CONFLICTS OF LAWS

Tony Angelo

Pinto v Tindall HC Auckland CIV-2011-404-001335, 7 December 2011 involved the Reciprocal Enforcement of Judgments Act 1934. There was a claim to set aside an English judgment of late 2010 which had been registered in New Zealand in March 2011 on the grounds of the appeal provision in s 7(1) of that Act. Whata J accepted that the factors relevant to the application were whether an appeal was pending or the debtor had a real intention to appeal, whether the appeal was bona fide and whether the appeal had merit (at [18]). The application was dismissed after consideration of these factors and of the delay taken by the debtor to protect his position.

GVI Logistics Ltd v Goat NZ Ltd HC Auckland CIV-2011-404-004407, 7 December 2011 concerned a refrigerated container of meat which was transported from New Zealand to Japan at incorrect temperature settings with consequent loss. The judgment considered the relevance of s 9 of the Carriage of Goods Act 1979 to the loss, given that part of the transport was in New Zealand and part international.

Seed Enhancements Ltd v Agrisource 2000 Ltd HC Auckland CIV-2010-404-004243, 18 November 2011 involved a protest to jurisdiction and the operation of rr 6.27–6.29 of the High Court Rules. The damage complained of had occurred in New Zealand. There was service abroad on the German defendant without leave. The Court considered the various criteria involved and the burden of proving that New Zealand is the appropriate forum, especially as there was a contractual clause giving exclusive jurisdiction to the courts of Hamburg ([50]–[55]). The Court held that a New Zealand court would not be justified in assuming jurisdiction on the facts of the case and noted "in a global context it is about a relationship carefully controlled, where the choice of law and jurisdiction is agreed, and where there cannot be any question about the competence of or the resolution processes available to ensure a proper and just outcome" (at [60]). One major factor in the Court's decision was that it is likely that two more defendants will be joined to the case, one from Canada and one from South Korea. Their contracts provided for exclusive jurisdiction in Germany.

FAMILY LAW

John Caldwell

Richardson v Richardson
[2011] NZCA 652

The parties had separated after a marriage of ten years duration. The wife, who had primary responsibility for the two children, applied to the Family Court for spousal maintenance orders. At the time of the Family Court hearing the wife was receiving a Domestic Purposes benefit of $166 per week and a tax credit, under the Working for Families scheme, of $140. In his decision Judge Adams stated that the benefits from WINZ were irrelevant to his consideration of spousal maintenance, and he pointed to s 62 of the Family Proceedings Act 1980 which provides that "....the liability to maintain any person under this Act is not extinguished by reason of the fact that the person's reasonable needs are being met by a domestic benefit". The decision was appealed to the High Court, and Harrison J, citing earlier authorities, held that the Family Court judge had erred in disregarding the state benefits. Section 62, his Honour held, did not support the proposition that receipt of a benefit was to be excluded from the means assessment. His Honour then proceeded to hold that if those benefits had been taken into proper account the applicant would have had no material shortfall in meeting her reasonable needs. Leave to appeal to the Court of Appeal was granted on the question of whether Judge Adams had been correct to disregard the State benefits.

Somewhat surprisingly, the earlier leading judgment of the Court in *Ropiha v Ropiha* [1979] 2 NZLR 245 had not been referred to by Harrison J. In that case, concerning an application for interim maintenance, the Court of Appeal had held that the Court would generally take no account of the receipt by the applicant of a discretionary means-tested and regularly adjusted benefit (in that case the unemployment benefit) except where the defendant could because of his or her circumstances be sensibly expected to bear the full burden of meeting the maintenance needs of the applicant. The Court of Appeal declared there were practical as well as policy reasons for adopting this approach. The practical considerations related to the fact that any maintenance sum awarded would result in the dollar for dollar abatement of the discretionary State benefit, and the policy considerations related to the need to protect the public purse from fiscal demands originating from essentially private obligations.

In *Richardson* the Court of Appeal affirmed the findings and reasoning of its earlier decision, and held that exactly the same policy and practical considerations applied to the Domestic Purposes benefit as to the unemployment benefit. Further, the Court of Appeal observed that the complexity of both the Domestic Purposes and Working for Family schemes rendered it highly impractical for the Courts to try and take such benefits into account in fixing spousal maintenance, and that Parliament could never have intended such an outcome. For instance, it would never have been envisaged that the Commissioner would become involved in assisting the Court over the availability of tax credits.

This decision confirms that when the Court comes to assess the means of the applicant in maintenance proceedings, the possible receipt of discretionary State benefits will generally be excluded from consideration. Maintenance remains a direct, personal obligation that, at least as general proposition, is not to be shifted to the taxpayer; the State cannot be expected to relieve a respondent of his or her maintenance responsibilities. In a time of such obviously limited State resources, this is an approach unlikely to attract much debate.

INTELLECTUAL PROPERTY

Anna Kingsbury

Human Genome Sciences Inc v Eli Lilly & Co
[2011] UKSC 51

Under the TRIPS Agreement 1994, for an invention to be patentable, it must be "capable of industrial application" (art 27(1). This requirement is expressed as "useful" in some jurisdictions, including New Zealand (Patents Act 1953, s 41(1)(g), and Patents Bill cll 10 and 13). Under arts 52 and 57 of the European Patent Convention, an invention is patentable if it is "susceptible of industrial application", and it is susceptible of industrial application "if it can be made or used in any kind of industry, including agriculture".

In this case the United Kingdom Supreme Court considered the requirement of industrial applicability, in the context of a patent for biological material. The case raised issues about whether patents should be granted for isolating and identifying biological molecules before there is certainty about their use, or whether patents should only be granted for downstream inventions with clearly identified uses. The BioIndustry Association intervened in the proceedings, arguing that the industry needed clarity and certainty in this area of law in order to attract investment, and that, if the appeal was not allowed, it would be appreciably harder for patentees to show industrial applicability and consequently to attract investment at early stages of research and development.

The case involved a patent for a novel human protein, Neutrokine-α, which, it was contended, had predicted biological properties and therapeutic activities because it was a member of the TNF ligand superfamily. That is, it was a patent for an identified isolated molecule, the use of which could still only be predicted based on what was known about other molecules in the "superfamily". Human Genome Sciences (HGS) applied for the patent in 1996 and it was granted by the European Patent Office (EPO) in 2005. Eli Lilly opposed the grant of the patent, and brought revocation proceedings in the English High Court. In the High Court the patent was revoked on the ground that the invention was not industrially applicable, and an appeal to the Court of Appeal was dismissed. HGS then appealed to the Supreme Court. In parallel proceedings, the Technical Board of Appeal of the EPO (the Board) upheld the patent.

In the Supreme Court, HGS argued that the Board was correct and that the Courts below had set too high a standard for industrial applicability in the context of a patent for biological material. The Supreme Court Judges reviewed the relevant jurisprudence, noting the lack of authority in the United Kingdom itself, and relying on decisions of the Board, identified a number of principles from those decisions (at [107]). It was open to the Supreme Court to decide the patent was invalid, but the Court also noted the importance of UK patent law aligning itself with the jurisprudence of the EPO. The Court also considered the wider policy context.

The Supreme Court Judges all expressed the view that generally in cases of this type the Court should show deference to the trial judge who had evaluated the evidence, and to the experience of the presiding Judges in the Court of Appeal. However, in this case the Supreme Court Judges all concluded that the Courts below had applied a test that was inconsistent with that developed by the Board, that the Board test was the appropriate test, and that it produced a different result on the facts. The Board test relating to a new protein and its encoding gene required "plausible" or "reasonably credible" claimed use. The Court of Appeal had set a higher standard. According to Lord Hope (at [151]), Jacob LJ in the Court of Appeal appeared:

> ... to have been looking for a description that showed that a particular use for the product had actually been demonstrated rather than that the product had plausibly been shown to be "usable".

The Supreme Court Judges considered the wider policy concerns, including about the possible negative effects of allowing patents in biotechnology to be granted for particular biological molecules too early in the research process, with the risk of closing down competition (at [130]). However, other policy considerations, particularly the desirability of consistency with EPO decisions and the importance of investment in biotechnology industries, supported the conclusion that the patent should be upheld. The Supreme Court allowed the appeal.

Fonterra Brands (Tip Top Investments) Ltd v Tip Top Restaurant Ltd

HC Wellington CIV 2011-485-001011, 4 November 2011

A milk bar, café or restaurant named Tip Top had operated in central Dunedin since 1936. The respondent, Tip Top Restaurant Ltd ("TTR") had bought the business in 2003, and operated a restaurant/café/takeaway under the Tip Top name. TTR applied to register the trade mark TIP TOP in 2007, covering:

> services for providing food and drink; restaurant, cafe, cafeteria, snack bar, coffee bar and coffee house, carry out restaurant, take out restaurant services, catering services, contract food services, food preparation, preparation and sale of carry out foods and beverages.

Fonterra Brands was New Zealand's largest manufacturer of ice cream and proprietor of a number of registered trade marks incorporating TIP TOP. TIP TOP had been used for ice cream and other products in New Zealand since 1936, was widely advertised and accounted for significant annual sales from retail outlets throughout New Zealand. Fonterra Brands opposed TTR's trade mark application. The Assistant Commissioner rejected Fonterra's opposition and allowed TTR's registration to proceed. This was an appeal from that decision.

The Assistant Commissioner concluded that the proposed TTR marks would not be likely to deceive or cause confusion so that s 17(1)(a) and (b) of the Trade Marks Act 2002 did not apply. She also concluded that s 25(1)(a) and (b) did not apply, because the goods and services covered by the two marks were neither the same nor similar. In relation to s 25(1)(c), the Assistant Commissioner concluded that the respective services were not similar, and that use of TTR's proposed mark would not be taken as indicating a connection in the course of trade with Fonterra.

On appeal, Fonterra argued that the Assistant Commissioner erred in the application of the tests under ss 17, 25(1)(a) and (b) and 25(1)(c) of the Trade Marks Act 2002.

Ronald Young J disagreed with the Assistant Commissioner, holding that if TTR were to register its mark as proposed there was a likelihood of deception and confusion of the consuming public. The Judge also found that the marks were the same (this was conceded) and that the goods and services were similar. The Judge therefore held that s 17(1)(a) and s 25(1)(a) and (b) applied, so that registration of the TTR mark was prohibited. The Judge also held that s 25(1)(c) applied. He held that, as conceded, the TTR trade mark was identical to one of the trade marks relating to TIP TOP held by Fonterra, and that survey evidence clearly established that the existing Fonterra mark was well known in New Zealand, and that the respective goods and services were similar. The issue then was whether the use of TTR's trade mark would be taken as indicating a connection in the course of trade between TTR's services and Fonterra's goods and likely to prejudice the interests of Fonterra. The Judge said that many of the consuming public would assume TTR's TIP TOP cafe, take-away shop or ice cream parlour belonged to or was being operated by Fonterra, and it was likely that, given the marks were identical and both marks related to food products, the public would assume a connection between the two. This confusion would prejudice Fonterra's interests and could result in a loss of brand integrity for Fonterra. TTR would also unfairly benefit from Fonterra's advertising and brand recognition. The Judge held that it was likely that the public would think there was a connection in trade and that there clearly would be prejudice to Fonterra and its trade mark. Section 25(1)(c) therefore also applied.

The Judge considered s 26, as s 25 was subject to s 26, the exception for honest concurrent use. The Judge noted that s 17(1)(a) was not subject to s 26, and given that s 17(1)(a) applied, the use of the TIP TOP mark was prohibited by s 17. The Judge nevertheless considered s 26 for the sake of completeness. TTR submitted that, if it was found that s 25 applied, then TTR wished to invoke s 26(1)(b), honest concurrent use, so that the trade mark could be registered. The Judge, Citing *VB Distributors v Matsushita Electrical Industrial Co Ltd* (1999) 9 TCLR 349 said that the issue here of honest concurrent use involved an assessment of:

(a) the extent of the use of both the existing and proposed mark;
(b) the extent of confusion, if any, between the work;
(c) the honesty of use of the proposed mark;
(d) public convenience if the mark was registered.

The Judge said that the Fonterra mark was well known and widely used throughout New Zealand whereas TTR's mark was likely to be well known in Dunedin in relation to the restaurant, but not more widely. As found, the potential for confusion and deception was widespread. In relation to the honesty of the use, the Judge said that the current use of the TIP TOP brand for the restaurant in the Octagon in Dunedin was long standing, and there was no reason to think the current and past use of TIP TOP by the restaurant given its historic connection and the continuity of its use was anything other than honest. However, TTR's plans to expand the TTR brand TIP TOP beyond Dunedin's borders together with the possible extension of businesses with the name TIP TOP did bring into question the motives for the expansion using the TIP TOP name, and raised the question whether this was an opportunistic application designed by TTR to trade on the existing TIP TOP trade mark and thereby advantage itself. The potential for confusion or deception of the public meant public inconvenience was significant. The Judge was satisfied of honest concurrent use with regard to a restaurant/cafe business in and around central Dunedin but not otherwise. However, since s 17(1)(a) applied, s 26 had no application. The Judge allowed the appeal.

The outcome was determined in large part by the scope of the trade mark application. The Judge found that use of the mark would be likely to deceive or cause confusion, and the broad scope of the application, which would even allow TTR to run a "TIP TOP" ice cream parlour, was an essential element of that decision. The other important element in the decision was the survey evidence showing that TIP TOP ice cream had high levels of brand awareness. ❒