

# **Implementing a Single Trans-Tasman Registration Regime for Patent Attorneys**

## **Regulatory Impact Statement**

### **STATUS QUO AND PROBLEM DEFINITION**

Patent attorneys make up a small profession who provide specialist advice to businesses on obtaining and protecting intellectual property, especially on obtaining patents and registering trade marks. To mitigate the financial risk to businesses of receiving advice from unskilled persons, both Australia<sup>1</sup> and New Zealand<sup>2</sup> maintain independent, but similar, registration regimes for patent attorneys under which only a registered patent attorney may provide the following services for financial gain ("patent attorney services"):

- apply for or obtain patents;
- prepare patent specifications or other documents for the purposes of the patent law; or
- give advice other than of a scientific or technical nature as to the validity of patents or their infringement.

The regulatory framework for regulation patent attorneys under the Patents Act 1953 is considered to be out dated and no longer appropriate for regulating occupational groups. In 2003 and in 2007 Cabinet agreed to amend the Patents Acts 1953 to implement a number of reforms to the regulation of patent attorneys in order to modernise and more closely align the regulatory framework with Australia. Implementing these reforms would require substantial change to the existing registration regime in New Zealand and cause an increase in regulatory and business compliance costs for New Zealand patent attorneys.

The majority of New Zealand patent attorneys are registered to practise in Australia pursuant to the Trans-Tasman Mutual Recognition Arrangement, and vice versa.

In August 2009, Prime Ministers Key and Rudd endorsed the development of a single trans-Tasman regulatory framework for patent attorneys as one of the intellectual property outcomes for the Single Economic Market (SEM) agenda. The joint regulatory framework proposal for patent attorneys meets the key SEM objective to improve the productivity and innovation of Australian and New Zealand businesses by providing a single trans-Tasman market and improved institutions.

In November 2011 Cabinet agreed that Australian and New Zealand patent attorneys are to be regulated under a single trans-Tasman regulatory framework (the "trans-Tasman registration regime"), which would contain the following key features, including:

- a single trans-Tasman register for patent attorneys;
- a single set of registration criteria an applicant must meet to register, including demonstrating knowledge and competence in a range of specified topics covering Australian and New Zealand intellectual property law and practice;
- a trans-Tasman governance body, comprising Australian and New Zealand members, responsible for the education and disciplining patent attorneys; and

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<sup>1</sup> Australian Patents Act 1990.

<sup>2</sup> New Zealand Patents Act 1953.

- a single trans-Tasman disciplinary regime, including a single code of conduct that Australian and New Zealand patent attorneys must comply with and a trans-Tasman disciplinary tribunal to determine complaints about patent attorneys and, where appropriate, discipline patent attorneys.

The key features of the trans-Tasman registration regime outlined above are modelled on the existing Australian registration regime and would therefore largely represent the status quo in Australia for Australian patent attorneys. Implementing a trans-Tasman registration regime can provide a cost effective means to modernise the regulation of patent attorneys in New Zealand and facilitate competition between Australian and New Zealand patent attorneys.

The decision to implement the trans-Tasman registration regime was made in the knowledge that substantial change to the existing registration regime in New Zealand under the Patents Act 1953 would be required and cause an increase in regulatory and business compliance costs for New Zealand patent attorneys.

In order to give effect to this decision, a further decision is now required on how the trans-Tasman registration regime will be structured and operate. A crucial constraint to giving effect to this decision is the need for Australia to agree on how the trans-Tasman registration regime would be implemented.

## **OBJECTIVES**

The trans-Tasman registration regime should be implemented in an efficient and effective manner. The registration regime should be simple and able to be easily implemented. Other objectives include:

- design and implementation needs to be acceptable to Australia and this requires both keeping legislative changes in Australia to a minimum<sup>3</sup> and ensuring that regulatory and business compliance costs for a person registering and practising as a patent attorney do not exceed the costs currently payable in Australia;
- minimising the risk that decisions arising under the trans-Tasman registration regime could have negative impact on the provision of patent attorney services in New Zealand or disadvantage New Zealand patent attorneys;
- ensuring the same minimum standards of service are required from patent attorneys practising across Australia and New Zealand;
- facilitating competition between Australian and New Zealand patent attorneys for the benefit of businesses who use their services;
- providing Australian and New Zealand patent attorneys with fair, transparent and cost-effective registration and disciplinary procedures;
- ensuring that New Zealand business continue to have access to local patent attorneys with adequate knowledge of New Zealand's intellectual property law and practice; and
- providing for existing applicants for registration as well as Australian and New Zealand patent attorneys to transfer to the trans-Tasman registration regime with minimum costs.

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<sup>3</sup> It needs to be recognised, however, that in order to modernise the regulation of patent attorneys in New Zealand, substantial reform of the existing legislative provisions under the Patents Act 1953 is necessary.

## **REGULATORY IMPACT ANALYSIS**

Officials have identified two feasible options for implementing the trans-Tasman registration regime. These are discussed below.

### **Option 1 – Creating a Trans-Tasman Agency**

Under this option Australia and New Zealand would agree to set up an intergovernmental agency to administer the trans-Tasman register and to regulate the provision of patent attorney services across Australia and New Zealand. Such an agency would be modelled along the lines of the Australia New Zealand Joint Therapeutic Products Agency and be accountable to both the Australian and New Zealand governments.

A treaty would be required to establish the agency and to specify, for example, its function and purpose, legal status, and means of accountability to both Australia and New Zealand governments.

This option is not preferred because it would be complex, resource intensive and costly to develop and implement. There would also be on-going costs to ensure that the agency was provided with sufficient infrastructure tailored to support its day to day functions, which is ordinarily required to support such an agency, such as providing for an office space, telecommunications equipment, support staff, financial services and the like. Because the costs to implement and maintain the trans-Tasman registration regime need to be fully recovered from patent attorneys, officials anticipated that the regulatory and business compliance costs for both Australian and New Zealand patent attorneys would need to increase above those currently payable in Australia. Significant legislative changes would also be necessary in Australia to implement this option. Ultimately this option was not acceptable to Australia.

### **Option 2 – Applying a Modified Australian Registration Regime to New Zealand (Preferred Option)**

Given the key features of the proposed trans-Tasman registration regime are already provided for under the existing registration regime in Australia, New Zealand legislation would simply recognise the existing Australian registration regime as applying to New Zealand. In order to ensure that the policy objectives would be met, this option requires Australia to agree to make a number of minor amendments to its registration regime to transform it into the trans-Tasman registration regime.

Under this option, for a person to be able to provide patent attorney services in New Zealand, he or she would need to be registered as a trans-Tasman patent attorney under Australia's implementing legislation, pay the registration and renewal fees set under Australian legislation, and comply with the on-going registration requirements, such as the trans-Tasman code of conduct, also provided for under Australian legislation.

A bilateral arrangement between the Australian and New Zealand governments would set out the legislative changes each government would make in order to implement the trans-Tasman registration regime. Key amendments the bilateral arrangement would require Australia to implement would include:

- requiring the Australian Minister to appoint at least three New Zealanders to the governance board for the profession, limiting the size of the board to a maximum of 10 members, and specifying that a quorum for a meeting of the board must include at least one New Zealander;

- expanding the existing one person disciplinary tribunal to a three person tribunal and specifying that at least one New Zealander must be a member of the tribunal when it is determining a complaint against a New Zealand patent attorney;
- requiring the Designated Manager, who is responsible for administering the register, and the Chairperson of the board to report annually to the relevant Australian and New Zealand Ministers;
- requiring the board to develop and maintain a trans-Tasman code of conduct in consultation with Australian and New Zealand stakeholders;
- repealing the Australian residency requirement and expanding the educational requirements for registration to include an adequate understanding of New Zealand intellectual property law and practice;
- providing that a registered patent attorney need only provide and maintain a single address for service in either Australia or New Zealand;
- providing that New Zealand patent attorneys, their legal representatives and any witnesses have an entitlement to appear by remote means, such as by video conference, at any disciplinary tribunal hearings held in Australia;
- providing that when a New Zealand applicant for registration or New Zealand patent attorney requesting a review of a decision of the Designated Manager or the disciplinary tribunal to the Australian Administrative Appeals Tribunal (AAT), the AAT must (on request) consider allowing that person, his or her legal representative and any New Zealand witnesses to appear by remote means at any hearing of the AAT; and
- providing appropriate provisions for New Zealand registered patent attorneys to be entered onto the Australian register and for New Zealand applicants in the process of qualifying to register as patent attorneys in New Zealand to transition to the Australian qualifications regime.

The bilateral arrangement also prevents the Australian Government from increasing the current registration and renewal fees for at least two years after the date of implementation.

Key legislative amendments the New Zealand Government would be required to implement would include repealing and replacing the existing registration regime under the Patents Act 1953 with provisions that:

- recognise the Australian registration regime as applying in New Zealand;
- recognise the functions of the Designated Manager and board in relation to registration of patent attorneys as applying in New Zealand;
- recognise decisions of the Australian disciplinary tribunal as decisions applying to registered patent attorneys in New Zealand;
- require New Zealand patent attorneys to cooperate with an investigation by the board, and a determination by the disciplinary tribunal, into his or her conduct;
- establish similar offences and protections that exist under Australian law related to the disciplinary regime;
- provide appropriate transitional arrangements for candidates seeking to qualify for registration in New Zealand at the date of implementation to continue to qualify under the existing registration regime to become registered under the trans-Tasman registration regime; and
- retention of the existing disciplinary regime in New Zealand after implementation for conduct that occurred before implementation.

This option best meets the policy objectives. This option is unlikely to have any impact on the current regulatory and business compliance costs for Australian patent attorneys, because the key features of the trans-Tasman registration regime are largely already part of the existing registration regime in Australia.

While there would be an increase in regulatory and business compliance costs for New Zealand patent attorneys over and above the existing registration regime (which was not going to be carried over in any case), the increase would bring those costs into alignment with the costs currently imposed on patent attorneys in Australia.

IP Australia has advised that implementation of this option would not have a material impact on its current costs to administer and support the registration regime. This would mean that the registration and renewal fees for Australian and New Zealand patent attorneys under the trans-Tasman regime would be the same as those currently payable under the Australian registration regime, i.e. AU\$300 and AU\$350 respectively. While this would be a significant increase for a minority of New Zealand patent attorneys, i.e. those who intended to only practise in New Zealand, the increase would not be unreasonable when compared to the fees required to be paid under other similarly regulated occupations. For the majority of New Zealand and Australian patent attorneys already registered in both Australia and New Zealand, the proposed fees would be a significant reduction for them.

## **CONSULTATION**

Officials consulted a group of senior officials from a range of departments who had previous experience developing trans-Tasman institutions. This group confirmed that option 2 would likely provide the most cost effective means for implementing the trans-Tasman registration given the small size of the patent attorney profession.

The following departments were consulted: Ministry of Foreign Affairs and Trade; Ministry of Justice; and the Treasury. The Department of Prime Minister and Cabinet was also informed.

Departments acknowledged that option 2 was the preferred approach to implementing the trans-Tasman registration regime, but wanted to ensure that sufficient protection for New Zealand interests in the provision of patent attorney services in New Zealand. A further concern was to ensure that New Zealand patent attorneys would not be unreasonably disadvantaged compared to Australian patent attorneys. Both concerns have been addressed through the bilateral arrangement and the amendments Australia would make to transform their registration regime.

Officials have also discussed the implementation of the trans-Tasman registration regime with the Council for the New Zealand Institute of Patent Attorneys, Inc, which represents the majority of New Zealand patent attorneys. The Council expressed a preference for option 1 (trans-Tasman agency) as best protecting New Zealand patent attorneys' interests in the manner that patent attorneys services in New Zealand are regulated. They recognised, however, that option 2 was likely to be much less costly, and quicker, to develop and implement.

The Council has expressed concerns regarding the makeup of the board and the potential costs to New Zealand patent attorneys arising from the operation of the disciplinary regime from Australia, especially when disciplinary hearings are held in Australia. The bilateral arrangement includes a number of measures intended to protect New Zealand's interests regarding the possible impact of decisions by the board. For example, the board must include a minimum of three New Zealand members and a quorum for a board meeting must include at least one New Zealand member being present.

To mitigate the costs for New Zealand patent attorneys to attend disciplinary hearings, New Zealand patent attorneys, their legal representatives and any New Zealand witnesses are to be entitled to appear remotely from New Zealand during hearings held in Australia.

## **CONCLUSIONS AND RECOMMENDATIONS**

Option 2 is the preferred option for implementing the trans-Tasman registration regime. In particular this option would deliver an effective and modern regulatory framework for New Zealand patent attorneys at the same cost as in Australia, while providing a regulatory framework with reduced the barriers to competition.

Option 2 is also the preferred option for IP Australia, which is responsible for the administration of the Australian registration regime, because it would involve only minor legislative changes to the existing registration regime in Australia. The proposed changes in Australia have been assessed by the Office of Best Practice Regulation as “minor and machinery in nature”.

## **IMPLEMENTATION**

The trans-Tasman registration regime is expected to be implemented by mid-2014 following signature of the bilateral arrangement and enactment of legislative changes in Australia and New Zealand. A precise date for implementation cannot be determined until legislative changes are enacted in Australia and New Zealand.

A Patents (Trans-Tasman Patent Attorneys) Amendment Bill would be developed to implement the necessary legislative changes required in New Zealand. Assuming that the bilateral arrangement is signed in February 2013, officials would aim to prepare the Bill for introduction into Parliament by late April 2013. The aim would be for Parliament to enact the Bill by the end of 2013.

The Australian Government has already prepared its implementing Bill and plans to introduce it in mid-February 2013, with the aim of it being enacted before the Federal Elections are held later on this year.

Consequential amendments will also be necessary to secondary legislation in Australia and, in particular, to the Australian Patent Regulations 1991. These amendments are likely to be pursued in early 2014. It is not currently considered necessary to develop secondary legislation in New Zealand for implementation.

## **MONITORING, EVALUATION AND REVIEW**

The bilateral arrangement provides for the monitoring, evaluation and review of the trans-Tasman registration. For example, it requires the definition of patent attorney services to be reviewed 12 months after implementation, for the registration and renewal fees to be reviewed two years after implementation and for full review of the regime not later than five years after implementation. Australian and New Zealand Officials will monitor the trans-Tasman registration regime after implementation to ensure that regime operates in the manner anticipated.

The bilateral arrangement also contains mechanisms to address any unforeseen issues that might arise after implementation, including scope to amend the arrangement as well as for either government to enact further legislative changes to “fine tune” the regime. Dispute resolution provisions in the bilateral arrangement can be used to address any bias in the administration of the regime negatively impacting on the provision of patent attorney services in New Zealand or New Zealand patent attorneys.