

EXPLANATORY STATEMENT

Select Legislative Instrument 2006 No. 355

Issued by the Authority of the Minister for Industry, Tourism and Resources

Designs Act 2003, Patents Act 1990, Plant Breeder's Rights Act 1994, and Trade Marks Act 1995

Intellectual Property Legislation (Fees) Amendment Regulations 2006 (No. 1)

Section 149 of the *Designs Act 2003* (the Designs Act), section 228 of the *Patents Act 1990* (the Patents Act), subsection 80(1) of the *Plant Breeder's Rights Act 1994* (the PBR Act) and section 231 of the *Trade Marks Act 1995* (the TM Act) provide that the Governor-General may make regulations for the purposes of those Acts, prescribing matters required or permitted by the Acts to be prescribed.

Section 130 of the Designs Act, section 227 of the Patents Act, subsection 80(2) of the PBR Act and section 223 of the TM Act provide for the payment of prescribed fees in accordance with the regulations for the purposes of the respective Acts.

The main purpose of the Regulations is to amend the fees for various transactions within the Patent and Trade Marks Offices located within IP Australia. These fee amendments arose from a recent comprehensive fee review conducted by IP Australia as part of IP Australia's Cost Recovery Impact Statement (CRIS), in compliance with the Government's cost recovery policy. A summary of the CRIS was published as part of the 2006-07 budget process and is contained in the 2006-2007 Portfolio Budget Statements available from the Department of Industry, Tourism and Resources website <<http://www.industry.gov.au>>.

The key undertakings published in the CRIS summary were that:

- IP Australia will attempt to remove the subsidy between the two main customer groups, Patents and Trade Marks through fee changes, while maintaining sustainable funding for the agency's operations;
- cost recovery fee changes will be introduced in an attempt to balance costs and revenues over the four-year forward estimates period 2006-07 to 2009-10. Another fee review will be conducted in 2008-09 as part of a commitment to continuous review with formal cost recovery fee reviews to be conducted every three years; and
- based on cost modelling and sales estimates for the four-year period, Patents fee revenues would need to increase overall by 8.8%, while Trade Marks fee revenues would need to decrease overall by 3.1%, with the enabling fee changes to be brought into effect during 2006-07.

The fee changes bring into effect the revenue changes for Patents and Trade Marks that were outlined in the CRIS. Some non-cost recovery changes for Designs and Plant Breeders (aligning like fees to Patents and Trade Marks) are also introduced.

In addition to the fee changes, Designs, Patents and Trade Marks cost items (relating to instances where costs may be awarded to a party by the Commissioner or Registrar) have been increased through the application of appropriate indexes and in consideration of the time period elapsing since the last time these amounts were reviewed and what is now considered reasonable. The last time the quantum of the costs, expenses and allowances in Schedule 8 to the *Patents Regulations 1991* was revised was in October 1994 (Statutory Rules No. 317 of 1994), while the relevant provisions in Schedule 8 to the *Trade Marks Regulations 1995* and Schedule 3 to the *Designs Regulations 2004* have not been revised since those Regulations came into force.

The Regulations amend the *Designs Regulations 2004*, the *Patents Regulations 1991*, the *Plant Breeder's Rights Regulations 1994* and the *Trade Mark Regulations 1995* to:

- amend various costs, expenses and allowances set out in Schedule 3 to the Designs Regulations (items 1 to 4 of Schedule 1 refer);
- amend various fees set out in Schedule 4 to the Designs Regulations (items 5 to 7 of Schedule 1 refer);
- amend various fees set out in Schedule 7 to the Patents Regulations (items 1 to 27 of Schedule 2 refer);
- amend various costs, expenses and allowances set out in Schedule 8 to the Patents Regulations (items 28 to 31 of Schedule 2 refer);
- omit various fees set out in the Schedule to the Plant Breeder's Rights Regulations that are no longer required (item 1 of Schedule 3 refers);
- amend various costs, expenses and allowances set out in Schedule 8 to the Trade Mark Regulations (items 1 to 4 of Schedule 4 refer); and
- amend or omit various fees set out in Schedule 9 to the Trade Mark Regulations (items 5 to 13 of Schedule 4 refer).

The following public consultation was undertaken:

- Initial notice on the general size and direction of Patents and Trade Marks fees was given in the budget documentation released on budget night 2006.
- IP Australia discussed the general size and direction of fee changes with professional and industry groups at meetings in the first half of 2006.
- Draft fee schedule changes were posted to the IP Australia internet site and the

public was able to provide feedback on the changes.

- Key stakeholder groups were briefed and/or provided copies of the draft fee schedules for comment.

Details of the Regulations are in the Attachment.

The Regulations will commence on 1 March 2007.

ATTACHMENT

Details of the proposed *Intellectual Property Legislation (Fees) Amendment Regulations 2006 (No. 1)*

Regulation 1 identifies the Regulations as the *Intellectual Property Legislation (Fees) Amendment Regulations 2006 (No. 1)*.

Regulation 2 specifies that the Regulations will commence on 1 March 2007.

Regulation 3 specifies that Schedule 1 amends the *Designs Regulations 2004*.

Regulation 4 specifies that Schedule 2 amends the *Patents Regulations 1991*.

Regulation 5 specifies that Schedule 3 amends the *Plant Breeder's Rights Regulations 1994*.

Regulation 6 specifies that Schedule 4 amends the *Trade Marks Regulations 1995*.

Schedule 1 – Amendments of *Designs Regulations 2004*

Item 1 substitutes a new scale of costs in Part 1 of Schedule 3 to the Designs Regulations. The costs are being increased to better reflect the real costs that apply for these types of actions, and to provide consistency with corresponding patents and trade marks charges.

Items 2 to 4 amend various expenses and allowances specified in Part 2 of Schedule 3 to the Designs Regulations. These expenses and allowances are payable to persons who attend proceedings before the Registrar of Designs. They have been increased to better reflect the real expenses incurred in these types of actions, and to provide consistency with corresponding patents and trade marks charges.

Items 5 to 7 amend various fees specified in Schedule 4 to the Designs Regulations. These fees apply to the supply of documents and the amended fees provide consistency with corresponding patents and trade marks fees.

Schedule 2 – Amendments of *Patents Regulations 1991*

Items 1 to 5 amend various patent examination fees specified in Part 2 of Schedule 7 to the Patents Regulations by increasing the quanta by about 25 percent overall. This fees increase is a major part of the fees and costs restructure that is necessary to remove the financial cross subsidisation between the Patents and Trade Marks Offices.

Item 6 reduces the re-examination fee specified in Part 2 of Schedule 7 to the Patents Regulations to better reflect the true cost of the re-examination effort. It will also generally improve access to the re-examination process which is in the public interest.

Item 7 substitutes a new, simplified scale of fees for patent annuities and extensions of term specified in Part 2 of Schedule 7 to the Patents Regulations. The simplified scale introduces fee escalation in five year bands. These amendments are cost neutral for non-pharmaceutical annuities. The fees for pharmaceutical extensions have been increased to better reflect the cost of assessing applications to extend the term of a patent.

Items 8 to 12 amend various fees specified in Part 2 of Schedule 7 to the Patents Regulations that are payable during the pre-grant opposition process. The fees have generally been increased by around 10 percent to better reflect current costs incurred in providing these services.

Items 13 to 22 amend various service fees specified in Part 2 of Schedule 7 to the Patents Regulations to better reflect current costs incurred in providing these services. Item 13 also clarifies the wording of fee item 222 to explicitly state that the fee applies to a request to amend the complete specification relating to a patent. It is worth noting that amendments to a complete specification relating to a patent have always attracted a fee under the *Patents Regulations 1991*.

Items 23 to 27 amend various fees specified in Part 3 of Schedule 7 to the Patents Regulations to maintain IP Australia's fees comparable to fees charged by international intellectual property offices for corresponding actions.

Item 28 substitutes a new schedule of costs specified in Part 1 of Schedule 8 to the Patents Regulations. The quanta for costs have been significantly increased to better reflect the real costs that apply for these types of actions. It is worth noting that the last time the quanta were revised was in October 1994 (Statutory Rules No. 317 of 1994) and consequently, the previous quanta had fallen significantly behind user expectations and what is now reasonable.

Items 29 to 31 amend various expenses and allowances specified in Part 2 of Schedule 8 to the Patents Regulations. These expenses and allowances are payable to persons who attend proceedings before the Commissioner of Patents or the Disciplinary Tribunal. They have been increased to better reflect the real expenses incurred in these types of action.

Schedule 3 – Amendments of *Plant Breeder's Rights Regulations 1994*

Item 1 omits two fees items in the Schedule to the Plant Breeder's Regulations that are no longer required. The Plant Varieties Journal is no longer published in hard copy or sold, but is available free of charge on the IP Australia website.

Schedule 4 – Amendments to *Trade Marks Regulations 1995*

Item 1 substitutes a new scale of costs in Part 1 of Schedule 8 to the Trade Marks Regulations. The costs have been increased to better reflect the real costs that apply for these types of action, and to provide consistency with corresponding patents and designs charges.

Items 2 to 4 amend various expenses and allowances specified in Part 2 of Schedule 8 to the Trade Marks Regulations. These expenses and allowances are payable to persons who attend proceedings before the Registrar of Trade Marks. They have been increased to better reflect the real expenses incurred in these types of action, and to provide consistency with corresponding patents and designs charges.

Item 5 substitutes a new fee structure for filing applications to register a trade mark as specified in Schedule 9 to the Trade Mark Regulations. The new fee structure merges two former fees items into a single fees item and thereby provides a coordinated approach to fee setting. The lowest entry fee has been kept at the previous level of \$120. Those services that are of relatively lower cost to provide continue to attract a lower fee, but services which impose a higher administrative burden on IP Australia attract a higher fee.

Item 6 amends a service fee specified in Schedule 9 to the Trade Marks Regulations to better reflect current costs.

Item 7 reduces the fee specified in Schedule 9 to the Trade Marks Regulations that is payable for filing a notice of opposition for a removal action. A 'removal action' refers to an application by a third party to have a trade mark removed from the Register of Trade Marks because the trade mark is not being used. The lower fee reduces the financial burden on those trade mark owners filing a notice of opposition under section 96 of the TM Act – particularly those who do so in the act of defending their registrations from vexatious removal actions under section 92 of the TM Act.

Item 8 simplifies various fees items specified in Schedule 9 to the Trade Marks Regulations in a way that reduces the administrative burden on IP Australia. The simplification includes a reduction in the registration fee per class. This fee reduction provides the main means of reducing revenue from trade marks in line with cost recovery objectives.

Item 9 increases the fee for filing an application for removal of a trade mark from the register. This fee is being increased to discourage vexatious removal actions.

Item 10 amends a service fee specified in Schedule 9 to the Trade Marks Regulations.

This fee has been increased to better reflect the real costs that apply for this type of action, and to provide consistency with corresponding patents and designs charges.

Item 11 introduces a new fee in Schedule 9 to the Trade Marks Regulations. This new fee is for the supply of a duplicate certificate, the quantum being consistent with corresponding fees in patents and designs.

Item 12 amends another service fee specified in Schedule 9 to the Trade Marks Regulations. The fee has been increased to better reflect the real costs that apply for this type of action, and to provide consistency with corresponding patents and designs charges.

Item 13 omits a fee item in Schedule 9 to the Trade Marks Regulations that is no longer required. This fee item related to a transitional arrangement when the TM Act commenced on 1 January 1996, which allowed for linking a number of trade mark applications filed under the *Trade Marks Act 1955* for the same trade mark but in respect of goods or services of different classes. Section 243 of the TM Act allows for these linked trade marks to be treated as a single application under the TM Act. Due to the expiration of time, there is no longer a need for the fee relating to this transitional arrangement.