

5 February 2014

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Dear Mark

### Proposals for Regulations to be made under the Patents Act 2013

1. The New Zealand Law Society (Law Society) appreciates the opportunity to comment on the discussion document *Proposals for Regulations to be made under the Patents Act 2013* (discussion document). This submission has been prepared with assistance from the Law Society's Intellectual Property Law Committee. The Law Society's responses to the questions posed in the discussion document are included at the end of this submission.

### General comments

#### *Introduction*

2. While we welcome this opportunity to comment on the discussion document, it is apparent from a review of the Patents Act 2013 (the 2013 Act) that many of the matters to be prescribed in regulations were not covered. **Attached** to this submission (at Appendix 1) is a table setting out what various sections of the 2013 Act require to be prescribed. Our analysis suggests that a number of areas remain to be addressed and there needs to be ongoing consultation in the time that is left before the key provisions of the 2013 Act come into force.
3. While making projections about future patents filings is at best uncertain, the projections in the discussion document on which the fees are to be based are very conservative when compared to the trends apparent in the latest World Intellectual Property Organization (WIPO) statistical analysis of national and international patent filings (which was published after the discussion paper had been prepared).
4. We also comment on the proposal to introduce a single trans-Tasman patent application (SAP) and examination SEP) process. The discussion document merely outlines the process and sets out the advantages that the Ministry of Business, Innovation and Employment (Ministry) believes would result. It was stated at the patents Technical Focus Group (TFG) meeting on 18 December 2013 that the details of the proposal are still being negotiated with IP Australia.
5. Neither the explanation given in the discussion document nor in the Cabinet paper released in November 2013 indicate that the policy behind the schemes is more than seeking a particular outcome that might benefit IPONZ and/or IP Australia, but which provides little net benefit to the general public of either country. In this regard we note the October 2011 Sapere Group report (commissioned by the then Ministry of Economic Development) concluded after reviewing the scheme:

“The Ministry has strong policy grounds to pursue this initiative, but there are risks and potential costs from a business perspective. Our findings are therefore equivocal.”

6. In addition to the risks identified by the Sapere Group in 2011, the imbalance between unexamined applications in IP Australia and In IPONZ could lead to unintended consequences. It is not surprising to learn that there are ongoing negotiations on the details of how the SEP, in particular, is to be implemented.

*Analysis of what the regulations are to prescribe*

7. Table 1 of the discussion document compares each of the 1954 regulations with what will be included in the 2014 regulations. A more comprehensive approach, we suggest, would be to list each of the sections of the 2013 Act that refer to what is to be prescribed in the regulations; compare these to the 1954 regulations; and to analyse where the regulations should be the same or should be changed, and what the regulations will cover where there is a new provision in the new Act. While some of the new matters are discussed in the discussion document, others are not. We have attempted in the accompanying table to identify those new provisions. The left column summarises the relevant section of the Act; the centre column refers to the corresponding regulation or form in the 1954 regulations; and the right column has our comments, including our submissions on what the new regulations do or ought to cover.
8. As a general comment we concur with the approach outlined with respect to regulation 9 of the 1954 regulations. The patent forms 1 to 76 and A and B (where relevant and with suitable updating) are to be used as templates for the online case management system. The following are additional comments expanding on the comments in the table.
9. It was indicated at the above-referenced TFG meeting that it would not be possible to pay maintenance or renewal fees (sections 20 and 35) in advance of the prescribed period each year. The reason given was that a patent is a valuable right and there was some public interest involved in not allowing a patentee to pay renewal fees through to the end of the term. This is not accepted. If a patentee believes that a patent is sufficiently important to pay the all fees in advance (to avoid the possibility of it inadvertently lapsing) they should be entitled to do so. The public interest in not having bad patents remaining on the register is protected by all the mechanisms (assertions, re-examination, opposition and revocation) available to challenge validity. If renewal fees were all paid in advance, it would avoid the uncertainty each year of whether or not a patent would be renewed. The regulation should state that if the fee is not paid by the prescribed date the application/patent lapses. But it should not prohibit payments made early.
10. The manner in which third party assertions are to be dealt with under section 91 is left to the regulations. The discussion paper (paragraph 95) states that the Commissioner and applicant are to be given sufficient time to consider the assertion and take appropriate action. What time is sufficient and what action is appropriate are not stated. It is anomalous that third party assertions are not given the same importance as re-examination requests under the Act. A successful assertion has the same consequence as a successful re-examination request – an application is refused or restricted. Therefore, in our view, the procedure under the regulations should be the same as the procedure under sections 96 and 97.
11. For the reasons outlined above, the Law Society would be opposed to any restriction on current divisional practice, including any restriction on filing divisional applications from divisional applications.
12. Subsections (1) and (2) of section 120 are mutually contradictory. The former prescribes a time limit while the latter provides that the prescribed limit is discretionary. A review of case law on restorations

shows that each is very much fact dependent. Common circumstances where lapsing happens are when title to a patent has been transferred and each party believes the other is responsible for or has renewed the patent; or when one department within a large organisation has not informed the renewals department that it has a continuing interest in a patent. Prescribing when such a misunderstanding might occur is obviously difficult. If an arbitrary date is to be prescribed it should be no earlier than the next renewal deadline after the one that was missed. Something that ought to have been prescribed under this section is the time limit for providing evidence under section 120(4).

*Equivalents to 1954 Regulations 150, 151 and 164 to 171*

13. Table 1 in the discussion paper stops at regulation 149, but the Patents Regulations 1954 continue through to regulation 171. While regulations 152 to 163 (relating to the registration of patent attorneys) will remain unchanged, many of the other regulations contain important provisions.
14. Regulation 150 requires a party that has applied to the court to revoke a patent to serve a copy of that application on the Commissioner, and the Commissioner to enter notice of this on the register. Regulation 151 then obliges a successful party to any such court proceeding to give notice of the outcome – and any specification or register rectifications are to be entered. These regulations should be re-enacted to ensure the accuracy of the IPONZ records. In addition, the online system should be modified to allow anyone searching for the patent in question to be able to conveniently access both the amended and unamended specifications.
15. Regulation 165 dealing with identities and signatures of partnerships and bodies corporate should be updated to be compatible with the online system.
16. Regulation 166 sets out the obligations on the Commissioner before exercising adversely to any party his or her discretionary powers. This should be re-enacted and fully integrated into the case management system where applicable.
17. Regulations 167 to 169 set out the discretionary powers of the Commissioner to amend documents, extend times and to waive requirements. The power to make such regulations is set out in section 243(1)(f) of the 2013 Act. These should be re-enacted with appropriate updating.
18. Regulation 170 provides that the Commissioner may destroy paper copies and file records of patent applications that have been void for more than six years and of patents not open to public inspection. The need for such a regulation was to limit paper storage space. Assuming that IPONZ itself enforces its “totally digital” policy, the need to destroy files will be gone. Digital storage on remote servers (“the cloud”) makes storage virtually limitless.
19. Further, file destruction raises the broader issue of access to specifications of patents that were no longer in force when IPONZ began to make patent specifications available online in the 1990s. While such patents are no longer in force, they remain prior art. With the removal of the 50 year backdate limit (section 13(1) of the 1953 Act) every patent back to the first ever issued is potentially prior art. However, none of the expired or void patents are indexed or available online for searching. It is anomalous that the 2013 Act introduces more rigorous examination standards for the purpose of providing greater certainty that patents will be valid after they are granted (section 3(c) of the 2013 Act), while an estimated 200,000 to 300,000 pieces of prior art are not searchable online.
20. It was explained at the TFG meeting that examiners have access to scanned copies of index cards that used to be stored in drawers in the office library, but these are not available to the public online. The full specifications are stored with New Zealand archives making full text searching impractical. While text scanning may have been prohibitively expensive in the mid-1990s, Google has succeeded in

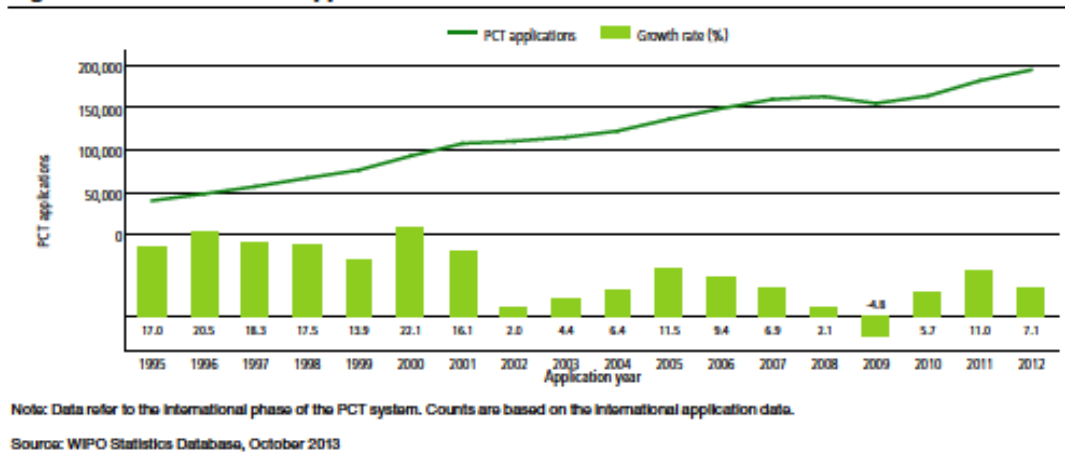
scanning 20 million plus books<sup>1</sup> and could be invited to take on the task of scanning the currently unavailable specifications.

21. For these reasons, the Law Society suggests that this issue needs a full review.

#### Forecast reduction in patent application volumes

22. Paragraphs 15 and 16 of the discussion document state that IPONZ has experienced a decline in patent applications owing to the global recession and this is expected to continue over the next five years. Paragraph 18 states that the number of PCT applications has declined - again because of the global financial crisis.
23. There was a declining trend of IPONZ filings to the end of the 2011/12 financial year (30 June 2012) as reported in the Commissioner's 2012 Annual Report; but this trend has been reversed in the full calendar year to the end of December 2012. In the WIPO 2013 report *World Intellectual Property Indicators* (WIPI 2013 report), Figure A.2.1.4, on page 54, credits IPONZ with the 2<sup>nd</sup> biggest increase in patent filings of all intellectual property offices. IPONZ had a 14.3% increase overall. There was a slight decline in domestic filings, but a 15.6% increase in filings by foreigners. In absolute numbers, Figure A.2.1.3 shows that 7,099 patent applications were filed at IPONZ in the calendar year and that IPONZ ranked 20<sup>th</sup> in the world for patent filings. The estimated numbers of completed and PCT applications projected to be filed in the next five years (in the table in paragraph 16 of the discussion document) are 14% to 32% below the calendar year 2012 total reported by WIPO.
24. Paragraph 18 of the discussion document asserts that economic decline owing to the global financial crisis has resulted in a decline in the number of PCT applications. Figure A.6.1.1 on page 74 of the WIPI report is not consistent with this assertion:

**Figure A.6.1.1 Trend in PCT applications**



While there was a decline in PCT applications in 2009, the rate of growth since then is about the same as or steeper than in the years from 1995 to 2008. The growth trend line in national phase entries in table A.6.2.1 on page 77 is almost identical to that in Figure A.6.1.1.

<sup>1</sup> *The Authors Guild et al v Google Inc* [http://www.publishersweekly.com/binary-data/ARTICLE\\_ATTACHMENT/file/000/001/1887-2.pdf](http://www.publishersweekly.com/binary-data/ARTICLE_ATTACHMENT/file/000/001/1887-2.pdf)

25. While it can be misleading to extrapolate from one snapshot statistic, the WIPO statistics extend from 1995 to 2012. The one common theme to the WIPI reports since 2009 has been that, except for the small decline in 2009, the global financial crisis has not slowed the steady increase in the number of PCT filings. A cascade effect of this continuing increase was reflected in the 7,099 filings in IPONZ in 2012.
26. The figures forecast by IPONZ predict approximately a 20% reduction in patent filings in the year 2014/2015, and a similar level of filings in following years. The basis on which such a large reduction is forecast is unclear. In addition to the PCT filing trends discussed above, single economic market initiatives may encourage an increase in patent filings in New Zealand. It might also be reasonably anticipated that a higher level of filings will be experienced in the run up to the coming into force of the 2013 Act as applicants seek to take advantage of less stringent criteria. This can be expected to increase the number of filings in the 2014/2015 year.
27. The Law Society considers that the projections in the discussion document ought to be reviewed in light of the above.

### **Fees (Part 2 of the discussion document)**

28. It is acknowledged that fees have not been raised since 1999, and that a revision of fees is reasonable in those circumstances. However, we note that the projected impact on the Memorandum Account balance of no changes to fees is based on both increased costs under the Patents Act and the forecast reduced revenue resulting from the anticipated reduction in patent applications.
29. The discussion document indicates that the level of patent fees has been set with the aim of ensuring there is no cross subsidisation between different IPONZ teams and making sure that patents are correctly allocated their share of indirect costs compared to other IPONZ services. It is unclear how this statement correlates with the indication at paragraph 32 that the proposed fees increases will result in a patents account surplus of between \$0.2 million and \$1.2 million between the financial years 14/15 and 17/18, providing a buffer in the IPONZ memorandum account balance to assist with the expected lull in trade mark renewal revenue in 2021, which suggests that patent revenue will cross-subsidise trade mark revenue.

### ***Proposed Fees***

#### *Provisional, Complete and Treaty Application Fees*

30. The Law Society has no comment to make in respect of the proposals concerning these fees.

#### *Examination and re-examination fee*

31. It is proposed to set the examination fee at \$500. This is a significant increase to the overall cost of obtaining patent protection in New Zealand and represents work which is currently not specifically charged for. Furthermore the examination fee is higher than the fee charged in Australia (AU\$490) which is a significantly larger market. A lower fee would be more appropriate, particularly given the proposal to increase renewal fees which should cover additional costs of examination resulting from the provisions of the Patents Act 2013.
32. The re-examination fee is also proposed to be set at \$500. It is stated that this procedure will also have a relatively high personnel cost per unit owing to the searching and examination required by Patent Examiners. Typically, re-examination in Australia, for example, does not involve the same level of examination and searching as examination, since it is restricted to grounds raised by the applicant for re-examination. Relevant prior art is usually put forward by such an applicant and the grounds on which re-examination is sought will usually be much more restrictive than all the grounds on which an application must be originally examined. Furthermore, it is noted that the proposed fee significantly

exceeds that payable in respect of an opposition or revocation action, which both involve considerable time input from IPONZ staff running such proceedings. It seems incongruous that the re-examination fee be greater than the opposition/revocation fee. The higher fee may discourage re-examination applicants from using this process, which should be encouraged as an efficient way of challenging patent applications, particularly in the case of novelty issues.

#### *Annual renewal fee*

33. It is proposed to move to annual renewal fees payable from the fourth year after filing. While annual renewal fees will increase the administrative burden of patent maintenance, it will allow patentees to determine each year whether the renewal fee is justified in light of the benefit derived from the patent.
34. It is understood that the proposed regime will apply to all patents (not just those filed or granted after the coming into force of the proposed Regulations (para 19 of the discussion document). Imposing significantly greater renewal fees in respect of patents already granted is unfair to patentees who have incurred the costs of obtaining a patent in reliance on the current renewal fees. The rationale that regulatory consistency should be achieved with Australia is not persuasive in this regard. There are more significant differences in the patent regimes of Australia and New Zealand than in the renewals structure. Accordingly, the new regime should only apply to patents granted after the coming into force of the new Regulations.
35. Paragraphs 7 and 8 of the discussion document indicate that the fees are intended to recover costs incurred in providing services required under the 2013 Act. One new service under the 2013 Act is to deal with third party assertions made under section 91 of the Act. In practical terms, apart from the limited time period in which an assertion may be made, there is little difference between the amount of work involved (and therefore the costs incurred by IPONZ) in dealing with a re-examination request and a third party assertion. Each involves reviewing the prior art cited by the third party; assessing if it gives rise to an objection not previously raised; issuing an examination report and assessing the applicant's response. It is difficult to reconcile a \$500 fee for the re-examination service with the free service for dealing with third party assertions. This is not equitable cost recovery.

#### *Fees for amendments, restorations, oppositions and revocations*

36. The Law Society has no comment to make on these fees.

#### *Comparison with overseas Patents offices*

37. While comparison with other Patents Offices is appropriate, it must be remembered that each of the Australian, United Kingdom and Canadian Patents Offices provide patent protection in very significantly larger markets than New Zealand. Patent costs in line with those offices will not be justifiable to applicants based on the likely return on the patents. It is therefore appropriate that fees in New Zealand remain at a lower level than those charged in such other Offices.

#### **Examination (part 3 of the discussion document)**

38. The Law Society has no comments to make in respect of section 3 of the consultation document.

#### **Third party assertions and re-examinations (part 4 of the discussion document)**

##### *Notification of a request for re-examination*

39. Paragraphs 105–107 propose notification to parties of proceedings about a request for re-examination. Assuming all the Commissioner will do is give notification of the request for re-examination, then that is acceptable. If the Commissioner proposes to do anything more than give notification then the proposal seems to be inconsistent with section 96 of the Patents Act 2013.

### *Amending the notification*

40. It is acceptable for the notifier to correct deficiencies in the request up to the point of the Commissioner conducting the re-examination. Any correspondence or correction after that date turns the re-examination process into a de facto *inter partes* procedure. That is inconsistent with section 100.

### *Amendment after notification*

41. Paragraph 124 proposes limiting amendment of the specification to removing claims when a patent is to be partially revoked. That seems an unnecessary restriction. Section 99(2) allows the patentee to amend the specification to remove any lawful ground of objection. Those amendments are not restricted to mere claim removal, but include any appropriate amendment.
42. Under section 99(2) a patentee may want to amend a claim (rather than simply remove a whole claim). For example if a claim included both patentable and non-patentable subject matter then an appropriate amendment would be to remove the non-patentable subject matter from the claim while retaining the patentable subject matter. The patentee will want to make amendments to the body of the specification, such as consistency clauses, so that the invention as described in the body of the specification is consistent with the amended claim.
43. If the Commissioner were to decide to partially revoke a patent then there is no reason for the amendments allowed to be restricted to claim removal. The patentee should be allowed to make amendments to claims other than pure removal and be allowed to make consequential amendments to the body of the specification.
44. The advantage of allowing these types of amendments is that the patentee will be able to retain the full coverage to which it is entitled and the patent specification is likely to be more comprehensible after amendment.

### *Time periods for responding to re-examination requests and third party assertions*

45. As explained below, in our view, two months is too short a period for dealing with either a third party assertion or a re-examination.
46. A third party assertion will include new prior art which will often raise substantive issues of novelty and inventive step. Two months is not enough time to respond to such substantive allegations. The patent applicant has to receive the notification, assess the notification, consult the attorney, assess the merits of the issues raised, possibly gather evidence and even conduct experiments for that evidence with regard to inventive step, and instruct the attorney to file a substantive response. With an overseas applicant this can involve an overseas patent attorney as well as the New Zealand patent attorney. Delays can occur at any stage due to other commitments, relevant personnel being unavailable, or public holidays.
47. Depending on the timing of the third party assertion, on the current proposal, the applicant may have only two months from the date of the notification to address the issues raised in the third party assertion (paragraphs 102, 103 of the discussion document). A two month period may arise as a coincidence of the timing of the third party assertion, or may arise because a tactical third party has deferred making the third party assertion to ensure that the patent applicant has a limited amount of time in which to address the assertion.
48. Re-examination can occur at any time, including many years after the grant of the patent. The interest of a third party in a patent may not arise until near the end of the patent term. It is quite feasible that a request for re-examination and previously unconsidered prior art will be raised many years after grant.

Accordingly, at the time of re-examination, the attorneys and the applicant are at significant risk of having no-one available who has any current knowledge of the invention or the patent specification.

49. It can be anticipated that re-examination will raise potentially major issues of novelty, inventive step or other patentability issues. Two months is insufficient time for the attorneys and the applicant to review the prior art, review the patent specification, refresh themselves from files which may be more than a decade old about the history of the patent specification, assess whether there is any merit to the re-examination and, if so, what response or amendment should be proposed, possibly gather evidence and even conduct experiments for that evidence and prepare a substantive response.
50. Based on our consultations, it would not be unusual for these processes to take 4-6 months. Accordingly, the Law Society recommends, in respect of both third party assertions and re-examinations, a three-tier staged approach of an initial three months with two further periods available (of two months and one month respectively); depending on the particular circumstances. It is also appropriate to have a residual power to further extend for genuine and exceptional circumstances.

#### **Time Period for placing an application in order for acceptance (part 5 of the discussion document)**

51. The proposed change from 18 months from the filing date to 12 months from issue of the first examination report, for an application to be ready for acceptance tightens what can sometimes be an already tight time period.
52. However, provided the current option is retained of filing divisional applications and, if needed, divisional applications from divisional applications, the tightened time period should not cause injustice to applicants nor unduly inconvenience them.
53. In this regard, it is noted that divisional applications are often needed in cases where corresponding applications are being prosecuted in overseas jurisdictions and are proceeding at a pace that lags behind examination of the New Zealand application. Often in such a case, the New Zealand application is amended to narrow it in light of examination in the overseas jurisdictions.
54. With reference to the purposes of the Act as set out in section 3, in particular the purpose of providing greater certainty that patents will be valid after they are granted, the Law Society considers there is a public interest in retaining current divisional application practice to facilitate such modifications.
55. If the current divisional application practice is not retained and the proposed change to the time limit is adopted, there will be a material risk that patents will be invalid after they are granted as a result of the tightened deadline for acceptance.
56. Paragraph 131 of the discussion document includes the following comment:
 

*"As noted with respect to divisional applications, it is in the public interest to examine applications in a timely and effective manner to ensure that the applicant obtains any patent protection, and that the public are in a clear position to understand what rights have been granted, without unduly long periods of time passing from the filing date of the application."*
57. This comment indicates that the discussion document includes an earlier discussion of divisional applications, and the comment may suggest that a limitation on current divisional application practice is contemplated. In fact, there is no such earlier discussion in the document.
58. At the TFG meeting it was stated that the intention was that a regulation would be made (presumably in accordance with section 34(2)(b) of the 2013 Act) stating that any divisional would have to be filed



before the original parent application had been accepted or lapsed. In the Law Society's view, any such regulation might well be *ultra vires*. Section 34 is a re-enactment of section 12(5) of the 1953 Act. Under the 1953 Act, once a divisional application had been antedated, IPONZ practice has been to consider any divisional application to be a parent application for a subsequent divisional application. There is nothing in the wording of section 34 to indicate that the meaning of section 34 is different from that of section 12(5). Arguably, any regulation that purports to restrict what the Act allows would be *ultra vires*.

### **Address Requirements (part 6 of the discussion document)**

#### *Service of Notice - Address for Service*

59. The proposals that certain persons provide an address for service and that the Commissioner may require one address for service for any communication in the name of two or more persons with different addresses follow the existing requirements of regulation 13 of the Trade Marks Regulations 2003.
60. The persons who are required to provide an address for service are appropriate and the requirements under the Trade Marks Regulations operate conveniently. Accordingly, it is expected the same provisions will also operate conveniently in the patent context.

#### *Communication Address*

61. The proposed requirement for a communication address for day-to-day correspondence to be provided where there is no legal requirement for service follows the requirements of regulation 15 of the Trade Marks Regulations 2003.
62. There is no territorial limit to the trade mark communication address or the proposed patent communication address. As a result, the communication address requirement operates relatively conveniently in the trade mark context, except where hard copies of documents and physical items, such as examples of products and the like, need to be delivered to an address outside New Zealand. There are additional communication and administration costs for users in such cases.
63. The proposed requirement for a communication address in patent matters is expected to operate in the same manner and with the same additional communication and administration costs for users that occur in the trade mark context.

#### *Single Address for Service in New Zealand or Australia*

64. Under the 1953 Act, an address for service must be in New Zealand. The discussion document proposes that an address for service for the purposes of the 2013 Act may also be in Australia. According to section 233 of the 2013 Act, service at an address for service may be made by personal delivery at or posting to the address. The provisions of section 233 that set out when matter which has been posted "*must not be treated as received*" mean that for all practical purposes, personal delivery at the address for service will remain the usual means of service.
65. The document indicates that approximately 40% of New Zealand patent applications in the name of foreign applicants are processed by agents with a main place of business in Australia. In relation to those Australian based agents, the document states [underlining ours] "*there may be additional costs in engaging New Zealand associates or securing a New Zealand address for service*" if an address for service under the 2013 Act must be in New Zealand.
66. The document is silent as to the implications of the proposed changes for other users of the New Zealand patent system, who comprise the vast majority of such users. Those other users include the

60% of foreign applicants who are represented by New Zealand based agents, the 100% of New Zealand applicants who either represent themselves or are represented by New Zealand based agents, and all those potential users of the New Zealand patent system who are based in New Zealand and have interests other than as applicants (for example, New Zealand based opponents to New Zealand patent applications).

67. The Law Society considers that the proposal to allow an Australian address for service for New Zealand patent matters will impose unjustified inconvenience and cost on the vast majority of users of the New Zealand patent system and that the possible cost savings to a minority of foreign applicants does not justify the imposition of extra cost and inconvenience to the majority of users. Therefore, the Law Society opposes the extension to Australia of an address for service for matters under the 2013 Act.

#### **Proceedings under the Act (part 7 of the discussion document)**

68. As the discussion document outlines<sup>2</sup>, the 1954 Regulations relating to patent proceedings have remained substantially unchanged for decades. They are in need of a significant overhaul. Oppositions, amendment and revocation proceedings are very often of considerable commercial and financial importance to the business community in New Zealand. Therefore the speedy and efficient resolution of patent proceedings is of key importance to the economy.
69. The Law Society welcomes the provisions foreshadowed in part 7 of the discussion document and the proposals to introduce modern case management techniques to the hearing of proceedings before the Commissioner. There are however a number of areas where the proposals do not go far enough or require further change. These are identified below.
70. The following standard procedural provisions should be included in the regulations:
- (a) Evidence should be restricted to the particulars provided by that party (see rule 22.24 of the High Court Rules); and
  - (b) There should be specific ability to direct the provision of further and better particulars, as there is in Australia.
71. We accept that certain of the matters raised below may be better suited to adoption in Practice Guidelines. Members of the Intellectual Property Law Committee are both willing and able to assist the Ministry in formulating any such guidelines.

#### *Case management conferences*

72. The Law Society strongly endorses the need for case management conference procedures. Members of the Intellectual Property Law Committee have direct experience of the case management conference procedures under the Trade Marks Regulations and in the High Court.

#### *Ability to timetable through to hearing and the hearing date*

73. In one case under the Trade Marks Regulations the hearings officer was initially tentative as to the ability to timetable the case through to a hearing *including the fixing of a hearing date itself*. This was because of the ability for a party to seek an extension of time. Ultimately, however, the hearings officer did make such a timetable order.
74. In light of this and the obvious need to be able to timetable a fixture, it would be sensible to make it clear that the hearings officers may timetable a matter through to a hearing, including fixing the hearing itself. This may require a small addition to the intended equivalent to regulation 27 of the Trade Marks Regulations.

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<sup>2</sup> Para 146.

75. In practical terms, (once a matter has been timetabled through to a hearing) if one of the parties were to then seek an extension of time contrary to the timetable, this would be a matter which would have to go back to the hearings officer at a further case management conference to see what adjustments to the timetable were needed.
76. Paragraph 150 of the discussion document states that at a case management conference the Commissioner will be empowered to “require parties to use best endeavours to agree on the handling of confidential information”. This does not go far enough.
77. If the parties cannot agree on a confidentiality regime, then this leaves a hiatus which needs to be resolved. The Commissioner should be empowered to make directions as to the treatment of confidential information, so as to deal with this position. In particular, the Commissioner should have the power to make appropriate directions as to how confidential information is to be treated, so as to adequately protect such information, but without impeding the progress of the proceeding.

*Case management conference prior to hearing*

78. The Law Society considers that provision needs to be made for a case management conference to be held at the point when the evidence is completed and the proceeding is ready for allocation of a hearing date. Any such provision should include the broad approach adopted in rule 7.9 of the High Court Rules and also include identification and discussion of issues and the adequacy of pleadings and particulars. In addition, there should, unless otherwise directed, be a pre-hearing conference (either in person, by video link or telephone conference). At this conference a range of hearing issues could be addressed, see rule 7.3 (8) and Schedule 8 of the High Court Rules.
79. In addition, a case management conference is often needed at this point to deal with the following matters:
  - (a) The allocation of the hearing date itself. The parties may have differing views on urgency and this needs to be dealt with;
  - (b) To specify a date within which an opponent or applicant for revocation notifies the applicant or patentee of the prior art on which it is truly intended to rely at the hearing. It is frequently the case in proceedings before the Commissioner that a party lists substantial numbers of prior art works in the notice of opposition or application for revocation but then, at the hearing, whittles these down to just two or three documents. Applicants/patentees and hearings officers frequently waste considerable time prior to the hearing in reviewing prior art unnecessarily – only to find at the hearing itself that many of the works reviewed (and on which written submissions have been prepared) have simply been jettisoned. This is wasteful of time and legal/attorney resources. The case management conference would fix a date by which the opponent/applicant for revocation is required to confirm which prior art it will actually rely on at the hearing;
  - (c) To specify the dates for sequential exchange of submissions (see later submissions on sequential exchanges);
  - (d) To deal with any challenges to the admissibility of evidence – including challenges to whether evidence in reply is to be excluded.
80. A case management conference would enable the timetabling for a hearing to deal with evidential or procedural challenges - to be followed by a substantive hearing once these issues have been dealt with. (Similar issues often arise in opposition proceedings where a ruling on an amendment is required before the opposition proceeding is heard substantively).

81. It may be that when a proceeding is ready for setting down for hearing, these issues can be dealt with by a joint memorandum from the parties, in which case no case management conference would be needed. But in most cases the Law Society believes the provision of a case management conference at the point of setting down for hearing is essential for the better and more efficient administration of proceedings.

*Parties must comply with Commissioner's directions made at case management conference*

82. The discussion document proposes<sup>3</sup> that all parties to a proceeding will be required to comply with all the directions issued by the Commissioner. However the discussion document goes on to deal with what happens where a party "persistently or repeatedly fails to comply with the Commissioner's directions". This sets the wrong threshold and seems to imply that it is only where there have been *repeated* failures to comply with the Commissioner's directions that action may be taken.
83. The message to litigants and their attorneys/counsel should be clear. They must comply with *all* the Commissioner's directions and if there is default, then consequences will follow *including the ability to make costs orders, including if necessary, increased costs orders*. This is entirely consistent with the approaches taken by both the District Court and the High Court. Provision needs to be made for such action, including the making of costs and increased orders.
84. In terms of the power to make appropriate directions, the Commissioner should be able to give any directions for the conduct of the proceedings provided the power is exercised in a manner appropriate to the circumstances and it is consistent with the Act and Regulations. This is consistent with the position in Australia.

*Exchange of submissions*

85. Para 169 of the discussion document proposes that there be a general requirement that a party filing evidence must send a copy of the submissions to the opposing party not later than two days before the hearing. This proposes *concurrent* exchange of submissions.
86. The Law Society considers that the exchange of submissions should be required for any party not just those who filed evidence. Further, it is strongly of the view that the exchange of submissions should be *sequential* for the following reasons:

- (a) This is the procedure adopted by the High Court;
- (b) Sequential exchange means that the party going second is able to present submissions which address the submissions of the opponent/applicant for revocation. Where there is concurrent exchange of submissions, the party going second is obliged to prepare its submissions without knowing all the points being made by the opponent/applicant for revocation.

Sequential submissions mean that the party going second can properly address the matters being raised. This will undoubtedly help the hearings officer rather than having submissions "which pass like ships in the night". Although the exchange two days prior to the hearing means that the party going second still has a chance to repair the situation, it means in practice that the patent applicant (going second) may end up having to prepare two sets of submissions in order to address all points. This is wasteful of legal costs.

87. The courts have held that trial by ambush is no longer desirable given the importance of commercial disputes, the importance of judge time and of ensuring that judges and hearings officers are given the most assistance available to them from attorneys/counsel.

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<sup>3</sup> Para 152.

88. The Law Society therefore strongly urges sequential exchange of submissions in advance. The timing of exchanges would be set at the pre-trial case management conference. Further, the parties should be required to file in advance all written submissions to be relied upon at the hearing, in accordance with the timetable directed. This could be dealt with at the prehearing conference but between five and three working days before the hearing would be ideal.
89. The party with the onus should be required to file and serve an indexed and paginated bundle of documents two weeks before the hearing. This would make the conduct of the hearing so much easier and save considerable time at the hearing itself. The draft index to the bundle should be provided to the other party before filing for any comment and the index agreed upon. Any written submissions should be accompanied by a bundle of indexed and paginated authorities, including key authorities to be relied upon at the hearing.

*Evidence out of time*

90. The Law Society endorses the proposals contained in paragraphs 171 – 180 in relation to evidence being filed out of time.
91. The one addition which the Law Society suggests is that in paragraph 176 (2<sup>nd</sup> bullet point) it should be a requirement that the applicant seeking leave to file evidence out of time provides *a draft of that evidence*. This is the norm where such applications are made before the High Court. It is desirable that the party on the other side have an opportunity to consider the exact form of evidence which is to be presented rather than merely a description of what that evidence might be.

*Time periods for opposition/revocation*

92. Paragraphs 166–168 deal with extensions of time. Although inserted among the proposals in relation to *inter partes* proceedings, we understand the powers to extend time are intended to apply to all matters, not just contested matters. If that is the case then that is a useful practical approach to obtain consistency.
93. The important time periods for patent oppositions and revocation are the initial periods for filing evidence by the opponent and by the applicant and the period for evidence in reply by the opponent. Those periods are two months each under the Patents Regulations 1954. The evidence in chief is seldom able to be completed in two months. We consider that two months is too short a period for gathering evidence on even a routine patent opposition. The evidence usually requires significant involvement from the attorney and from independent experts. Independent experts are generally very busy and there are usually a limited number of them in New Zealand.
94. Accordingly it is proposed that the Regulations allow four months for the opponent to file evidence in chief, four months for the applicant to file evidence in chief and three months for the opponent to file evidence in reply. Each of those periods should be extendable by up to two months if the Commissioner is satisfied the extension is reasonable. The Commissioner should also have a residual power to further extend the periods if there are genuine and exceptional circumstances that justify the extension.

***Electronic Case Management System (part 8 of the discussion document)***

95. The Law Society accepts that the use of an electronic case management system is a pragmatic and sensible option, provided feedback from users on the working of the system is taken into account and the system continuously reviewed accordingly. However, the Law Society does not support *mandated* use of the electronic case management system. There are a number of circumstances in which the exclusivity of the online system may significantly inhibit access to justice, for example:

- (a) where internet access is limited;
- (b) where the platform fails to work for some users;
- (c) where the applicants are technologically inexperienced or lack capability due to age or disability.

96. The expression “genuine and exceptional circumstances”, as now interpreted<sup>4</sup> and when combined with the additional requirement of being “beyond the person’s control”, make the circumstances under which a person may seek an exception become so limited as to constitute a “zero tolerance” standard for exceptions to use of the online system. In the Law Society’s view this is undesirable.
97. The proposal to declare a closed day (if the online system fails) will not help if it is essential to get a filing date on that day. Instead of “zero tolerance”, the system should be flexible enough to allow other means of communication. If this results in additional expense for IPONZ, then the regulations should allow for a penalty fee to be charged.
98. The Law Society suggests that the interpretation of “genuine and exceptional circumstances” could perhaps be the subject of an IPONZ Practice Guideline, as is the case for trade marks.<sup>5</sup>

### ***Single Economic Market Patent Outcomes (part 9 of the discussion document)***

#### ***Single trans-Tasman Application (SAP) and Examination (SEP) Processes***

99. Part 9 of the discussion document outlines the framework of the SAP and the SEP. At the TFG meeting it was stated that the details were being negotiated with IP Australia. In our view, the detail should be made known in time for meaningful submissions to be made.
100. The Single Economic Market (referred to in part 9) is the latest iteration of the Closer Economic Relations Trade Agreement (CER) between New Zealand and Australia, which came into force on 1 January 1983. In anticipation of the thirtieth anniversary of CER, the Productivity Commissions of each country conducted a stock-taking study of how the relationship had progressed and a scoping study of where it was going. The resulting report, *Strengthening trans-Tasman economic relations* was released at the end of 2012.
101. A fundamental consideration in the report (Overview, page 5) is that economic integration will only go so far. Political union is not a live option; each country must be able to continue to pursue its own national interests. The report also recommended that policy initiatives should provide a net benefit to both countries even where the distribution of benefits favours only one. The report suggests that if a policy provided some joint net benefits, but would likely involve a net cost to one country, it should be reconsidered. The SEP and SAP initiative is one such policy with little net benefit and where the net cost may be borne by New Zealand.

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<sup>4</sup> *Muir Electrical Company Pty Ltd v TGGGL*, High Court Auckland, CIV-2009-404-4965, 18 December 2009, unreported. Lang J held the view that although the phrase must be read in context “[a]s a matter of general approach it is usually construed as meaning something like ‘quite out of the ordinary.’ This in our view has led to an unnecessarily rigid and inflexible application of the rule and turned it into a de facto standard which is almost impossible to meet, barring the most extreme and unusual circumstances.

<sup>5</sup> *Trade mark Practice Guideline 26: Case Management Facility*

102. The document containing the most detail about SAP and SEP was the Cabinet paper from the office of the Minister of Commerce released in October 2013. In paragraph 57 of the Cabinet paper there is confirmation that there has not been any public consultation apart from high level proposals. Paragraph 65 of the Cabinet paper concerning the impact analysis concludes:

“Although the analysis is largely complete and convincing, the RIA consultation requirements have not been met as there has not been public consultation on the specific proposals set out in the RIS. “

103. We note that IP Australia has released an exposure draft of their Intellectual Property Laws Amendment Bill 2014 for public consultation. Schedule 4 of the bill would implement the Australian changes of the SEM agenda. The Law Society trusts that there will also be a similar public consultation in New Zealand, particularly in view of the criticism of the impact analysis in the Cabinet paper.

#### *Single Application Process*

104. In keeping with the principles of the Productivity Commissions’ report, paragraph 89 of the Cabinet paper states that the relevant SEM objectives of SAP and SEP are:

“... reducing costs for trans-Tasman businesses by aligning laws and procedures and achieving economies of scale for both governments in regulatory design and implementation.”

105. Paragraph 90 goes on to particularise these objectives:

- a. Reduction of time and resources spent by New Zealand businesses applying for and obtaining patents in both New Zealand and Australia.
- b. Minimising the administrative costs of running the patent regime.
- c. Ensuring patents granted in Australia and New Zealand are of a similar, high quality standard.
- d. Ensuring examination approaches are consistent between Australia and New Zealand.”

106. The main identified benefit of the SAP proposal<sup>6</sup> is a saving of 15 to 30 minutes per application for data entry, which extrapolates to 1425 to 2850 hours per year if all 5700 corresponding patent applications were filed via SAP. However, paragraph 29 of the discussion document (in outlining the advantages of the IPONZ technology-led transformation) states:

“There have been significant reductions to the amount of ‘re-keying’ required for larger clients such as law firms, patent attorney firms, and renewals agencies by providing direct business-to-business communications.”

107. Once a firm has entered all of the relevant data into their system, if the IPONZ system is working as stated, then the process of making an application should not involve re-keying; it should only involve migrating data from a firm’s server onto the IPONZ or IP Australia servers. The alleged cost savings ignore the second step of a joint application, the transfer of the data from the server of the office where it was received to the office of the other country.<sup>7</sup> Instead of the second step being done by a firm (as happens in single applications) it will be done by IPONZ or by IP Australia. As long as there are

<sup>6</sup> Paragraphs 20 and 21 of the Cabinet paper; and paragraph 208 of the discussion document

<sup>7</sup> Paragraph 18 of the Cabinet paper outlines this step.

two separate applications there will always have to be two data transfers. Accordingly, it seems that any saving in firms' costs will have to be made up for by official fees to cover IPONZ or IP Australia costs.

### *Single Examination Process*

108. In the Law Society's view, the benefits for applicants of a single examination system are marginal. Paragraph 218 of the discussion document identifies that the main benefit is only having to respond to a single examination report rather than two. However, in practice, much of the content of an examination report of a national phase PCT application is already predetermined by the content of the PCT search report and the PCT preliminary examination report. If an attorney is responding to separate reports raising substantially the same objections, it is typically more a matter of copying and pasting from one response to the other than any original considerations. Where there are differences in patent eligibility, separate responses would need to be prepared. It would make little practical difference whether these are presented in one or in separate responses.
109. According to paragraph 100 of the discussion document about 60% of corresponding patent applications are filed and prosecuted by different attorneys in New Zealand and Australia. It has been possible to use a single attorney for both filings since the implementation of the trans-Tasman mutual recognition programme in 1998. The question this raises is why more applicants have not chosen to use one attorney for both applications. The SAP and SEP proposals will only achieve close to their alleged benefits if there is a greater use of a single attorney for corresponding applications. However, that uptake is based on a presumption that the benefits of the SAP and SEP proposals will outweigh all other considerations of applicants in choosing their attorney.
110. In the Law Society's view, a good starting point would have been to survey the 60% of applicants as to why they use separate attorneys. Factors could include local knowledge and contacts, particular expertise and even leverage on costs by playing costs of one attorney against the other. The business risk to IPONZ is that after the expenditure to introduce the schemes there is insufficient uptake to meet the costs.

### *Sapere Report*

111. In a report dated 13 October 2011 (commissioned by the then Ministry of Economic Development (MED)), the business consultants, Sapere Research Group, completed a report<sup>8</sup> intended to identify, outline and, where possible, to quantify the costs and benefits to the New Zealand economy of the SAP and SEP proposals. That report was not published online by MED, but has been released in response to an Official Information Act request. The findings of that report are not referred to in either the Cabinet paper or the discussion document. A thorough consultation process should involve the publication of adverse advice as well as the benefits identified by the proponents of a policy.
112. On pages 2 and 3 of the report the benefits and risks to New Zealand are outlined:
- There will be some improvement in economies of scope, capability and capacity in single examination – but the benefits are limited to IPONZ and IP Australia, they are of little benefit to businesses that use the services of the two offices.
  - The direct benefits to business are small. The reduction in fees is seen as increasingly irrelevant and there is unlikely to be much change in the amount of work involved in responding to a single examination report.

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<sup>8</sup> *Trans-Tasman harmonisation of intellectual property law regimes – the cost and benefits*



- There is a risk to New Zealand businesses that the present prompt examination by IPONZ will be slowed down as a result of equalising the order of examination – IP Australia has a larger backlog of unexamined applications.
113. The Law Society's assessment is that the proposal is likely to be more positive for Australia. Australian firms are more likely to file patent applications in New Zealand and would benefit more if a reduction in costs were to result. The report stated that IP Australia saw the proposal as a prototype they intend to pursue in other jurisdictions.
114. The Sapere Group did canvass the views of the New Zealand patent profession. Their main concern was a hollowing out of the profession as New Zealand attorneys followed the more lucrative work to Australia. Sapere also state the New Zealand researchers prefer a face-to-face relationship with their attorneys and choose their attorneys on quality.
115. Page 20 of the report states that few of the patent attorneys or businesses that they spoke to could identify any benefits associated with the proposal except possibly more efficient processing at IPONZ.
116. The Sapere Group conclusions on page 31 of the report are equivocal:
- SEP is unlikely to provide substantial savings to New Zealand businesses and risks creating delays in prosecuting New Zealand patents.
  - The proposal is largely aimed at harmonising processes, but IPONZ has arguably already achieved significant efficiencies and the gains will be those of IP Australia.
  - Overseas businesses applying for dual patents are likely to be the most significant beneficiaries. But New Zealand is already seen as a low cost jurisdiction so there are not likely to be more filings as a result of SAP and SEP.
117. For these reasons, it seems that the SAP and SEP proposals are driven from the point of view of the benefits to IP Australia and IPONZ, rather than from a consideration of the benefits to businesses and to the overall economies of both countries. As long as there remain two distinct patent laws, harmonisation of patent processing can have only a very limited joint economic benefit. It is apparent that full efficiencies cannot be achieved without full integration.
118. In view of these concerns the Law Society recommends that an independent cost benefit analysis should be undertaken in accordance with the conclusions in the Sapere Report. If the SAP and SEP initiatives are to proceed, the amending Act should provide for a full review within five years to ensure that there has been a sufficient (50%) uptake in their use by applicants with corresponding applications.

***Response to questions in the Discussion Document***

*Q1. Do you agree with the approach that has been taken to the apportionment of costs across the various prescribed fees?*

Subject to our comments at paragraph 35, the approach to meet the cost to serve over the entire Patent Register appears to be appropriate. It is agreed that recovery of cost to serve per service may result in intolerably high costs for certain services such as oppositions and revocations and that it is preferable to spread such costs through charges such as application and renewal fees.

*Q2. Do you agree with the approach to move to an annual maintenance/renewal fee?*

The Law Society has no comment to make in response to this question.

Q3. *Are the proposed fees likely to have significant impacts on your or your business? If so, what is the nature of those impacts?*

N/A

Q4. *If your business is providing patent attorney services to clients, what impact do you think the proposed fees will have on your clients?*

N/A

Q5-12 (*Examination request*)

The proposal to have a different deadline for requesting examination between New Zealand (3 years) and Australia (5 years) illustrates the potential for unintended consequences inherent in the SEP proposal. There is a significant backlog in unexamined applications in IP Australia as compared to IPONZ. How is this difference to be accommodated to be fair to all applicants? If SEP examination requests result in earlier examination than would happen with single applications in IP Australia it would disadvantage the single applicants. If the order of SEP examination were to follow that of single Australian applications, it would mean that single New Zealand applications would be examined before SEP applications. The unintended consequences could be queue jumping or delaying examination depending on the circumstances.

Q13. *Do you consider that the time for placing an application in order for acceptance should be extended if a third party assertion is received? If so, then is the period up to two months suitable? If not, what should the term be and why?*

The time for placing an application in order for acceptance should be extended if a third party assertion is received. A period of three months from notification, extendable by up to three months and with a residual power to extend further, is appropriate for the reasons set out above.

Q14. *Is the proposed process for dealing with third party assertions likely to impose significant costs on applicants or third parties?*

The proposed process will impose significant costs but, so long as the timeframe is reasonable, they are not undue costs. If there is a cost to applicants, there must be a corresponding cost to IPONZ (see paragraph 35 above), yet the discussion document states that there should be no fee for making third party assertions.

Q15. *Where a re-examination request includes an assertion relating to matters to be considered under section 14, do you agree that the person making the request should be required to provide the Commissioner with copies of relevant documents, verified English language translations and the evidence of the place and date of the publication of documents? If not, why not?*

The Law Society considers that the notifier should provide full documents/information to the Commissioner.

Q16. *Do you agree that the person making the request should be provided with the opportunity to correct deficiencies in the request? If not, why not?*

Yes.

*Q17. Do you agree that if the person making a request is allowed to make amendments to the request, then they should be allowed to do this at any time up to issuance of an examination report, or some other time period?*

The notifier should have an opportunity to correct deficiencies in the request up to the point when the re-examination is being conducted.

*Q18. Is a two month period to respond and address all matters in an adverse report on re-examination likely to impose significant costs/impacts on you or your clients?*

A two month period to respond and address all matters will put undue and avoidable pressure on the patent applicant/patentee to respond and would therefore significantly increase costs.

*Q19. Do you think that the time period to address a re-examination report should be more or less than two months?*

The time period to address a re-examination report should be more than two months. The appropriate period would be three months, extendable by up to three months with a residual power to extend further for genuine and exceptional circumstances.

*Q20. Should the period be extendable? If yes, then on what grounds and by how long?*

The period should be extendable. Appropriate grounds would be that it is necessary and reasonable to do so, for example that the patentee is gathering further information or evidence. It is appropriate to have a residual power to further extend for genuine and exceptional circumstances.

*Q21. What are the likely costs/impacts of the proposed reduction in the period to put an application in order for acceptance from 18 months under the 1953 Act to 12 months under the current Act?*

The proposed reduction in the period to put an application in order for acceptance is likely to increase costs to applicants and involve relative inconvenience as result of the tightened deadline. Those costs and inconvenience should be ameliorated to an extent if current divisional application practice is retained.

*Q22. Do you agree that 12 months is an appropriate period of time to place an application in order for acceptance?*

The Law Society would prefer the current time period to be retained for the cost and convenience reasons referred to in the answer to Question 22, above. However, the proposed 12 month period would be acceptable subject to current divisional application practice being retained.

*Q23. Will the proposed requirement regarding the address for service be more or less difficult to fulfil for you than the current requirements?*

The proposed requirements seem likely to be neither more nor less difficult to fulfil than the current requirements for members of the Law Society and their clients.

*Q24. Will the proposed requirements require you to make any significant changes to how you deal with IPONZ?*

The proposed requirements seem unlikely to require members of the Law Society or their clients to make significant changes as to how they deal with IPONZ in patent matters.

Q25. *Will having an address for day-to-day correspondence which is different from the address for service be useful to you?*

The proposed requirement for a communication address different from an address for service seems likely to have some benefits for members of the Law Society and their clients.

Q26. *What additional costs will be imposed on you by allowing persons dealing with the Commissioner to provide an address for communication which is separate from the address for service?*

However, additional communication and administration costs will be imposed on members of the Law Society and their clients in cases where hard copies of documents and physical items need to be delivered to a communication address outside New Zealand.

Q27. *What effect will allowing the address for service to be in either New Zealand or Australia have on patent applications and service of documents under the Act?*

The effect of allowing an address for service to be in Australia will be to increase compliance costs for the vast majority of users of the New Zealand patent system. This will create inefficiencies and be contrary to the interests of Society as a whole, contrary to the purposes of the Act as set out in section 3.

Q28. *What are the costs and/or benefits from the requirement to provide a single address for service in either Australia or New Zealand to you?*

The costs to the members of the Law Society and their clients of the requirement to provide a single address for service in Australia or New Zealand are as set out above.

Q29. *What effect, if any, will this requirement have on your business, or that of your clients?*

The proposal to allow an address for service in Australia will add cost and inconvenience to the businesses of members of the Law Society and their client as set out above.

Q33. *Will mandating use of an online case management system create additional compliance costs for you in communicating with IPONZ on patent matters?*

Since the majority of attorneys already appear to use the online case management system for patent matters, we do not consider that mandating its use will create significant additional compliance costs, however, the Law Society has ongoing concerns about mandating the use of the online system from the point of view of access to justice (see paragraph 96 above).

Q34. *Do you agree that the proposed single application process will save time for applicants wishing to file two applications for the same invention in New Zealand and Australia?*

Any costs savings will only be achieved for applicants using the same attorneys in Australia and New Zealand, which appears to account for only around 60% of patent applications filed in both countries. There is also a concern that any cost savings in the making of applications will be offset by official fees to cover IPONZ or IP Australia costs in transferring the relevant application to the second jurisdiction.

Q35. *Do you consider that the proposed single application process would provide additional benefits to applicants?*

It is unclear what other benefits would be provided. We also note that filings will only be accepted and receive a filing date where the filing requirements of both jurisdictions are met. This is concerning in a

situation where the filing requirements of one country are met, but those of the other country are not, resulting in failure to obtain a filing date in both jurisdictions. Given the risk that such a situation could result in a deadline being missed in both countries, whereas the deadline would be met in one country if individual applications were made, this rule may cause attorneys to avoid using the SAP, particularly in circumstances where there is a relevant deadline.

*Q36. Do you agree that the single examiner process should be limited to pairs of corresponding applications having a single address for service? What disadvantages for applicants do you see with this aspect of the proposed SEP?*

As mentioned above, we understand that only around 60% of pairs of corresponding applications are currently filed by the same attorney, meaning that use of the proposed SEP may be limited unless that practice changes. In theory there does not appear to be any reason why the SEP process could not be used in cases where different attorneys respond to the New Zealand and Australian examination report respectively. However, in practice, a client with different attorneys would have to choose each attorney's area of responsibility, or risk being charged for duplicate efforts. The relationship between attorneys would be much like the existing principal/agent relationship of single applications – resulting in little or no reduction in costs to the client.

*Q37. Will requiring a single examination report and single response add cost or complications to the process of obtaining patent protection under the SEP compared to separate reports and responses under the SEP?*

A requirement to address a single report in a single response is not desirable. There may be commercial reasons why an applicant may wish to progress one application more rapidly than the other. This does not appear to be possible if a single response is required. Furthermore this approach would preclude the SEP process being used where different attorneys are used in Australia and New Zealand.

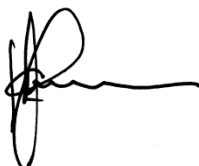
*Q38. Do you agree that the requests for SEP should only be voluntary?*

Yes. At least at the outset, applicants should have the choice as to whether to use the SEP process. This is particularly so if a single response is required to a single examination report.

## **Conclusion**

If you wish to discuss this submission further, please do not hesitate to contact the convenor of the Law Society's Intellectual Property Law Committee, Clive Elliott QC, through the committee secretary Jo Holland (04 463 2967, [jo.holland@lawsociety.org.nz](mailto:jo.holland@lawsociety.org.nz)).

Yours sincerely



Chris Moore  
**President**

Encl.

**Appendix 1**  
**Table: Comments on what is to be prescribed**  
**in 2014 Patents Regulations**

Patents Act 2013	Patent Regs 1954	Patent Regs 2014 – Comments and submissions
S 5: Prescribed NZ depository institution for micro-organisms	None	1988 IPAC Report said NZ depository desirable. Possible candidates are: <a href="http://www.esr.cri.nz/competencies/Health/Pages/nzrcc.aspx">http://www.esr.cri.nz/competencies/Health/Pages/nzrcc.aspx</a> and <a href="http://www.landcareresearch.co.nz/resources/collections/icmp">http://www.landcareresearch.co.nz/resources/collections/icmp</a>
S 19: Prescribed information in patent	Schd 3	Not stated in Table 1. The information should be set out in contemporary wording based on sections 140 to 142 of 2013 Act.
S 20: prescribed renewal fee payment period; and S 35: Maintenance fees to be paid within prescribed period.	Regs 73-77	The reasons why there is a proposal to limit advance payments of renewal and maintenance fees have not been explained. There was no limit under 1954 regs. The rationale for making an early payment is that for an exceptionally valuable patent the patentee wishes to avoid the inadvertent lapsing. The only argument against early payment would be that a lapsed patent might become available to public earlier due to inadvertence.
S 21: prescribed manner and period for extension – renewal fees	Reg 75	The Law Society agrees with this proposal.
S 26: prescribed manner for requesting directions, co-owner dispute	Regs 122-123	The Law Society agrees with this proposal.
S 28: disputes between employers and inventor/employee	Reg 124	The Law Society agrees with this proposal.
S 32: Application to be made in prescribed manner	Reg 19; Patents Forms 1 - 6	The Law Society agrees with this proposal.
S 33: Post dating request in prescribed manner	Reg 28 Patents Form 8	The Law Society agrees with this proposal.
S 34(1) and (3): Divisional to be filed in prescribed manner	Reg 23	The Law Society considers that the proposal in table 1 that divisional applications will be automatically antedated would be <i>ultra vires</i> if the Commissioner does not first determine that the requirements of s 34 (3) have been met.

S 34(2): Divisional to be filed within prescribed period	None	The discussion document is silent on what the prescribed period is to be. At the TFG meeting on 18 December the indication was that any divisional must be filed by the date of acceptance or abandonment of the <i>parent</i> application. The Law Society considers that the proposed requirement are likely to be <i>ultra vires</i> s 34 (1), which re-enacts s 12 (5) of the 1953 Act. The 1953 provision has always been interpreted to allow for the filing of a divisional from a divisional.
S 36(6): Requests to treat a complete as a provisional specification or to cancel a provisional specification and postdate the complete to be made in prescribed manner	None	There is no direct precedent in the 1954 regs or forms. The Law Society is of the view that the only requirement should be a request. What is important is to ensure the online system is configured to show the change in status.
S 37(2): Request and prescribed penalty for late filing of complete specification	Reg 27 Patents form 7	Presumably the online system will use the PF 7 as a precedent and the maximum extension of time will be three months. The discussion document is silent on extension (penalty) fees. Does this mean no fee is to be prescribed?
S 38(b): Provisional specification to contain prescribed information	None	The discussion document is silent on what information will be prescribed. If anything is to be prescribed it should be limited to requirements of the online system and not to the contents of the specification.
S 39(1)(a) Complete specification to contain prescribed information	None	Same comment as for s 38(a)
S 40(1): Pre-acceptance amendments to complete specification to be made in prescribed manner	Patents form 43	Presumably this will require an online procedure that requires the applicant to indicate the amendments being proposed, but not by filing copies of original page with amendments shown in red ink.
S 43(1)(a), (b), (d) and (e): Micro-organisms to be deposited with a prescribed depository institution	None	Presumably this will prescribe any institution that is an International Deposit Authority (IDA) under the Budapest Treaty.

S 43(1)(d): Details of deposit have been in specification from end of prescribed period	None	The Proposals paper is silent on this. Presumably, the regulation will be modelled on regulation 1.5 of the Australian Patents Regulation 1991. The Australian regulation is extremely complicated considering that failure to comply could result in the loss of the patent.
S 43(2): Micro-organism deposit receipt must be in prescribed form	None	Because a deposit receipt is prescribed under the Budapest Treaty regulations the 2014 regulations must prescribe what is already prescribed under Budapest. Because an applicant would not be able to file the paper receipt, the Law Society suggests that a link to the IPA registry should be sufficient to meet this requirement.
S 52(1)(b) and (d): Prescribed time limit and documents	None	The time limit and the documents are prescribed under the PCT regulations and do not need to be prescribed under the 2014 regs.
S 54(2): A convention application must include prescribed information and be made and dealt with in accordance with prescribed requirements	Reg 25 Patents form 2	(The word "but" in the explanation in table 1 on page 42 should be deleted.) The requirements to file certified copies and translations should not be mandatory in all cases. They should be required only where the priority date is in issue in proceedings or examination. How will the regulation prescribe authentication of certified copies that must be filed via the online system?
S 64: Requests for examination to be made on prescribed grounds in the prescribed manner within the prescribed period	None	The prescribed manner and form will presumably follow the precedents of Australian regulations 3.15 to 3.17A. Australian regulation 3.16 provides that third parties may request examination if it is in the public interest and there are special circumstances. It would help to give examples of what is a special circumstance. Setting a time limit of 3 years (discussion document paragraph 75) could lead to unintended consequences if a New Zealand application gets to the head of the New Zealand queue years before its Australian equivalent gets to the head of the Australian queue and the applicant wants to request a single examination.
S 65 (1)(a)(ii) and (b): The applicant is to comply with examination request requirements prescribed	None	Presumably the requirements to be prescribed under the 2014 regulations will be along the lines of Australian regulation 3.18(2) but referring to the relevant sections of the 2013 Act.
S 65(2): Examination is to be carried out in the prescribed manner	Reg 39	The comment in table 1 that the 2014 regulation on examination is to reflect the substance of 1954 regulation 39 does not reflect the examination requirement of s 65. Regulation 39 reflects practice under s 13 of the 1953 Act. It would appear that a regulation reflecting Australian regulation 3.18 would be more apt.



S 67: Response deadlines to be set and extended in prescribed manner	None	At the TFG meeting it was stated that the prescribed time for responding to a first examination report would be 6 months, automatically extended by one month. A second or subsequent report would have a 3-month deadline. Delays at IPONZ near the end of the 12-month acceptance deadline would be grounds for an extension. There may well be an increasing number of delays in IPONZ as examiners begin to cope with more rigorous examination requirements, shorter acceptance periods and SEP requirements.
S 70: Applicant to inform Commission in prescribed manner of results of prescribed type of search	None	At the TFG meeting the comment was made that the only type of prior art searches where an applicant would be required to supply search results would be where these are not available online. This is sensible.
S 71: All prescribed requirements to be met within prescribed period	None	At the TFG meeting it was indicated that the prescribed period would be 12 month from the date of the first examination report – the same as regulation 13.4(1)(b) of the corresponding Australian regulations. Both IPONZ and practitioners may find that this will create practical difficulties because of the increased complexity of examination and the competing time limits under S 67.
S 73: Notice of entitlement to be filed in prescribed manner	Patents form 6	Presumably the prescribed manner will be similar in effect to the PF 6 used for this purpose under the 1954 regulations.
S 75: Request to postpone acceptance to be made in prescribed manner within prescribed period	Reg 47, Patents form 14	The comment in Table 1 says form 14 is not required, but presumably the online template will reflect the content of form 14. What is not stated is what the prescribed period is to be. S 20 of the 1953 Act sets a limit of 18 months from the date of acceptance. Is this to be repeated? With automatic publication of all applications 18 months after filing this would be logical. There would be little to gain from deferring acceptance of an application once it has been published.
S 76(3): Voluntary early publication of an application to be published in prescribed manner	None	The Law Society considers that this does not need to be prescribed. Presumably it would be done in the online journal.
S 78(1): Documents (other than specification) prescribed to be open to public inspection prior to acceptance	None	This regulation will determine if the public will have access to examination reports and responses before acceptance. It would be inconsistent with the ability of third parties to make assertions under s 90 if the regulation did not permit third parties to have access to that information. All documents, except those in a secrecy order, should be published along with the specification.

S 78 (2): Prescribed documents not to be open to public inspection	None	This is an exception to the general principle that all documents are to be open to public inspection once a complete specification has been published. This should include only documents subject to a secrecy order or a confidentiality order.
S 79(2): Treaty application documents (other than specification) prescribed to be open to public inspection prior to acceptance	None	Same comments as above concerning s 78(1).
S 90(1): Prescribed period and manner for making assertion	None	The proposed requirements in paragraph 96 of the discussion document are much the same as those in sections 94 and 95 dealing with re-examination.
S 91(2): Commissioner to consider and deal with a notice in prescribed manner	Regs 57 to 59	This subsection leaves an important procedural matter to be prescribed under the regulations – namely, what happens if the Commissioner considers that a third party assertion is grounds for refusing an application? Does he or she issue a report (as under s 97 for re-examination) and give the applicant time to reply? If the assertion is made after acceptance but before accepted publication does the Commissioner cancel the acceptance? What happens if an assertion is made before a first examination report issues? Paragraph 95 of the discussion paper states only that the intention is to allow the Commissioner and the applicant “to consider the nature and content of the assertion, and then take any appropriate action.”
S 92(1) and 93(c): Any person may oppose grant on prescribed manner	Regs 48 to 52 Patents forms 15, 16	The comment in table 1 is that the 1954 regs will be retained in substance. They will presumably be subject to the case management system described in paragraphs 146 to 182.
S 94(2)(b) and S95(2)(b): Re-examination requests to be made in prescribed manner	None	This will presumably be a template to be completed in the online system.
S 101: Commissioner may postpone grant in prescribed circumstances	None	A circumstance warranting the postponement of a grant would be if an assertion were filed after acceptance but before acceptance was published, and the Commissioner had refused the application as a result of the assertion.
S 103(1)(b): Date of patent other than filing date to be determined under regulations	None	The only circumstance where the actual filing date is not the date of the patent is when an application has been post dated under section 33 or antedated under section 34. A regulation stating this would be tautologous. Any regulation determining a different patent date would likely be <i>ultra vires</i> .

S 106(1) and 107(3): Application for patent of addition to be made in prescribed manner	Reg 19(3) Patents form 3	Presumably the online form will incorporate in substance PF 3 of the 1954 regs.
S 112(3): Application for revocation to be made in prescribed manner	Patents form 45	Presumably the prescribe manner would be based on PF 45 under the 1954 regs.
S 116(1): Offer to surrender patent to be made in prescribed manner	Patents form 46	Presumably the prescribed manner would be based on PF 46 under the 1954 regs.
S 117(2): Request to restore lapsed patent to be made in prescribed manner	Reg 85 Patents form 33	Presumably the prescribed manner would be based on PF 33 under the 1954 regs. The proposals in table 1 with respect to restorations seem reasonable.
S 120(1): Restoration request to be made within prescribed period	None	The equivalent section 35 of the 1953 Act (and consequently the 1954 regs) does not prescribe a period within which a restoration request can be made. Setting a limit by regulation under S 120(1) when it is subject to the discretion of the Commissioner under S 120(2) is contradictory. It is suggested that if there is to be a prescribed period it should be no earlier than the next renewal deadline after the one that was missed.
S 123(1): Notice of opposition to restoration to be made within prescribed period in prescribed manner	Reg 87 Patents form 34	Presumably the 2 month opposition period from the 1954 regs would be retained and the online format would follow PF 34.
S 124: Restoration order to contain or be subject to prescribed provisions to protect third parties	Reg 89	The provisions to protect third parties should be based on regulation 89. However the wording should be updated to reflect the wording of S 18 of the 2013 Act – i.e. that the patent right is to exploit the invention.
S 125: Request for restoration of lapsed patent to be made in prescribed manner	Reg 95 Patents form 39	Presumably the prescribed manner would be based on PF 39 under the 1954 regs. The proposals in table 1 with respect to restorations seem reasonable.

S 126(1): Request to be made within prescribed period	None	See comments above in relation to section 120 – restorations of lapsed patents.
S 127(1): Notice of opposition to restoration of application to be made within prescribed period in prescribed manner	Reg 97 Patents form 40	From the commentary in table 1 of the discussion paper the prescribed period will be two months and the online form will follow the PF 40 precedent. The Law Society has no concerns about this.
S 128(2): An order restoring lapsed application to contain prescribed provisions to protect or compensate third parties etc	Reg 98	Same comments as for restoration of patents under section 124.
S 129(2): Requests by person acquiring interest in application to be made in prescribed manner	Reg 65 Patents form 22	The Law Society has no concerns about the proposals in table 1.
S 131(2): Request to Commissioner to settle dispute over ownership of application to be made in prescribed manner	Reg 66 Patents form 23	The Law Society has no concerns about the proposals in table 1
S 165(3): Request to register interest in patent to be made in prescribed manner	Regs 127, 128 Patents forms 62, 63, 64 or 65	Table 1 says details of register still under consideration. Presumably, the procedure for registering an interest will follow formats of PFs 62 to 65.
S 190(1): Request to be mentioned as inventor to be made in prescribed manner	Regs 60, 61 Patents forms 18 and 19	The Law Society has no concerns about the proposals in the table

S 193 (1): Request that a person should not have been named as inventor to be made in prescribed manner	Reg 63 patents form 21	The Law Society has no concerns about the proposals in the table
S 199: Copy or extract of prescribed information concerning patent or application to be requested in prescribed manner	Reg 139 Patents form 72	Table 1 states that a request for all information etc will be done online. It is not clear what happens if a foreign patent office does not recognise the authenticity of a certificate issued in this way.
S 202(2), (4): Application for and opposition to correction of error in register to be made in prescribed manner	Regs 133, 135 Patents form 69	The Law Society has no concerns about the proposals in table 1
S 229(2), (3): All documents and correspondence to use prescribed electronic delivery method in prescribed manner	None	At the TFG meeting there was some concern expressed about the no exceptions policy proposed by IPONZ. Given the recent experience of the Education Department with its online payroll system and the fact that there will be many new variations on the existing IPONZ online system there should be flexibility built into the policy. While adherence to the government's digital objectives may be a desired policy goal the policy should not result in the loss of rights because an intending applicant or other interested party is unable to master the online system at the time something needs to be done.
S 232(1): Applications for extensions of time to be made in prescribed manner	Many forms, e.g, PF13, PF16, etc	Presumably all such applications are to be made online following the general format of the various patent forms of the 1954 regs.
S 245: Regulations governing the transitional provisions and other matters for implementing Act	None	It is not clear what these transitional provisions are to be. They are a very important in integrating practice under the new and old Acts and The Law Society would like an early opportunity to comment.