

Civil enforcement action for counterfeit goods in New Zealand

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In New Zealand, there are a number of civil enforcement procedures to combat counterfeit goods. In most cases these are similar to the procedures carried out in overseas countries.

Cease and desist letters

The vast majority of counterfeit cases in New Zealand are dealt with and settled by sending a cease and desist letter from the rights holder's legal representative.

These letters generally advise the infringer of the rights holder's rights and seek undertakings for sales to stop, delivery of any counterfeit goods, disclosure of the source of the counterfeits, and a contribution towards legal costs.

Legal proceedings

Where a cease and desist letter does not produce a resolution, the rights of copyright and trade mark owners have primarily been enforced through civil litigation, at the rights holder's expense.

Actions for trade mark infringement are often pursued in conjunction with actions for passing off and/or misleading and deceptive conduct in trade in breach of the Fair Trading Act.

However, in cases involving counterfeit goods, rights holders will generally plead either only trade mark infringement or copyright infringement to keep the proceedings as streamlined as possible.

Most proceedings involving sales of counterfeit product settle quickly with the importer consenting to the destruction of the goods, and providing the right holder with information regarding their supplier, undertakings not to deal with the goods again and, in some cases, a contribution to their legal costs.

Summary judgment

There is very little middle ground with counterfeit goods – they are either genuine or they are not. Accordingly, cases relating to the manufacture and sale of counterfeit goods are ideally suited to the summary judgment procedure.

Summary judgment is a fast tracking procedure reserved for cases in which there is no valid defence. The usual defences in proceedings for breaches of registered trade mark or copyright are:

- That the mark is not identical to the registered trade mark and/or its use is unlikely to deceive or confuse; and
- That the copyright work, or a substantial part of it, has not been copied.

These defences will not normally be available to a retailer or distributor of counterfeit goods.

Interim injunction

An interim injunction is a temporary order stopping someone from doing something (such as importing and selling counterfeit goods)

pending consideration of the claim at full trial. It can be taken on notice to the defendant or without notice ("ex parte").

To be successful in applying for an interim injunction the party seeking the orders must be able to establish that it is suffering unquantifiable and irreparable harm as a consequence of the actions of the infringer. If damages would be an adequate remedy, and the infringer is in a position to pay them, an application for interim injunction will ordinarily be refused.

It is also necessary to convince the Court that there is a "serious question to be tried" (also known as an "arguable case") and that the "balance of convenience" favours granting an interim injunction.

To be successful in applying for an ex parte interim injunction the party applying must meet a very high threshold. The Court must be satisfied that their case is so strong and so urgent that it warrants orders being made without the defendant having the opportunity to file evidence or be heard. For this reason there is a duty of disclosure on the applicant to put all relevant information before the Court including information which may be harmful to the application.

Although it is technically a preliminary step in substantive proceedings, most intellectual property cases will settle very quickly after the granting of an interim injunction.

However, as interim injunctions are expensive to obtain, they are usually only economic when taken against multiple defendants or in a case involving a very large volume of counterfeit goods. It is also necessary to know the

identity of the person selling the goods – something which is not always possible.

Anton Pillar (or Search and Seizure) Order

An Anton Pillar order is a form of civil search and seizure requiring the infringer to allow a rights holder to enter premises and seize relevant products and documents. The Court makes such an order without giving notice to the infringer (i.e. it is "ex parte").

Such orders are not granted lightly and protections are built in to the formal orders by the courts. The service and execution of the order must be carried out in the presence of an independent solicitor and strict undertakings are required for the rights holder to pay compensation to the infringer if the order is not properly executed or was granted inappropriately.

In cases where the identity of the infringer is not known in advance of seeking the order (for example where counterfeit goods will be sold at a market or outside a concert) a Roving Anton Pillar order can be obtained which names parties by reference to their actions (i.e. those who sell counterfeit goods at a specified location).

Remedies

The usual remedies available to rights holders in civil actions include:

- An interlocutory or permanent injunction;
- An Anton Pillar Order (discussed above);
- An enquiry as to the damages suffered by the rights holder or an accounting of profits earned by the infringer as a result of their infringing conduct;

- An order requiring erasure, removal or obliteration of the counterfeit mark from products, or the delivery up of counterfeit articles where the infringing sign cannot be removed;
- Corrective advertising; and
- Legal costs.

While the plaintiff will usually be entitled to recover a proportion of its costs if the application or proceeding is successful, due to the financial or social circumstances of those committing the infringement, orders for costs can often be ineffectual.

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