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Business Law
Building, Resources and Market
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Proposals for an Intellectual Property Laws Amendment Bill – supplementary submission – Trade Marks Act 2002, section 89(1)(d)

1. The New Zealand Law Society's Intellectual Property Law Committee made a submission on the *Intellectual Property Laws Amendment Bill – Patents Act 2013, Trade Marks Act 2002, Designs Act 1953* discussion paper on 16 August 2019.
2. After further consideration, the majority of the committee has identified the need for an important additional amendment to the Trade Marks Act 2002. The Law Society therefore considers the amendment recommended in this supplementary submission is a logical change and would be consistent with similar changes made to the UK Trade Marks Act 1994 (on which the New Zealand Act was ultimately modelled).
3. The provision in issue is section 89(1)(d). Section 89(1) as a whole reads as follows:

Infringement where identical or similar sign used in course of trade

- (1) A person infringes a registered trade mark if the person does not have the right to use the registered trade mark and uses in the course of trade a sign—
 - (a) identical with the registered trade mark in relation to any goods or services in respect of which the trade mark is registered; or
 - (b) identical with the registered trade mark in relation to any goods or services that are similar to any goods or services in respect of which the trade mark is registered, if that use would be likely to deceive or confuse; or
 - (c) similar to the registered trade mark in relation to any goods or services that are identical with or similar to any goods or services in respect of which the trade mark is registered, if that use would be likely to deceive or confuse; or
 - (d) identical with or similar to the registered trade mark in relation to any goods or services that are not similar to the goods or services in respect of which the trade mark is registered where the trade mark is well known in New Zealand and the use of the sign takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the mark.

4. Section 89 was drawn from section 10 of the UK Trade Marks Act 1994. Section 89(1)(d) of the New Zealand Act was modelled on section 10(3) of the UK Act. It is an anti-dilution provision.
5. Section 10(3) of the UK Act as originally enacted in 1994 read as follows:
 - (3) A person infringes a registered trade mark if he uses in the course of trade a sign which –
 - (a) Is identical or similar to the trade mark, and
 - (b) Is used in relation to goods or services which are not similar to those for which the trade mark is registered,

where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.
6. As can be seen from both section 89(1)(d) *and the original form* of section 10(3) of the UK Act, this provision is only triggered where the plaintiff has a well-known mark,¹ the defendant's sign is identical or similar to the registered trade mark and that sign is used "in relation to goods or services that are **not similar** to any goods or services for which the trade mark is registered."
7. In 2003 some nine years after the UK provision had been enacted, it was realised that in relation to well-known marks, the triggering requirement of use on not similar goods or services was illogical. Where a mark was well-known for particular goods or services it was necessary and logical that infringement should occur where the defendant's sign was used on those *same* or *similar* goods or services.
8. This was discussed by the Court of Justice of the EU (CJEU) in the leading case *Davidoff & Cie SA v Gofkid Limited*.² There the court came to interpret Article 5(2) of the EU Directive.³ Article 5 on its face clearly made provision only in relation to goods or services which are **not similar** to those for which the trade mark is registered.
9. The court recognized that Article 5(2) [and section 10(3) of the UK Act] allows "stronger" protection to be given to marks with a reputation/well-known marks.⁴
10. The court was asked to rule whether this wider protection was confined to only different goods or services **or** (as would seem more logical) it extended to identical or similar goods as well.⁵ The CJEU held that the provision could **not** be given an interpretation "which would lead to marks with a reputation having less protection where a sign is used for identical or similar goods or services than where a sign is used for non-similar goods or services".⁶ It therefore held:⁷

¹ The UK Provision s 10(3) uses the term "has a reputation in the United Kingdom".

² [2003] FSR 28.

³ Article 5(2) read:

"Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having as consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State and where the use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark."

⁴ At [19].

⁵ At [20].

⁶ At [25].

⁷ At [30].

“In those circumstances, the answer to the first question must be that Arts 4(4)(a) and (5)(2) of the Directive are to be interpreted as entitling the Member States to provide specific protection for registered trade marks with a reputation in cases where a later mark or sign, which is identical with or similar to the registered mark, is intended to be used or is used for goods or services identical with or similar to those covered by the registered mark.”

11. Following the CJEU decision the UK Parliament passed an amendment to section 10(3) of the UK Trade Marks Act 1994 to make sure that infringement was available not only in respect of not similar goods and services but also identical or similar goods and services. So after amendment the section conformed with the CJEU decision. This cured the logical fallacy that had existed.
12. Section 10(3) of the UK Act now reads:
 - (3) A person infringes a registered trade mark if he uses in the course of trade [in relation to goods or services] a sign which –
 - (a) Is identical with or similar to the trade mark ...
 - (b) [...]Where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.
13. The Law Society submits that this change was logical and sensible and ensures that a well-known mark enjoys protection in all cases where the defendant’s sign is without due cause, taking advantage of, or detrimental to the distinctive character or repute of the claimant’s mark.
14. The New Zealand commentator Paul Sumpter regards the current wording in section 89(1)(d) as one that “may give rise to difficulties” of the type just outlined. He notes in his text the changes that were made to the UK provision to meet this “logical lapse”.⁸
15. The Law Society recommends that the same changes should be made to the New Zealand Act as occurred in the UK. There is an unmet need presently existing in respect of well-known marks. The suggested wording is:
 - (1) A person infringes a registered trade mark if the person does not have the right to use the registered trade mark and uses in the course of trade a sign —
....
 - (d) identical with or similar to the registered trade mark where the trade mark is well known in New Zealand and the use of the sign takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the mark.”

The Law Society’s Intellectual Property Law Committee would be happy to discuss this matter with you further. The committee convenor, Greg Arthur, can be contacted via Emily Sutton, NZLS Law Reform Adviser [REDACTED].

Yours faithfully

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Herman Visagie
Vice President

⁸ Trade Marks in Practice 4th edition Lexis Nexis TMA 89.10(b) Dissimilar goods.