

29 November 2016

The Director
PTMO Limited
5 Secretary's Lane
Gibraltar
GX 1AA

Attention: Mr Aliksandr Halavanau

By email only: info@ptmo.org

Dear Aliksandr

Fair Trading Act 1986: Warning

1. As you aware, the Commerce Commission has been investigating PTMO Limited (PTMO) under the Fair Trading Act 1986 (Act).
2. We have now completed our investigation and are writing to you to alert you to our concerns.
3. In summary, the Commission considers that PTMO has likely breached the Act by sending holders of New Zealand registered trademarks (**trademark holders**) notices relating to their trademark renewals (the **notice**).
4. The Commission considers that in sending the document PTMO is likely to have breached sections 9, 13(b) and (c) and 21C(1)(b) of the Act by:
 - 4.1 engaging in conduct that is liable to mislead trademark holders about the nature of services it claims to provide; and
 - 4.2 misleading trademark holders about their obligation to pay for those services; and
 - 4.3 failing to **clearly** inform the trademark holder that they are under no obligation to make payment for the services.

The investigation

5. During our investigation, the Commission considered reports from trademark holders, as well as information provided by other parties, including PTMO.

AUCKLAND

L13, Forsyth Barr
55 Shortland Street
P.O. Box 105-222
AUCKLAND 1143, NEW ZEALAND

WELLINGTON

L9, 44 The Terrace
P.O. Box 2351
WELLINGTON 6140, NEW ZEALAND
Tel: (04) 924 3600 Fax: (04) 924 3700
Main Office

The notice

6. The notice is double sided. The front page of the notice:
 - 6.1 contains the following statements:
 - 6.1.1 "Important information regarding your trademark" in bold
 - 6.1.2 "If not renewed, your trademark registration will expire" in bold prominently at the top of the notice;
 - 6.1.3 "Complete, sign and return this form in order to renew your trademark" prominently at the top of the notice;
 - 6.1.4 "in order to renew your trademark" as the first words in the text of the notice; and
 - 6.1.5 "if you wish to renew this trademark, follow these steps:" in large font with "follow these steps" underlined.
 - 6.2 provides a Wellington phone number and an e-mail address with a .org top level domain.
 - 6.3 contains the trademark holder's details as they appear on IPONZ together with the IPONZ trademark number.
7. Statements regarding the nature of the services actually provided by PTMO are located in small print on the front page of the notice or in the Terms and Conditions on page two. Those statements include:
 - 7.1 in small print on the first page in the middle of a block of text "PTMO Limited is not associated with the official New Zealand Intellectual Property Office. We would like to bring to your attention that PTMO Limited is an independent processing company within the intellectual property area. This is an optional offer. This document is not an invoice or a bill."
 - 7.2 in small print on page two and the end of a block of text "to clarify PTMO Ltd is a private company and has no connection with the official New Zealand Intellectual Property Office"; and
 - 7.3 In small print at page three under the heading Authorizations "When executing the Order, you are appointing, via a power-of-attorney, PTMO Ltd to represent you or your company in submitting the trademark registration renewal in question with New Zealand Intellectual Property Office..."
8. The notice was sent with a post-paid envelope addressed to a New Zealand post office box.

Response by PTMO

9. PTMO responded to the Commission by stating that it did not believe it had breached the Act and that it considered that the notice contained the necessary information to meet the requirements set by section 21C(2)(b) of the Act.
10. It stated that it provided a genuine service to New Zealand businesses, including trade mark renewals [REDACTED]

Discussion with trademark holder whose trademark was renewed by PTMO

11. PTMO renewed a Company's trademark in July 2016.
12. The Commerce Commission spoke to the director of the Company, who advised us that he believed he was renewing his trademark directly with IPONZ and did not realise PTMO was a third party agency. He believed that he had to pay the notice in order to renew his trademark directly with IPONZ.

The Commission's view

13. In this case, it is the Commission's view that PTMO's conduct has likely breached the Act.
14. We consider the overall impression given by the notice is likely to mislead trademark holders by giving them the impression that:
 - 14.1 PTMO is a New Zealand based organisation;
 - 14.2 PTMO is affiliated with IPONZ; and
 - 14.3 payment is required in order to maintain or renew their trademarks.
15. We consider that this impression is likely to be created by the use of New Zealand contact details, a top level domain that is commonly used by non-profit organisations, prominent references to the expiration dates of trade marks, depiction of the trademark registered on the IPONZ website and a prominent description of the process the trademark holder should follow to renew the trademark.
16. We do not consider that the statements referred in paragraph 7 above are sufficiently prominent or instructive to correct the overall misleading impression given by the document.
17. We also consider the document is likely to breach section 21C of the Act. The document states an amount for payment for unsolicited services and does not **clearly** inform recipients that they are under no obligation to make payment.
18. While we will not be taking further action against PTMO at this time, we suggest you take legal advice to ensure compliance with the Act should you seek to solicit business in New Zealand in the future.

19. Please note we may also draw this warning to the attention of a court in any subsequent proceedings brought by the Commission against PTMO.
20. This warning letter is public information.
21. We may make public comment about our investigations and conclusions, including issuing a media release or making comment to media.

The Commission's role

22. The Commission is responsible for enforcing and promoting compliance with a number of laws that promote competition in New Zealand, including the Fair Trading Act.
23. The Act prohibits false and misleading behaviour by businesses in the promotion and sale of goods and services.

Penalties for breaching the Fair Trading Act

24. Only the courts can decide if there has actually been a breach of the Fair Trading Act. The court can impose severe penalties where it finds the law has been broken. A company that breaches the Fair Trading Act can be fined up to \$600,000 and an individual up to \$200,000 per offence.
25. You should be aware that our decision to issue a warning letter does not prevent any other person or entity from taking private action through the courts.

Further information

26. We have published a series of fact sheets and other resources to help businesses comply with the Fair Trading Act and the other legislation we enforce. These are available on our website at www.comcom.govt.nz.
27. We encourage you to visit our website to better understand your obligations and the Commission's role in enforcing the Act.
28. You can also view the Fair Trading Act and other legislation at www.legislation.co.nz.
29. Thank you for your assistance with this investigation. Please contact Gemma Coppins on (04) 924 3607 or at gemma.coppins@comcom.govt.nz if you have any questions about this letter.

Yours sincerely



Ritchie Hutton
Head of Investigations

