SINGLE ECONOMIC MARKET WITH AUSTRALIA: PROPOSAL TO RELEASE JOINT DISCUSSION DOCUMENT ON PATENT ATTORNEY REGULATION

DRAFT REGULATORY IMPACT STATEMENT

STATUS QUO AND PROBLEM DEFINITION

Patent attorneys provide specialist advice on obtaining, protecting and exploiting intellectual property rights, including patents. The Patents Act 1953 sets out the criteria for registration as a patent attorney and provides that only registered patent attorneys may provide certain services to the public for gain. The Commissioner of Patents is responsible for administering the register of patent attorneys.

Patent attorneys are regulated in Australia by the Professional Standards Board for Patent and Trade Mark Attorneys (PSB), whilst the actual registration is a function performed by the Designated Manager (i.e. the Director General of IP Australia) as set out in the Australian Patents Act 1990.

The Patents Attorneys Bill 2008, currently before Parliament, provides for the introduction of a modern occupational regulatory framework for the patent attorney profession in New Zealand. In particular it provides for a Patent Attorneys' Standards Board, which would have a similar educational and disciplinary role to that of the PSB in Australia. If the regime under the Patent Attorneys Bill was to be implemented, it is anticipated that the registration and renewal fees (currently $65 excluding GST) would need to increase to a level comparable to those currently paid in Australia (where the registration fee is around NZ$267 and the renewal fee is around NZ$467) in order to recover the costs associated with the Commissioner of Patents' administration of the register and the Patent Attorneys' Standards Board performing its roles.

The trans-Tasman Mutual Recognition Arrangement allows reciprocal registration of patent attorneys in each country, thus creating a trans-Tasman market for the provision of patent attorney services. There is now a substantial overlap between the New Zealand and Australian registers. Of the 611 patent attorneys registered to practice in New Zealand, 396 are Australian residents. Australia has 808 registered patent attorneys comprising 103 New Zealand residents. There remain a number of administrative inefficiencies and inconsistencies, as well as inconsistencies between the regulation of the profession in Australia and New Zealand. For example, a person has to complete registration formalities and meet registration requirements in one jurisdiction to be entitled to seek reciprocal registration in the other jurisdiction. This leads to duplication of fees (added expense) and documentation.

While the registration regimes are broadly similar, there are a number of key differences between the two regimes which the Patent Attorneys Bill does not address. These include differences in the educational and qualifications requirements for registration and renewal, the code of conduct that must be adhered to in each jurisdiction, the disciplinary regimes, the way registered patent attorneys are allowed to organise their business affairs, and in the provision of patent attorney client privilege. These differences undermine the ability of patent attorneys in New Zealand to operate seamlessly between Australia and New Zealand and vice versa.

There is also a risk that the small size of the profession in New Zealand (with only 185 patent attorneys resident in New Zealand) may mean there is insufficient capacity and resources to the implement the Patent Attorneys Bill and, therefore, to

provide a modern occupational framework for regulating patent attorneys in New Zealand.

OBJECTIVES

The primary policy objectives in providing a trans-Tasman market for patent attorney services include:

- patent attorneys being able to operate seamlessly between each country;
- services supplied in one jurisdiction should be able to be supplied in the other;
- achieving economies of scale in regulatory design and implementation; and
- the outcome optimising a net Trans-Tasman benefit for both the Australian and New Zealand patent attorney professions.

There are also a number of secondary objectives, including:

- providing a more affordable access to high quality services for trans-Tasman users of the IP system;
- ensuring there is a vibrant and competitive market for patent attorney services;
- providing an effective educational environment of recruitment and continuing professional education;
- ensuring high ethical standards within the profession; and
- providing greater flexibility to meet evolving business needs in the knowledge economy.

REGULATORY IMPACT ANALYSIS

Option 1 (Duplication of the regulatory regime in both jurisdictions)

This option would require the Australia and New Zealand governments to reach an agreement over how the patent attorney profession would be regulated and to enact and implement identical, but independent, legislation providing, inter alia:

- a definition of the functions and services which would only be performed by a registered patent attorney and who would be allowed to hold themselves out as providing patent attorney services;
- a governance body responsible for education, discipline and registration for patent attorneys;
- a qualification requirement for registration as a patent attorney and renewal ofregistration;
- a register of patent attorneys;
- a code of conduct; and
- a disciplinary regime.

While this option would address current differences between the Australian and New Zealand regimes, it would not overcome the administrative ineffeciencies and inconsistencies inherent in maintaining duplicate regulatory regimes. There would be duplication of costs associated with regulating the profession such as the cost

associated with each country maintaining its own governance body that was performing identical functions in both countries. A person offering their services on a trans-Tasman basis would still need to complete registration formalities and meet registration requirements in one jurisdiction to be entitled to seek reciprocal registration in the other jurisdiction, leading to a duplication of both registration and renewal fees and relevant documentation.

Furthermore, it would be difficult to ensure under legislation that functions performed by the governance body would always give rise to the same trans-Tasman outcomes across the educational requirements, the code of conduct, determining complaints about patent attorneys, and where appropriate, disciplining patent attorneys. The inevitable differences would continue to prevent patent attorneys from being able to operate seamlessly in both countries.

Option 2 (Trans-Tasman Regulatory Framework) – Preferred Option

This option provides for Australian and New Zealand governments to reach agreement on regulating the profession on a trans-Tasman basis, with that agreement underpinned by domestic legislation. The trans-Tasman regulatory framework would be largely a merger of the proposed regime under the Patent Attorneys Bill with the current regime under the Australian Patents Act and comprise the following key elements:

- a single definition of the functions and services which can only be performed by a registered patent attorney in Australia and New Zealand;
- a trans-Tasman governance body responsible for education, discipline and registration of patent attorneys and comprising representatives from both the Australia and New Zealand professions;
- a consistent patent attorney qualifications regime;
- a single trans-Tasman code of conduct;
- a single trans-Tasman disciplinary regime;
- a trans-Tasman register, with one registration and renewal process; and
- a single fees regime.

This option is preferred as it would achieve the primary policy objectives set out above. In particular, this option would eliminate duplication of roles and functions of maintaining two independent regimes for the registration of patent attorneys.

Associated costs would effectively be halved. This in turn could lead to a substantial increase in the value for money that the majority of patent attorneys operating in New Zealand and Australia receive for their registration and renewal fees. Merging the regulatory regimes of Australia and New Zealand into a single regime would also ensure there was sufficient capacity and resources to enable a modern occupational framework within the New Zealand patent attorney profession.

For the minority of New Zealand patent attorneys wanting to only provide their services in the New Zealand market, there would be a substantial increase in registration and renewal fees compared to current fees payable under the Patents Act. The increase would, however, be in line with fees likely to be charged under the new regulatory regime described in the Patent Attorneys Bill 2008. For Australian patent attorneys only providing services into Australia, the registration and renewal

fees are likely to remain substantially unchanged because the trans-Tasman regime would be largely similar to the existing regime in Australia and therefore costs associated with maintaining the regime would be similar.

By providing for the regulation of the patent attorney profession to operate seamlessly between each country it is expected that the secondary objectives would also be achieved and, in particular, create a more vibrant and competitive market for the provision of patent attorney services in New Zealand. This in turn can be expected to deliver to the clients of patent attorneys more affordable access to higher quality patent attorney services.

Because New Zealand is a net importer of technology, many New Zealand patent attorneys firms rely on servicing overseas clients for a substantial portion of their income. There is a risk that in a more vibrant and competitive market under a trans-Tasman regulatory framework, overseas clients may prefer to use Australian patent attorneys in the New Zealand market. A reduction in income for New Zealand patent attorney firms from overseas clients could lead to a reduction in availability of specialist advice within New Zealand for businesses about the protection, enforcement and exploitation of intellectual property rights.

A trans-Tasman regulatory framework would, however, also allow for New Zealand patent attorneys to expand their existing services into Australia, and in doing so increase the number of both local and overseas clients and, therefore, their income and size of their business. It would be up to New Zealand patent attorneys to take advantage of the open and competitive market that a trans-Tasman regulatory framework would provide.