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**SUBMISSIONS IN RESPONSE TO CONSULTATION PAPER –
ARRANGEMENT BETWEEN THE GOVERNMENT OF AUSTRALIA AND
THE GOVERNMENT OF NEW ZEALAND RELATING TO TRANS-TASMAN
REGULATION OF PATENT ATTORNEYS**

These submissions have been prepared by the New Zealand Intellectual Property Attorneys Inc. (NZIPA).

The submissions are made in response to the November 2021 Consultation paper entitled “Arrangement Between the Government of Australia and the Government of New Zealand Relating to Trans-Tasman Regulation of Patent Attorneys”.

BACKGROUND

The NZIPA was established in 1912. It is an incorporated body representing most patent attorneys registered under the New Zealand Patents Act, and who are resident and practising in New Zealand. A significant majority of our members are registered as trans-Tasman patent attorneys and/or Australian trade marks attorneys.

The current membership of NZIPA comprises 167 Fellows, 3 Honorary, 8 Students, 10 Non-resident, 21 Associates and 2 Retired.

Members of NZIPA provide real support to New Zealand’s innovators through identification and enhancement of ideas, protection and commercialisation.

RESPONSES TO QUESTIONS IN THE CONSULTATION PAPER

Q1. How has the joint regulatory regime impacted upon the relationship between Australia and New Zealand?

The NZIPA is a representative body of intellectual property attorneys, and not well-placed to assess the impact of the regulatory regime on inter-country relationships.

Q2. How has the joint registration scheme impacted upon the availability of patent attorney services in Australia and New Zealand?

As the Consultation Paper observes, the short time since the implementation of the joint registration regime makes it difficult to assess its impact on the availability of patent attorney services in Australia and New Zealand.

We agree it is too soon to assess the full impact of the new regime. For example, of the five years since the joint registration scheme came into force, transitional arrangements for qualification and registration applied during the first three years. During this transition period, candidates who had begun qualification under the previous regime could complete the knowledge requirements under that regime and, therefore, avoid the massive increase in the cost of qualifying.

The Consultation Paper observes "... the fact that more registered attorneys have changed their address from Australia to New Zealand than vice-versa provides no evidence for any hollowing out of the profession in New Zealand'. Upon enquiry to the Trans-Tasman IP Attorneys Board (TTIPAB), we understand that:

- of the patent attorneys registered in New Zealand and with New Zealand addresses immediately prior to the commencement of the trans-Tasman regulatory regime, 3 now have addresses in Australia. All 3 appear to be located and working in Australia; and
- of the patent attorneys registered in Australia with Australian addresses prior to the commencement of the trans-Tasman regulatory regime, 5 now have addresses in New Zealand. Registered details notwithstanding, 2 of these appear to actually be currently based in countries other than Australia or New Zealand. The other 3 currently work for New Zealand employers and appear to be located in New Zealand, but with the rise of teleworking in recent years this can't be verified with complete confidence.

Accordingly, we question the accuracy of the statement in the Consultation Paper. Nevertheless, we agree that that data alone provides no evidence for any hollowing out of the profession in New Zealand.

To obtain a greater understanding of the availability of patent attorney services in New Zealand, we obtained data from the TTIPAB regarding the attorneys with addresses in New Zealand who renewed their patent attorney registration from 2017-2021. This data applies as of 31 July of each year. Of course, not all registered patent attorneys provide patent attorney services in New Zealand because a number of people practising as trade marks attorneys also hold a registration as a patent attorney. However, this data shows a trend of decreasing availability of patent attorney services in New Zealand.

Year	Patent attorneys registered with address in New Zealand
2017	225
2018	206
2019	198
2020	197
2021	206

The change in numbers shows a *net loss of 19 patent attorneys registered with addresses in New Zealand*. More specifically, since 2017, 44 patent attorneys have left the register and 25 have joined.

We are also concerned that these data alone do not reveal underlying demographic trends in the New Zealand profession, for whom the average age of registered attorneys must be increasing. This will impact on the future availability of patent attorney services in New Zealand.

Q3. What improvements, if any, could be made to the way in which the Board operates?

The “Guidelines to the Code of Conduct for Trans-Tasman Patent and Trade Marks Attorneys 2018” provide a very helpful resource for practitioners and presumably derive from the Board’s approach to the implementation of the Code of Conduct. We support the continued publication of the Guidelines, and the regular updating of the Guidelines to ensure they reflect best current practice.

However, it would be beneficial to practitioners if there was greater transparency around the way in which the Board applies sections 27 and 28 of the Code (in particular). Appendix A to the Consultation Paper provides some information, but we would appreciate receiving an annual summary including, for example:

- i. the number of “complaints” made to the Board under section 27 of the Code;
- ii. the number of submissions of “information” made to the Board under section 27 of the Code;
- iii. in generic terms, the sources of those complaints and information – by category such as:
 - a. whether the complaint/information is from a client, another attorney, or a third party (unconnected member of the public);
 - b. the category of attorney to whom the complaint/information is directed (individual/director/incorporated); and
 - c. the country of residence of the attorney that is the subject of the complaint/information; and
- iv. the way in which the Disciplinary Proceedings (in relation to any aspect of the Code) were handled – including an anonymized summary of the facts (or at least

the sections of the Code that were relevant to the decision and were considered) and a summary of the decision for each complaint/information.

Q4. What other actions, if any, could be undertaken to improve the economies of scale in institutional arrangements under the joint registration scheme?

The NZIPA has no comments in reply to this question.

Q5. How has the joint registration scheme been effective in reducing the regulatory and business compliance cost for persons practicing as patent attorneys?

The joint regime has not reduced the compliance costs for New Zealand attorneys and firms compared to the costs that were incurred for separate registration in New Zealand and Australia (under the previous trans-Tasman mutual recognition regime). The annual attorney registration fees are now slightly higher, but only have to be paid to one entity, which simplifies the process.

We are not yet aware of a New Zealand based attorney having to respond to a disciplinary action before TTIPAB, so we cannot comment on any cost variation compared to the previous regime in which the attorney would respond to NZIPA.

Under the previous regime, for students to train to become registered patent attorneys in New Zealand, the cost was \$25 per paper for each student; a total cost of around \$150 per student. Under the new regime, the total cost is around \$42,000-46,000 per student. Clearly then, the new regime has not reduced the regulatory or compliance costs for patent attorneys in New Zealand.

Q6. Should any changes be considered to further facilitate reducing compliance costs and why?

The most significant impact on compliance costs has been due to the massive increase in the cost of qualifying to practice as a patent attorney. We discuss this further below.

Q7. How are the current qualifications and training requirements impacting on those wanting to register and practice as patent attorneys and, therefore, on the number of attorneys available to service the needs of innovative businesses in Australia and New Zealand?

In brief, and as discussed above, we consider it is too soon to assess the full impact of the new regime.

It is, however, currently not possible for New Zealand trainees to complete all papers for the qualification through a New Zealand educational service provider. In addition, given that the cost to qualify has increased from around \$150 per student to about \$42,000-46,000 per student, we expect to see a significant drop in the number of New Zealand trainees. These costs simply cannot be borne by smaller firms, and even larger firms now give very careful consideration as to which employees they will invest in

and, therefore, which employees they will pay to qualify as patent attorneys. As a result, we understand fewer New Zealand students are being put through the qualification process.

For example, the table below is a compilation of data obtained from the TTIPAB in November 2021 and NZIPA records. The TTIPAB data excludes trade marks attorneys and incorporated attorneys. The NZIPA data assumes those who completed their examinations in a given year also registered that year. And it also includes those practising in trade marks who qualified as New Zealand patent attorneys but have never practised as patent attorneys.

Year	Australia	New Zealand, excluding under transitional arrangements	New Zealand, under transitional arrangements	Total New Zealand
2006				15
2007				7
2008				12
2009				12
2010				11
2011				6
2012				8
2013				5
2014				7
2015				8
2016				9
2017	26	1	0	1
2018	22	0	5	5
2019	27	1	7	8
2020	13	4	6	10
2021 (YTD)	23	3	1	4
Total	111	9	19	

In the five years that the new regime has been operating, a total of 28 people resident in New Zealand have qualified as patent attorneys. Of those, 19 people completed their qualification under the transitional arrangements. Only 9 people completed their qualification under the new regime.

Accordingly, the average number of newly qualified New Zealand resident patent attorneys was 5.6 per year for 2017-2021. In contrast, for 2006-2016, the average was 11.8.

Admittedly, the data in the table show that the number of people qualifying per year had decreased in the decade starting in 2011, compared to the previous decade. But, even

allowing for that, the trend of decreasing numbers qualifying under the new regime compared to the previous regime is clear.

As noted above, we are also concerned that these data alone do not reveal underlying demographic trends in the New Zealand profession, for whom the average age of registered attorneys must be increasing. This will impact on the future number of attorneys available to service the needs of innovative businesses in Australia and New Zealand.

Due to the massive (and, in our view, unjustified) cost increase to New Zealand patent attorney firms, costs to clients must also increase to help cover the firms' increased operating expenses. Because New Zealand has relatively smaller firms that service local businesses that are also generally smaller and with fewer financial reserves than those in Australia, these increased costs have a greater impact on New Zealand firms and their clients.

Yet despite the increased costs, we have yet to see any real improvement in the abilities of students sitting university-based exams compared to students who qualified under the previous regime. Under the new regime, students must still undergo significant training within firms to be capable of performing the tasks of a competent patent attorney. Although members of the profession no longer have to set and mark exams (as they did under the previous regime), the educational papers of the new regime appear to provide little or no real benefit to New Zealand students. Any benefit that may be obtained is likely far outweighed by the increased costs.

On the plus side, the new regime provides New Zealand students with a background to understanding legal practice. This can be helpful to students that are not legally trained. Previously, most New Zealand attorneys (even those who specialised in patents) held or subsequently completed a law degree or at least completed introductory law papers and so had a good understanding of the legal framework in which patent attorneys operate. Australian attorneys, on the other hand, tend to only have a legal background if they practice in trade marks. Now, most New Zealand firms no longer require attorneys to hold a legal qualification to reach partnership or equivalent and, as such, we see value in providing students with background training about the legal system. The previous regime did not specifically provide this training.

Some might argue that the new regime provides New Zealand students with more information about IP laws in Australia. However, we disagree. Even under the previous regime, New Zealand students were taught Australian law and practice in significant detail. In contrast, it is only in the last year or so, with re-accreditation of Australian based providers, that Australian students are required to learn New Zealand law and practice to the same level of detail.

As explained above, we consider the cost of qualification and lack of qualification options in New Zealand is a barrier to entry to practice as a patent attorney.

The cost of qualification in New Zealand is also significantly higher than in many other territories. For example, see the costs for several jurisdictions listed below, with AU\$ equivalents calculated on www.XE.com on 13 January 2022.

Country	Qualification	Local cost	AUD
United Kingdom	Patent attorney	Foundation Certificate GBP 1,525 and Final Diploma GBP 1,828	\$6,300
	Trade marks attorney	Post-graduate certificate GBP 3,580 - 8,750 and Professional Certificate GBP 8,750	\$23,200-33,000
European Union	Patent attorney	Pre-examination and four papers, EU 1,200	\$1885
Canada	Patent attorney	Four examination papers CAD 800	\$880
	Trademark attorney	Two examination papers CAD 400	\$440
Singapore	Patent attorney	Graduate Diploma or a Master of IP (five university papers SGD 15,000) and Patent Agents Qualifying Examinations (QE) (four papers SGD 1,712)	\$17,000
South Africa	Patent attorney	Eight examinations R1,850	\$170
	Trade marks attorney	Eight examinations R10,100	\$925

Q8. What changes could be made to the qualifications and training requirements to, for example, increase their accessibility and reduce the time and costs to candidates to qualify for registration?

We do not see a need to reduce the time frame to qualify. Requiring students to spend time in practice within firms, building skills and getting exposure to a variety of issues and projects helps students to form a sound base from which to perform the tasks of a patent or trade mark attorney. The role is not one for which adequate preparation can be obtained by simply completing a university qualification. Instead, the role requires years of practice and supervision to be able to develop the knowledge base and skills needed to address the varied and nuanced issues faced by IP attorneys. The time frame for training under the new regime is much the same as that under the previous regime and we do not see an issue with that.

Q9. Do the regime's qualifications and training requirements strike the correct balance between ensuring quality of services provided by new entrants to the profession and the availability and affordability of patent attorney services for businesses? If not, what changes should be considered?

As mentioned above, the new regime provides New Zealand students with a background to understanding legal practice. This can be helpful for those students who are not also legally trained. However, the new regime does not otherwise provide New Zealand students with additional knowledge beyond that taught under the previous regime and the costs of the new regime are a significant burden on New Zealand firms. We are concerned that the cost increases for students to qualify under the new regime will likely result in a hollowing out of the New Zealand profession, resulting in a lack of supply of qualified attorneys for New Zealand businesses and, inevitably, an increase in costs for IP advice and assistance.

Q10. Are the current CPE requirements sufficient to ensure the quality of patent attorney services? Are there any improvements which could be made to the CPE framework?

One of the real strengths of the CPE system currently in place is its flexibility.

Q11. What would be the costs and benefits of the Board and Secretariat undertaking a more coordinated and proactive approach to supporting compliance with the code of conduct by patent attorneys? How might the Board and Secretariat undertake a more coordinated and proactive approach?

We note the statement that “Modern regulatory regimes generally involve an approach where most matters are addressed through education, persuasion, and support”. Presumably, this approach is to be distinguished from one of enforcing strict compliance and prescribing punitive measures. We support the Board adopting this “modern” approach. In our experience in New Zealand, the overwhelming majority of practitioners are well-intentioned and the number of complaints is statistically trivial compared to the volume of work performed each year.

That said, we support greater transparency and guidance being provided by the Board itself as to how we can be better practitioners. That could be in a yearly educational seminar on attorneys' obligations under the Code. That seminar would ideally complement the excellent "professional conduct and ethics" session conducted annually at the NZIPA conference, which aims to be engaging, interactive, and non-judgmental and assists registered attorneys satisfy their CPE requirements.

Q12. Is the Code of Conduct an effective mechanism for regulating attorney conduct and providing confidence in the standards of the profession?

NZIPA has already engaged in the Code of Conduct "health check" and presented numerous suggestions for how the regime could be strengthened. We do not repeat all of those suggestions here, but draw the following two suggestions to the attention of the Board:

- i. the Code of Conduct requires the attorney to gain *informed consent* from client(s) under sections 19 (Loyalty) and 21 (Independence). Section 4 provides that "informed consent means, in relation to a client, consent given with knowledge of all the information that is reasonably necessary and legally possible to be provided to the client so that the client can make an informed decision". In our view, this guideline is open to considerable interpretation, and would be very difficult to enforce. We encourage a more prescriptive Code of Conduct on what precisely is required to be disclosed. One suggestion is to require a positive affirmation in writing of the information that has been provided to inform the client(s). We are aware of circumstances where footnotes have been relied upon as providing the information, and tacit approval being inferred from the client's continued instructions. We are also aware of generic statements being issued to all clients of an ownership group to the effect that a recent change in ownership structure has occurred, without detailing to any specific client how the change actually affects them and whether any specific conflicts arise; and
- ii. the Code of Conduct does not adequately deal with the circumstances where a registered attorney works part-time as an in-house attorney and part-time in private practice (sole operator or within a firm/company). Such circumstances could give rise to tension between the attorney's own interests and the interests of the client. On the face of section 19(2), the attorney should not prefer their own interests over the client's, but in practice we are aware of numerous examples of where a secondment leads to the attorney's private practice benefiting directly and disproportionately. A small survey of practitioners has revealed a range of approaches to this issue – ranging from attorneys seeing no issue with attorneys benefiting outside of their in-house responsibilities, to attorneys who would declare themselves unable to act for that client outside of their in-house responsibilities. This range in responses suggests that a more prescriptive Code would be welcomed.

In our view the TTIPAB website provides a clear pathway to members of the public to lay a complaint against an attorney, and that would appear to be an effective mechanism

for initiating proceedings. Given the relatively small size of the profession, particularly in New Zealand, ideally the complaints/information process outlined in section 27 would have a mechanism by which the complainant's/information provider's identity could be kept confidential to the extent that natural justice permits.

Regulation 20A.10 requires that the Board can only apply to the Tribunal to cancel or suspend an incorporated patent attorney's registration *after* an employee patent attorney has been found guilty of *professional misconduct*. On the other hand, the Tribunal may suspend an individual patent attorney's registration after being found guilty of *professional misconduct* or the lesser offence of *unsatisfactory professional conduct*.

On that basis, an incorporated patent attorney is subject to a reduced scope of disciplinary proceedings than an individual patent attorney. We believe that difference needs a more thorough explanation, and/or a reform of the Regulations to align the two scopes.

Finally, referring to section 14 (Competency) of the Code, we have concerns that some attorneys may be practising outside their areas of technical expertise.

We recognise that there is a tension in the application of section 14. There will always be a degree of *unfamiliarity* in dealing with any piece of novel, non-obvious technology. In addition, section 274 of the Patents Act 2013 permits a non-patent attorney lawyer to provide validity and infringement advice. Such advice may be in relation to technical subject matter that the lawyer has no background in and despite the lawyer having no need to undertake formal training in patent law and practice. Sections 201 and 202 of the Patents Act 1990 (Australia) have a similar effect. Such a lawyer would not be subject to the Code. In view of that, it would be inconsistent to use the Code to set the bar very high for a non-lawyer patent attorney with specific qualifications in patent law/practice and a science/engineering qualification (as required under the current registration regime).

It would, however, be helpful for the Code and Guidelines to provide better guidance on section 14 and to what extent a person could objectively be assessed as being familiar with a particular field of science or engineering.

Q13. Are there any more suitable alternatives to a Code of Conduct as a means of regulating attorney conduct?

We do not believe that there are any more suitable alternatives to a Code of Conduct as a means of regulating attorney conduct. The use of a Code of Conduct, in combination with more readily updated Guidelines, seems to be an authoritative yet flexible instrument.

Q14. What are the costs and benefits from having the disciplinary regime apply to patent attorneys after they have either voluntarily suspended or removed themselves from the register? What might be reasonable sanctions for misconduct for attorneys who have left the profession?

The ability of patent attorneys to voluntarily suspend or remove themselves from the register to avoid disciplinary action appears a clear oversight in the regime. Such conduct is contrary to the intention of the regime, and there is no benefit to be gained from retaining this ability.

There are clear benefits to having the disciplinary regime apply to those who were registered at the time the complaint in question arose, and the costs for amending the regime accordingly appear either non-existent or negligible.

If the regime is being applied to the voluntarily suspended or removed attorney as at the time of the misconduct, then the same standards and sanctions may be applied as if the attorney were registered. Reasonable sanctions for misconduct include, for example:

- suspension
- cancellation of registration and bar on re-registration
- public reprimand
- requiring additional CPE or supervision (in the case of a suspension).

That said, if a voluntary suspension or removal was in good faith (e.g., due to a recognition by the attorney that they may not be fit to continue practice in light of the misconduct in question), this should have some bearing on the outcome. For example, the time of voluntary suspension could be taken into account when determining the appropriate sanction.

Q15. What would be the costs and benefits from placing a bar on reregistration of attorneys where they have previously suspended or removed themselves from registration while disciplinary proceedings were underway? If a bar were to be imposed, what should that bar be?

We presume that a “bar” is permanent, whereas “suspension” is temporary. The scale of time imposed, whether “suspension” or “bar” should be proportionate. A bar should, therefore, be reserved for the most serious of cases, in which no other sanction or combination of sanctions is fitting. Similarly, suspension should be for a period of time proportionate to the wrongdoing.

Q16. What would be the costs and benefits for the regime from providing more capacity and guidance for Board investigations?

It is difficult to suggest reform of the present investigational regime without better knowledge of how it actually operates. That said, at a general level, patent attorneys that are subject to the regime should be aware of how the regime operates. The regime should also be transparent and consistently applied. Each of those goals could be

achieved through detailing a more prescriptive investigative process and communicating that process to the profession.

At a minimum, any investigational regime must be fair, and conducted expeditiously. In addition, to provide some certainty to practitioners, it is reasonable to apply a limited period within which a complaint may be brought.

Q17. Would providing more information to businesses about the trans-Tasman regime assist in facilitating attorneys practising across both countries? If so, who should be providing this information and to whom?

Businesses that already have practising in-house attorneys will already be aware of various information and where to find it, such as through the TTIPAB website. However, small and medium-sized enterprises (SMEs) that may be unfamiliar with the patent attorney profession may be unlikely to easily find relevant information. It is unlikely that New Zealand SMEs who do not have an in-house practising patent attorney would even be aware of the trans-Tasman regime or the TTIPAB.

This information should be readily accessible and we suggest it is likely that the Intellectual Property Office of New Zealand would be seen as the first port of call by SMEs. Alternatively, someone looking to engage a patent attorney may look to various attorney firms.

Q18. What improvements to the trans-Tasman patent attorney regime should be made to facilitate SMEs having access to more affordable patent attorney services?

We recognise there is certainly a need for more affordable patent attorney services to SMEs. However, a significant proportion of IP costs for SMEs often come from engaging overseas agents, which cannot be addressed by the trans-Tasman regime.

Q19. What other issues, if any, have you experienced with either the operation of the joint registration scheme or the services provided by patent attorneys? How might those issues be addressed?

A significant issue with the joint registration scheme is that it applies to patent attorneys only. The lack of equal treatment of the trade marks attorney profession in New Zealand and Australia is problematic.

The profession is a singular profession. It is in the interests of both patent attorneys and trade marks attorneys to be seen as being qualified, experienced and regulated on both sides of the Tasman sea, and for the public to be able to identify such attorneys. It is anomalous and illogical not to have Australian and New Zealand trade marks attorneys subject to a joint registration scheme, especially when Australian and New Zealand patent attorneys are within a joint registration scheme.

The significant benefits of regulation (e.g., training, complaints processes, and compliance (CPE)) that are currently imposed to ensure quality, and recognition by the public, of competent patent attorneys across New Zealand and Australia are not

applicable to all Australia and New Zealand trade marks attorneys. This creates an imbalance and inequality between registered Australian trade marks attorneys and New Zealand trade marks attorneys, and can also create confusion and problems for the end consumer wanting trade marks protection or advice in Australia, New Zealand or overseas. The status and importance of these two aspects of intellectual property practice deserve equal recognition and regulation.

Based on overseas experience, there is potential for other practitioners within firms to be recognised as having particular qualifications and experience.

For example:

- the Chartered Institute of Trade Mark Attorneys (CITMA) in the UK provides a qualification pathway for paralegals specialising in trade mark practice (see <https://www.citma.org.uk/news-policy/citma-paralegal/citma-paralegal-course.html>).
- the Chartered Institute of Patent Attorneys (CIPA) in the UK provides a paralegal qualification (see <https://www.cipa.org.uk/introductory-patent-paralegal-course-application/>)
- the [Intellectual Property Institute of Canada](#) provides a certification programme for Patent and Trademark Administrators.
- the EUIPO provides a Trade Mark and Design Education Programme (ETMD EP) for paralegals (see <https://euipo.europa.eu/ohimportal/en/etmdep>).

Q20. What are the costs and benefits of the operation of the trans-Tasman regulatory regime also encompassing of regulation trade marks attorneys in Australia?

The trans-Tasman regulatory regime works well in relation to the regulation of trade marks attorneys. The benefits of regulation (e.g., training, complaints processes, and compliance (CPE)) ensure quality and recognition of the profession.

A significant cost of the current regime, however, is the unequal recognition of the trade marks attorney profession between Australia and New Zealand.

Q21. What improvements could be made to the regulation of trade marks attorneys in Australia?

An important improvement would be the extension of the trans-Tasman regulatory regime relating to trade mark attorneys so that there is equal treatment, standard and recognition of the whole profession. Such an extension would require Australian and New Zealand Attorneys to comply with a single code of conduct and provide consumers with a harmonised and single regime if any issues arise.

CONCLUDING REMARKS

We would welcome the opportunity to discuss any aspect of our submissions with the review team.

Yours faithfully



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