

SUPPLEMENTARY EXPLANATORY STATEMENT

Issued by the Authority of the Minister for Industry, Science and Technology

Intellectual Property Laws Amendment (PCT Translations and Other Measures) Regulations 2019

Delegation of specific powers to Executive level employees

Replace Part 1 of Schedule 2 to the Explanatory Statement with the following text:

Part 1 – Delegations

Under paragraphs 210(1)(a) and (c) of the *Patents Act 1990* (“Patents Act”) and paragraphs 127(1)(a) and (c) of the *Designs Act 2004* (“Designs Act”), the Commissioner of Patents (“Commissioner”) and the Registrar of Designs (“Registrar”) are empowered to summon witnesses, or to require someone to produce documents or articles. These powers are referred to in this Explanatory Statement as “the specific powers”. The specific powers are exercised in opposition and other administrative proceedings conducted before delegates of the Commissioner or Registrar.

This part amends the *Patents Regulations 1991* (“Patents Regulations”) and the *Designs Regulations 2004* (“Designs Regulations”) to permit the Commissioner and the Registrar to delegate the specific powers to employees of Executive Level (EL) 1 or higher classification in IP Australia. Currently the specific powers must be exercised personally by the Commissioner or Registrar, or by the Deputy Commissioner or Deputy Registrar, which is inefficient and causes delays to IP Australia issuing written decisions. This delegation of the specific powers is therefore appropriate and necessary to the good functioning of Australia’s IP system. There are appropriate safeguards in place to ensure that the delegated powers are exercised responsibly, and that individuals’ rights are protected.

Neither the Patents Act nor the Designs Act permits any sub-delegation. This means that a delegate of the Commissioner or the Registrar can’t further delegate any delegated power or function.

Why delegation of the specific powers is not limited to members of the Senior Executive Service

The purpose of this part is to expedite processing of hearing decisions by allowing the specific powers to be exercised directly by expert EL1 and EL2 staff who work in the hearings and oppositions teams in IP Australia, and who have the necessary skills and experience to determine whether the specific powers should be exercised. This would ultimately have the effect that hearing decisions are issued more quickly. As a result, it would reduce uncertainty for applicants for IP rights, as well as for third parties who would otherwise be unclear about their freedom to operate while decisions are pending.

As such, it is appropriate and necessary to specify that the specific powers may be delegated to staff below the Senior Executive Service (“SES”) level, for the good management of the IP rights system, and to take account of the operational circumstances of IP Australia. Limiting delegation for the specific powers to EL1 staff and above is an appropriate safeguard to ensure that the powers would only be exercised by those who are competent to do so.

Under the Patents Act and the Designs Act, the statutory offices of Deputy Commissioner of Patents (“Deputy Commissioner”) and Deputy Registrar of Designs (“Deputy Registrar”) have all the powers and functions of the Commissioner and Registrar, respectively, except the powers of delegation. These roles are already undertaken by EL2 employees, and so IP Australia already has a small number of EL2 staff who can exercise the specific powers. As such, restricting delegation of the specific powers to members of the SES could have no practical effect. Further, as noted above, the staff who

have the technical expertise to determine whether the specific powers should be exercised are typically staff at the EL1 or EL2 level, but who are not Deputy Commissioners or Deputy Registrars.

Section 209(1) of the Patents Act provides that the Commissioner may delegate all or any of her powers under the Act to a prescribed employee by an instrument. An equivalent provision exists in section 124(1) of the Designs Act. There is no limitation in subsection 209(1) of the Patents Act or in subsection 124(1) of the Designs Act as to the level of employee to whom any of the powers can be delegated: provided only that the employees are prescribed in regulation. This suggests that in both instances the Australian Parliament intended to provide — subject to regulations prescribing the appropriate levels of employee — the Commissioner and the Registrar with the flexibility to delegate any of their powers to an appropriate employee at any classification level, rather than to employees in the SES only.

Flexibility to delegate powers when administering IP Rights is appropriate and necessary because IP Australia is a large agency dealing with a large volume of IP rights, but with a small SES cohort (10 SES officers for over 1000 staff at the APS and EL levels). To ensure that the large volume of IP rights can be processed expeditiously, the general powers and functions of the Commissioner and Registrar — those other than the specific powers — could already be delegated to APS and EL employees of IP Australia. This was provided in what were regulation 21.2 of the Patents Regulations and paragraph 10.01(a) of the Designs Regulations, before the amendments made by this part.

Safeguards to ensure delegates possess expertise appropriate to any delegated powers

The processes in place in IP Australia are sufficient to ensure that the specific powers would only be delegated to individuals who are competent to exercise them. The delegation of the specific powers would only be to EL staff with relevant expertise, and who occupy specified position numbers in the IP Australia hearings and oppositions teams. These position numbers would be specified in the instrument of delegation. Staff would only occupy these positions following a careful merit-based recruitment process according with the *Public Service Act 1999* (“Public Service Act”), which would ensure that only suitably experienced and qualified persons would exercise those delegated powers. Should staff change positions, they could no longer exercise the delegated powers.

For some while, the statutory offices of the Commissioner, the Registrar of Designs, the Registrar of Trade Marks and the Registrar of Plant Breeder’s Rights have been assigned to an SES Band 2 position in IP Australia. The occupant of this position has considerable experience in delegating powers and functions under the Patents Act, the Designs Act, the *Trade Marks Act 1995* (“Trade Marks Act”), and the *Plant Breeders’ Rights Act 1994*: collectively, “the IP rights legislation”. These powers and functions are delegated appropriately to hundreds of staff within IP Australia. This is because the Commissioner and Registrars have robust recruitment, training, governance and quality control procedures in place, so as to ensure that only suitably qualified and experienced persons receive delegations.

It is not necessary that the Patents Regulations and Designs Regulations specifically state that delegates must have appropriate expertise to exercise a delegation for the following reasons:

- 1) It has always been considered self-evident that a delegate must have appropriate expertise to exercise any delegated power or function. So, none of the existing provisions in the IP rights legislation authorising delegation set out such a principle. These provisions include those in the Trade Marks legislation permitting the delegation of all of the Registrar’s powers, including the power to summon witnesses or to require the production of documents or articles: sections 202 and 206 of the Trade Marks Act; regulation 19.2 of the *Trade Marks Regulations 1995*.
- 2) Any person occupying the statutory offices of the Commissioner or the Registrar is bound by the APS Values in sections 10 and 10A of the Public Service Act, which require that

decisions are ethical, transparent and objective, and work to achieve the best outcomes for the Australian community and the Government. The Commissioner and the Registrar would therefore not delegate a power or function to someone who cannot exercise it competently, because such a delegation would be a breach of the Public Service Act.

It is also not practical or desirable to specify in the regulations the qualifications or specific position of a person to whom the specific powers could be delegated. This is because there is no specific qualification that could reasonably be required of any delegate who might appropriately exercise the specific powers. The important thing is that a delegate has the skills gained through practical experience, and has demonstrated sound judgement. It would also require the Patents and Designs Regulations to be updated any time there was an internal restructure of IP Australia. Finally, attempting to describe the qualifications could potentially render the meaning of the provision unclear.

To ensure that individuals' rights are protected, decisions taken by delegates to use those powers are appealable under the *Administrative Decisions (Judicial Review) Act 1977*, as are many other administrative decisions under Commonwealth enactments. So, there are appropriate safeguards in place, should someone wish to challenge the exercise of the delegated powers.

Designs Regulations 2004

Item 1: Regulation 10.01

This item makes a consequential amendment to regulation 10.01 as a result of the addition of new subregulation 10.01(2) by item 2.

Item 2: At the end of regulation 10.01

This item adds new subregulation 10.01(2) to allow the Registrar to delegate any of the Registrar's powers or functions under paragraphs 127(1)(a) and (c) of the Designs Act to an employee in the Designs Office who holds or performs the duties of an Executive Level 1 or above position. This will allow the Registrar to delegate the specific powers appropriately.

Patents Regulations 1991

Item 3: Regulation 21.2

This item makes a consequential amendment to regulation 21.2 as a result of the addition of subregulation 21.2(2) by item 5.

Item 4: Regulation 21.2

This item amends regulation 21.2 of the Patents Regulations to correct a typographical error so that it correctly refers to paragraphs 210(1)(a) and (c) of the Patents Act. This reference appeared in the provision which permitted the Commissioner to delegate the general powers and functions, but not the specific powers.

Item 5: At the end of regulation 21.2

This item adds new subregulation 21.2(2) to allow the Commissioner to delegate any of the Commissioner's powers and functions under paragraphs 210(1)(a) and 210(1)(c) of the Patents Act to an employee of the Patent Office who holds or performs the duties of an Executive Level 1 or above position. This will allow the Commissioner to delegate the specific powers appropriately.