



NZ IP update 2021

2021 has been a year of interesting IP developments and decisions for our clients and other NZ businesses. Read on for an update on hot topics that all legal and marketing teams should find useful.

Colour trade marks – fight between Genesis Energy and Z Energy



*Image courtesy of Z Electric website

Genesis Energy has [applied for an interim injunction](#) to stop Z Energy from using the colour orange for its new electricity-fuel brand. Genesis is concerned that Z Energy's use of orange may cause brand confusion, as it claims orange is a key part of its electricity brand. Genesis has a registered colour mark covering a shade of orange known as Pantone 158C, in combination with black.

Genesis has recently filed some new colour trade mark applications for orange shades, which are currently being examined. This stoush shows the need for caution around third party IP when expanding from one service line (in this case fuel) into another (electricity). The interim injunction application was argued at the end of August and the decision will provide interesting guidance on the challenges in building brand equity in colours.

The curious case of the man who tried to trade mark 'Aunty Helen'



An individual [applied to register](#) Helen Clark's famous 'Aunty Helen' nickname as a trade mark for a range of political, publishing, clothing and retail goods and services. On behalf of Ms Clark, we [opposed](#) the application on the basis the mark would be likely to mislead or cause confusion and was applied for in bad faith. The IP Office sided with Ms Clark and refused to accept the application. This decision created new law. A nickname that is not necessarily used as a trade mark can nevertheless mislead or deceive people if it is used as a trade mark by a third party. This decision should help protect the rights of well-known individuals in the future.

Fonterra's questionable Te Reo Māori trade mark applications



Fonterra has recently [come under fire](#) in the media for trying to trade mark a number of arguably descriptive Te Reo Māori words for cheese and milk products. This includes applications for the words kakato (delicious), pakari (firm), kirimi (cream) and kahurangi (blue). These applications are still under examination and will undoubtedly be sent to the Māori Advisory Committee to determine whether the marks are likely to cause offence. The trade mark office will also consider whether the marks are descriptive and/or non-distinctive in relation to the goods covered by the applications (which seems likely). Given Te Reo Māori is a national language of New Zealand, words that are descriptive of goods or services in Te Reo Māori are not registrable as trade marks for those goods or services.

100% natural sweetener claims



We have been acting for Merisant (makers of EQUAL sweeteners) in a five year long dispute with an Australian competitor (see green box), Flujo. Flujo objected to Merisant’s packaging for its NATURALS stevia sweeteners (brown box). Flujo claimed Merisant’s NATURALS packaging was so similar to Flujo’s that it was likely to mislead or deceive consumers and therefore breached the Fair Trading Act and amounted to passing off. Flujo’s key argument was that by using the claim “the 100% natural sweetener” so prominently and centrally on its packaging, it had turned this element of its packaging into a brand. Flujo said Merisant had copied this brand element and used reverse colouring and other features which overall came too close to Flujo’s get-up. There was no evidence of consumer confusion.

The case was heard in a five day High Court trial in April 2021, and the Judge sided with Merisant. The [decision](#) dismissed all of Flujo’s claims. This was the first New Zealand passing off case decided at trial for a few years. The decision shows it is not easy to turn a descriptive claim into a brand element, and it is very difficult to prove passing off without persuasive evidence from misled consumers. The decision also confirmed recent Australian passing off decisions that have said an intention to copy elements of a competitor’s packaging is not the same thing as an intention to mislead or deceive consumers.

Limitations on trade marks that contain descriptive claims



In a related matter, Flujo tried to register a trade mark for a simplified version of its packaging. Although Merisant considered the mark distinctive as a whole, it suspected Flujo was trying to get trade mark protection for the descriptive claims ‘the 100% NATURAL Sweetener’ and ‘Natural like sugar...only better’ by the back door. We argued Flujo had to formally disclaim these elements in its trade mark application i.e. admit it had no exclusive rights to those elements. The Assistant Commissioner of Trade Marks agreed, and [decided](#) it is in the public interest to clarify the extent of an owner’s rights in a trade mark. Flujo’s trade mark application covered a wide range of goods, including salt, vinegar, coffee, and mustard. We argued that the mark was inherently misleading in relation to such goods (which are clearly not sweeteners), and the specification was too broad. The IP Office agreed Flujo had strayed beyond what it reasonably intended to use the mark on, and limited the specification to sweetener related goods only.

Fruits of Zespri’s labour upheld in Court of Appeal decision



The kiwifruit smuggler who took two of Zespri’s gold kiwifruit plant varieties to China has been [ordered](#) to pay Zespri damages of more than NZ\$12 million, following an unsuccessful Court of Appeal decision. Mr Gao, a former grower, was ordered by the High Court in 2020 to pay Zespri almost NZ\$15 million for breaching Zespri’s plant variety rights. The Court of Appeal held that execution in New Zealand of the unauthorised licence agreement for propagation in China did not infringe Zespri’s New Zealand plant variety rights, because the right to export was not part of Zespri’s exclusive rights under the PVR Act. However the defendant’s offer to sell and its production for sale of budwood of the protected varieties, which occurred in New Zealand, infringed Zespri’s New Zealand plant variety rights. The Court of Appeal also reduced the damages payable, due to a miscalculation of the size of the Chinese orchards involved.

Takeaway cup manufacturer in hot water over recyclable claims



IP legislation updates

The Commerce Commission has [warned](#) takeaway cup maker Glopac for making misleading claims about the recyclability of its hot drink cups. Glopac claimed its cups could be recycled, and while the products are technically recyclable, they are not accepted by New Zealand recycling facilities. The warning is a reminder to businesses to be aware of commercial realities when making green claims, and always think about how consumers will interpret any claims to avoid ending up in hot water. See our note on green claims for more info: <https://www.dentons.co.nz/en/insights/articles/2020/august/6/new-commerce-commission-guidelines-on-environmental-claims>

Current legislation in the pipeline includes:

The Government is [currently reviewing](#) the Copyright Act 1994. It ran an initial consultation process in 2018-2019, and is now analysing the issues raised. It will seek further feedback on its objectives in the next round of public consultation, which is yet to be announced.

An exposure draft of a proposed Intellectual Property Amendment Bill is due to be released later this year. We are told the Bill will make minor and technical amendments to the Trade Marks Act 2002.

The [Commerce Amendment Bill](#) is currently having its second reading, following the Select Committee report in September. If the Bill is implemented, it will make a number of changes to New Zealand's competition law framework, including repealing the current IP exception in the Commerce Act. This will mean that some businesses won't be able to enforce their IP rights if doing so will have the likely effect of substantially lessening competition in a market.

The [Organic Products Bill](#) is currently having its second reading, following a Select Committee Report earlier this year. The Bill aims to increase consumer confidence in purchasing organic products and regulate the use of various organic claims.

A Select Committee is currently [considering](#) the Plant Variety Rights Bill, following its first reading in May this year. If [implemented](#), the Bill will replace the current Plant Variety Rights Act and modernise the regime.

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