 | Would there be a likely adverse impact on non-infringing uses in general if the exception for any other purpose that does not infringe copyright was not provided for? Please be specific in your answers. |
| 7 | Should there be a regulation-making power to enable the exception for any other purpose that does not infringe copyright to be clarified, and if so, what criteria should be considered? |

5 Patent term extension for delays in patent grant

53. Under TPP, New Zealand would be required to compensate a patent owner for any “unreasonable delays” in the grant of the patent. This section seeks feedback on how this obligation should be implemented in legislation.

What is the current position?

54. A patent provides its owner with the right to prevent others from marketing the patented product for the duration of the patent term. This enables the patent owner to charge higher prices for the patented product than might be the case without a patent, and provides an incentive for innovation that might not otherwise take place.
55. Currently the patent term in New Zealand is twenty years from the date of filing of the patent application, with no provision for any extension.
56. In New Zealand, patents are granted after the patent application is examined by the Commissioner of Patents to determine whether the criteria for grant of a patent are met.

What does TPP require?

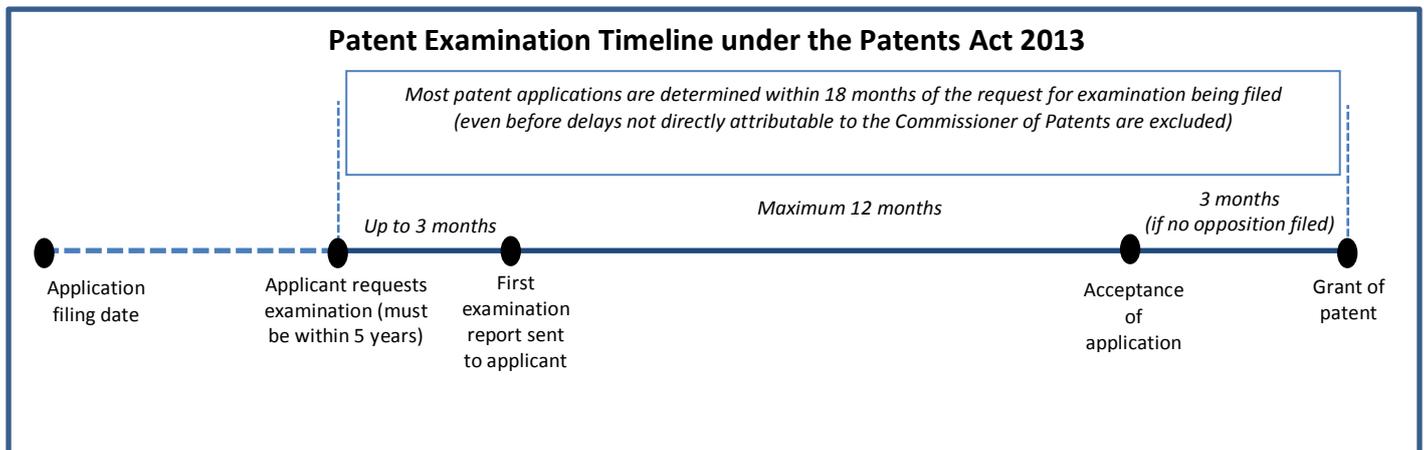
57. TPP Article 18.46.3 requires New Zealand to make available an extension of the patent term to compensate a patent owner for any “unreasonable delays” in the grant of the patent.
58. “Unreasonable delay” is defined in TPP Article 18.46.4 as a delay in grant of the later of:
- more than 5 years from the date of filing of the patent application in New Zealand
 - more than 3 years from the date of filing of a request for examination.
59. When determining whether or not there has been unreasonable delay, Article 18.46.4 allows New Zealand to exclude from these time periods⁶:
- periods of time that do not occur during the processing of, or the examination of, the patent application
 - periods of time that are not directly attributable to the Commissioner of Patents
 - periods of time that are attributable to the patent applicant.

How would the TPP obligations be implemented?

60. The TPP obligations under TPP Article 18.46 would be implemented through amendments to the Patents Act 2013 in accordance with the approach below.

⁶ Some time periods may fall into two or more of these categories – they are not mutually exclusive.

61. Based on the Intellectual Property Office of New Zealand’s current examination timeframes, if the patent term extension regime were implemented as set out below, then few (if any) patents would be likely to be eligible for extension.



Eligibility for extensions

62. It is proposed that a patent owner may apply for an extension if all of the following apply:
- the patent owner made an application to the Commissioner of Patents within the prescribed time limit
 - the period between the filing date of the complete specification and the grant of the patent is more than five years
 - the period between the filing date of the request for examination is more than three years.
63. When considering whether there has been “unreasonable delay” in the grant of the patent, the Commissioner of Patents would be required to disregard:
- periods of time that do not occur during the processing of, or the examination of, the patent application
 - periods of time that are not attributable to the actions of the Commissioner of Patents
 - periods of time that are attributable to the actions of the applicant.
64. It is intended that the Commissioner of Patents would develop and publish a list of those time periods that fall within the categories listed above.

Calculation of length of extension

65. If a patent is determined to be eligible for an extension, the extension would be the smaller of:
- the period by which the interval between the filing date of the complete specification and the grant of the patent exceeds five years (less any periods that were disregarded)
 - the period by which the interval between the filing date of the request for examination and the grant of the patent exceeds three years (less any periods that were disregarded).
66. It is not proposed that there would be a cap on the length of an extension. We welcome your views on whether there should be a cap and, if so, what it should be.

Position of third parties and other procedural requirements

67. It is also not proposed that there would be an opposition process for third parties to oppose the grant of an extension. This is because the Commissioner of Patents would have very little discretion in making a decision on whether a patent is eligible for an extension. However, persons adversely affected by any decision of the Commissioner of Patents to extend a patent could appeal to the High Court under section 214 of the Patents Act 2013.
68. Time limits and other procedural requirements would be set out in the Patents Regulations 2014.

8 Do you agree with the proposals for patent term extensions for unreasonable grant delays? Why / why not?

9 Do you think that there should be a limit on the maximum length of extension available for grant delays? If so, what should it be?

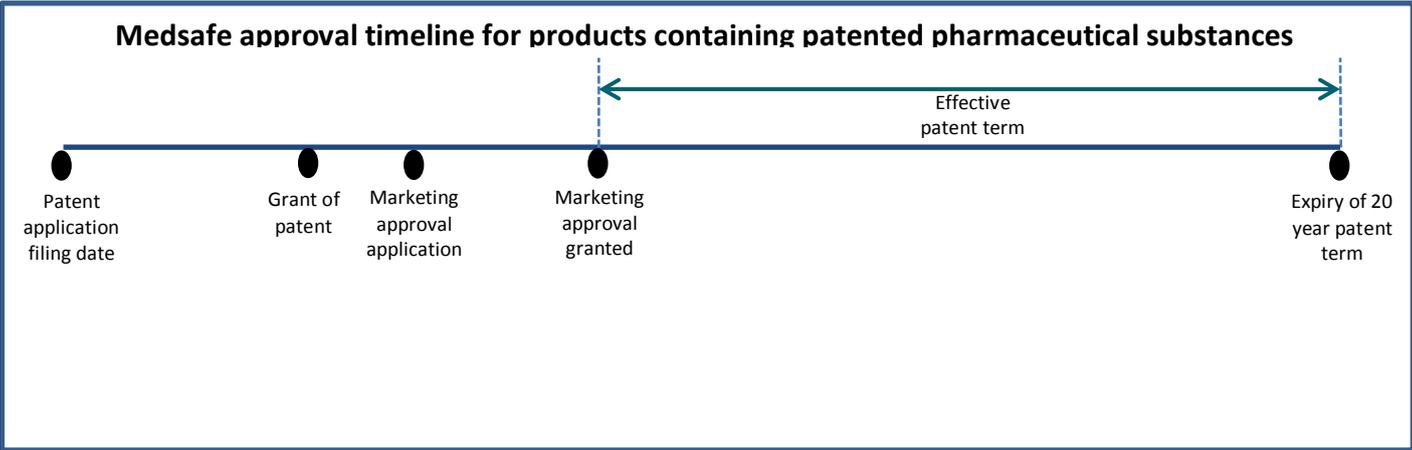
10 Do you consider that third parties should be able to oppose decisions to extend patents on the ground of unreasonable delays in grant?

6 Patent term extension for pharmaceuticals

69. Under TPP, New Zealand would be required to compensate a pharmaceutical patent owner for any ‘unreasonable curtailment’ of the effective patent term due to Medsafe’s marketing approval process. This section seeks feedback on how this obligation should be implemented in legislation.

What is the current position?

- 70. Before a pharmaceutical can be marketed it must obtain marketing approval from the appropriate regulatory body. In New Zealand this is the New Zealand Medicines and Medical Devices Safety Authority (**Medsafe**). To obtain approval, the applicant must provide evidence that the pharmaceutical is safe and effective. Much of this information is gathered from clinical trials of the pharmaceutical. Given the time required to collect the information to support an application, marketing approval is usually applied for and granted after any patent covering the pharmaceutical is granted.
- 71. The “effective patent term” is the period during which a patented pharmaceutical may be sold under patent protection, and is the period between the grant of marketing approval and the expiry date of the patent. The effective patent term for the pharmaceutical is often less than the twenty-year patent term provided for under the Patents Act 2013.
- 72. Currently the patent term in New Zealand is twenty years from the date of filing of the patent application, with no provision for any extension.



What does TPP require?

73. Under Article 18.48.2 of TPP, New Zealand would be required to make available an extension of the patent term to compensate the owner of a pharmaceutical patent for any ‘unreasonable curtailment’ of the effective patent term due to Medsafe’s marketing approval process.
74. Article 18.48.3 allows New Zealand to place conditions and limitations on the patent term extension regime.
75. Extensions of the patent term for pharmaceuticals have the potential to increase the costs of patented pharmaceuticals in New Zealand, by delaying the market entry of generic pharmaceuticals. This is because access to generic versions of pharmaceuticals in New Zealand provides cost savings to both consumers and the medicines budget.⁷

How would the TPP obligations be implemented?

76. The TPP obligations under TPP Article 18.48 would require amendment to the Patents Act 2013. Applications would be made to the Commissioner of Patents. An application for extension would only be granted if the conditions for extension were met.
77. Article 18.48 of TPP provides New Zealand with some flexibility in how the provision is implemented. The most important issues to determine are:
 - how “unreasonable curtailment” should be defined
 - how the length of any extensions should be calculated
 - what patented subject matter should be eligible for extension – patents for pharmaceutical *products* or for pharmaceutical *substances*
 - what conditions and limitations should be imposed.
78. If the patent term extension regime were implemented as set out below, then few (if any) patents would be likely to be eligible for extension, and only in exceptional circumstances.

Definition of “unreasonable curtailment”

79. TPP Article 18.48.2 provides New Zealand with the flexibility to define “unreasonable curtailment”. It is proposed that the definition of “unreasonable curtailment” be based on the approach taken in Rule 51A(7) of the Singapore Patents Rules.
80. The approach would link the definition of “unreasonable curtailment” directly to the time Medsafe takes to process applications for marketing approval. An unreasonable curtailment would occur if the time period between the date the application for marketing approval was made and the grant of approval is more than a specified period.

⁷ See the Trans-Pacific Partnership National Interest Analysis dated 25 January 2016 on the Ministry of Foreign Affairs and Trade’s TPP website for further details (<https://www.tpp.mfat.govt.nz/>).

81. The main features of the “unreasonable curtailment” definition would be:
- Marketing approval would need to have been obtained after the date on which the patent was granted.
 - The interval between the date the application for the first marketing approval for a product containing the pharmaceutical substance was made, and the date that marketing approval was granted, would need to exceed:
 - a specified number of years for small-molecule pharmaceuticals⁸
 - a specified number of years for biologics.
 - Any delays not directly attributable to Medsafe, including delays that are outside the direction or control of Medsafe, would be excluded from these time periods.
82. A separate timeframe would be specified for small molecule pharmaceuticals and biologics. The complexity of biologics means that applications for marketing approval require more expert advice and consultation and will therefore take longer to process than those for small-molecule pharmaceuticals. We seek feedback on what the timeframes for determining “unreasonable curtailment” for each should be.

11 Do you agree with the proposed definition of “unreasonable curtailment” for pharmaceutical patent term extensions? If not, what other definition should be used?

12 Do you agree that the definition of “unreasonable curtailment” should apply different time periods for small molecule pharmaceuticals and biologics? If so, what could these time periods be? If you consider that only one time period should apply to both, what should this be?

Calculating the length of extensions

83. The Government proposes that any extension of term is calculated as the shortest of the periods set out below:
- the period by which the interval specified in the second bullet point above exceeds the specified number of years for small molecule pharmaceuticals or the specified number of years for biologics
 - the period between the date of grant of the patent and the date on which marketing approval was granted
 - a period of 2 years.
84. This calculation is based on the method used in Rule 51A(8) of the Singapore Patents Rules. The last bullet point would impose a cap of 2 years on the length of any extensions required to be given.

13 Do you agree with the proposed method of calculating the length of extensions for pharmaceutical patents?

14 The proposed method of calculating extensions for pharmaceutical patents includes a maximum extension of two years. Do you agree with this? If not, what do you think the maximum extension should be?

⁸ A “small molecule” pharmaceutical is one produced by conventional chemical reactions. Examples include aspirin and omeprazole.

Subject matter eligible for extension

85. Article 18.48 of TPP allows Parties to provide extensions for patents for pharmaceutical *products*, or patents for pharmaceutical *substances*. A particular pharmaceutical substance is usually covered by a single patent. Once a patent for a particular pharmaceutical substance is granted, other patents for products containing that pharmaceutical substance are often granted.⁹
86. We propose that eligibility for patent term extension be limited to patents for pharmaceutical substances. This will help to ensure that only one patent is extended for any particular pharmaceutical substance. This will limit the potential costs to New Zealand of extending the patent term for pharmaceuticals.
87. In adopting this approach, it is proposed that the definition of pharmaceutical substance be based on the definition of “pharmaceutical substance” contained in s70 of the Australian Patents Act 1990:

“pharmaceutical substance” means a substance (including a mixture or compound of substances) for therapeutic use whose application (or one of whose applications) involves:

(a) a chemical interaction, or physico-chemical interaction, with a human physiological system; or

(b) action on an infectious agent, or on a toxin or other poison, in a human body; but does not include a substance that is solely for use in in vitro diagnosis or in vitro testing.

88. It is proposed that patents would only be eligible for extension if:
- Either:
 - one or more pharmaceutical substances *per se* were in substance disclosed in the complete specification of the patent and in substance fell wholly within the scope of the claim or claims of that specification; or
 - one or more pharmaceutical substances when produced by a process that involves the use of recombinant DNA technology¹⁰ were in substance disclosed in the complete specification of the patent and in substance fell within the scope of the claim or claims of that specification; and
 - An application for marketing approval of the pharmaceutical substance had been made after both:
 - the date the provision came into effect;
 - marketing approval had been granted; and
 - The marketing approval was the first marketing approval for a product containing the pharmaceutical substance.
89. This approach is based on the corresponding provisions of the Australian Patents Act 1990. It is intended that the New Zealand provision be interpreted in the same way it has been in Australia. The reference to substances produced by recombinant DNA technology is intended to ensure that patents covering biologic pharmaceuticals can be eligible for extension.

⁹ The patents for these products may cover, for example, different formulations of the pharmaceutical substance which increase the effectiveness of the substance, or increase its shelf life, or have some other desirable quality that was not covered by the original patent for the substance.

¹⁰ **Recombinant DNA (rDNA)** molecules are **DNA** molecules formed by laboratory methods of genetic **recombination** (such as molecular cloning) to bring together genetic material from multiple sources, creating sequences that would not otherwise be found in the genome. Biologics are recombinant DNA molecules.

15

Do you agree or disagree that only patents for pharmaceutical substances *per se* and for biologics should be eligible for extension? Why?

16

Do you think the Australian definition of “pharmaceutical substance” should be adopted? Why / why not?

Time limits for applying for extension

90. Any application to extend the term of a patent would need to be made within a prescribed time of the date of grant of marketing approval. This would help to ensure that most extensions will be granted well before the expiry of the original twenty year patent term, providing greater certainty for third parties about when patents will expire.
91. This time limit (and other time limits and procedural requirements) would be set out in the Patents Regulations 2014.

Limitations on the number of times a patent can be extended

92. A patent that has been extended under these provisions would not be entitled to receive a further extension. Only one extension per patent would be allowed.

Rights of the patent owner during the extended term

93. If the term of a patent covering a pharmaceutical substance is extended, the patent rights would only cover the particular substance that was specified in the application for extension. These rights would only apply when the substance was used for the therapeutic use for which it was approved.
94. For example, if a substance had both a therapeutic use and some other non-therapeutic use, the patent rights during the extended term would not extend to the non-therapeutic use. There would be no patent rights in anything else covered by the patent during the extended term.

17

Do you agree that patent rights during the extended term should be limited in the manner proposed?

Opposition Procedures

95. If the term of a pharmaceutical patent is extended, this is likely to affect the interests of third parties, in particular generic pharmaceutical manufacturers and Pharmac. As a result, these third parties are likely to challenge the grant of the extension, its length, or both.
96. It is proposed to provide for a process whereby such challenges are conducted through an opposition process before the Commissioner of Patents. The process, which would be similar to the patent opposition process, would be likely to be simpler and cheaper than pursuing such challenges directly before the High Court.
97. Any decision of the Commissioner resulting from the opposition process could be appealed to the High Court.

18

Do you agree that third parties should be able to oppose decisions to extend patents for pharmaceuticals through the Commissioner of Patents? Why / why not?

7 Performers' rights

98. Under TPP, New Zealand would be required to provide performers with new rights under the Copyright Act. New Zealand has flexibility to include exceptions and limitations to these rights. This section seeks feedback on how this obligation may be implemented in legislation, and what exceptions and limitations should be provided for.

What are performers' rights?

99. Performers' rights are a set of rights which the law gives to performers (for example, a person who sings a song). The rights relate to communicating their performances to the public (for example, by broadcasting), the recording of their performances and the exploitation of such recordings.
100. These rights are generally divided into three types:
- ***Moral rights*** concern a performer's right to be identified as the performer and to object to derogatory treatment of their performance, including in respect of any recording made from their performances.
 - ***Property rights*** concern the right of performers to authorise the exploitation of recordings made from their performances.
 - ***Non-property rights*** concern the right of performers to consent to their performance being recorded or communicated to the public. Unlike property rights, non-property rights are not assignable.

What performers' rights are currently recognised under New Zealand law?

101. The Copyright Act currently only provides a performer with the non-property right to consent to their performance being communicated live to the public or recorded.¹¹ Where a performer has not consented to the recording of their performance, such a recording is referred to as an **illicit recording**. A person infringes a performer's rights if they seek to exploit any illicit recording — for example, playing the recording in public, making copies of the recording, or dealing in the illicit recording.¹²
102. The Copyright Act provides authors and directors with moral rights to be identified as the author or director and to object to derogatory treatment of their work.¹³ These rights apply to both sound recordings and films. While moral rights are not currently provided to performers, in some circumstances performers are given moral rights as an "author" (e.g. when they are the producer of a sound recording).

¹¹ Section 171.

¹² Sections 172 to 174.

¹³ Part 4.

What does TPP require?

103. TPP requires New Zealand to join the WIPO Performers and Phonograms Treaty (**WPPT**).
104. The WPPT requires that performers be given a set of rights in relation to live aural performances and sound recordings made from their performances.¹⁴ It also requires that a set of rights be given to the producers of sound recordings.¹⁵
105. Neither the WPPT nor the TPP requires, however, that performers be given rights in relation to the visual aspect of their performance, such as the recording of a performance on film.¹⁶
106. In addition to joining the WPPT, TPP requires that:
 - the duration of protection for performers' rights be no less than 70 years from the end of the calendar year in which the performance takes place (Article 18.63)
 - performers' property rights be assignable by way of contract (Article 18.67).

How would this obligation be implemented?

107. Much of original drafting of the Copyright Act 1994 was based upon the United Kingdom's Copyright, Designs and Patents Act 1988 (the **UK Act**). The United Kingdom is also a member of the WPPT. We therefore consider that the UK Act provides a useful guide for how WPPT obligations could be implemented under the Copyright Act.
108. To be able to join the WPPT, we consider that the Copyright Act must be amended to provide:
 - ***moral rights*** for performers to be identified and to object to the derogatory treatment of their live aural performances and sound recordings made from their performances (Article 5), along with appropriate exceptions and limitations to those moral rights (Articles 5 and 16)
 - ***property rights*** to performers to authorise the reproduction, distribution and rental of sound recordings made from their performances (Articles 7, 8 and 9), along with appropriate exceptions and limitations to those property rights (Article 16).
109. Performers would be responsible for enforcing their new rights. Where a right is infringed, the relief the courts may grant would include an injunction, damages or account of profits, additional damages where appropriate, and delivery up of recordings.
110. The amendments must also make these new performers' moral and property rights available to performers who are nationals of other countries which are party to the WPPT (Article 4). Consequently, the Copyright (Application to Foreign Countries) Order 1995 would need to be amended once the Copyright Act was amended.

¹⁴ Both the WPPT and TPP refer to "phonograms", which are called "sound recordings" for the purposes of the Copyright Act. Consistent with the Copyright Act, this discussion paper uses the term "sound recordings" instead of "phonograms".

¹⁵ A producer of a sound recording is an "author" for the purposes of the Copyright Act (section 5(2)). This means that, under New Zealand law, a producer of a sound recording is already entitled to the rights required under WPPT.

¹⁶ Section 2 of the Copyright Act defines "film" as meaning a recording on any medium from which a moving image may by any means be produced.

Performers’ moral rights

- 111. Article 5 of the WPPT requires that a performer of a live aural performance (e.g. verbal or musical) or a performance fixed in a sound recording have the right to:
 - claim to be identified as the performer
 - object to distortion or other modification of their performance that would be prejudicial to their reputation.
- 112. In response to this obligation, we propose that the Copyright Act be amended to provide that:
 - a. a performer’s right to be identified is infringed if a performer has asserted the right¹⁷ and a person fails to identify the performer when:
 - i. producing or putting on a performance that is given in public
 - ii. communicating a live performance to the public (e.g. by radio or television)
 - iii. communicating a sound recording of a performance to the public
 - iv. issuing copies of sound recordings of a performance to the public
 - b. a performer has the right to object to derogatory treatment of a performance when:
 - i. their live performance is communicated to the public (e.g. by radio or television)
 - ii. a sound recording of their performance is played in public or communicated to the public.
- 113. While the WPPT only requires that moral rights be recognised in respect of the aural aspects of a performance, we propose that the moral rights apply in respect of the totality of a live performance (i.e. both audio and visual aspects of their performance) and its communication to the public.
- 114. It could be confusing for performers, broadcasters and the public to provide for a right to be identified in relation to only the audio aspect of a live performance. For some performances, the visual aspects are equally (and in some cases more) important to the performer. It may therefore be simpler for the rights to apply to both the audio and visual aspects of any live performance.
- 115. However, in respect of recordings made from performances, we propose to limit performers’ moral rights to the communication or distribution of sound recordings as required by WPPT and TPP. This mirrors the approach taken in the UK.¹⁸

| | |
|----|--|
| 19 | Do you agree that a performer’s moral rights should apply to both the aural and visual aspects of their live performance and of any communication of the live performance to the public? Why / why not? |
| 20 | Should performers’ moral rights apply to the communication or distribution of any recording (i.e. both sound recordings and films) made from their performances, rather than just sound recordings as required by WPPT? Why / why not? |

¹⁷ Under section 96 of the Copyright Act an author’s right to be identified is not infringed by failing to identify the author of the work unless the right has been asserted in such a way as to require that person to so identify the author.
¹⁸ Sections 205C and 205F of the UK Act.

Exceptions and limitations to performers' moral rights

116. Articles 5 and 16 permit parties to the WPPT to include exceptions and limitations to the rights given to performers. However, in doing so, parties must comply with the three-step test under article 9(2) of the Berne Convention for the Protection of Literary and Artistic Works (**Berne three-step test**).¹⁹

Right to be identified

117. The Copyright Act already provides authors and directors with a moral right to be identified.²⁰ The Act sets out a number of exceptions and limitations in relation to this right, including circumstances where identification would be impractical or unreasonable to require or where use of their works would not infringe copyright.²¹

118. We propose that exceptions and limitations to a performer's right to be identified be aligned with existing exceptions and limitations to authors' moral rights. In recognition of the existing exceptions and limitations, we propose that a performer's right to be identified should not be infringed by an act that would not infringe copyright in the recording itself (under the following provisions of the Copyright Act):

- incidental inclusion of a performance or recording (section 41)
- criticism, review, and news reporting (section 42)
- transient reproduction of a performance or recording (section 43A)
- things done for the purpose of examination (section 49)
- parliamentary and judicial proceedings (section 59)
- Royal commissions and statutory inquiries (section 60)
- copying of sound recordings for private and domestic use (section 81A).

119. Reflecting section 205E the UK Act, we propose that the right should not apply in four further situations:

- where it would be reasonably impractical to identify the performer (or where identification of a group is permitted)
- in relation to any performance given for the purpose of advertising any good or service
- where a recording appears incidentally in another recording, and it is not a substantial part of the other recording
- where the performance is given for the purposes of reporting current events.

21

Do you agree or disagree with any of the exceptions or limitations proposed for a performer's right to be identified? Why?

22

Are there any other exceptions or limitations to a performer's right to be identified that should be included in the Copyright Act? If so, can you please explain why they would be necessary.

¹⁹ Article 9(2) of the Berne Convention for the Protection of Literary and Artistic Works provides: "It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain *special cases*, provided that such reproduction *does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author*".

²⁰ Section 94.

²¹ Section 97.

Right to object to derogatory treatment

120. The Copyright Act already provides authors and directors with a moral right to object to derogatory treatment of their work.²² The Act sets out a range of exceptions and limitations in relation to this right.²³ We propose a combination of the existing exceptions (i.e. those relevant to performers' rights) in the Copyright Act and the exceptions set out in the UK Act.²⁴
121. We propose that a performer's right to object to derogatory treatment would not apply where:
- a performance is given for the purposes of reporting current events²⁵
 - modifications are made to a performance which are consistent with normal editorial or production practice²⁶
 - an act is done to avoid the commissioning of an offence or to comply with a duty imposed by or under any enactment, provided that a sufficient disclaimer is provided stating that the modifications were made without the performer's consent in circumstances where the performer is identified in a manner likely to bring their identity to the notice of a person hearing the performance (as modified) or the performer has been previously identified in or on copies of sound recordings issued to the public.²⁷

23

Do you agree or disagree with providing for any of the exceptions or limitations proposed for a performer's right to object to derogatory treatment? Why?

24

Are there any other exceptions or limitations to a performer's right to object to derogatory treatment that should be included in the Copyright Act? If so, please explain why they would be necessary.

Performers' property rights

122. Articles 7 to 9 of the WPPT require that performers have a property right in sound recordings made from their performances. These include the rights of performers to authorise the reproduction, distribution and rental of sound recordings made from their performances.
123. To comply with the WPPT, we propose that the Copyright Act be amended to provide performers with rights relating to the exploitation of sound recordings made from their performances. We propose to limit performers' property rights to sound recordings (as required by WPPT and TPP). This mirrors the approach taken in the UK.

25

Should the new property rights for performers be extended to apply to the recording of visual performances in films? Why / why not? (Please set out the likely impacts on performers and producers, and any others involved in the creation, use or consumption of films.)

²² Section 98.

²³ Sections 100 and 101.

²⁴ Section 205G of the UK Act.

²⁵ Sections 100(6) and section 205(2) of the UK Act.

²⁶ Section 205G(3) of the UK Act.

²⁷ Section 100(7).

Exceptions and limitations to performers' property rights

124. The Copyright Act already provides a number of exceptions to the existing rights given to performers.²⁸ Article 16 permits parties to the WPPT to include exceptions and limitations to performers' rights, which must comply with the Berne three-step test. We propose adding new exceptions and limitations in respect of the new property rights.
125. We propose that the new exceptions to performers' property rights mirror existing exceptions to producers' copyright. This would ensure that a performer's property rights in a sound recording are enforced in a manner consistent with the producer's copyright in the same sound recording.²⁹
126. We propose that the Copyright Act be amended to include exceptions and limitations to performers' property rights in relation to following acts:
- parallel importation of sound recordings
 - copying of sound recordings by librarians or archivists to replace copies of works
 - libraries and archives communicating digital copies of sound recordings to authenticated users
 - copying by librarians and archivists of a sound recording for supply to another library
 - copying by librarians and archivists of unpublished recordings for research or private study
 - playing sound recordings by an archive maintained by Radio New Zealand Ltd
 - copying by Parliamentary Library for members of Parliament
 - infringement committed by an employee or agent of the Crown with the Crown's authority (civil proceedings in respect of performer's rights are to lie against the Crown under the Crown Proceedings Act 1950)
 - rental of sound recordings by libraries and educational establishments for non-commercial purposes
 - copying of sound recordings for personal use
 - recording for the purpose of maintaining standards in programmes
 - recording for the purpose of complaining to a complaint authority
 - recording of a communication of a sound recording for archival purposes.

26 Do you agree or disagree with any of the exceptions or limitations proposed above? Why?

27 Are there any other exceptions or limitations to the new performers' property rights that should be included in the Copyright Act? If so, can you please explain why they would be necessary.

Miscellaneous amendments

127. We have identified a number of other amendments which may be desirable to clarify New Zealand's performers' rights regime — in particular, the impact of certain dealings on the new property rights.

²⁸ Sections 175 to 191.

²⁹ In Part 3 and elsewhere.

Future property rights

128. A new provision clarifying that where a performer assigns their future property rights, the assignee or the assignee's successor in title would be entitled (as against all other persons) to require the rights to be vested in the assignee or the assignee's successor in title (once those rights come into existence). The effect of this is that, if the assignee would be entitled to specific performance of the agreement, the assignee becomes the legal owner of the rights as soon as the recording is made — without needing further documentation.

Exclusive licences

129. A new provision clarifying that where the performer's property rights are licensed under an exclusive licence, the licensee has the same rights against a performer's successor in title as he or she has against the performers.

Unpublished original recordings

130. A new provision clarifying that after the death of a performer, if (upon bequest) a person becomes entitled to property rights in an unpublished sound recording of a performance, the person may exercise any and all of the performer's property rights in the unpublished sound recording that the performer owned immediately before their death.

28 Do you agree or disagree with any of the proposals above? Why?

29 Are there any other amendments that need to be made to the Copyright Act, and in particular to Part 9, to clarify the new performers' property rights? If so, can you please explain why they would be necessary.

8 Border protection measures

131. Under TPP, New Zealand would be required to provide the power for the New Zealand Customs Service (**Customs**) to detain infringing goods on its own initiative. This section seeks feedback on how this obligation should be implemented in legislation, and the process that Customs would need to comply with.

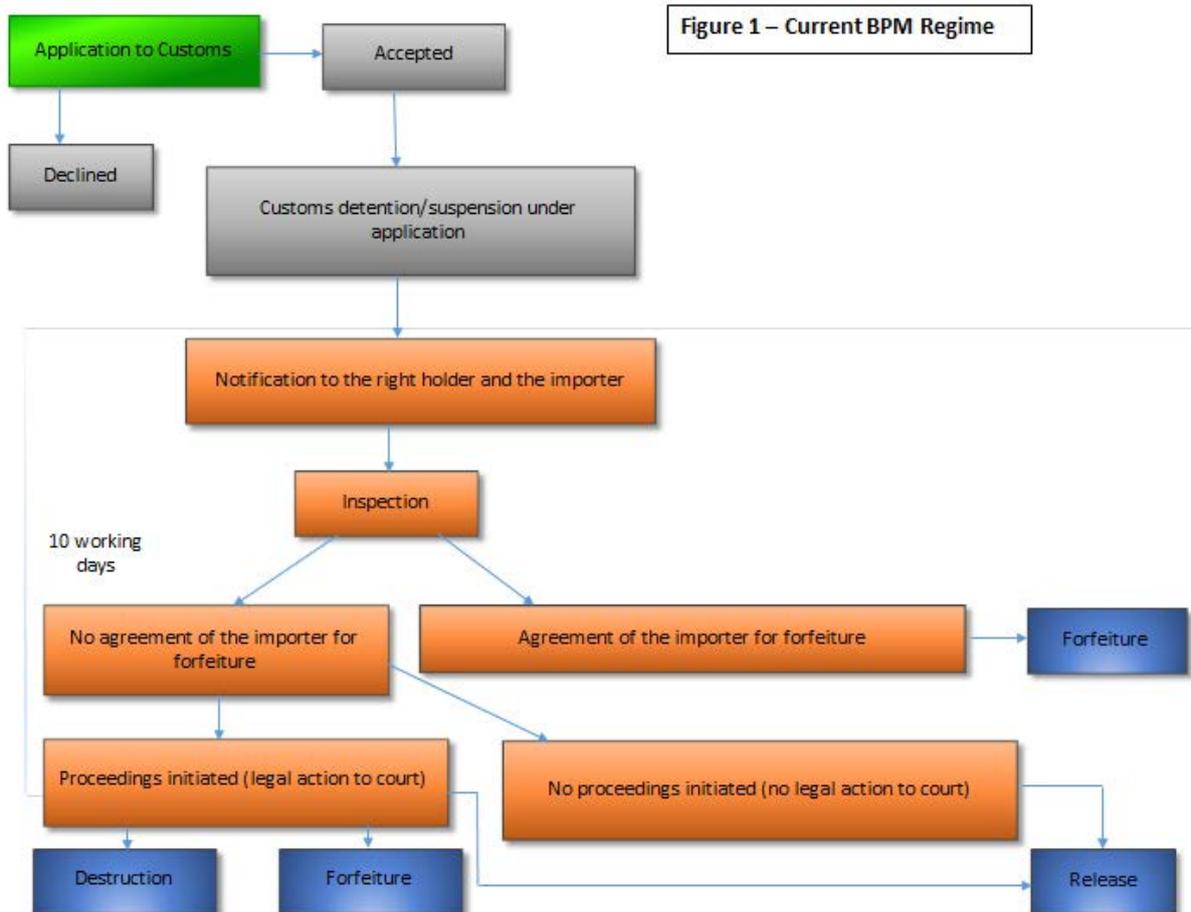
What are border protection measures?

132. Border protection measures (**BPMs**) are at-the-border measures which help to protect against copyright and trade mark infringement.

What border protection measures are currently in place under New Zealand law?

133. The Copyright Act 1994 and the Trade Marks Act 2002 allow for trade mark and copyright owners (**rights holders**) to file notices with Customs requesting the detention of imported goods that appear to infringe their copyright or registered trade mark (**infringing goods**). Currently the BPMs regime only concerns goods in the control of Customs that are imported or in transit through New Zealand to another market.³⁰
134. Customs is able to use its resources to target and identify commercial imports of potentially infringing goods. If Customs considers that goods within its control are suspected of being infringing goods (on the basis of a notice from a rights holder), it can detain the goods and serve a notice of determination on the importer (or claimant) and the rights holder who filed the notice.
135. Importers who have had a notice of determination served on them have the option of voluntarily forfeiting the goods to the Crown, in which case Customs will arrange for destruction of the goods. If an importer disputes a notice of determination, the rights holder will have 10 working days to persuade the importer to forfeit the goods, or to obtain an order from the High Court declaring the goods to be infringing goods. The 10 working day period may, on application, be extended to 20 working days if Customs considers it appropriate to do so. If the rights holder chooses to take no action against an importer who disputes a notice of determination, Customs will release the detained goods. The following diagram illustrates the procedure.

³⁰ For the purposes of the Copyright Act and Trade Marks Acts “in the control of Customs” has the meaning given to it by section 20 of the Customs and Excise Act 1996.



What does TPP require?

136. Article 18.76 of TPP would require New Zealand to provide the power for Customs to initiate BPMs *ex officio* (i.e. of their own accord, without the need to have received a formal complaint from a rights holder) with respect of goods under their control that are:

- imported
- destined for export
- in transit.

How would this obligation be implemented?

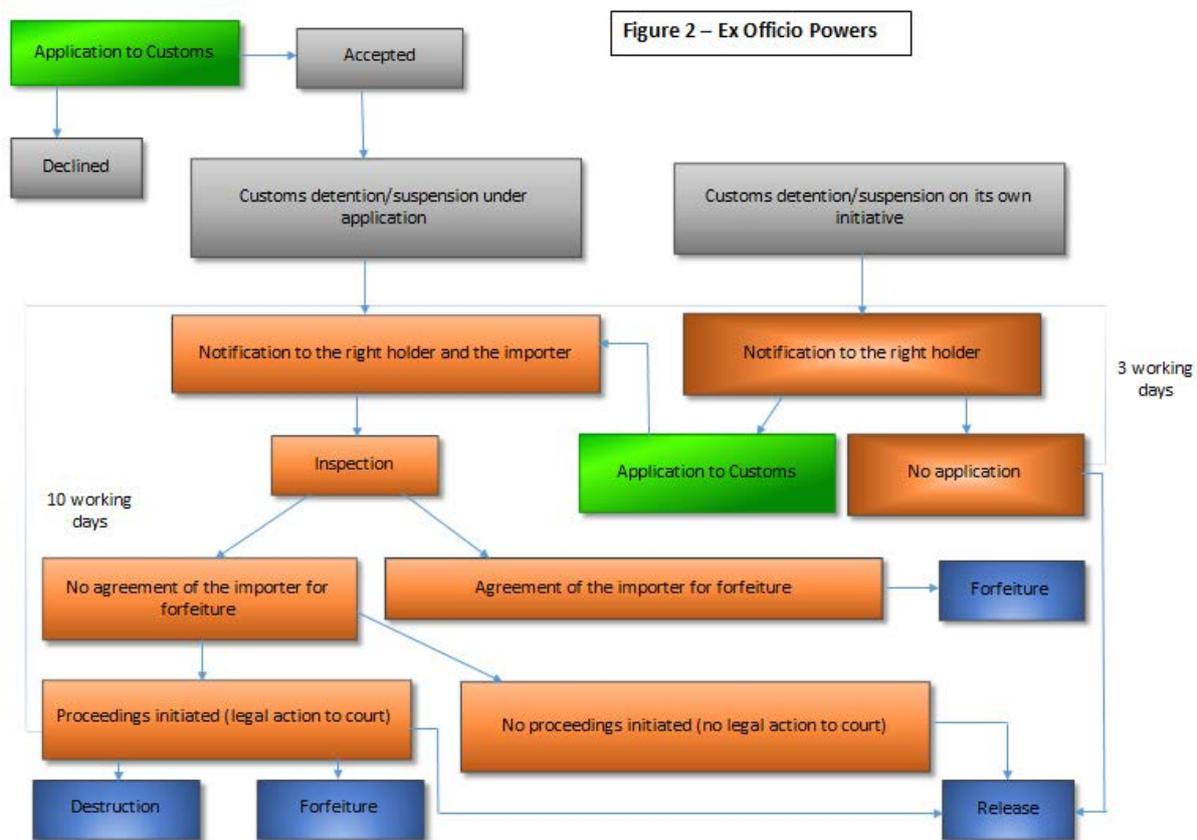
137. A power for Customs to initiate BPMs *ex officio* would be new to New Zealand.

138. As the current BPMs regime only covers goods which are imported or in transit through New Zealand to another market, the BPMs regime would need to be extended to cover goods destined for export.

139. The BPMs provisions under the Copyright Act and Trade Marks Act are closely modelled on the European regime.³¹ However, unlike the New Zealand legislation, Article 4 of the relevant European Union Regulation requires that, during the course of any search or inspection undertaken by a Customs officer, suspected infringing goods may be detained despite not having received a border protection notice from a rights holder. Where suspected infringing goods are detained without having received such a notice, Customs is required to notify the rights holder (where known) of the possible infringement and request the rights holder to file a border protection notice.

140. If a border protection notice from the rights holder is not received and accepted within three working days, Customs must release the goods. Where the border protection notice is accepted within this period, the BPMs regime would apply to the detained goods as if the border protection notice had been received before the goods were detained by Customs.

141. The following diagram illustrates the process under European Union Regulation:



142. We propose to amend the Copyright Act and Trade Marks Act to provide largely the same *ex officio* procedures as set out under Article 4 of the European Union Regulation. Key features of implementing *ex officio* powers into the Copyright Act and Trade Marks Act would include provisions:

- a. Requiring a Customs officer to have reasonable cause to suspect goods are infringing before goods may be detained;

³¹ As set out in European Union Council Regulation (EC) No 3295/94 (http://www.wipo.int/wipolex/en/text.jsp?file_id=126866).

- b. Requiring Customs, as soon as reasonably practical after detaining any suspected infringing goods, to take reasonable steps to notify the copyright or trade mark owner and the importer or exporter that the goods have been detained;
- c. Specifying that Customs must release the detained goods if any of the following apply:
 - i. no border protection notice is received (and accepted by Customs) from a rights holder within three working days of being notified of the detention of the suspected infringing goods
 - ii. a border protection notice is received and accepted from a rights holder and Customs determines that the goods in question are not infringing goods to which the notice relates
 - iii. Customs considers that it is not reasonably practicable to notify the rights holder of the detention (for example, where Customs is unable to identify the relevant copyright owner).
- d. Notwithstanding the possibility of release under paragraph c, Customs may continue to detain the goods in any of the following circumstances:
 - i. until any requirement (under the Copyright Act or Trade Marks Act) relating to the deposit of security has been satisfied
 - ii. until all other legal requirements relating to the import or export of the goods have been satisfied
 - iii. where the release of the goods would otherwise be contrary to law.

30

Do you agree that Article 4 of European Union Council Regulation (EC) No 3295/94 is an appropriate model for implementing *ex officio* powers into the border protection measures set out in the Copyright Act 1994 and Trade Marks Act 2001? If not, please explain why not and outline an alternative approach to implementing *ex officio* powers.

31

Do you agree that the detention period of three business days following notification to the rights holder is appropriate? Can you outline the impact on both the right holders and any importer/exporter where you consider the period should be shorter or longer than three business days?

9 Recap of questions

1

Have the overarching objectives been framed correctly for this policy process? If not, what would be more appropriate objectives?

Technological protection measures

2

Do you agree with the exceptions or limitations proposed for TPMs? What would be the impacts of not providing these exceptions? Please be specific in your answers.

3

Do you agree that the exceptions proposed for TPMs should apply to both prohibitions (i.e. circumventing a TPM and the provision of devices or services that enable circumvention)? Why / why not?

4

Do you agree that, if our proposals are implemented, the current exception allowing a qualified person to circumvent a TPM that protects against copyright infringement to exercise a permitted act under Part 3 would no longer be required? Why / why not?

5

Are there any other exceptions or limitations to the TPM prohibitions that should be included in the Copyright Act? Please explain why any additional exceptions would be necessary.

6

Would there be a likely adverse impact on non-infringing uses in general if the exception for any other purpose that does not infringe copyright was not provided for? Please be specific in your answers.

7

Should there be a regulation-making power to enable the exception for any other purpose that does not infringe copyright to be clarified, and if so, what criteria should be considered?

Patent term extension for delays in patent grant

8

Do you agree with the proposals for patent term extensions for unreasonable grant delays? Why / why not?

9

Do you think that there should be a limit on the maximum length of extension available for grant delays? If so, what should it be?

10

Do you consider that third parties should be able to oppose decisions to extend patents on the ground of unreasonable delays in grant?

Patent term extension for pharmaceuticals

11

Do you agree with the proposed definition of “unreasonable curtailment” for pharmaceutical patent term extensions? If not, what other definition should be used?

12

Do you agree that the definition of “unreasonable curtailment” should apply different time periods for small molecule pharmaceuticals and biologics? If so, what could these time periods be? If you consider that only one time period should apply to both, what should this be?

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| 13 | Do you agree with the proposed method of calculating the length of extensions for pharmaceutical patents? |
| 14 | The proposed method of calculating extensions for pharmaceutical patents includes a maximum extension of two years. Do you agree with this? If not, what do you think the maximum extension should be? |
| 15 | Do you agree or disagree that only patents for pharmaceutical substances <i>per se</i> and for biologics should be eligible for extension? Why? |
| 16 | Do you think the Australian definition of “pharmaceutical substance” should be adopted? Why / why not? |
| 17 | Do you agree that patent rights during the extended term should be limited in the manner proposed? |
| 18 | Do you agree that third parties should be able to oppose decisions to extend patents for pharmaceuticals through the Commissioner of Patents? Why / why not? |

Performers’ rights

| | |
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| 19 | Do you agree that a performer’s moral rights should apply to both the aural and visual aspects of their live performance and of any communication of the live performance to the public? Why / why not? |
| 20 | Should performers’ moral rights apply to the communication or distribution of any recording (i.e. both sound recordings and films) made from their performances, rather than just sound recordings as required by WPPT? Why / why not? |
| 21 | Do you agree or disagree with any of the exceptions or limitations proposed for a performer’s right to be identified? Why? |
| 22 | Are there any other exceptions or limitations to a performer’s right to be identified that should be included in the Copyright Act? If so, can you please explain why they would be necessary. |
| 23 | Do you agree or disagree with providing for any of the exceptions or limitations proposed for a performer’s right to object to derogatory treatment? Why? |
| 24 | Are there any other exceptions or limitations to a performer’s right to object to derogatory treatment that should be included in the Copyright Act? If so, please explain why they would be necessary. |
| 25 | Should the new property rights for performers be extended to apply to the recording of visual performances in films? Why / why not? (Please set out the likely impacts on performers and producers, and any others involved in the creation, use or consumption of films.) |
| 26 | Do you agree or disagree with any of the exceptions or limitations proposed above? Why? |
| 27 | Are there any other exceptions or limitations to the new performers’ property rights that should be included in the Copyright Act? If so, can you please explain why they would be necessary. |

28 Do you agree or disagree with any of the proposals above? Why?

29 Are there any other amendments that need to be made to the Copyright Act, and in particular to Part 9, to clarify the new performers' property rights? If so, can you please explain why they would be necessary.

Border protection measures

30 Do you agree that Article 4 of European Union Council Regulation (EC) No 3295/94 is an appropriate model for implementing *ex officio* powers into the border protection measures set out in the Copyright Act 1994 and Trade Marks Act 2001? If not, please explain why not and outline an alternative approach to implementing *ex officio* powers.

31 Do you agree that the detention period of three business days following notification to the rights holder is appropriate? Can you outline the impact on both the right holders and any importer/exporter where you consider the period should be shorter or longer than three business days?

Annex 1: Permitted acts under Part 3 of the Copyright Act 1994

| Provision | Title |
|-------------------------------------|---|
| General Provisions | |
| Section 40 | Provisions to be construed independently |
| Section 41 | Incidental copying of a copyright work |
| Section 42 | Criticism, review, and news reporting |
| Section 43 | Research or private study |
| Section 43A | Transient reproduction of work |
| Various Educational Purposes | |
| Section 44 | Copying for educational purposes of literary, dramatic, musical or artistic works or typographical arrangements |
| Section 44A | Storing copies for educational purposes |
| Section 45 | Copying for educational purposes of films and sound recordings |
| Section 46 | Anthologies for educational use |
| Section 47 | Performing, playing, or showing work in course of activities of educational establishment |
| Section 48 | Copying and communication of communication work for educational purposes |
| Section 49 | Things done for purposes of examination |
| Libraries and archives | |
| Section 50 | Interpretation |
| Section 51 | Copying by librarians of parts of published works |
| Section 52 | Copying by librarians of articles in periodicals |
| Section 53 | Copying by librarians for users of other libraries |

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| Section 54 | Copying by librarians for collections of other libraries |
| Section 55 | Copying by librarians or archivists to replace copies of works |
| Section 56 | Copying by librarians or archivists of certain unpublished works |
| Section 56A | Library or archive may communicate digital copy to authenticated users |
| Section 56B | Additional conditions for supply of copy of work in digital format by librarian or archivist under section 51, 52, or 56 |
| Section 56C | Additional condition for making digital copies under section 53 or 54 |
| Section 57 | Playing or showing sound recordings or films |
| Section 57A | Making archived works available for public viewing |

Public administration

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| Section 58 | Copying by Parliamentary Library for members of Parliament |
| Section 59 | Parliamentary and judicial proceedings |
| Section 60 | Royal commissions and statutory inquiries |
| Section 61 | Material open to public inspection or on official register |
| Section 62 | Material communicated to the Crown in course of public business |
| Section 63 | Use of copyright material for services of the Crown |
| Section 64 | Rights of third parties in respect of Crown use |
| Section 65 | Proceedings against the Crown |
| Section 66 | Acts done under statutory authority |

Literary, dramatic, musical or artistic works

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| Section 67 | Acts permitted on assumptions as to expiry of copyright or death of author in relation to anonymous or pseudonymous works |
| Section 68 | Use of recording of spoken words in certain cases |
| Section 69 | Provision of Braille copies of literary or dramatic works |
| Section 70 | Public reading or recitation |
| Section 71 | Abstracts of scientific or technical articles |

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| Section 72 | Recordings of folk songs |
| Section 73 | Representation of certain artistic works on public display |
| Section 74 | Special exception from protection of literary or artistic works |
| Section 75 | Special exception from protection of artistic work that has been applied industrially |
| Section 76 | Special exception from protection of literary and artistic works relating to medicines |
| Section 77 | Making of subsequent works by same artist |
| Section 78 | Reconstruction of buildings |

Computer programs, sound recordings and films

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| Section 79 | Rental of educational establishments and libraries |
| Section 80 | Back-up copy of computer program |
| Section 80A | Decompilation of computer program |
| Section 80B | Copying or adapting computer program if necessary for lawful use |
| Section 80C | Observing, studying or testing of computer program |
| Section 80D | Certain contractual terms relating to use of computer programs have no effect |
| Section 81 | Playing of sound recordings for purposes of club, society, etc |
| Section 81A | Copying sound recording for personal use |

Communication works

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| Section 82 | Recording for purposes of maintaining standards in programmes |
| Section 83 | Recording for purposes of complaining |
| Section 84 | Recording for purposes of time shifting |
| Section 85 | Incidental recording for purposes of communication |
| Section 86 | Photographs of television broadcasts or cable programmes |
| Section 87 | Free public playing or showing of communication work |
| Section 87A | Free public playing or showing of communication work that is simultaneous with reception |

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| Section 87B | Assessment of damages for infringement of copyright in sound recording or film |
| Section 88 | Reception and retransmission of broadcast in cable programme service |
| Section 89 | Provision of subtitled copies of communication work |
| Section 90 | Recording for archival purposes |
| Section 91 | Recording by media monitors |

Adaptations

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| Section 92 | Adaptations |
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Internet service provider liability

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| Section 92A | Internet provider must have policy for terminating accounts of repeat infringers <i>(repealed)</i> |
| Section 92B | Internet service provider liability if user infringes copyright |
| Section 92C | Internet service provider liability for storing infringing material |
| Section 92D | Requirements for notice of infringement |
| Section 92E | Internet service provider does not infringe copyright by caching infringing material |

Subsequent dealings

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| Section 93 | Subsequent dealings with copies made in accordance with certain listed provisions under Part 3 |
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