

CHECKLIST OF ISSUES ON ENFORCEMENT¹

Responses from New Zealand

Civil and Administrative Procedures and Remedies

(a) *Civil judicial procedures and remedies*

1. Specify the courts which have jurisdiction over IPR infringement cases.

- District Court: These are courts of first instance and have extensive civil and criminal jurisdictions.
- High Court: The High Court exercises jurisdiction in cases of major crimes, the more important civil claims, appeals from lower courts and tribunals, and reviews of administrative actions.
- Court of Appeal: The primary function of the Court of Appeal is to determine ordinary appeals from the High Court. Certain other proceedings in the lower courts may, by order of the High Court, be removed to the Court of Appeal. The Court also has some original jurisdiction.
- Judicial Committee of the Privy Council: This is the final appeal tribunal for New Zealand. Appeals to the Privy Council may be brought by leave of the Court of Appeal, or by special leave of the Privy Council itself. Leave is granted as of right from any final judgment of the Court of Appeal, where the matter in dispute amounts to the value of \$5,000 or more, or involves directly or indirectly some claim to property, or some civil right exceeding that value. The Privy Council has a discretionary power to grant special leave to appeal in criminal cases. Such leave is not commonly granted in criminal appeals from New Zealand.

It should be noted that a Bill has been introduced into the New Zealand Parliament which would abolish the right of appeal to the Privy Council.

2. Which persons have standing to assert IPRs? How may they be represented? Are there requirements for mandatory personal appearances before the court by the right holder?

In general, the persons having standing to assert IPRs are those with a direct interest such as the registered proprietor or licensee in the case of patents, trade marks and designs or as the IPRs owner in the case of copyright. Other parties may also have rights, for example, a registered user of a trade mark or an exclusive licensee in the case of a copyright.

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In respect to geographical indications, there is no specific requirement under the Fair Trading Act 1986 (under which enforcement action is taken in respect to geographical indications) that the person taking action be an "interested party". Precedent indicates that, when an action is brought under the Fair Trading Act, the courts adopt a liberal approach as to who can bring an action.

Individuals may either represent themselves or be represented by a lawyer. Bodies corporate are represented by a lawyer.

There are no requirements for mandatory personal appearances before the court by the right holder.

3. What authority do the judicial authorities have to order, at the request of an opposing party, a party to a proceeding to produce evidence which lies within its control?

The courts can order a party to produce evidence which lies within its control by the issue of an order for "discovery". In response to the order, the opposing party must provide the plaintiff with a list which details the documents which are held, documents no longer held, and other relevant documents known to the party.

A discovery order can be for general discovery, relate to specific matters, or require that documents or objects be produced to the Court.

4. What means exist to identify and protect confidential information brought forward as evidence?

The courts can protect confidential information in two ways:

- A party providing information under discovery can claim privilege. There are a number of grounds on which privilege can be claimed, for example, the information comprises communications between a client and lawyer (legal professional privilege).
- A court can impose confidentiality orders in respect to information, for example, preventing the reporting of the contents of a document or only permitting certain people of the other party to the proceedings to view the information, for example, the legal advisors or technical experts.

5. Describe the remedies that may be ordered by the judicial authorities and criteria, legislative or jurisprudential, for their use:

- **injunctions;**
- **damages, including recovery of profits, and expenses, including attorney's fees;**
- **destruction or other disposal of infringing goods and materials/implements for their production;**
- **any other remedies.**

I. INJUNCTIONS

The courts have wide ranging powers in respect to injunctions. Both interlocutory (interim) and permanent injunctions can be granted. The courts can grant injunctions both through their inherent jurisdiction and by way of statutory provision for injunctions. Injunctions can either be mandatory (requiring a party to act in a particular manner) or prohibitory (preventing a party acting in a particular manner).

In respect to interlocutory injunctions, the following points should be noted:

- They are interim only. Where a case goes to a substantive hearing, they will generally only last until judgment is given in the case.
- They can be granted unilaterally, i.e. *ex parte*, or where both parties have been included, i.e. inter parties.
- Whether or not an interlocutory injunction will be granted depends on a determination of well accepted principles. In essence, the courts consider:
 - whether there is a serious question to be tried;
 - if there is a serious question, whether damages will compensate the applicant in the absence of an interlocutory injunction;
 - if an injunction should be granted, whether the applicant can provide an undertaking to pay damages to the defendant should the applicant's case not succeed; and
 - where the case is evenly weighted, the balance of convenience in granting the interlocutory injunction.
- A special form of interlocutory injunction is the *Mareva* injunction (so called because of the English case which first saw such injunctions granted). In essence, such an injunction is granted to protect the assets involved in a case. The grant of such an injunction is dependant on a number of formalities being met.

Statutory provision and limitations in respect to injunctions concerned with IPR infringements exist in the Patents Act 1953, the Fair Trading Act 1986 (with respect to trade marks and geographical indications), the Trade Marks Act 1953, the Copyright Act 1994; and the Layout Designs Act 1994.

II. DAMAGES

Damages, include recovery of profits, and expenses, including attorney's fees. Wide powers exist for the award of damages.

Specific statutory provision concerning damages (and account for profits) in cases of IPR infringements exist in respect to copyright, layout designs, patents and trade marks.

The courts have the power to award costs to a successful party which can take into account legal costs.

III. DESTRUCTION

Provision exists for the courts to order the destruction or other disposal of infringing goods and materials in respect to trade marks and copyright works (including infringements of performers' rights).

IV. OTHER REMEDIES

In copyright cases, a court may order on a request by a copyright owner that where a person has in their possession, custody or control an infringing copy or an object designed or adapted for making infringing copies there be delivery up of the infringing copy or object. Such an order can be made by a court on an *ex parte* application where service of the notice would result in undue delay.

6. In what circumstances, if any, do judicial authorities have the authority to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the goods or services found to be infringing and of their channels of distribution?

As part of their inherent jurisdiction, the courts can make an order requiring the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the goods or services found to be infringing.

7. Describe provisions relating to the indemnification of defendants wrongfully enjoined. To what extent are public authorities and/or officials liable in such a situation and what "remedial measures" are applicable to them?

Defendants can be indemnified by way of damages or compensation.

Judges are not liable for acts done in the course of fulfilling their duties.

In respect to infringing copyright work and infringing trade mark goods, action cannot be taken against New Zealand Customs unless they have acted otherwise than in good faith.

8. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost.

The length and cost of proceedings will vary with each case. Factors which can influence length and cost are the number of parties involved, the complexity of the proceedings and the geographical location of the proceedings. No specific data is available on actual duration of proceedings and costs.

It should be noted that an application for an *ex parte* application can be heard and granted very quickly.

(b) *Administrative procedures and remedies*

9. Reply to the above questions in relation to any administrative procedures on the merits and remedies that may result from these procedures.

No provision exists for administrative decisions on the merits of an IPR's infringement case.

Provisional Measures

(a) Judicial measures

10. Describe the types of provisional measures that judicial authorities may order, and the legal basis for such authority.

The types of provisional measures which judicial authorities may order cover interlocutory injunctions, *Mareva* injunctions and *Anton Piller* orders.

Interlocutory injunctions and *Mareva* injunctions are discussed above in the comments on question 5.

In respect to *Anton Piller* orders these are named after the 1976 English case in which the orders were first made. In essence, an *Anton Piller* order is granted *ex parte* and is intended to enable the applicant to enter and search a defendant's premises so as to recover infringing articles and documents before they are destroyed.

Before granting an order, a court will consider whether the applicant has a strong case for believing that the evidence will be disposed of and cause damage to the applicant. A court has the power to protect the defendant's interest, for example, by requiring that the applicant give an undertaking as to damages.

11. In what circumstances may such measures be ordered *inaudita altera parte*?

The circumstances in which such measures may be ordered *inaudita altera parte* (*ex parte*) are discussed above in the comments relating to questions 5 and 10.

12. Describe the main procedures for the initiation, ordering and maintenance in force of provisional measures, in particular relevant time-limits and safeguards to protect the legitimate interests of the defendant.

The main procedures for the initiation, ordering and maintenance in force of provisional measures, in particular relevant time limits and safeguards, are discussed above in the comments relating to questions 5 and 10.

13. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost.

See the comments above in respect to question 8.

(b) Administrative measures

14. Reply to the above questions in relation to any administrative provisional measures.

The only situations where administrative provisional measures can be initiated are by New Zealand Customs. This is discussed below in respect to questions 15-19.

Special Requirements Related to Border Measures

15. Indicate for which goods it is possible to apply for the suspension by the customs authorities of the release into free circulation, in particular whether these procedures are available

also in respect of goods which involve infringements of intellectual property rights other than counterfeit trademark or pirated copyright goods as defined in the TRIPS Agreement (footnote to Article 51). Specify, together with relevant criteria, any imports excluded from the application of such procedures (such as goods from another member of a customs union, goods in transit or *de minimis* imports). Do the procedures apply to imports of goods put on the market in another country by or with the consent of the right holder and to goods destined for exportation?

Customs enforces a wide range of import prohibitions and restrictions on behalf of government departments and agencies which have the policy responsibilities for the controls. These import prohibitions and restrictions are related to the enforcement of:

- quarantine requirements;
- public safety requirements, for example, in respect to firearms, objectionable material, and explosives;
- consumer safety, for example, in respect to unsafe goods; and
- international obligations, for example, in respect to the Basel Convention.

These import prohibitions and restrictions are not related to the enforcement of intellectual property rights.

An application for suspension of release is only available in respect to goods which involve infringements of intellectual property rights involving counterfeit trade mark or pirated copyright goods as defined in the TRIPS Agreement.

The following goods are excluded from the application of such procedures:

- *De minimis* imports and goods imported for private and domestic use.

The Copyright Act and the Trade Marks Act provide that provisions for counterfeit trade mark and pirated copyright goods shall not apply to goods imported for private and domestic use.

- Goods exported from New Zealand.
There are no controls on the export of counterfeit trade mark goods or pirated copyright goods from New Zealand.
- Copyright works in transit to a country other than New Zealand.

The procedures do not apply to imports of goods put on to the market in another country by or with the consent of the right holder in that country (the importation of such goods into New Zealand is known as parallel importing). It should be noted, however, that a copyright owner may give Customs a notice in writing listing infringing copies which are to be imported and requesting that Customs inform the copyright owner if Customs becomes aware that any goods listed in the notice are to be imported into New Zealand or if such copies are in or at any time come into the control of Customs. A copyright owner is required to submit the notice in the prescribed manner and pay a fee.

- 16. Provide a description of the main elements of the procedures relating to the suspension of the release of goods by customs authorities, in particular the competent authorities (Article 51), the requirements for an application (Article 52) and various requirements**

related to the duration of suspension (Article 55). How have Articles 53 (security or equivalent assurance), 56 (indemnification of the importer and of the owner of the goods) and 57 (right of inspection and information) been implemented?

The main elements of the procedures relating to the suspension of the release of goods by Customs are outlined below.

Suspension of Release by Customs Authorities (Article 51)

Customs can suspend the release into circulation of counterfeit trade mark or pirated copyright goods where the right holder has lodged a notice requiring Customs to detain any pirated or counterfeit copies of the items that are in or at any time come into the control of Customs.

Application (Article 52)

The notices referred to above require the right holder to specify ownership in the copyright work or a New Zealand registered trade mark. Regulations made under the Trade Marks Act 1953 and the Copyright Act 1994 require evidence in support of a claim of ownership: every person who gives a notice under section 54B of the Trade Marks Act 1953 and section 136 of the Copyright Act 1994 is required to furnish to Customs evidence in support of the claim that goods infringe the trade mark or copyright; and Customs may direct that such evidence be furnished at the time the notice is given or at any subsequent time.

The information in the notices, and any additional evidence that Customs may require, ensures that Customs has sufficient information to identify infringing goods at the time of importation.

The notices are valid for no longer than 5 years from the date of the notice. In the case of:

- Trade marks, if the registration of the trade mark to which the notice relates will expire within the period of 5 years from the date of the notice, the notice is valid for no longer than that period for which the current registration will last.
- Copyright, if the copyright in the work to which the notice relates will expire within the period of 5 years from the date of the notice, the notice is valid for no longer than the period for which the copyright will last.

Security or Equivalent Assurance (Article 53)

Regulations made under the Trade Marks Act 1953 and the Copyright Act 1994 provide for security and indemnity in respect to counterfeit trade mark or pirated copyright goods. Thus:

- Every person giving a notice under the Trade Marks Act 1953 and the Copyright Act 1994 in respect to counterfeit trade mark and pirated copyright goods is required to give a security or an indemnity or both a security and an indemnity to persons determined by Customs and in an amount, and on such terms and conditions, as may be determined by Customs.
- Customs may direct that a security or an indemnity or both a security and indemnity be given at the time the notice is given or at any subsequent time.
- Every person to whom an item is to be or has been released from detention under the legislation is required to give a security or an indemnity or both a security and an indemnity to persons

determined by Customs and in an amount, and on such terms and conditions, as may be determined by Customs.

Customs has determined that persons giving notices under the above legislation must provide Customs with:

- a security of \$5,000 which is deposited in Customs trust account (this figure may be set at a higher or lower figure where it is considered necessary); and
- completed forms of indemnity.

This ensures that Customs is protected against action taken under a notice and prevents abuse of the legislative provisions by right holders.

Duration of Suspension (Article 55)

Customs may only enforce the border enforcement provisions in respect to the Trade Marks Act and the Copyright Act where:

- a notice has been accepted by Customs; and
- the goods have been imported and are in the control of Customs.

In such instances, Customs may conduct any investigation in order to establish whether or not the goods appear to infringe the right holders trade mark or copyright.

In undertaking this investigation Customs may require the right holder or any person having an interest in the goods to supply such information as Customs may specify in order to determine if the goods infringe the right holders trade mark or copyright. This information must be supplied to Customs within ten working days.

Customs is then required, within a reasonable period of time, to make a determination as to whether or not Customs considers that the goods appear to infringe a registered trade mark or copyright. A written notice of determination must then be served on the right holder and any other person having an interest in the goods, advising the outcome of Customs investigation.

Goods which Customs determines are covered by a notice and infringe a copyright or trade mark, may be detained (not seized) for ten working days. If, within this detention period, Customs has not been advised that a person other than the importer or consignee has commenced proceedings in the Court to establish that the goods breach their rights, the goods are released to the importer.

During this detention period any person having an interest in the goods, for example an importer, may apply to the Court for an order that:

- the notice be discharged; or
- the goods are to be released; or
- that the goods are not counterfeit or pirated and they are not covered by the notice.

Customs will deal with the goods in accordance with the Court's decision.

The ten working days detention period may, on application to Customs, be extended to 20 working days.

In the case of counterfeit trade mark goods, the importer or consignee may, by notice in writing to Customs, consent to the goods being forfeit to the Crown.

Indemnification of the Importer and the Owner of the Goods (Article 56)

In instances where the Court decides that the goods do not bear an infringing sign or are not pirated, it may make an order that any person who is a party to the proceedings pay compensation to the importer, consignee or to the owner of the goods.

Right of Inspection and Information (Article 57)

Customs may allow any person having an interest in the goods which are under investigation by Customs or the subject of court proceedings to inspect the goods. They may, with the approval of Customs, take a sample of the goods for inspection.

- 17. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost. How long is the validity of decisions by the competent authorities for the suspension of the release of goods into free circulation?**

The border enforcement provisions have only been in force since 1 January 1995.

To date there has only been one case where the right holder has initiated action through the Court against the importation of infringing goods. As this case has not been completed Customs is unable to make any comment on the duration of proceedings and their cost.

The response above to question 16 discusses the time for which decisions are valid in respect to the suspension of the release of goods.

- 18. Are competent authorities required to act upon their own initiative and, if so, in what circumstances? Are there any special provisions applicable to *ex officio* action?**

In certain circumstances Customs may be able to take *ex officio* action under the Customs Import Prohibition (Trade Descriptions) Order 1991. This Order prohibits the importation of:

"3. Any goods bearing, or to which there is attached in any manner whatsoever, any statement or indication, including a statement or indication by words, numbers, marks, pictures or symbols, or a combination therefore, which is incorrect or misleading as to-

- a The particular kind or standard, quality, grade, quantity, composition, style, model, particular history, or particular previous use of the goods; or"

"4. Any goods in respect of which there is applied to any covering, packaging, label, wrapper, ticket, reel or thing in or with which the goods are supplied, any statement or indication, including a statement or indication by words, numbers, marks, pictures or symbols, or a combination thereof, which is incorrect or misleading as to-

- a The particular kind or standard, quality, grade, quantity, composition, style, model, particular history, or particular previous use of the goods; or"

It has been suggested that the illegal use of a trade mark could be taken as an indication that the counterfeit product meets the standard or quality of the genuine product.

In cases where it could be established that use of the trade mark infers a particular standard or quality, the goods may be covered by the above prohibition order. In such cases the goods may be liable for seizure under the Customs and Excise Act 1996.

It should be noted that the use of the Order in this manner has not been tested in the courts.

19. Describe the remedies that the competent authorities have the authority to order and any criteria regulating their use.

Customs does not have any authority to order any remedies regarding the importation of counterfeit trade mark and pirated copyright goods. However, a court may order that goods be:

- forfeit to the claimant; or
- destroyed; or
- otherwise dealt with as the court thinks fit.

In considering which of these remedies should be ordered, a court must have regard to:

- The availability of other remedies to adequately compensate the intellectual property rights owner.
- The need to ensure that the infringing items are not disposed of in a manner that would already adversely affect the claimant.

The court may also:

- Order the items be sold and the proceeds divided where there is more than one person interested in an item.
- Order that compensation be paid to an importer, consignee or the owner of goods where a court decides there is not an infringement.

Criminal Procedures

20. Specify the courts which have jurisdiction over criminal acts of infringement of IPRs.

The courts with jurisdiction in respect to criminal acts concerning IPR infringements are the District Court, High Court and, in the case of certain appeals, the Court of Appeal. (See the comments under question 1 for further detail).

21. In respect of which infringements of which intellectual property rights are criminal procedures and penalties available?

The IPR infringements for which criminal procedures and remedies are available are discussed below in the comments under question 24.

22. Which public authorities are responsible for initiating criminal proceedings? Are they required to do this on their own initiative and/or in response to complaints?

The following public authorities have primary responsibility for initiating criminal proceedings:

- The Commerce Commission in respect to forged, falsely applied or falsely used trade marks.
- The New Zealand Police in respect to copyright infringements.

Both the Commerce Commission and the New Zealand Police can act on their own initiative and/or in response to complaints.

23. Do private persons have standing to initiate criminal proceedings and, if so, who?

Private persons can initiate criminal proceedings although such action is rare. A party likely to take action is one with an interest in the issue where for some reason the authorities have decided not to take the case, for example, because they are not convinced the evidence is likely to result in a conviction.

24. Specify, by category of IPR and type of infringement where necessary, the penalties and other remedies that may be imposed:

- **imprisonment;**
- **monetary fines;**
- **seizure, forfeiture and destruction of infringing goods and materials and implements for their production;**
- **other.**

The penalties and other remedies that may be imposed in respect to infringements of intellectual property rights are as follows:

imprisonment

Up to three months imprisonment can be imposed for offences committed in respect to infringements of copyright works, including illicit recordings, and for the making or possession of an object which is known to be used for the making of an infringing copy of a copyright work. Where a body corporate commits an offence in respect to an object every director and every person concerned with the management of the body corporate will be guilty of an offence.

monetary fines

In respect to copyright infringements, including illicit recordings, up to \$50,000 in fines can be imposed for each offence.

In respect to forged, falsely applied or falsely used trade marks, fines for an offence can range from a maximum of \$30,000 in the case of an individual to \$100,000 in the case of a body corporate. (These maximums also apply cumulatively to more than one offence committed at the same time).

seizure, forfeiture and destruction of infringing goods and materials and implements for their production

In respect to both infringing copyright works and forged, falsely applied or falsely used trade marks, a court is able to order forfeiture, destruction of the goods or otherwise deal with the goods in the way a court sees fit.

other

Other remedies available to a court include the granting of injunctions in both copyright and trade mark cases.

In trade mark cases a court can also impose a range of other remedies, for example, the voiding or varying of a contract or arrangement, and the refunding of money or the return of goods.

See also the comments under question 5 in relation to destruction or other disposal of infringing goods and materials/implements for their production.

25. Describe provisions governing the length and any cost of proceedings. Provide any available data on the actual duration of proceedings and their cost, if any.

See the comments above under question 8.

Other

Attached to this notification is a table on New Zealand's system relating to the enforcement of copyright. This table was included as a response to a question New Zealand received in respect to the review of copyright legislation in July 1996.

The criminal and civil remedies available in New Zealand for copyright infringement and the way in which the TRIPS Articles are implemented are shown in the attached table:

TRIPS Article	Applicable Sections of Copyright Act	Comment
41(1)	120	Infringement of copyright is actionable.
	125	Infringement of moral rights is actionable.
	131	As a deterrent, fines and imprisonment may be imposed by the Court for criminal offences.
	225	Rights and privileges under other enactments and common law.
	226	Offence to circumvent copy protection.
	Part VII	Border protection measures.
41(2)	122(4)	Court can make an order without notice where service of notice would result in undue delay.
	Part VII	Border protection measures.
	Part X	Operation and jurisdiction of the Copyright Tribunal
41(3)		Met by rules of procedure of the Courts.
41(4)	141	Application to Court for discharge of order.
	223	Case may be referred to the High Court.
	224	Question of law may be referred to the High Court.
	225	Rights and privileges under other enactments and common law.
45(1)	120(2)	All such relief by way of damages, injunctions, accounts or otherwise is as available in respect to the infringement of any other property right.
	125	Damages are payable for infringement of moral rights.
	225	Rights and privileges under other enactments and common law.
45(2)	121	Plaintiff is entitled to an account of profits where the defendant did not know and had no reason to believe that copyright existed in the work to which the proceedings relate.
	225	Rights and privileges under other enactments and common law. General power of court to order payment of a party's costs.

TRIPS Article	Applicable Sections of Copyright Act	Comment
46	122	Order up in civil proceedings. Where a person has in that person's possession, custody or control an infringing copy or an object designed or adapted for making infringing copies, then the copyright owner can apply to the Court for the delivery up of the infringing copy or object.
	132	Order up in criminal proceedings. Where a person has in that person's possession, custody or control an infringing copy or an object designed or adapted for making infringing copies, then the copyright owner can apply to the Court for the delivery up of the infringing copy or object.
	134	The Court may order the forfeiture to the copyright owner, or other disposal as it sees fit, of any infringing copy or object designed or adapted for making infringing copies.
	197	Performers rights; delivery up of infringing goods in civil proceedings, as for 122(1).
	199	Performers rights; delivery up of infringing goods in criminal proceedings, as for 132(1).
	202	Order as to disposal of illicit recordings.
50	122(4)	An order can be made on an <i>ex parte</i> application by the copyright owner where service of notice would cause undue delay or other serious detriment to the copyright owner.
	Part VII and Copyright (Border Protection) Regulations 1994	Border protection measures.
61	131	Imprisonment and monetary fines are provided.
	132	See Article 46 above.
	133	Liability of officers of body corporate.
	134	See Article 46 above.
	198	Illicit recordings, criminal liability.
	200	False representation to authority to give consent.
	201	See 133 above.
	227	Fraudulent reception of broadcasting or cable service.