New Zealand Law Society
Te Kāhui Ture o Aotearoa

Level 4, 17–21 Whitmore Street, Wellington
PO Box 5041, Wellington 6140 · DX SP20202, Wellington
04 472 7837 · inquiries@lawsociety.org.nz

lawsociety.org.nz

11 December 2020

Steffen Gazley
Hearings Office
Intellectual Property Office of New Zealand
Wellington

By email: steffen.gazley@iponz.govt.nz

Dear Steffen

Re: IPONZ case management and procedural proposals (Hearings Technical Focus Group document)

The New Zealand Law Society | Te Kāhui Ture o Aotearoa welcomes the opportunity to comment on the proposals in the document prepared for the Hearings Technical Focus Group's meeting on 21 October 2020. Comments from the Law Society's Intellectual Property Law Committee are provided below.

Enhanced case management of proceedings

General comments

Case Management has an important role to play in ensuring the speedy and efficient resolution of proceedings and making the best use of available resources including Hearings Officer capacity. These are common goals of IPONZ, the Law Society and the legal profession. However, case management alone cannot address delays caused by lack of hearings capacity, a deeper issue about which the Law Society remains concerned.

Our comments and suggestions on case management are not directed at the two options set out in the discussion document, given that:

- Option one appears to have little to recommend it, and we assume it has already been rejected.
- Option two would arbitrarily allocate formal case management to cases over two years old and "complex" proceedings, when in practice neither age nor complexity necessarily correlate with a need for case management.

Instead, the Law Society proposes an alternative approach to case management that is flexible, and that we believe would maximise its usefulness. Our proposal also addresses some other matters covered in the discussion document, including:

- Some of the proposed amendments to pre-hearing directions and parts of the existing pre-hearing directions.
- The streamlining of pre-hearing steps with the aim of encouraging parties to agree on the pre-hearing issues.
- Improving the halts regime.

- The setting of a hearing date and timing of submissions.

The Law Society's proposal – case management generally

The Law Society suggests the following guidelines could be adopted in case management:

> *Case management regime guidelines*
>
> 1. *Proceedings should be the subject of active case management on a case by case basis, with a formal case management conference arranged when required.*
> 2. *Examples of when active case management is required include when one party is refusing to take a reasonable and/or cooperative approach in agreeing matters. This may include situations where there is an impasse, or one or both parties are dragging their feet, or a discussion is needed to clarify a matter. Active case management may also be required where proceedings are inter-connected.*
> 3. *Hearings Case Managers should carry out the active case management where possible, for example by setting deadlines and making procedural decisions.*

In practice there has been a reluctance on the part of Case Officers to facilitate Case Management Conferences (CMCs). Counsel and attorneys know of this reluctance, which has the following effects:

1. There is no point in seeking a CMC to address an issue that is delaying progress, which negatively impacts on the party wanting to move the proceeding forward.
2. A party wishing to delay progress of a proceeding knows it can achieve this without active intervention by the Hearings Office.

There is a suggestion in the discussion document that formal case management is "administratively burdensome on Hearings Case Officers and Assistant Commissioners". However we see case management as an intrinsic part of the Hearings Office's role, and whose purpose is to achieve better use of the time and resources of both the parties and the Office.

If CMCs were actively used, the mere threat of a CMC would be effective in modifying the behaviour of the delaying party.

More details of scenarios illustrating this are set out below in our comments on halts.

The Law Society's proposal – pre-hearing directions

The Law Society considers the standard pre-hearing directions could be revised both in their structure and content, with the aim of streamlining pre-hearing communications, procedural steps and, importantly, the allocation of hearing dates.

Current Direction 1 requires the Hearings Office to send a standard letter to the parties seeking an array of information and giving the parties four weeks to respond. There is no requirement for the parties to try to agree on anything. At the end of the four-week period the case is considered "ready for hearing" (although in fact a case is ready for hearing immediately following the final evidence stage).

Direction 2 again requires the Hearings Office to write a letter to the parties offering (currently) two possible hearing dates, with a proposal that in future only *one* hearing date will be offered. There is no suggestion of consultation with the parties before offering this date(s) which currently can be anything from a few weeks to a few months away.

Direction 2 also touches on the filing of written submissions, but the filing of submissions and other documents is largely covered in Direction 3.

This procedure for dealing with pre-hearing issues seems unnecessarily cumbersome for both the Hearings Office and the parties. It does not seem to have been designed with efficiency in mind and leaves little room to deal with the requirements of individual cases. Our proposal below for dealing with pre-hearing issues is mostly focused on Directions 1 and 2.

We suggest the following revised pre-hearing directions:

Direction 1:* Offering *of hearing dates and filing of memoranda from parties

1. *Once the evidential stages of the proceeding are complete, the case is ready for a hearing. At that stage, the Hearings Office will write to the parties setting a deadline of 2 weeks for them to file a joint memorandum, or if they are unable to agree, separate memoranda, dealing with the following:*

    - *How they wish to be heard*
    - *Who will be representing each party at the hearing, any likely additional attendees including additional representatives of the parties, other members of the firms representing the parties, or members of the public at large including reporters*
    - *Any evidentiary issues*
    - *Whether any grounds or matters pleaded will not be pursued at the hearing*
    - *Whether the parties are pursuing settlement negotiations*
    - *Whether one or both of the parties wish to request consolidation of proceedings, or that multiple proceedings be heard together/consecutively*

Optional step: Case management conference may be required

2. *It is expected that the parties will be able to comply with the above requirements in a joint memorandum, and that in the majority of cases no case management conference will be required.*
3. *Should there be any issues or areas in which the parties are unable to agree, and that require resolution prior to the hearing, a case management conference may be convened to deal with them.*

Direction 2: Setting of hearing date

4. *If either or both parties have elected to attend a hearing in person, the Hearings Office will contact the parties offering at least two potential hearing dates. This communication may be by telephone, or by letter in which case the Hearings Office will give the parties one week to respond. If both parties have requested a hearing by appearance, the parties will be expected to do their best to agree on the hearing date*
5. *The Hearings Office will offer alternative hearing dates if there are good reasons why a party is unable to attend on the dates offered.*

We anticipate that under this regime hearing dates are likely to be allocated some months in advance, which should make hearing allocation easier. It would maximise the likelihood that counsel will be available, while giving them sufficient notice not only of the hearing date itself but also to allow

sufficient time to prepare submissions. In practice the parties themselves generally want a hearing as soon as possible, and counsel do their best to accept the dates offered.

Where a party takes an interlocutory decision to a hearing, there should be the ability to schedule a short interlocutory hearing within a month. This would avoid proceedings being halted for long periods while the parties wait for an interlocutory hearing. It would also discourage parties from taking an interlocutory decision to a hearing with the ulterior motive of effectively halting the proceeding for a year or so.

Previously the Hearings Office had experienced case managers, one or more of whom were appointed Assistant Commissioners to enable them to hold short CMCs. We suggest the Office needs to build up this capacity, so that it has the flexibility to offer CMCs at short notice so as to keep cases moving.

The Law Society's proposal – timing for filing written submissions

Direction 3 covers the requirements for written submissions and other documents for the hearing. The Law Society has only one substantive suggestion which would result in the responding party having 10 working days to complete its submissions, rather than the five working days currently allowed. Under this proposal:

- In step 5 of Direction 3, ***20 working days*** would become ***25 working days***.
- In step 6 of Direction 3, ***10 working days*** would become ***15 working days***.

This change has no real impact on the initiating party but avoids the responding party having only five working days to draft and finalise its submissions. While a draft can be prepared before the initiating party's submissions are available, this is highly inefficient especially when the initiating party's key arguments are not obvious.

Halts in proceedings

Halts are provided for at regulation 28 of the Trade Marks Regulations 2002 and regulation 159 of the Patents Regulations 2014. Both state that any halt in the proceeding must be for a period no longer than 6 months.

The purpose of a halt is to allow the Commissioner to deal with issues or matters that will directly affect the outcome of the proceeding, for example:

- Settlement negotiations between the parties
- Procedural, pleading or evidential issues
- Instructions from the International Bureau
- Aligning deadlines in related proceedings to achieve operational efficiencies
- The determination of other co-pending proceedings between the parties
- Confirmation of a task being completed such as deposit of security for costs or service of evidence

However, current practice is for Case Officers to routinely and sometimes unilaterally grant halts for 30 days or to a specified date. In some cases, Case Officers have unilaterally issued a halt for a period longer than both parties to the dispute requested.

In addition, once the halt period ends, the Case Officer often delays setting the deadline by which the next stage of the proceeding is to be completed, thereby granting to the party who requested the halt a *de facto* extension and delaying the recommencement of the proceeding.

Any halt causes automatic delays, and the beneficiary of the halt has no incentive to respond before the deadline given.

Any halt is therefore an example of a situation in which a formal case management conference might be necessary to ensure the halt itself does not unnecessarily delay the proceedings, the party requesting the halt is acting reasonably and/or a cooperative approach is taken between the parties. Just because the proceeding is halted does not prevent the calling of a case management conference to ensure the just, speedy and inexpensive resolution of the proceedings.

Currently it is typical for Case Officers not to do anything to facilitate a CMC, which effectively gives one party a de facto extension in circumstances when a quick CMC or even the threat of a CMC would likely resolve the situation. For example, a party can gain many months of de facto extensions of time for preparing its evidence by arguing over the confidentiality regime for the other party's confidential evidence, when agreeing on confidentiality should be a simple process.

The Law Society's proposal above concerning case management generally addresses this problem.

Public interest procedure in withdrawn patent proceedings

1. The IPONZ paper sets out the intended approach as follows:

> "Moving forwards, the Hearings Office intends on taking a more streamlined approach to dealing with withdrawn patent proceedings, more akin to that in trade mark proceedings. In most cases, given that the patent specification will already have been accepted by the Patents team, in either its advertised or amended form, applications will usually proceed to grant without the need for a full public interest decision.
>
> The primary function of patent opposition cases in particular is to deal with applications that are "manifestly untenable". With this in mind, we're hopeful that this change of practice will provide for a far more efficient manner of dealing with withdrawn patent opposition and revocation proceedings, while still ensuring that the public interest is being served adequately.
>
> Notwithstanding the above, re-examination will still be available under s 95 of the Patents Act 2013, either at the Commissioner's initiative or at the request of another person."

2. A first issue that arises from this statement is that no guidance is provided as to the circumstances which will lead the Commissioner to issue a full public interest decision. The use of the word "usually" suggests that the Commissioner will issue a full public interest decision in some proceedings and not others. If that is what is intended, criteria will need to be provided to establish the circumstances in which the Commissioner will issue a full public interest decision.

3. Secondly, where the Commissioner decides to issue a full public interest decision, the applicant should be given the opportunity to file submissions in support of their application. Submissions would provide valuable assistance to the Commissioner, particularly where a large number of prior art documents have been cited.

Next steps

We would be happy to discuss these comments, and IPONZ's proposals for improved case management in hearings, in more detail. If that would assist, the convenor of the Law Society's Intellectual Property Law Committee, Greg Arthur, can be contacted in the first instance through the Law Society's Law Reform Adviser, Emily Sutton (Emily.Sutton@lawsociety.org.nz).

Yours sincerely

Herman Visagie
NZLS Vice President