

## **New Zealand: Legislative changes and recent decisions**

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In 1970, Justice Windeyer of the High Court of Australia referred to the typically tardy response of the law to new technology when he said: "Law [is] marching with medicine, but in the rear and limping a little". New Zealand copyright law sought to catch up last year.

The Copyright (New Technologies) Amendment Act was passed in April 2008 and came (mostly) into force in October. Amendments deal primarily with "digital" copyright issues - format neutral terminology, format and time shifting, fair dealing, technological protection measures, circumvention devices and the like.

Debate is on-going in relation to the obligations of Internet Service Providers (ISPs) to implement a reasonable and practical "take down notice" regime. Section 92A (not in force at the time of writing) would require ISPs to implement a policy for disconnection of services to "repeat infringers". This, triggered debate on a workable balance of practical, cost efficient enforcement and users' rights. Attention was also focused on who should carry the burden of proof.

Judicial guidance and development in this area is likely in 2009 and beyond. Further amendments are on the legislative agenda in relation to an artists' resale royalty and the default ownership position on commissioned works. It remains to be seen whether these Amendment Bills are prioritised given the recent change in government and focus on the economy.

Copyright law receives regular attention from New Zealand Courts. Of note from an enforcement perspective was the Court of Appeal's recent confirmation that additional damages could not be coupled with an account of profits (in *Tiny Intelligence v Resport*, following English and Australian lines of reasoning / authority). This important principle will be considered by the Supreme Court (the country's highest court) soon, with important implications for the way in which copyright claims should be framed and pursued.

The importance of copyright in New Zealand is enhanced by unusual, and some might say generous, protection provided for unregistered industrial designs. The position in Australia is different with no copyright (or unregistered design right) available for industrially applied designs, where these are eligible for registered protection. While failing to register a design in Australia can therefore be more serious, registration should still be considered in New Zealand due to the reduced evidential burden during infringement actions.

*Sunlec International v Electropar* was interesting for the Court's acceptance that copyright may subsist in some (but not all) slogans (in this case "Field Friendly - the best choice for fieldwork"), underscoring the potential for copyright claims in cases

which may appear more trade mark / branding cases.

### **Registered Designs**

Registered design practice has been simplified by a decision that only a single representation is required and not multiple views showing an entire article, if the single view shows what is stated as novel. While seemingly a minor issue, this caused concern for applications in New Zealand based on a foreign priority application where there was no requirement to provide all possible views. Previously, the only remedy was to provide the additional views, bringing into question the validity of the priority claim.

### **Trade Marks**

The High Court confirmed in *Neumann v Sons of the Desert* that an application for registration by one co-owner without the knowledge of the other is deemed to have been made in bad faith.

In *Austin Nichols v Stichting Lodestar* (December 2007) the Supreme Court, in its first trade marks case, indicated that despite the practical importance of decisions by commissioners of trade marks a Court must form its own views on matters such as the similarity of two marks (over-ruling the Court of Appeal which had suggested greater deference to commissioner's decisions). Decisions from the High Court (*Geneva v Johnson & Johnson*) and the trade marks office (PURE / PUREBABY, ULTRA / ULTRALAMP) have left uncertainty over the application of the 'De Cordova' principles regarding confusing similarity where a mark is wholly contained within another mark.

## Patents

New Zealand patent law takes a broad view as to what is patentable subject-matter. As opposed to a negative definition of an “invention” involving a set of exclusions, it is merely necessary for inventions to constitute a “manner of new manufacture”. The approach is similar to that in Australia - essentially any artificially created state of affairs that provides *some commercially useful effect* is potentially patentable. Consequently, a greater range of inventions may be patented in New Zealand than in many jurisdictions, including:

- business method or software-related inventions (provided they are not wholly abstract)
- second therapeutic uses
- new dosage forms / regimes
- some aspects of stem cell research (see *Morality and Patentability of Stem Cell Patents in New Zealand*)
- pharmaceuticals limited to particular patient groups where particular benefits are derived for those groups

Some exceptions to patentability remain. Methods of treatment and diagnosis may be rejected based on them being “inconvenient”, contrary to the Statute of Monopolies.

However, these exclusions are interpreted narrowly and only apply to treatment of living humans and methods of diagnosis that involve a medical practitioner, particularly through surgery.

Baldwins has seen a growing trend of examiners rejecting claims on excluded subject-matter grounds, particularly on the basis that exploitation of an invention would be contrary to morality. Due to the current lack of statutory framework supporting and guiding examiners in this regard, there have been notable inconsistencies, including between examiners and commissioners, who in line with the Courts, have generally taken a very restricted view on exclusions. These conflicts are of particular concern since not all Patent Office decisions are published and there is no third party access to examination proceedings.

Baldwins has sought official clarification in a number of areas, some of which have been addressed by new Patent Office guidelines covering:

- subject-matter considered to be contrary to morality (see New “Contrary to morality” Practice in New Zealand – Importance for Biotech Patents)
- Swiss-type claims
- Medical treatment of humans

Further review of these is required and the position should become more certain in the near future, with New Zealand’s historical position hopefully remaining largely unchanged.

The issue will become clearer when the new Patents Bill is enacted. It was introduced before Parliament in July 2008 and introduces some significant changes, including:

- “Absolute novelty” (in place of local novelty).
- Examination for inventive step and utility, not just novelty.
- A move to issues of patentability being decided on the “balance of probabilities” rather than providing applicants with the benefit of the doubt.
- A requirement to disclose the results of any official searches conducted on corresponding foreign applications.
- Abolition of existing pre-grant oppositions and introduction of a re-examination procedure. Revocation before the Courts is still provided as an alternative.
- A Maori Advisory Committee to advise on whether commercial exploitation of an invention may be contrary to Maori values, amongst other matters.
- Express exclusion of methods of treatment of humans by surgery or therapy, and methods of diagnosis practised on human beings will be specifically excluded from patentability.

The proposed legislation is generally welcomed and we are hopeful that it will be passed in 2009.

In the High Court, a New Zealand company defeated claims that it infringed patent rights and copyright in the design of stabiliser legs for trucks / trailers incorporating cranes (*Hammar Maskin AB v Steelbro New Zealand Limited*, HC CHCH CIV 2006-409-000977, 8 October 2008). This decision saw the application of existing case law, particularly on the issue of claim interpretation, based on the approach taken in *Lucas v Peterson Portable Sawing Systems Ltd* [2006] 3 NZLR 721 (SC), the first patent

decision of the Supreme Court (established in 2004). The current approach is based on a purposive construction of the claims with assistance in interpretation provided by the specification, where necessary. However, the description cannot be used to modify the scope of claims formulated too narrowly to capture an infringement, nor can it be used to read limitations into a claim to defend against invalidity - the claims must ultimately define the field to be protected. Despite adopting a purposive construction, the feature of *an extension part being movably arranged in a bearing in a first support part* was found lacking because the claim was not considered to cover *one part bearing on another* - the use of the indefinite article before “bearing” limited the claim to require a separate, bearing part. This highlights the need for serious consideration of each limitation added to a claim during drafting.

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