**EXPLANATORY STATEMENT**

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

*Plant Breeder’s Rights Act 1994*

*Trade Marks Act 1995*

*Intellectual Property Laws Amendment (Fee Exemptions) Regulations 2020*

**Legislative Authority**

Paragraph 80(1)(a) of the *Plant Breeder’s Rights Act 1994* (‘Plant Breeder’s Rights Act’), and paragraph 231(1)(a) of the *Trade Marks Act 1995* (‘Trade Marks Act’)(collectively, ‘the Acts’) provide that the Governor-General may make regulations prescribing matters required or permitted by the Acts to be prescribed.

Paragraph 80(2)(a) of the Plant Breeder’s Rights Act and section 223 of the Trade Marks Act provide for the payment of prescribed fees in accordance with the regulations made for the purpose of the respective Acts.

Paragraph 80(2)(c) of the Plant Breeder’s Rights Act and paragraph 231(2)(e) of the Trade Marks Act provide that the Governor-General may make regulations to provide for the remission of, or the exemption of specified classes of persons from the payment of, the whole or part of a fee.

The Acts specify no conditions that must be met before the power to make regulations may be exercised.

The *Intellectual Property Laws Amendment (Fee Exemptions) Regulations 2020* (‘the Regulations’) is a legislative instrument for the purposes of the *Legislation Act 2003* (‘Legislation Act’).

**Purpose of the Regulations**

The Regulations amend the *Plant Breeder’s Rights Regulations 1994* (‘Plant Breeder’s Rights Regulations’), and the *Trade Marks Regulations 1995* (‘Trade Marks Regulations’) (collectively, ‘the principal regulations’) to give the Registrar of Plant Breeder’s Rights and the Registrar of Trade Marks (collectively ‘the Registrars’) new powers to exempt specified classes of persons from the payment of the whole or part of a fee prescribed in the principal regulations (‘prescribed fee’).

The principal purpose of these new exemption powers is to address certain financial consequences of the COVID-19 pandemic: applicants and rights holders losing valuable intellectual property (‘IP’) rights merely because they cannot pay prescribed fees when these are due. A Registrar can exercise the new exemption power — if the Registrar is reasonably satisfied that an exemption is justified, having regard to all the circumstances.

The new exemption powers will continue to benefit applicants and rights holders after the pandemic ceases. They will do this by giving IP Australia similar flexibility of financial management of its plant breeder’s rights and trade marks functions as it currently has for its patent and designs functions. That is, the statutory offices in IP Australia — Commissioner of Patents, Registrar of Designs, Registrar of Plant Breeder’s Rights and Registrar of Trade Marks — now have equivalent exemption powers. The exemption powers of the Commissioner of Patents and the Registrar of Designs are provided by subregulation 22.6(1) of the *Patents Regulations 1991* (‘Patents Regulations’) and by regulation 11.11 of the *Designs Regulations 2004* (‘Designs Regulations’), respectively.

Details of the amendments can be found in the Attachment.

**No Regulation Impact Statement required**

The Office of Best Practice Regulation has advised that no Regulation Impact Statement is required to be prepared for these amendments (OBPR reference 25948).

**Consultation**

Paragraphs 15J(2)(d) and (e) of the Legislation Act require an explanatory statement for a legislative instrument to describe the nature of any consultation undertaken before making the instrument, or else explain why no consultation was undertaken.

No public consultation was undertaken on the Regulations. Instead, IP Australia met with key stakeholders, including the Institute of Patent and Trade Mark Attorneys of Australia, who identified relief from prescribed fees as their most significant concern during the COVID-19 pandemic. IP Australia has also received correspondence from many stakeholders requesting fee exemptions and waivers. The new exemption powers can only operate to the benefit of stakeholders, who are otherwise liable to pay prescribed fees. More extensive or public consultation would only have delayed the Registrar’s exercise of the beneficial powers in the urgent circumstances of the COVID-19 pandemic.

**Statement of compatibility with human rights**

Subsection 9(1) of the *Human Rights (Parliamentary Scrutiny) Act 2011* requires the rule-maker in relation to a legislative instrument to which section 42 (disallowance) of the Legislation Act applies to cause a statement of compatibility to be prepared in respect of that legislative instrument. A statement of compatibility to meet that requirement is at the end of the Attachment.

**Attachment**

**Details of the Intellectual Property Laws Amendment (Fee Exemptions) Regulations 2020.**

Section 1 identifies the Regulations as the *Intellectual Property Laws Amendment (Fee Exemptions) Regulations 2020*.

Section 2 specifies that the whole of the instrument commences the day after the instrument is registered on the Federal Register of Legislation.

Section 3 provides that the Regulations are made under the *Plant Breeder’s Rights Act 1994* and the *Trade Marks Act 1995.*

Section 4 provides that each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

**Schedule 1 — Amendments**

The Schedule inserts new exemption powers into the Plant Breeder’s Rights Regulations and the Trade Marks Regulations to address certain financial consequences of the COVID-19 pandemic.

IP Australia is responsible for administering Australia’s IP rights systems, specifically the systems for granting patents or plant breeder’s rights, and for registering trade marks or designs. IP Australia is a listed entity under the *Public Governance, Performance and Accountability Act 2013*, operating on a cost-recovery basis in the Industry, Science, Energy and Resources portfolio. The statutory offices of Commissioner of Patents (‘Commissioner’), Registrar of Designs, Registrar of Plant Breeder’s Rights and Registrar of Trade Marks operate within IP Australia.[[1]](#footnote-2)

The amendments made by this Schedule give the statutory offices of the Registrar of Trade Marks and the Registrar of Plant Breeder’s Rights (‘Registrars’) exemption powers equivalent to those of the Commissioner and the Registrar of Designs. The statutory offices of Commissioner and Registrar of Designs have broad discretion to exempt persons from paying fees prescribed in the Patents Regulationsand the Designs Regulations respectively.[[2]](#footnote-3)

The new exemption powers enable the Registrars to ensure that during the COVID‑19 pandemic applicants and right holders do not lose valuable IP rights merely because they cannot pay fees as thesey fall due, despite their best endeavours to do so. The new exemption powers allow the Registrars to specify that this class of persons is exempt from paying the whole or part of a fee. For example, the Registrar of Trade Marks might specify the class of applicants for registration of trade marks, whose professional representatives are closed for business during the COVID-19 pandemic, as being exempt from paying the prescribed fee for requesting an extension of time (that is, to put the application in order for acceptance, for example).

The test of the Registrar being “reasonably satisfied that the exemption is justified, having regard to all the circumstances” provides a broad discretion. What circumstances meet this test is a question of fact or degree and is particular to the member of the class of specified persons. For example, the Registrar might be reasonably satisfied that an exemption is justified, if a person’s liability for a prescribed fee is a direct result of the error or omission of an IP Australia employee. Conversely, the Registrar might not be reasonably satisfied that an exemption is justified, if someone applies for grant of an IP right, expressing the opinion that they simply shouldn’t have to pay for it.

The new exemption powers will continue to benefit those relying on Australia’s IP systems after the pandemic ceases. They will do so by giving IP Australia the same flexibility of financial management of its plant breeder’s rights and trade marks functions as it currently has for its patent and designs functions.

Decisions under the exemptions powers in the Designs Regulations and the Patents Regulations are not subject to merits review by the Administrative Appeals Tribunal (“AAT”). So too, decisions under the new exemption powers in the Plant Breeder’s Rights Regulations and Trade Mark Regulations are not subject to merits review.

The Administrative Review Council (“ARC”) guidelines *What decisions should be subject to merit review*[[3]](#footnote-4) identifies, in Chapter 4 of those guidelines, several factors justifying the exclusion of merits review. Paragraphs 4.56 and 4.57 of the ARC guidelines refer to decisions which have such limited impact that the costs of review cannot be justified — see, in particular, the statement in paragraph 4.56:

Merits review costs money. Given that the Government must allocate resources in an effective way, it would obviously be inappropriate to provide a system of merits review where the cost of that system would be vastly disproportionate to the significance of the decision under review.

Paragraph 4.57 concludes that:

... the cost of review must be accounted for not only by comparison with the extent of the interests of any individual that may be affected, but also by comparison with the broader and beneficial effects that merits review is intended to have on the overall quality of government decision-making.

The cost to the Plant Breeder’s Rights Office and to the Trade Marks Office of providing merits review of exemption decisions would be disproportionate to the amounts of the fees that the AAT might exempt on review.

An exemption decision is not a substantive decision affecting the grant of a valuable IP right (all of which are subject to *de novo* review by the Federal Court): it is a decision on whether some or all of a prescribed fee is to be paid. Typically, the fees sought to be exempted would in the hundreds of dollars, and very rarely be more than a thousand dollars. In contrast, the cost to IP Australia of responding to an AAT review would be in the order of tens of thousand dollars, including staff time and legal representation. As such, it would represent an inappropriate allocation of resources for the Government to provide for and engage in merits review of such decisions.

***Plant Breeder’s Rights Regulations 1994***

Item 1 inserts new regulation 4A to allow the Registrar of Plant Breeder’s Rights to exempt any specified class of persons from the payment of the whole or part of a fee prescribed under the Plant Breeder’s Rights Act and specified in Schedule 1 to the Plant Breeder’s Rights Regulations, if the Registrar is reasonably satisfied that the exemption is justified, having regard to all the circumstances.

***Trade Marks Regulations 1995***

Item 2 inserts new regulation 21.23A to allow the Registrar of Trade Marks to exempt any specified class of persons from the payment of the whole or part of a fee prescribed under the Trade Marks Act and specified in Schedule 9 to the Trade Marks Regulations, if the Registrar of Trade Marks is reasonably satisfied that the exemption is justified, having regard to all the circumstances.

**Statement of Compatibility with Human Rights**

*Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011*

***Intellectual Property Laws Amendment (Fee Exemptions) Regulations 2020***

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

**Overview of the Legislative Instrument**

The *Intellectual Property Laws Amendment (Fee Exemptions) Regulations 2020* empowers the Registrar of Plant Breeder’s Rights and the Registrar of Trade Marks to exempt any specified class of persons from the payment of the whole or part of a fee if the Registrar is reasonably satisfied that the exemption is justified, having regard to all the circumstances.

**Human rights implications**

This Legislative Instrument does not engage any of the applicable rights or freedoms.

**Conclusion**

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.

**The Hon Karen Andrews MP, Minister for Industry, Science and Technology**

1. At 23 April 2020, those statutory offices were all occupied by one Senior Executive Service employee:
Dr Frances Roden. [↑](#footnote-ref-2)
2. The exemptions powers are in subregulation 22.6(1) of the Patents Regulations; regulation 11.11 of the Designs Regulations. [↑](#footnote-ref-3)
3. <https://www.ag.gov.au/LegalSystem/AdministrativeLaw/Pages/practice-guides/what-decisions-should-be-subject-to-merit-review-1999.aspx> accessed 21 April 2020 [↑](#footnote-ref-4)