

**From:** Finley Biss Privacy  
**Sent:** Monday, 25 June 2018 4:56 p.m.  
**To:** Iponz Mail  
**Subject:** Submission on IPONZ fees review

To whom it may concern,

We agree and appreciate your discounted rates to the trade mark application process.

However I would suggest offering a discounted rate to renew a trade mark for 15 or 20 years, eg \$300.

This would reduce maintenance costs for both NZ companies and also IPONZ significantly.

Best Regards,

**Finley Biss**  
**Business Development**



e | Privacy  
d |  
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# P.L. Berry & Associates Ltd

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The Commissioner of Patents  
Intellectual Property Office of New Zealand  
P.O. Box 9241  
Marion Square  
WELLINGTON 6141

18 March 2019

Dear Sir/Madam,

RE: INTELLECTUAL PROPERTY FEES REVIEW

I wish to make the following comments on the proposed new fees.

### Patent Fees

I think that the proposed fee increases are reasonable. I felt that the fees set when the Patents Act 2013 came into force were unrealistically low, and I believe the new fees are set at a more realistic level.

### Trade Mark Fees

I think that the proposed differential application fee based on whether or not a preliminary search and advice has been carried out is an unnecessary complication and is likely to be very difficult to use in practice. I note that the application would have to be submitted within 3 months of the pre-application advice, but I point out that the search is out of date within a day or so, never mind 3 months, so I can see no justification for the reduction. The fees are very low anyway, so why complicate matters by introducing this split system?

Using a picklist for classification certainly will reduce the Patent Office work but it will increase the overall cost to an applicant because Attorneys will have to charge extra for trying to fit goods/services into a picklist. A lot of services remain extremely difficult to classify, and there are enough problems trying to fit them into the classification system without having to try to fit them into a picklist as well.

I see no particular reason to reduce the renewal fee for a trade mark so far as a single mark / single class is concerned, but I do think that, given that renewing a trade mark in multiple classes involves very little more work than renewing a trade mark in one class, that continuing to charge a fee per class is no longer defensible. In my view, there should be a base fee for renewal of a trade mark in a first class with a much smaller fee (e.g. \$50 per class) for the remaining classes. The present system severely disadvantages trade mark owners who are unfortunate enough to have goods spread over a number of different classes and I do not think that the present fees can be justified by pointing to the amount of work involved for the Patent Office. Attorneys reduce their service fee for multiple class applications, generally charging a base fee for the first class and a greatly reduced fee for subsequent classes. However, the overall cost of renewing a multi class application remains high simply because the Patent Office charges a per class fee.

Yours faithfully,  
P.L. BERRY & ASSOCIATES LTD,

Privacy

E.V. Buchanan

EVB:JP

**Submission on discussion document: *Intellectual Property Fees Review***

<b>Name:</b>	TMJAM LIMITED
<b>Email address:</b>	Privacy [REDACTED]
<b>Organisation:</b>	TMJAM LIMITED

**Part A: Findings (pages 11 – 23)**

**Is there any other information that IPONZ should take into account as part of the fees review? If so, does this information confirm IPONZ's findings or suggest different findings? Why?**

[Empty response area for Part A]

**Part B: Objectives and assessment criteria (pages 24 – 25)**

**Are there any other objectives, principles or criteria that IPONZ should take into account when deciding which proposals and options to progress?**

[Empty response area for Part B]

**Part C: Impacts of proposals (pages 27 – 29)**

**Do you agree with IPONZ's impact analysis? Are there any other impacts of the proposed fee changes that IPONZ should consider? If so, please provide any information you have about who is impacted and how.**

Empty response box for impact analysis feedback.

**Part D: Proposal 1 - Increased patent renewal and maintenance fees (pages 30 – 33)**

**Do you support IPONZ's preferred option (1A)? If not, what other option(s) should be adopted? Why?**

Empty response box for support of proposal 1A.

**What effect do you think increased renewal fees would have on how businesses and individuals use the patent system?**

Empty response box for effect of increased renewal fees.

**Part D: Proposal 2 - Increased and new fees for high-cost patent services (pages 33 – 37)**

**Do you support IPONZ's preferred options (2A and 2B)? If not, what other option(s) should be adopted? Why?**

Empty response box for support of proposal 2A and 2B.

<b>What effect do you think increased fees for high cost services (Option 2A) would have on how businesses and individuals use the patent system?</b>
<b>What effect do you think the proposed excess claims fee (Option 2B) would have on how businesses and individuals use the patent system?</b>

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<b>Part D: Proposal 3 - New trade mark application fee options (pages 37 – 40)</b>
<b>Do you support IPONZ's preferred options (3A and 3B)? If not, what other option should be adopted? Why?</b>

We support 3A because pick-list filings reduce objections that the goods and services are incorrectly listed, thereby reducing examination costs and administrative burdens.

On this basis, we submit that trade mark applications filed using the IPONZ trade mark API, where the basis for the application is the picklist, should also benefit from 3A/reduced filing fees. This is because the same result occurs whether the trade mark is filed by the API using a picklist or if it is filed directly via the IPONZ website using the picklist. One should not be prejudiced over the other since the same cost savings would be achieved.

Further, the reduced cost of 3A encourages protection of intellectual property rights. This is beneficial for applicants, in particular start-ups and SMEs who may otherwise be deterred from applying for a trade mark registration. We also note the benefits of applicants engaging agents to file trade marks, namely receiving external and strategic support that IPONZ cannot provide. It therefore makes sense that applicants should benefit from 3A via the IPONZ trade mark API.

**What effect do you think the proposed fee for applications using the classification picklist (Option 3A) would have on the trade mark system?**

The effect has to be positive in terms of ease of business for New Zealand companies.

It will be easier for applicants to utilise the trade mark system, and examination and administrative processes will be reduced. For example, international applicants often submit trade mark applications which include errors in the goods and services.

Because most international applicants must file via a local New Zealand agent (for example Madrid protocol designations to New Zealand), these applications should benefit from 3A, including where the local agent uses an IPONZ trade mark API. By doing so, International parties will place greater trust and reliance on the New Zealand Trade Mark System.

It would also be unfair to exclude users of the IPONZ trade mark API from the benefits of 3A, given that IPONZ has specifically created the system for frequent users/clients, in particular IP agents. IPONZ also cites 'reduced errors' as a benefit of using the API. The API is also part of IPONZ's transformation from 'ageing processes to world leading IP services'.



<b>What effect do you think the proposed fee for applications based on pre-application advice (Option 3B) would have on the trade mark system?</b>

<b>Part D: Proposal 4 - Simplified options for pre-application trade mark advice (pages 41 – 43)</b>
<b>Do you support IPONZ's preferred option (4A)? If not, what other option should be adopted? Why?</b>
<b>What effect do you think the bundling of pre-application advice as a single service (Option 2A) would have on the trade mark system?</b>



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**Part E: Monitoring and implementation (pages 44 – 45)**

**Do you support IPONZ plans for implementing, monitoring and evaluating the amended fee schedules? If not, what alternative approach should IPONZ consider?**

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**Other comments**

**If you have any other comments regarding IPONZ's proposals or your submission, you can add them here.**

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PROACTIVELY RELEASED



# Ensor and Associates

## Patent and Trade Mark Attorneys

### Auckland, New Zealand

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IPONZ  
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Email to	<a href="mailto:info@iponz.co.nz">info@iponz.co.nz</a>
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Official. No.	

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## Call for Comments about Proposed Rise in Fees. (25 June 2018)

Dear Commissioner.

I'm responding to the call for comments (email of 25 June 2018) about a proposed rise in fees. The following comments are mine alone. My locus is that of a patent and trade marks attorney practicing as "Ensor and Associates" in New Zealand for 19 years so far. I make plenty of overseas applications of initially NZ IP applications. While I use "patent examination" as if it were the main topic to consider I do consider others. The call for comments is a great opportunity to review IPONZ operations versus what the public wants.

### SUMMARY

There is a desire to make the MBIE division "IPONZ" into an actual Profit Centre by recovery of costs in particular by raising fees for a number of specific services. It is likely that many problems do arise from the comparatively small size of New Zealand despite the IPONZ-perceived requirement to match the tough, high-quality examinations of other countries. Twelve alternatives including the IPONZ price rise option are discussed here.

### CONCEPTS

We define **The Goal**: "IPONZ shall be an effective tool for the State to fund in order to raise the level of innovation – and in particular, exportable innovation – in New Zealand". Preferably that tool uses taxpayer money efficiently. (I shall ignore IPONZ obligations under *International Treaties* here.)

"**Faster Better Cheaper**" is a good slogan to adopt. Having patent rights confirmed much more quickly and much more cheaply without loss of the possibility of getting a rigorous examination. As a result, products can reach the market before being superseded or

Privacy

replaced by an existing equivalent that someone else had started to make. That complies with The Goal. With some of my suggestions a New Zealand innovator will be able to re-file a series of patents more easily as his or her evolving invention is put into practice.

Another group of people want to restore some “computer programs” and some “business schemes or plans” to the list of patentable subject matter.

## DETAILS OF 12 SUGGESTIONS

1. Raising Fees. (Your option - the proposal to raise various fees to get that 75% rise in returns). With a few exceptions as described in later suggestions I do not believe that raising fees supports **The Goal**. It fits none of the slogan “Faster Better Cheaper” and I think that this option is likely in the end to reduce employment within IPONZ.
  - a. It is adverse to the small business, the single innovator within New Zealand, and therefore The Goal is not met. Remember that Google started with just Larry and Sergey; Apple, Microsoft and Hewlett-Packard for example started in garages. An overseas applicant, especially a large company, is less likely to notice such a rise, but in accordance with **The Goal** we want to help, not hinder innovators and be able to export revenue-returning IP. **Peoples’ ideas are a renewable resource.** At this time, there is (Members Bill 51-1) Parliament Patents (Advancement Patents) Amendment Bill reflecting a grassroots desire for a form of faster, cheaper patent protection which is a highly reasonable concept and supports **The Goal**.
  - b. Another “grassroots” issue is that worldwide there is a clear intention to make patents much harder to get, enforced for instance as examiners interpret “inventive step” and the meaning of “person skilled in the art” to embrace more theoretically available documents.
  - c. Computer software may need its own regime with zero examinations until disputed, allowing non-human inventors, having early onset of rights and early termination (expiry) of rights. Some other countries already allow software and therefore are export targets without having to modify WTO rules etc. Consider how the “Spreadsheet” was a clearly inventive step. It sold the Apple Macintosh. Are we ready to protect another Spreadsheet? Perhaps a different kind of IP protection is required. The State would find this option useful in today’s world.
  - d. In my opinion, IPONZ will experience a fall in workload on account of the higher prices, and as a result, jobs may be lost. Non-IPONZ alternatives for innovators include (i) reliance on trade secrets and confidentiality, (ii) filing through IP Australia, (iii) reliance on industrial copyright, and (iv) marketing without taking any IP protection steps. They don’t fit **The Goal**.

- e. The “**Cost of a Patent per Head of Population**” parameter must be kept in mind. It indicates the balance between the cost of acquiring patent rights and possible returns.

In the following table I use my *approximate* charges to a New Zealand client, to reach grant of a patent. The results do not take account of the United States, for example, being much more “invention-aware” country; patents are part of the culture and there is substantial manufacturing and distribution capability. As a result, an invention can more easily be sold and royalties may exceed IP acquisition costs. Trends are perfectly evident. Renewal fees show the same trend.

TABLE 1

<b>Country</b> (for standard patent)	<b>Population</b> (CIA Fact Book)	<b>≈ Cost to grant, for a NZ client</b>	<b>Per-head Cost</b>	<b>Ratio v USA=1</b>
New Zealand	4.213M	6500 NZD	.154 NZ cents	55
Australia	23.2M	10000	.043	16
Great Britain	65.65M	6000	.0091	3
USA	327M	9000	.0028	1
China	1.38 Bn	13000	.0009	0.34

- 2. Examination fee supplements for claims over 20 is supported. Large numbers of claims are inconvenient for infringers and for patent attorneys responding to examinations.
- 3. Do not examine patents at all, until a dispute arises in which patent validity is called into question, and at that time the owner pays the examination fee at the unsubsidised rate. (Or if the owner demands the option of examination such as to satisfy investors, he or she can pay the fee at any time.) A patent is registerable at application time simply by meeting the relevant formalities. This is the “South African model” as I understand it. Also, it is the Australian Innovation Patent model. There might be a filing fee of \$250 in total (as now) for checking formalities and entering data on a database.
  - a. Estimated savings on examination costs are large. Perhaps 10% of the current workload remains. That is because probably 70% of complete specifications do not ever become profitable let alone reach the market at all, and of the profitable sub-set only a limited number become subjects of disputes.
  - b. Absence of examination, or abolishing the delay until substantive examination is demanded and then done to satisfaction means a faster, cheaper outcome for the applicant.

- c. Using belated examination as part of the preparation for a dispute hearing means that evaluation according to current thinking, current common general knowledge, and current expert opinion is more likely.
- d. Disadvantages may be that New Zealand patents are seen as weak, ineffectual and not worth having.
- e. In any case the small business, and the single innovator will, if properly advised, have filed in overseas countries and/or made a PCT application and will get some proof of quality from the examinations that occur normally.
4. Simpler Applications? Could patent attorneys play their part, and ensure that patents filed are simple and easy to understand and search, so that little time is taken by examining any one? I very much doubt this is feasible. The easy inventions have been done. The apparently simple ones may defy understanding. One of my inventor groups produced a commercially practical swash pump by leaving out all but two bearings for supporting the rotating part; a technical advance arising from clear thinking. Their invention superseded over 150 published patents filed over the last 120 years. Despite clear explanations the European Patent Office has so far taken 7 years before granting the gas-pumping version.
- a. In another aspect actual literacy among the submitting population is dropping with the rising use of social media as conversations and the disappearance of books and letters. So unambiguous descriptions are less likely. This may be a long-term trend.
5. While thinking about raising the cost of patent renewal fees, please offer an option for paying 5 years of renewals as a lump sum in advance, or any multiple of single year renewals. In my experience with trade mark renewals, a ten years gap leads to a higher level of “loss of contact detail situations”.
- a. That will reduce the administrative workload for IPONZ and for attorneys so that the present level can be retained without further complexity – while Option 3 if adopted could substantially reduce the dollar amounts required for each renewal, thereby supporting **The Goal** (see above).
- b. Another advantage is that IPONZ gets the money in advance.
- c. A repeat of Table 1 just for renewal costs would show a similar trend where New Zealand, having a small market, tends to be highly priced .
6. Simply close down part or all of the New Zealand Intellectual Property Office. You will have investigated this already. Subsets of this include:
- a. Move the data and operations from the curious web site of IPONZ so as to be available within the IP Australia web site.

- b. Outsource the patent examination work to IP Australia, where examinations are performed according to New Zealand law.
  - c. Or, IP Australia does the New Zealand work according to Australian law.
  - d. In fact, New Zealand law could be rewritten to match Australian (Cth) law so as to provide a **Trans-Tasman Patent** – likewise all other IP. But that would involve large changes to the statutes, to peoples’ perceptions of sovereignty, and takes away many chances to reach **The Goal** from the New Zealand viewpoint. A larger “first market” for New Zealand innovators would be a benefit. Australians do not respect indigenous rights as New Zealand does. Having had New Zealand law become exactly aligned with Australian law in recent revisions would have allowed this option, expanded the case law base, and made staff training at all levels more easily and more cheaply possible.
  - e. A variation is to outsource examination to Asian countries, for example. But I suspect that the quality assurance workload to ensure that the examinations maintain the current standards and are according to NZ law is likely to be high. I do not like outsourcing.
  - f. Of all examining groups, it is most vital to keep the Trade Mark Examination group operational in New Zealand.
7. Accept incoming patents without examination if accompanied by an acceptable examination from a reputable organisation. The Applicant may have to agree with the examination results or actually pay IPONZ for an examination in which he or she can argue the points under dispute. IPONZ may have to agree with the laws under which the incoming patent was examined, though such laws are reasonably standard now.
8. Review the culture in IPONZ relating to patent examination. Who is the Target Audience? I often face the mutually exclusive goals of (1) writing a specification for a Person Skilled in the Art (PSA) in accordance with the intended purpose of a patent of getting trade secrets out of people and into the public space, and (2) at the same time writing a specification to satisfy a critical Patent Examiner who may not be skilled in the Art but nevertheless is adept at identifying missing Numbers on the Drawing Pages – not a problem to a PSA.
- a. Should the emphasis be moved to “reproducibility” so a PSA can actually perform the invention (as per current trends in scientific paper quality requirements – see articles over the last year in “Nature”) ?
  - b. Is Limited Examination at input time (even despite Option 3 above) useful? Possibly, but in any case the ban on introducing New Matter has already come into effect.
  - c. I would prefer that patent specifications including drawings are reviewed primarily in order to ensure “reproducibility” of what is taught in the

specification and drawings (as per current trends in scientific paper quality requirements) which in any case should be covered by **Section 39**.

- d. This suggestion is related to the perception among some patent attorneys who cannot be named here that raising the examination fees would simply applaud and reward the present culture of unproductive examination reports that raise unnecessary things and cause delays.
9. Change the procedure in patent and other examinations so that typically at least two telephone interviews, maybe Skype interviews or the like are used so the examiner and the agent come to agreement quickly. The present system of large “IN” trays and months-long cycle times does not satisfy “Faster” in the slogan and makes it far more likely that the invention will be obsolete before the patent is granted. I have found telephone calls from examiners are very useful but they are not the rule. Empower the examiners to amend text such as missing punctuation.
10. Trade Mark Classification Reductions: I support IPONZ charging less for use of a predetermined specification. IPAustralia already charges less when the applicant follows the predetermined specification for goods or services. Personally I rarely find the IPONZ offerings appropriate.
11. Add a category of trade mark called “Famous trade mark” and charge much more for applications made under it. This would apply to those global brands that claim to be famous.
12. For the cost-centre aspect, adopt the US Patent Office policy of defining Micro-Entities, Small Entities and Large Entities. (also Canada.) Then, charge accordingly. This system appears to work well. The USPTO defines a “small entity” under MPEP 509.02 which relates to the US “Small Business Act”. “Small” includes non-profit organisations. Very large entities (not defined in USPTO) could be charged much more, thereby clawing back some of the tax that they do not pay to the New Zealand Government.
  - a. Extend this notion to patent renewal and other costs.
  - b. Extend this notion to trade mark applications and renewals.

I wish I had time to say more, but commercial pressures apply to all of us.

Sincerely,  
Donald R. Ensor  
For Ensor and Associates.



## Submission on discussion document: *Intellectual Property Fees Review*

<b>Name:</b>	Jon Harwood
<b>Email address:</b>	Privacy [REDACTED]
<b>Organisation:</b>	Fisher & Paykel Healthcare Limited

### Part A: Findings (pages 11 – 23)

**Is there any other information that IPONZ should take into account as part of the fees review? If so, does this information confirm IPONZ's findings or suggest different findings? Why?**

We agree with IPONZ that the ongoing filing of divisional applications under the Patents Act 1953 inhibits innovation (as noted at paragraph 74 of the discussion document). Fisher & Paykel Healthcare faces considerable uncertainty in determining its freedom-to-operate due to the ongoing risk of patent applicants retrospectively claiming obvious "inventions" due to the low threshold for patentability under the 1953 Act. Any measures incentivising abandonment of unused patents and/or disincentivising daisy-chaining of divisional applications are a positive step.

We also note that patent applications which continue to be filed and accepted under the 1953 Act are increasingly likely to be contentious and subject to opposition, re-examination, and revocation proceedings. Applicants daisy-chaining divisional applications under the 1953 Act frequently do so for strategic reasons, enabling them to take advantage of the lenient fair basis and local novelty requirements, lack of examination for inventive step, and benefit of the doubt going to applicants under the 1953 Act.

By contrast, applications under the Patents Act 2013 are subject to stricter support and absolute novelty requirements, examination for inventive step, and a burden on the applicant of proving patentability on the balance of probabilities.

Patent applications accepted under the Patents Act 1953 are therefore more likely to be opposed. Tellingly, of the 68 patent applications currently under opposition at IPONZ, all but two are applications accepted under the 1953 Act.

An opposition proceeding involves a considerable time commitment on the part of Hearings Officers, Examiners, and Assistant Commissioners. It is in the public interest for invalid patent applications to be opposed and either refused or amended, and we therefore agree with IPONZ that there should be no change to the relevant fees for opponents. It is only fair that the applicants taking advantage of the overly-generous transitional provisions and lenient requirements of the 1953 Act should bear the majority of the cost of opposition proceedings under that Act.

This is consistent with IPONZ's findings that significant fee increases are warranted for applications filed under the 1953 Act. If anything, those increases should be larger to reflect the growing proportion of these applications which are subject to opposition proceedings.

**Part B: Objectives and assessment criteria (pages 24 – 25)**

**Are there any other objectives, principles or criteria that IPONZ should take into account when deciding which proposals and options to progress?**

The purposes set out in Section 3 of the Patents Act 2013 should be taken into account. In particular, providing greater certainty for patent owners and the users of patented inventions that patents will be valid after they are granted requires the setting of fees at a level which provides IPONZ with the resources necessary to conduct a thorough examination of all patent applications, including those made under the Patents Act 1953.

**Part C: Impacts of proposals (pages 27 – 29)**

**Do you agree with IPONZ's impact analysis? Are there any other impacts of the proposed fee changes that IPONZ should consider? If so, please provide any information you have about who is impacted and how.**

We agree with IPONZ's impact analysis.

The vast majority of patents in New Zealand are filed, prosecuted, and renewed on behalf of the patentee by professional patent attorneys and renewal services. The fees for these services generally constitute the majority of the cost to the patentee of obtaining a New Zealand patent. The proposed official fee increases will in most cases therefore have only a relatively minor impact upon overall costs to patentees.

**Part D: Proposal 1 - Increased patent renewal and maintenance fees (pages 30 – 33)**

**Do you support IPONZ's preferred option (1A)? If not, what other option(s) should be adopted? Why?**

We support IPONZ's preferred option 1A, imposing increases to patent renewal fees.

**What effect do you think increased renewal fees would have on how businesses and individuals use the patent system?**

We agree that increasing renewal fees incentivizes abandonment of unused patents, albeit only marginally for relatively well-resourced incorporated patentees.

**Part D: Proposal 2 - Increased and new fees for high-cost patent services (pages 33 – 37)**

**Do you support IPONZ's preferred options (2A and 2B)? If not, what other option(s) should be adopted? Why?**

We agree in general with IPONZ's preferred options 2A and 2B, increasing fees for high cost services and introducing excess claim fees.

However, we consider that excess claim fees should also apply to applications filed and accepted under the 1953 Act.



**Part D: Proposal 2 - Increased and new fees for high-cost patent services (pages 33 – 37)**

We also suggest introducing an “excess page” fee to recover IPONZ’s costs of making a thorough examination for fair basis and sufficiency (under the 1953 Act) or support and clear and complete disclosure (under the 2013 Act), and to disincentivise filing of inordinately long patent specifications which often lead to numerous divisional applications and many years of pendency. Such specifications present an increased burden on examiners (and the public).

A thorough examination of every claim for fair basis under the Patents Act 1953 is particularly important for two reasons: lack of fair basis is not a ground for opposition (only revocation after grant); and even a single claim which is not fairly based on the detailed description should disentitle the application to antedating to the filing date of the parent application, and the application therefore should not be permitted to proceed under the 1953 Act.

The European Patent Office applies an additional fee of €15 (approximately NZD\$25) for every page in excess of 35 (including the abstract, description, claims, and drawings). The UK Intellectual Property Office recently introduced a fee of £10 (approximately \$20) for every page of the detailed description in excess of 35. We suggest a similar fee in New Zealand.

**What effect do you think increased fees for high cost services (Option 2A) would have on how businesses and individuals use the patent system?**

The vast majority of patents in New Zealand are filed, prosecuted, and renewed on behalf of the patentee by professional patent attorneys and renewal services. The fees for these services generally constitute the majority of the cost to the patentee of obtaining a New Zealand patent. The proposed official fee increases will in most cases therefore have only a relatively minor impact upon overall costs to patentees.

**What effect do you think the proposed excess claims fee (Option 2B) would have on how businesses and individuals use the patent system?**

Excess claim fees elsewhere have proven effective in limiting the number of claims filed, examined, and granted. In Europe, for example, it is relatively rare for a patent to be granted with more than 15 claims. This significantly eases the burden on the examiner, the public, and the courts in determining matters of validity and infringement.

**Part D: Proposal 3 - New trade mark application fee options (pages 37 – 40)**

**Do you support IPONZ’s preferred options (3A and 3B)? If not, what other option should be adopted? Why?**

**What effect do you think the proposed fee for applications using the classification picklist (Option 3A) would have on the trade mark system?**

**What effect do you think the proposed fee for applications based on pre-application advice (Option 3B) would have on the trade mark system?**

Part D: Proposal 4 - Simplified options for pre-application trade mark advice (pages 41 – 43)
Do you support IPONZ's preferred option (4A)? If not, what other option should be adopted? Why?
What effect do you think the bundling of pre-application advice as a single service (Option 2A) would have on the trade mark system?

Part E: Monitoring and implementation (pages 44 – 45)
Do you support IPONZ plans for implementing, monitoring and evaluating the amended fee schedules? If not, what alternative approach should IPONZ consider?
We support IPONZ plans for implementing, monitoring, and evaluating the amended fee schedules.

Other comments
If you have any other comments regarding IPONZ's proposals or your submission, you can add them here.

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30 July 2018

Intellectual Property Office of New Zealand  
PO Box 9241  
Marion Square  
Wellington 6141  
New Zealand

**SUBMISSIONS: Intellectual Property Fees Review June 2018**

Dear Sir/Madam

I hereby present the submission below on behalf of Henry Hughes IP Ltd.

Henry Hughes IP Ltd is a New Zealand based intellectual property firm. We advise local and international clients in relation to all intellectual property rights registered through the intellectual property office of New Zealand. The submissions below are our own and informed by our own experiences of the intellectual property regime in New Zealand, rather than those of any particular client or group of clients.

**Summary**

We have concerns with a number of aspects of the Discussion Document.

The Discussion Document has failed to take into account that since the Patents Act 2013 has come into force there has been a substantial drop in engagement with the New Zealand patents system by New Zealand applicants (paragraphs 1 to 5 below), a point which may be exacerbated by the proposed fee changes.

Moreover, we believe that two key criteria have been ignored when assessing the options, namely the quality of the outcome to the applicant (Quality Outcome), and the value of the right or step (Value) discussed at paragraph 6 below. We also consider the Discussion Document overemphasises the importance of trade mark fees not subsidising patents fees (see paragraphs 11 and 12 below). Taking the above into account we have arrived at different proposed fees.

By way of summary we set out in Annex 1, our suggested changes to fees and provide a reference to the paragraphs of this document which discuss our reasoning. In brief, we suggest retaining trade mark fees at current levels and more moderate increases to patent fees, the increases being biased towards the latter stages of prosecution and of the patent lifetime.

Although we do not have access to the specifics IPONZ used to forecast the memorandum account, we believe that the fees should result in the desired steady decrease to the memorandum account.



## Detailed Answers to submission questions

We provide below our answers to the questions posed in the document entitled Intellectual Property Fees Review: Discussion Document (Discussion Document). Unless indicated otherwise any reference below to a paragraph number is to the paragraph of the Discussion Document.

***Question 1: Is there any other information that IPONZ should take into account as part of the fees review? If so, does this information confirm IPONZ's findings or suggest different findings? Why?***

1. IPONZ has referred to the purpose in section 3 of the Patents Act 2013 and in particular section 3(a) in which the purposes of the act are to

“(a) provide an efficient and effective patent system that—

- (i) promotes innovation and economic growth while providing an appropriate balance between the interests of inventors and patent owners and the interests of society as a whole;”

Whilst ‘innovation’ is not well defined, the Global Innovation Index (<https://www.globalinnovationindex.org/home>) is a well-regarded and comprehensive study of a country's position in innovation. New Zealand's overall ranking has dropped from 17 to 22 since 2013. It follows that New Zealand is not improving on innovation metrics.

2. One of the factors measured in this index (6.1.1) is the number of patent applications by origin. This metric refers to the number of patent applications filed in New Zealand by New Zealand applicants by GDP. The more patent applications filed, the more innovative the country is. New Zealand has dropped significantly on this metric, from 11<sup>th</sup> in 2013 to 20<sup>th</sup> in the 2018 index on the metric of patent applications by origin (6.1.1). There has been a marked drop in patent applications filed as a proportion of GDP (roughly half from 12.1 to 6.1) since 2013.

3. According to these measures, since the enactment of the Patents Act 2013, innovation in New Zealand has decreased. Moreover, since the Patents Act 2013 was introduced, the factor most able to be influenced by the Act, numbers of patent applications by New Zealand citizens, is substantially reduced. It thus follows that the Patents Act 2013 appears to be failing in its purpose to “promote innovation” and may be having the reverse effect.

4. It can be postulated that at least some of this effect may be due to the higher costs involved in obtaining a patent under the Patents Act 2013. In general a foreign applicant who is applying in multiple countries with thousands of dollars of fees is less likely to be discouraged by an increase in cost of a few hundred dollars than a New Zealand applicant. This especially applies at an early stage in patent prosecution (filing and requesting examination) where the opportunities for revenue generation have been limited.

5. It follows that the potential to constrain innovation should be a factor discussed in any increase in patent fees, and in fact consideration should be given to reducing patent fees or providing lower cost options (for example a small entity discount or utility model). Correspondingly, we note that there does not appear to be any evidence that the current cost of the trade mark system is constraining use of the system, meaning the same driver does not exist for the reduction in trade mark fees.

**Question 2: Are there any other objectives, principles or criteria that IPONZ should take into account when deciding which proposals and options to progress?**

6. We consider other key principles which should inform the fee review are:
- a. **Quality outcome** – The fees should assist and encourage an applicant to achieve a quality outcome. For example a trade mark right which does not fully cover all relevant the goods or services is of little or no value to an applicant. Fee structures should not unduly encourage an applicant to take a route which may not result in a quality outcome.
  - b. **Value** - Fees should reflect the value of the right or step. Setting a fee level too low can result in the value of a right (or of a particular step) being underappreciated and therefore the importance of the right being discounted. In this regard comparison to other costs of doing business in New Zealand may be appropriate – for example registering a company costs \$115+GST. Furthermore the value of a right should be assessed by the size of the New Zealand market when comparing to overseas rights. For example a right in New Zealand has less value than a right in the much bigger market of Australia.
7. Please note that these are intended as additional criteria to those listed. We further note that the Effectiveness criteria should also discourage behaviours such as not meeting a deadline set by the Act, e.g. missing payment of a renewal fee or failing to respond by a deadline.

**Question 3: Do you agree with the analysis above? Are there any other impacts of the proposed fee changes that IPONZ should consider? If so, please provide any information you have about who is impacted and how.**

8. We disagree with some of the findings made in Part A of the Discussion Documents which lead to the objectives. We take the opportunity to discuss these:

Finding 1A – Costs of new patents regime exceeding revenue

9. We do not take issue with Finding 1A that patent revenue exceeds the cost of service under the new patents regime. However, we query whether there are more efficient ways of utilising examination resources. For example, the point was made by the Manager of Patents in the Patents Technical Focus Group, that, unlike other Offices, IPONZ does not have separate formalities examination for patent applications leading to a number of the issues raised in examination reports under the Patent Act 2013. This suggests that valuable examiner time is being spent examining formalities rather than substantive issues.

Finding 1B – Trade mark revenue is exceeding costs

10. We do not take issue with Finding 1B. However, we are surprised that the future planned expenditure (paragraph 39) does not take into account increases in staffing and, most importantly, retention of senior staff. We are currently experiencing significant delays on the most complicated trade mark applications; applications which would usually be the responsibility of senior staff. It appears that a number of more senior staff members have been leaving the trade marks team (whether permanently or on secondment). In addition senior staff members are also the ones being used to examine geographical indications. From this perspective a proportion of trade mark fees should be put towards hiring new staff and retaining senior staff. We would also note that it is not clear to what extent the

figures provided take into account staff conducting roles outside of the IP class, for example the examination of geographical indications by trade mark examiners.

*Finding 1C – Status quo would lead to cross-subsidisation*

11. In relation to finding 1C, we consider a certain amount of cross-subsidising is acceptable. The Commissioner is the Commissioner of Patents, Designs and Trade Marks and it is not appropriate to consider the role in terms of different disciplines. We consider the budget should be considered holistically and the surplus should be applied to areas requiring funding or resources.

12. At paragraph 42, the Discussion Document states that around 1% of IP holders have both a patent and a trade mark. No information is provided as to how this value is calculated. We consider that this value may be misleading. For a variety of reasons, in many cases a patent and a trade mark are held by different companies which are nevertheless related or are subsidiaries of the same organisation<sup>1</sup>. Products produced under a patent will be put on the market under a trade mark which means that there is a close relationship between the two IP rights, even if they are owned by different entities. A methodology which does not take this account does not provide for an accurate picture.

13. Notwithstanding the above, there are parts of the intellectual property services provided by IPONZ which are interdependent, meaning some cross-subsidisation is inevitable. Several examples of this are included at paragraph 39: Improving New Zealand businesses' and entrepreneurs' understanding of IP as a whole, and certain IP upgrades will inevitably "spill over" into the patents field. We note further that the Discussion Document is silent on the cost of the Hearings Office which necessarily cannot be independently self-funded otherwise access to justice would be compromised.

*Finding 1D – Parity can be restored by making revenue proportional to expenses*

14. It follows in light of Finding 1C, that while parity between patent and trade mark fees can be restored, some level of cross-subsidisation is acceptable if other objectives of IPONZ and the IP system are achieved.

*Finding 2 – The memorandum account should reduce at a steady rate*

15. We agree with the intent that the memorandum account should be allowed to reduce to a \$10 million, but cannot comment on the forecasting provided by the Discussion Document.

*Finding 3A- Overall design of the patent fee structure is sound*

16. We do not agree that the overall design of the patent fee structure is sound. The statistics above show a dramatic decrease in use of the New Zealand patent system by New Zealand applicants. This suggests that some changes in fees or overall structure of the Act is required to enable New Zealand innovators to access patent protection in New Zealand. From this perspective we agree with the current system of having renewal fees subsidise application and examination fees, thereby keeping initial costs low, but suggest other changes such as small entity discounts may be in order.

*Finding 3B – Fees for examinations and restorations are relatively low*

17. The Discussion Document finds that the fees for examinations and restorations are relatively low compared to other patents fees (paragraph 68). Whilst we agree that the examination fee is less than the "cost to serve", it is not low relative to other compulsory fees encountered in prosecution such

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<sup>1</sup> For example, there are a number of companies within the Glaxosmithkline family of companies with different patents and trade marks being registered in the name of different companies, some of which bear no similarity to each other (e.g. Glaxosmithkline IP Development Ltd, Glaxosmithkline Consumer Healthcare (UK) IP Ltd and ViiV Healthcare).

as the application fee (\$250), grant fee (in New Zealand \$0) and even the initial maintenance fees (\$100). In fact the request for examination is the largest fee an applicant is likely to encounter until the 15<sup>th</sup> year of the patent life. The restoration fee is not a fee which would ordinarily be encountered by applicants and is therefore subject to different drivers. With this in mind we agree that the restoration fee is lower than may be justified.

Finding 3C- The cost of patent examinations and amendments varies

18. We agree that examination complexity varies from case to case. However, in our experience complexity of examination is more governed by the subject matter of a case than the number of claims.

19. The Discussion Document refers to the cost of amending the specification under the Patents Act 2013 at various stages. We note that the fee (\$150) for making voluntary amendments during examination is high compared to other jurisdictions where no such fee is payable (see for example Australia and the UK among others). Moreover, the onus when making an amendment in New Zealand is placed more on the applicant than the Office by requiring for example a wholly amended specification with each amendment. This should be kept in mind as a starting point.

20. We do agree that amendments after acceptance are likely more time consuming and costly. However we also note that there is a public interest in encouraging the patentee/applicant to make narrowing or clarifying amendments to a granted specification.

Finding 3D – Fees for services under the Patents Act 1953 may be inhibiting innovation

21. We disagree that the fees under the Patents Act 1953 are inhibiting innovation. Although not well defined “innovation” implies something new or novel. The discussion document implies that the ongoing filing of divisional applications under the Patents Act 1953 may be “inhibiting innovation”, i.e. by stopping innovators from doing something. Except to the extent there are unpublished applications under the Patents Act 1953 (and it is unclear if there are any of these remaining), the subject matter of the applications under the Patents Act 1953 is a matter of public. It follows that any action inhibited by the presence of a divisional application cannot be new or novel. In fact it is much more likely that generic or copied products, not innovative products are the ones inhibited by divisional applications.

22. We further note that the legislature was aware, when drafting the Patents Act 1953, of the difference in standards between the Patents Act 1953 and the Patents Act 2013 and arrived at transitional provisions which allowed for the continued filing of divisional applications under the Patents Act 1953. If there is a perceived ‘hurt’ it is for the legislature to correct, not a fee review.

23. We do agree that the fees for Patents Act 1953 applications are low compared to the equivalent fees for the Patents Act 2013.

Finding 4A – opportunity to simplify options for pre-application advice

24. We agree that this is an opportunity to simplify options for pre-application advice. While we have reservations about encouraging reliance on such advice (discussed in further detail below), it seems logical to provide both search and preliminary advice as a single step.

Finding 4B – Opportunity to improve efficiency of trade mark applications

25. We agree that encouraging trade mark applications based on search and preliminary advice or a picklist may improve efficiency of examination. However, we are concerned that such efficiency could

be at the cost of a quality outcome for applicants and significantly under value the right that applicants obtain by registering their trade mark (discussed in greater detail below).

***Question 4: Do you support IPONZ's preferred option (1A)? If not, what other option(s) should be adopted? Why?***

26. Option 1A consists of two parts, an increase in renewal fees under the Patents Act 2013, and an increase in the renewal fees under the Patents Act 1953. We agree in part with the proposals. Our agreement is based in part on the Offices analysis that higher fees would result in that such an approach would strengthen the incentive for holders of unused patents to allow them to lapse (paragraph 121 of the Discussion Document) and the requirement for patents to generate additional income. We also note, that this option, and especially the increasing fees over time concurs with the 'Value' criteria proposed above, in that, optimally, years 15-19 are when the patent may have its most value.

27. With regard to the Patents Act 2013, we agree with the proposed increases, with the exception of the quantum of the increase in the 15<sup>th</sup> to 19<sup>th</sup> year fee. Whilst an annual fee of NZ \$1000 would place New Zealand on a par with Australia, Singapore and Canada, we note that this does not adequately recognise the value of renewing the patent in the substantially smaller market of New Zealand. We also have concerns that many New Zealand inventors/applicants take many years to build a market and would find the renewal fee too expensive, even though they are exploiting the invention. We suggest a 15-19 year renewal fee of NZ \$700 will still achieve the desired incentive, while not being out of step with the value of the patent at this time.

28. We agree with an increase to the total maintenance fees under the Patents Act 1953. In particular we note that the Regulations were not amended to add a further renewal fee when extending a patent term from 16 to 20 years. Accordingly, applicants get the benefit of a final, 7 year renewal period at relatively low cost. This does not incentivise unused patents to lapse, or reflect the value at this period.

29. However, we do not agree with the proposed mechanism. Renewal fees under the Patents Act 1953 are not payable until four months after the patent is granted, at which point all past renewal fees will be payable. This means that, under the proposed fees, a patent which grants after the 13<sup>th</sup> anniversary will require renewal fees of NZD 8450 paid at one time.

30. In some cases, this level of fee payable at a single time is likely to achieve the opposite effect to that in the last sentence of paragraph 118. Faced with an NZD 8450 fee, or a (proposed) NZD 500 fee for refiling the divisional application, the applicant is likely to choose to refile a further divisional application, rather than allow grant. This may continue until such time as they become aware of an infringement. Moreover, this proposal does not achieve the incentive to allow an unused patent to lapse (proposed in the Discussion Document) since, once the renewal fee is paid, a patentee still need not make any further assessment in years 14 to 20.

31. Instead of the proposed changes to the renewal fees under the Patents Act 1953, we suggest amendments to the transitional provisions of the Patents Act 2013 such that maintenance fees for all applications are payable in accordance with 2013 Act fee schedule. This will more directly achieve the goal of making applicant's review whether to maintain patent applications, whilst also improving the simplicity of the system by removing the current, somewhat complicated provisions about when a granted patent transitions from the Patents Act 1953 renewal fees to those under the Patents Act



2013. We recognise that the above approach likely requires a change in law. However, it would seem that the suggested IP Omnibus Bill could be used as a mechanism for this.

32. One downside of this approach is that the maintenance fees payable will be the same as a 2013 Act application. An application made under the Patents Act 1953 is likely to be of lesser value than one under the Patents Act 2013. This is because damages are assessed under the Patents Act 1953 are assessed from the date of publication at acceptance, whereas under the Patents Act 2013 damages can be assessed from the date of pre-grant publication. We note that this could be a justification for charging different fees for 1953 Act application in contrast to one under the Patents Act 2013. However we consider that other factors such as simplicity likely outweigh this.

33. We agree with increasing the fee for late payment of the renewal or maintenance fee, but consider the increase should be greater. The Patents Act 2013 requires a maintenance or renewal fee be paid by the anniversary of the filing date. An applicant is then given a grace period of six months. The fees should encourage an applicant to pay the fee during the normal period – if an applicant, (or patentee) wishes to utilise some or all of the six months to decide whether to renew, they should expect to pay for the use of the period. We suggest an extension fee of NZD200. Setting a fee at this level will promote the effectiveness of the patent system, by encouraging applicants/patentees to pay the fee on time. We note that in Australia a fee of AUD 100 per month is charged in equivalent circumstances. Whilst there is some merit in suggesting that a per month fee be paid, in the interests of simplicity, we prefer a single, lower fee.

34. We agree that option 1B is arbitrary and therefore does not serve to further any of the assessment criteria.

***Question 5: What effect do you think increased renewal fees would have on how businesses and individuals use the patent system?***

35. Applicants and Patentees will potentially assess more closely whether the New Zealand patent has value. However, it is likely to have the most effect on small entities (including New Zealand entities) as from experience larger entities are much more likely to make decisions on whether to maintain a patent or patent application based on the global family and the state of commercialisation of the invention, rather than an increase in fees in New Zealand.

36. Importantly we do not consider that an increase in the renewal fees at the levels indicated will prevent New Zealand innovators from applying for a patent before seeking to commercialise.

***Question 6: Do you support IPONZ's preferred options (2A and 2B)? If not, what other option(s) should be adopted? Why?***

37. We support aspects of option 2A and option 2B.

**Request for examination**

38. We do not agree with increasing the request for examination fee under the Patents Act 2013. We recognise that the cost of conducting examination is significant, although we note that no data has been provided as to how the proposed cost is calculated and have the aforesaid concerns that examiners are undertaking work which could be done by non-examination staff. However, we consider that a request for examination fee of NZD 750 may deter applicants, and in particular smaller applicants,

from requesting examination. In fact as the request for examination fee is often seen as part of the cost of filing an application, a fee at this level may deter applicants from even filing a patent application in New Zealand. Given that New Zealand applicants are generally smaller, this is likely to have a disproportionate effect on New Zealand applicants, and hence achieves the opposite of promoting innovation. Given the statistics above showing a substantial decrease in patent applications of New Zealand origin, any fee setting which could further discourage applications should be avoided in order to meet the purposes of the Patents Act 2013.

39. We further note that an examination fee of NZD 500 is in step with the cost of requesting examination in Australia (AUD 490).

#### Amendment after acceptance

40. We do not support increasing the cost for amending an application after acceptance to NZD 500. Amendments after acceptance cannot add subject matter or increase the scope of the claims. Thus amendments after acceptance are used almost exclusively to narrow the claims in light of newly discovered validity issues, or to clarify the scope of protection. In both cases it is desirable that the changes be made as soon as possible in order that the scope of the patent is clear. We consider that the proposed fee of NZD 500 may be enough to have applicants consider whether to delay making the amendment.

41. It is important to note that applicants do not deliberately wait until after acceptance to make necessary amendments, since the provisions for amendment after acceptance are significantly more stringent. Thus in almost all cases the amendment after acceptance is to address an issue which arises after examination. In this regard we disagree with the statements of paragraph 129 of the Discussion Document and instead consider amendments after acceptance increase the effectiveness of the patent system.

42. We do recognise that there is an increase in cost in examining for amendments after acceptance and consider a fee of NZD 200 should strike a balance between not deterring amendment and recovering some of the costs. Although no statistics are given, amendments after acceptance are relatively rare when compared to standard prosecution fees (filing, requesting examination etc.) and therefore the loss in overall fees is likely to be minimal.

#### Restoration

43. We agree with the increase in the cost of requesting restoration. As noted a restoration is only necessary if the applicant has not acted in a timely manner. Moreover, although there are provisions protecting interim users, the presence of a patent or patent application which lapses but is later restored does not promote the effectiveness of the patent system. With these points in mind we consider the suggested fee level appropriate both as encouragement to ensure appropriate systems are in place, and as a prompt for the applicant to determine if the restored case is truly of value.

#### Excess claims fee

44. We agree with the new excess claims fee. The mechanism discussed although complicated seems equitable. As noted in the table at paragraph 136, such an approach will likely promote effectiveness and efficiency. Moreover, in terms of the additional suggested factor above 'Value' it is likely to only be in the cases the Applicant considers are of value that the excess claims fees will be retained.

### Suggested grant fee

45. The excess claim fee creates a new charging point at grant. However, in accordance with the Discussion Document, this charging point would only exist where there are excess claim fees. This creates an additional complication in the system.

46. We suggest, if further cost recovery is required, introducing a moderate “grant fee” in the region of NZD 200. This grant fee should be payable at the same time as excess claim fees. Not only would this address the issue of a variable charging point, but it can also account for some of the difference as a result of the decreased examination fee.

47. We are surprised to note that Appendix 2 of the Discussion Document does not appear to provide any costs associated with acceptance and grant. Although we note that it is primarily automated, acceptance and grant each requires publication in the Journal, suggesting there are at least some costs associated. Moreover, in terms of the “value” criteria above, the act of grant is of the most value to the applicant as it gives them an enforceable right. We note that many jurisdictions provide for similar fees, for example in Australia (AU \$250) Singapore (S\$160).

### Fees under the Patents Act 1953

48. We agree with the proposed cost for filing a complete specification under the Patents Act 1953 (all of which will now be divisional applications). However, we do not agree with increasing the cost for amendments before acceptance. Under the Patents Act 2013 a rationale for having a fee of \$150 for making voluntary amendments is that the applicant can make the amendments for free prior to requesting examination. This promotes the efficiency of the system by having the Examiner consider amended claims at the earliest stage. Under the Patents Act 1953, no such opportunity exists. It follows that all voluntary amendments made at any time will attract the fee. For this reason we consider it would be inequitable to raise the fee for voluntary amendment under the Patents Act 2013

49. As to amendments after acceptance, we reiterate our comments above. We further note that amendments after acceptance are only dealt with under the Patents Act 1953 for the short period between acceptance and grant.

### ***Question 7: What effect do you think increased fees for high cost services (Option 2A) would have on how businesses and individuals use the patent system?***

50. The increased cost of requesting examination suggested in 2A would possibly discourage applicants from requesting examination. In particular this is likely to affect smaller, New Zealand applicants' proportionally more than larger, better resourced international applicants. This has the potential to discourage innovation amongst New Zealand applicants.

51. In addition, the procedural requirements being applied during examination under the Patents Act 2013 have already substantially increased the cost to an applicant in obtaining a patent. These requirements include: providing a detailed statement of support for amendments, providing a wholly amended specification with each amendment, onerous requirements for abstracts, extremely limited time frames – including for filing divisional applications. Of concern is that an additional cost may substantially discourage all applicants from pursuing patent protection in New Zealand. Again the burden is likely to be felt most strongly by smaller New Zealand applicants who would otherwise be drivers of innovation in New Zealand.

52. As indicated above, increasing the fee for amendment after acceptance may result in some applicants delaying making the amendment if it is borderline necessary. This may have the negative effect on the register discussed above.

53. Increasing the cost of filing a divisional application under the Patents Act 1953 to \$500 is unlikely to have an effect on applicant filings. In general the divisional applications still being filed under the Patents Act 1953 are likely to be directed to high value technologies, whereby filing procedure is more effected by the value than filing fees.

54. One option if an increased fee schedule (and in particular an increase in the request for examination cost) is to be considered is to introduce a separate small entity fee structure. This would enable cost recovery on a majority of larger applicant's, but still enable smaller applicants to access the New Zealand patent system. Although it is unlikely such a system could be targeted to New Zealand applicants due to international obligations, it would proportionally benefit New Zealand applicants as being the most likely small applicants to pursue protection in New Zealand. This would therefore meet the effectiveness criteria, although we are aware that it would increase the complexity of the system.

***Question 8: What effect do you think the proposed excess claims fee (Option 2B) would have on how businesses and individuals use the patent system?***

55. The proposed excess claims fee may make applicants review the claims and reduce claim numbers at the time of requesting examination. In high value cases the applicant may still choose to pursue a large number of claims, while in lower value cases they may reduce them. An added advantage may be that if an applicant amends the claims prior to/or at requesting examination, they may also amend the claims to overcome other issues, e.g. methods of medical treatment or unity, which may mean the first examination report is able to be more comprehensive.

56. We do however have a concern that, the level of the excess claims fee may be such that it costs more to make the amendment than to make any changes. This may be the case if the Office's current attitude to support, especially for intermediate generalisation in dependent claims, continues. We consider that the excess claim fee should be balanced by a practical approach to support for amendments, rather than an overly restrictive approach in order to allow an applicant to avoid the fees if desired.

***Question 9: Do you support IPONZ's preferred options (3A and 3B)? If not, what other option should be adopted? Why?***

57. We do not support IPONZ's preferred options 3A and 3B.

General trade mark fee

58. We do not agree with decreasing the general trade mark fee from \$150 to \$100. There is no evidence the current cost of \$150 deters applicants from applying for a trade mark. However, a higher level does ensure that an applicant takes appropriate care in applying for the right, including obtaining professional advice as necessary. In other words, the fee for a trade mark should be set having regard to the value of the right. Setting the fee too low can result in the right itself not being adequately valued by an applicant and may lead to speculative trade mark filings. This in turn could increase the time required by examiners and clutter the register.

Preferential fee for use of picklist

59. We do not agree with reducing the current fee per class for applications made using a classification picklist and do not consider that the use of the picklist should be encouraged.

60. While we recognise that the picklist may be easy for Examiners, it may not deliver value to an applicant or adequately protect their interests. This is because the picklist inevitably results in the applicant choosing the term from the list which is the closest to their actual goods and services, rather than one which actually describes their goods and services. Moreover, we are aware of similar terms which exist in different classes further leading to confusion. This lack of accuracy could result in the applicant achieving a right which is of little value as it does not protect the goods and services actually provided by the applicant. In this regard while the statement at 158 may be correct, the concern should be with providing an applicant with a right which is of value to them, rather than the ease of acceptance.

61. Providing a cheaper rate for applicants which use a picklist disadvantages those applicants with an innovative business that does not easily fit within the pre-approved terms on the picklist. Moreover, a cheaper rate for applicants using a picklist favours applications originating in New Zealand over applications originating from overseas from countries which have differing approved terms or practices for the wording of specifications.

62. We further note that an attorney is unlikely to use a picklist as they will tailor the goods and services to the applicant's business. As a result, providing a discount for use of the picklist will disadvantage those applicants who obtain proper legal advice prior to filing.

Preferential rate for applications with pre-application advice

63. We do not agree with option 3B. Again, we do not agree with encouraging search and preliminary advice at the expense of proper legal advice prior to filing. The combination of search and preliminary advice provides an indication of registrability of a trade mark. However, it cannot provide advice specific to the applicant's business and does not take any account of market conditions.

64. Further the proposal allows for the filing of the application within three (3) months of the pre-application advice. In light of the increased volume of applications entering the New Zealand Register via the Madrid protocol, and the significant delays in IPONZ receiving notifications from WIPO, the chances for a trade mark having a filing or priority date between the date of requesting search and preliminary advice and filing being requested has greatly increased. We are aware of at least one instance where this has occurred resulting in an unwelcome surprise for an applicant. Moreover, a time period of three months would require the Examiner undertake a new search to satisfy the requirements of section 25, thereby negating a portion of the anticipated time / cost saving. We note that IP Australia allows a five (5) working day period for an applicant to convert a Headstart Application<sup>2</sup> into a standard application upon payment of the second part of the fee.

65. Finally we have some concern with the numbers at table 19. These numbers allege that the total time to complete examination of a trade mark application including search and preliminary advice is 0.75 hours, whereas the time to completely examine a standard trade mark application is 0.9 hours.

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<sup>2</sup> Under IP Australia's TM Headstart service an examiner assesses the applicant against registration criteria within five working days. The initial fee is AUD 200. If the applicant decides to continue with the application in the same form they must do so within five working days of the results report issued by IP Australia and pay a second fee of AUD 130. It is at this time that the application is assigned a filing date and made public. The combined fee (AUD 330 for one class) is the same amount payable for a standard application in one class.

It is unclear how this is possible if the Examiner is giving the same attention to all issues in the examination of both types of applications.

*Preferential fee for applications under Madrid protocol*

66. We note that IPONZ is not proposing a discounted application fee for applications designating New Zealand under the Madrid Protocol. We do not agree that applications under the Madrid protocol are similar to picklist application in that they require less effort to classify. However, we agree with IPONZ's decision not to implement this proposal.

*Decreasing the trade mark renewal fee*

67. We note that the document entitled Summary of Proposed Changes to Trade Mark Fees refers to a reduction in the trade mark renewal fee from \$350 to \$200. This is not mentioned in the primary document except in Annex 2 and thus it is unclear if IPONZ proposes this. For the record, we disagree with decreasing this fee. When considering renewal fees, consideration should be given to the value of the right. A renewal rate of \$200 for a further ten years works out to \$20 per year. We consider that such a reduction in the fee devalues the trade mark. Moreover, the renewal fee performs a valuable function in that it declutters the register of those marks which are no longer being used or of value to the owner. Reducing the fee would reduce this function and therefore reduce the effectiveness of this mechanism to declutter the Register.

***Question 10: What effect do you think the proposed fee for applications using the classification picklist (Option 3A) would have on the trade mark system?***

68. As noted above, a reduced fee for applications using the picklist is likely to encourage applicants to use the list. This in turn could result in the issues to applicants as described above where the term in the picklist does not accurately describe the applicant's goods and services. In addition, the use of a picklist could, over time, result in the cluttering of the register of descriptions chosen from the list, rather than terms which actually describe the goods and services for which the trade mark is or will be used. In this regard, while a picklist may increase the efficiency of the Office processing a particular application, it may decrease the effectiveness of the system as a whole.

***Question 11: What effect do you think the proposed fee for applications based on pre-application advice (Option 3B) would have on the trade mark system?***

69. As with making applications made from a picklist cheaper, making applications based on pre-application advice cheaper may increase the efficiency of the office processing an application, but may decrease the effectiveness of the system as a whole.

***Question 12: Do you support IPONZ's preferred option (4A)? If not, what other option should be adopted? Why?***

70. We support the bundling of the search and preliminary advice as a single service. The pre-application trade mark advice service is overwhelmingly used by self-filers who have limited understanding of the requirements for registration of a trade mark. It is necessary that both absolute and relative issues are identified early to avoid an applicant investing in a trade mark that is not eligible for registration or use.

**Question 13: What effect do you think the bundling of pre-application advice as a single service (Option 4A) would have on the trade mark system?**

71. We support combining search and preliminary advice as it will provide applicant's with a better overall picture than either on its own although we note the concerns above about encouraging pre-application advice.

**Question 14: Do you support IPONZ plans for implementing, monitoring and evaluating the amended fee schedules? If not, what alternative approach should IPONZ consider?**

72. The plans for implementing the changes to fees under the Patents Act 1953 may be problematic. In particular, an applicant may have filed a 1953 Act application up to 18 months prior to the new fees coming into effect, and have incurred significant expense to obtain grant. To then be hit by the cumulative renewal fees without having any possibility of mitigating them would be unjust. Instead, if the proposed fee goes ahead, we suggest the new fees only be applied to divisional applications which are actually filed after the commencement date. In this manner the applicant is able to take into account the total official cost when deciding whether to file the application.

73. Other than this point, to an extent the updated fees are within the control of the applicant and so we agree with the proposed implementation.

Thank you for the opportunity to have our submissions considered. In case of any questions, please do not hesitate to contact the undersigned.

Yours faithfully  
HENRY HUGHES IP  
Australia and New Zealand

Privacy

David Nowak

Director

Privacy

ANNEX 1

Comparison of Henry Hughes Proposed fees, IPONZ Proposed Fees and Current Fees

Fee (Patents Act 2013)	Current fee	IPONZ proposed	HH proposed	Detailed discussion
Request examination	\$500	\$750	\$550	17, 38-39
<i>Excess claims fee</i>	-	<i>\$200</i>	<i>\$200</i>	<i>44, 55 and 56</i>
Amendment after acceptance	\$150	\$500	\$200	20 and 40-42
<i>Grant fee</i>	-	-	<i>\$200</i>	<i>45-47</i>
Maintenance/renewal fees				
- 4 <sup>th</sup> to 9 <sup>th</sup> year	\$100	\$200	\$200	26-27
- 10 <sup>th</sup> to 14 <sup>th</sup> year	\$200	\$450	\$450	26-27
- 15 <sup>th</sup> to 19 <sup>th</sup> year	\$350	\$1000	\$700	26-27
Restoration	\$100	\$600	\$600	43
Late payment of renewal fee	\$50	\$100	\$200	33
Fee (Patents Act 1953)	Current fee	IPONZ proposed	HH proposed	Detailed discussion
Filing complete specification	\$250	\$500	\$500	21-23 and 48
Amendment before acceptance	\$60	\$100	\$60	48
Amendments after acceptance	\$60	\$500	\$200	20, 40-42 and 49
<i>Maintenance and renewal fees</i>			<i>As per Patents Act 2013</i>	<i>28-32</i>
Fee (Trade Marks Act 2002) (per class)	Current fee	IPONZ proposed	HH proposed	Detailed discussion
Request for search	\$40	\$50	\$50	69-70
Request for preliminary advice	\$40			
Standard TM	\$150	\$100	\$150	58
Application based on search and preliminary advice	\$150	\$50	\$150	63-65
Application based on picklist	\$150	\$70	\$150	59-62 and 68
Renewal Fee	\$350	\$200	\$350	67

*Fees in italics are new fees not currently charged*



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## INTRODUCTION

These submissions have been prepared by The New Zealand Institute of Patent Attorneys, Inc (NZIPA).

NZIPA is an incorporated body representing most Trans-Tasman patent attorneys registered and practising in New Zealand.

The current membership of NZIPA comprises 156 Fellows, 1 Honorary, 35 Students, 20 Non-resident, 15 Associates and 6 Retired.

Patent attorneys operate in the global arena across all sectors of industry to assist businesses in their key markets and to use intellectual property (IP) systems for strategic advantage. Patent Attorneys are qualified to, and regularly advise on, all intellectual property rights including patents, trade marks, designs, and copyright.

## PART A: FINDINGS (PAGES 11 – 23)

**Is there any other information that IPONZ should take into account as part of the fees review? If so, does this information confirm IPONZ's findings or suggest different findings? Why?**

The information presented in this part of the Discussion Document shows it is difficult for IPONZ to predict both its costs and its revenues. For example, IPONZ has faced higher than expected costs due to the new patents regime under the Patents Act 2013, and lower than expected patents renewal volumes. In addition, IPONZ has had much higher than expected trade mark revenue.

IPONZ's long term strategy for trade marks appears to be much more developed than that for patents. While the Discussion Document discusses various assumptions made as to IPONZ's costs in relation to patents, the NZIPA is concerned that there is a risk that the proposed significant increases to patent fees may be funding a less developed strategy.

The Discussion Document notes the 'costs of implementing the new patents regime are forecast to continue exceeding revenue'. But the Discussion Document is silent as to when IPONZ expects to move from implementation to 'business as usual'.

The fees review proposes significant increases to patent fees and decreases to trade mark fees.

The fees review also proposes IPONZ would carry out a fees review in 4-5 years' time to evaluate the impacts of any fees changes.

To guard against the possibility that the assumptions underlying the proposals in the Discussion Document may prove to be inaccurate, the NZIPA believes IPONZ should consider more moderate increases to patent fees and lower or no decreases to trade mark fees.

The NZIPA is pleased to note IPONZ has planned for increased expenditure to improve trade mark services (set out on page 14 of the Discussion Document, and our further discussion under 'Other comments' below). The NZIPA is, however, disappointed to note that, despite the significant increases IPONZ proposes to patent fees, IPONZ has no plans for increased expenditure to improve patent services, beyond a significant increase in patents personnel. IPONZ considers such a significant increase in patents personnel is required to meet the requirements of the new patent regime under the Patents Act 2013.

The Discussion Document explains the time in motion impact on trade marks, but it is less clear how costs IPONZ has developed and modelled its costs for patents, except for the significant increase in patents personnel.

The base assumptions set out in the Discussion Document include that the volumes of patent applications and renewals are expected to remain static. But, the information available from the 'Facts and Figures' section on IPONZ's website suggests the volume of patent applications is decreasing.

In view of this decrease and in light of patent examiners' presumably increasing familiarity with the new patents regime, the NZIPA suggests that continuing significant increases in patent personnel, which are used at least in part to justify increasing patent fees, may not be required.

## **PART B: OBJECTIVES AND ASSESSMENT CRITERIA (PAGES 24 – 25)**

**Are there any other objectives, principles or criteria that IPONZ should take into account when deciding which proposals and options to progress?**

### *Patent fee proposals*

The analysis in the Discussion Document appears to be focussed only on the rebalancing of trade mark and patent revenues and the reduction in the memorandum account balance. The NZIPA is disappointed that there has been no consideration of the wider goals of the IP system in New Zealand and, more particularly, the impact of the proposed significant increases to patent fees on those goals.

In the NZIPA's recent submission on the proposed research and development (R&D) tax incentive, we noted the incentive is intended to fuel innovation, and support the

government's broader goals for an inclusive, sustainable, and productive economy. The aim is to incentivise business R&D, so the economy can benefit from the broader social returns to business R&D.

Despite its comparatively poor private sector investment in R&D, New Zealand continues to create world class innovation, but then favours freely publishing the outputs of that R&D rather than actively managing and controlling the intellectual property.

Increasing private sector R&D is only part of the solution to achieving the government's goals. For New Zealand to fully benefit from the increased investment in R&D, the results of that R&D must be identified, captured, secured and, preferably, commercially exploited.

Introducing an R&D tax incentive is intended to, among other things, lead to greater innovative business activity, thus increasing employment, industry diversity, international engagement, profitability and overall sustainability.

The NZIPA considers achieving these goals requires businesses to be incentivised to not only increase their investment in R&D but also to identify, capture, secure and commercially exploit the results of their R&D activities.

The NZIPA is concerned that increasing patent fees may be inconsistent with these aims. Increasing patent fees may act as a disincentive to businesses capturing and securing the results of their R&D activities. If NZ businesses fail to capture and secure the relevant intellectual property rights, this potentially allows overseas businesses to benefit from taxpayer-subsidised New Zealand R&D without any benefit to New Zealand.

#### *Trade mark fee proposals*

The NZIPA is disappointed to note that the Discussion Document does not include any plans to increase expenditure on recruiting and retaining senior trade mark examiners.

Despite the comments in paragraph 36 of the Discussion Document referring to improving retention of experienced staff, the NZIPA considers IPONZ has a shortage of experienced or senior examiners to deal with complex trade mark cases.

#### *The Hearings Office*

The Discussion Document is silent regarding the Hearings Office at IPONZ.

The NZIPA considers the Hearings Office is under-resourced, but recognises the Hearings Office cannot be self-funding without putting the cost of access to the Commissioner out of the reach of many. Over the last five years, there have been 18% more trade mark decisions issued by IPONZ following hearings compared with patents.



The NZIPA considers the cost of running the Hearings Office should be partially funded by patent, trade mark and design applicants and that, instead of decreasing trade mark fees, IPONZ should use the surplus trade mark revenue to adequately resource the Hearings Office.

### **PART C: IMPACTS OF PROPOSALS (PAGES 27 – 29)**

**Do you agree with IPONZ’s impact analysis? Are there any other impacts of the proposed fee changes that IPONZ should consider? If so, please provide any information you have about who is impacted and how.**

IPONZ’s analysis concludes increasing patent costs will have no effect on innovative activity. But no significant evidence is provided to support this conclusion. IPONZ’s analysis also concludes, however, that decreasing trade mark costs could lead to a moderate increase in volumes of domestic trade mark applications.

It is unclear why an increase in costs for patents should not have the opposite effect of a decrease in costs for trade marks.

Point 18 in the Introduction to the Discussion Document notes IPONZ aims to set fees for renewal of IP rights at a level that provides incentive for IP holders to allow their rights to lapse if they are not receiving sufficient benefit from their IP right (see also Finding 3A in respect of patents).

Decreasing renewal fees for trade marks appears to be inconsistent with this aim.

### **PART D: PROPOSAL 1 - INCREASED PATENT RENEWAL AND MAINTENANCE FEES (PAGES 30 – 33)**

**Do you support IPONZ’s preferred option (1A)? If not, what other option(s) should be adopted? Why?**

As noted above, the NZIPA believes IPONZ should consider more moderate increases to patent fees, with the aim of further refining patent fees in the next fees review.

The NZIPA notes that the comparison of the proposed fees with, for example, Australia and Canada may not be appropriate. Other costs, such as salary/wage costs, are also likely to be higher in those jurisdictions. Moreover, comparisons with those jurisdictions and others, such as the United Kingdom, do not take into account the relative market sizes, which affects the financial benefit the patent holder can generate from their monopoly.

**What effect do you think increased renewal fees would have on how businesses and individuals use the patent system?**

The NZIPA agrees the proposed increased renewal fees would increase incentives for patent owners to allow unused patents to lapse, and for applicants to abandon patent applications that they do not intend to exploit commercially.

In addition, however, increasing patent renewal fees may have the effect of discouraging NZ businesses from filing patent applications to secure their IP rights.

We refer to our more detailed comments in Part B above.

**PART D: PROPOSAL 2 - INCREASED AND NEW FEES FOR HIGH-COST PATENT SERVICES (PAGES 33 – 37)**

**Do you support IPONZ's preferred options (2A and 2B)? If not, what other option(s) should be adopted? Why?**

As noted above, the NZIPA believes IPONZ should consider more moderate increases to patent fees.

Our more detailed comments on one of the proposals under Option 2A and on the proposals under Option 2B are set out below.

**What effect do you think increased fees for high cost services (Option 2A) would have on how businesses and individuals use the patent system?**

The NZIPA understands IPONZ's reasons for proposing increases to the services set out in Option 2A; based on the cost to serve being significantly higher than the current fee.

The Discussion Document asserts the fee for amendment after acceptance may be avoided in some cases by applicants amending specifications before acceptance.

However, the NZIPA considers few, if any, applicants would choose to make amendments after acceptance in preference to amending specifications before acceptance. This is because of the greater restrictions that apply to amendments made after acceptance compared to those made before acceptance.

Instead, the NZIPA considers applicants should be encouraged to seek amendment after acceptance where a need to make such amendments is identified – for example, following the outcome of examination in other jurisdictions, which may identify new prior art. The NZIPA is concerned increasing the fee for amendment after acceptance will act as a disincentive to applicants to promptly seek such amendment.

**What effect do you think the proposed excess claims fee (Option 2B) would have on how businesses and individuals use the patent system?**

Several other countries' patent regimes apply an excess claims fee. But, unlike IPONZ's proposal, those regimes typically apply a fee for each claim above a certain number. Some also apply the fee at a different time during the patent process. For example, in Australia, an excess claims fee is charged for each claim over 20 on acceptance, while in the US, the fee is charged for each claim in excess of 20 on filing.

The excess claims fee is intended to reflect the higher cost to IPONZ of examining complex patent specifications.

Under IPONZ's proposal, applicants will incur excess claims fees for each group of 10 claims over 29 included in an application at any point during the examination process. So, the same fee is payable for an application including 30 claims as one including 39 claims. This is inconsistent with the aim of incentivising applicants to file patent applications with fewer claims. An applicant who pursues an application with 30 claims is charged the same excess claims fee as one who pursues an application with 39 claims; despite the 30% difference in the total number of claims.

The NZIPA suggests, if an excess claims fee is introduced, the proposal be simplified to set the threshold at which no excess claims fee is payable at 30, instead of 29. And further to set the fee at \$20 for each claim over 30, instead of \$200 for each group of 10 claims over 29.

#### **PART D: PROPOSAL 3 - NEW TRADE MARK APPLICATION FEE OPTIONS (PAGES 37 – 40)**

**Do you support IPONZ's preferred options (3A and 3B)? If not, what other option should be adopted? Why?**

The NZIPA does not support IPONZ's preferred options 3A and 3B. Instead, the NZIPA believes IPONZ should consider no decreases to trade mark fees.

##### *General trade mark fee*

The NZIPA notes that the Discussion Document does not include any evidence that the current fee of \$150 deters applicants from applying for a trade mark. The NZIPA is concerned that reducing the fee for a trade mark application may be perceived as minimising the value of a trade mark, which is often the main IP asset that a small New Zealand business owns.

##### *Preferential fee for use of picklist*

The NZIPA also does not agree with reducing the current fee per class for applications made using a classification picklist. Moreover, the NZIPA considers the use of the picklist should not be encouraged without further education for self-filing applicants.

The NZIPA is concerned that an inexperienced applicant using the picklist will not obtain adequate protection for their trade mark or may over-claim relevant goods/services. For example, the approved list of terms in the picklist will always lag behind product development. This means the list may not include appropriate wording to adequately cover the applicant's goods/services.

The NZIPA also notes that a cheaper rate for applicants using a picklist favours applications originating in New Zealand over applications originating from overseas



from countries which have differing approved terms or practices for the wording of specifications.

The NZIPA's is also concerned that providing a discount for use of the picklist will disadvantage those applicants who obtain proper legal advice prior to filing. This is because our members are unlikely to use a picklist, due to the limitations discussed above.

*Preferential rate for applications with pre-application advice*

The NZIPA does not agree with encouraging search and preliminary advice at the expense of proper legal advice prior to filing.

The combination of search and preliminary advice provides an indication of registrability of a trade mark. However, it does not take any account of market conditions, for example unregistered trade mark rights.

The proposal allows for the filing of the application within three months of the pre-application advice. Due to potential intervening priority applications, or delayed notification from the World Intellectual Property Office (WIPO) of International Registrations designating NZ, any such application would require a new search to satisfy the requirements of section 25 of the Trade Marks Act 2002.

The NZIPA notes that the data in Table 19 of the Discussion Document suggest that the total time to complete examination of a trade mark application, including search and preliminary advice, is 0.75 hours, whereas the time to completely examine a standard trade mark application is 0.9 hours. It is unclear how IPONZ is able to achieve these times if both types of applications are receiving the same level of examination.

*Preferential fee for applications under Madrid protocol*

The NZIPA does not agree that applications under the Madrid protocol are similar to picklist application in that they require less effort to classify.

Regardless, the NZIPA agrees with IPONZ that option 3C should not proceed.

*Decreasing the trade mark renewal fee*

The NZIPA disagrees with IPONZ's proposal to decrease the renewal fee for trade marks.

The NZIPA is concerned that reducing the fee does not take account of the value of the right and, therefore, devalues the trade mark.

As noted in comments in Part C above, IPONZ aims to set fees for renewal of IP rights at a level that provides incentive for IP holders to allow their rights to lapse if they are not receiving sufficient benefit from their IP right.

Accordingly, the payment of a renewal fee performs the important role of effectively removing from the register those trade marks that are no longer being used or are of no value to the owner. Reducing the trade mark renewal fee would reduce the effectiveness of this mechanism to ‘declutter’ the Register.

**What effect do you think the proposed fee for applications using the classification picklist (Option 3A) would have on the trade mark system?**

The NZIPA considers a reduced fee for applications using the picklist is likely to encourage self-filing applicants to use the picklist. As noted above, this may result in such applicants filing applications comprising terms from the picklist that do not accurately describe their goods and services.

In addition, the use of a picklist could result in the register of descriptions being cluttered with items chosen from the picklist, instead of terms that accurately describe the goods and services for which the trade mark is or will be used.

While a picklist may increase the efficiency of IPONZ processing a particular application, it may decrease the effectiveness of the trade mark system as a whole.

**What effect do you think the proposed fee for applications based on pre-application advice (Option 3B) would have on the trade mark system?**

The NZIPA is unable to predict the effects of this proposal.

**PART D: PROPOSAL 4 - SIMPLIFIED OPTIONS FOR PRE-APPLICATION TRADE MARK ADVICE (PAGES 41 – 43)**

**Do you support IPONZ’s preferred option (4A)? If not, what other option should be adopted? Why?**

The NZIPA supports the bundling of the search and preliminary advice as a single service.

The pre-application trade mark advice service is overwhelmingly used by self-filing applicants, who are likely to have limited understanding of the requirements for registration of a trade mark. It is necessary that both absolute and relative issues are identified early to avoid an applicant investing in a trade mark that is not eligible for registration or use.

**What effect do you think the bundling of pre-application advice as a single service (Option 2A) would have on the trade mark system?**

The NZIPA is unable to predict the effects of this proposal.



## **PART E: MONITORING AND IMPLEMENTATION (PAGES 44 – 45)**

### **Do you support IPONZ plans for implementing, monitoring and evaluating the amended fee schedules? If not, what alternative approach should IPONZ consider?**

As regards implementation, the NZIPA considers a period longer than 28 days should be provided between the commencement date and notification of the amendment regulations in the New Zealand Gazette. The NZIPA suggests a period of three months would be more appropriate.

The longer period would enable our members to make the necessary amendments to their invoicing systems, and to also ensure that any cost estimates they provide take account of any increases or decreases fees.

As regards monitoring, the NZIPA suggests IPONZ should monitor and evaluate the impacts of more modest increases in patents fees sooner than the proposed review in 4-5 years' time to assess, for example, the impact on the memorandum account balance.

### **OTHER COMMENTS**

#### *Memorandum account balance*

IPONZ's modelling of its fee proposals leads to a memorandum account balance of \$10M by June 2014.

Treasury's 'Guidance for the operation of departmental memorandum accounts' (Treasury Circular 2011/10) indicate that the balance of memorandum accounts is expected to trend towards zero over a reasonable period of time. In addition, mechanisms exist to manage deficits as part of the memorandum account process.

IPONZ's proposals for significant increases in patents fees do not adhere to Treasury's principles because they result in a significant memorandum account balance.

#### *Improving IPONZ trade mark services*

The NZIPA supports the three initiatives proposed to improve trade mark services within NZ more generally, namely:

- Education
- International relations
- Compliance and enforcement

### *Education*

The NZIPA supports continuing the Awareness to Advocacy Programme and other education initiatives, which create a greater understanding of trade marks and IP, as a whole, and its value and importance to business.

The NZIPA suggests that instead of decreasing trade mark fees, IPONZ should increase expenditure on IP awareness at the secondary level. For example, more research could be done on the level of IP awareness in New Zealand (following on from Auckland Uniservices' research in 2010) and the efficacy of current grant models (for example, Callaghan Innovation) as part of considering the wider goals of the IP system in New Zealand.

### *International relations*

The NZIPA strongly supports the appointment of international attachés to assist businesses in countries where there are complex/unique IP considerations and significant opportunities for New Zealand businesses, such as China. Having support 'in country' to assist or provide guidance on IP enforcement procedures and the court system, as well as providing an 'in market' liaison for New Zealand businesses in such countries would be immensely valuable to New Zealand businesses. The NZIPA notes that IPONZ could leverage from IP Australia's experience with its IP Counsellor to China.

### *Compliance and enforcement*

The NZIPA strongly supports the proposal to strengthen the rights of IP owners by assisting with enforcement of IP, for example under Customs Intellectual Property Rights (IPRs), and Major Events Management Act 2007 and Trade Marks Act 2002 enforcements and copyright matters.

The NZIPA considers the Customs IPR team is under-resourced, which affects the service they provide to our members and their clients.

The Major Events Management Act 2007 and Trade Marks Act 2002 make provision for government-appointed enforcement officers to police the declared clean zones and address immediate incidents of ambush marketing as they occur and to perform certain functions as outlined in section 134 of the Trade Marks Act.

Funding of these officers would ensure people with the correct skills (for example, ex New Zealand Police or other law enforcement) were employed in these roles to adequately deal with offenders.

*IP Strategy for New Zealand*

The NZIPA is strongly in favour of the government developing an IP Strategy for New Zealand. It is apparent from the Discussion Document that IPONZ faces issues with prioritising expenditure, and this would be greatly assisted by the guidance that an IP Strategy for New Zealand could provide.


Yours faithfully

Privacy



**Duncan de Geest**  
**NZIPA Council Member**

Privacy



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