

## **EXPLANATORY STATEMENT**

### **Issued by the Authority of the Minister for Industry and Science**

*Designs Act 2003*

*Olympic Insignia Protection Act 1987*

*Patents Act 1990*

*Plant Breeder's Rights Act 1994*

*Trade Marks Act 1995*

*Intellectual Property Legislation Amendment (Fee Amounts and Other Measures) Regulations 2024*

The *Intellectual Property Legislation Amendment (Fee Amounts and Other Measures) Regulations 2024* (the Regulations) principally implement a 4-yearly review of the fees prescribed for the purposes of the *Designs Act 2003*, the *Olympic Insignia Protection Act 1987* (OIP Act), the *Patents Act 1990*, the *Plant Breeder's Rights Act 1994* (PBR Act) and the *Trade Marks Act 1995* (collectively, 'the Acts'). The Regulations also update the scales of costs, expenses and allowances that can be awarded in designs, patents or trade marks proceedings.

#### **Legislative authority**

Subsection 149(1) of the Designs Act, section 76 of the OIP Act, subsection 228(1) of the Patents Act, subsection 80(1) of the PBR Act, and subsection 231(1) of the Trade Marks Act provide that the Governor-General may make regulations prescribing matters required or permitted by the Acts to be prescribed.

Section 130 of the Designs Act, paragraph 10(2)(b) of the OIP Act, section 227 of the Patents Act, paragraph 80(2)(a) of the PBR 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.

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

The Regulations are a legislative instrument for the purposes of the *Legislation Act 2003*.

#### **Purpose of the Regulations**

The Regulations amend the *Designs Regulations 2004*, the *Olympic Insignia Protection Regulations 1993* (OIP Regulations), the *Patents Regulations 1991*, the *Plant Breeder's Rights Regulations 1994* (PBR Regulations), and the *Trade Marks Regulations 1995* (collectively, 'the Principal Regulations'). The main purpose of the Regulations is to amend the Principal Regulations to update the fees IP Australia charges for its services. Those fees were last updated by the *Intellectual Property Laws Amendment (Fee Amounts and Other Measures) Regulations 2020*, with effect from 1 October 2020.

IP Australia is a cost recovery agency and generates approximately 98% of its revenue from fees paid by customers for services provided by IP Australia. The amendments arise from a fee review conducted by IP Australia to develop IP Australia's Cost Recovery Implementation Statement 2024-2025 ('CRIS'). The review was conducted in compliance with the Australian Government Cost Recovery Guidelines. A copy of the CRIS is at Appendix 2, and sets out how the fee amendments in the Regulations reflect the costs to IP Australia of administering the IP rights system.

The Regulations also increase the amounts in the scales of costs, expenses and allowances that can be awarded against a party in a proceeding before the Registrar of Designs, the Commissioner of Patents or the Registrar of Trade Marks. The powers to award costs, expenses and allowances in proceedings are set out in paragraph 127(1)(d) of the Designs Act, paragraph 210(1)(d) of the Patents Act and paragraph 202(d) of the Trade Marks Act respectively.

The proceedings are inter partes proceedings: those conducted between 2 or more parties with differing interests in the outcome. For example, in an opposition to grant of a patent, under Chapter 5 of the Patents Act, the parties are the applicant(s) for grant and the opponent(s) to grant. The award of costs, expenses and allowances provides a means for a successful party in the proceeding to recover some of the expense of the proceeding from an unsuccessful party. It also discourages parties with weaker cases from having them heard unnecessarily.

The scales of costs, expenses and allowances were last updated by the *Intellectual Property Legislation (Fees) Amendment Regulations 2006 (No. 1)*, with effect from 1 March 2007. In light of increases in prices since 2007, the amounts in the scales no longer suffice to compensate a successful party or to discourage a party with a weaker case from having it heard unnecessarily.

Details of the amendments can be found in Appendix 1.

### **No impact analysis required**

The Office of Impact Analysis (OIA) has advised that an impact analysis is not required to be prepared for these amendments. The OIA reference number is OIA24-06685.

### **Consultation**

Two rounds of public consultation were conducted on the proposed changes before the Regulations were drafted. The first round took place in May to June 2023, and invited submissions on the current fees, costs, expenses and allowances, seeking suggestions for changes or improvement. A draft of the CRIS seeking public views on possible fee changes was open for the second round of public consultation from 1 December 2023 to 22 January 2024. So, too, the proposed changes to the scales of costs, expenses and allowances were open for public consultation in that period. Details of the consultation can be found at <<https://consultation.ipaustralia.gov.au/policy/fee-review-2023-2024-draft-cris/>>.

IP Australia received 23 submissions on the proposed changes, over the two rounds of consultation. Principal concerns raised and how they are proposed to be addressed follow:

1. A peak body representing registered patent and trade marks attorneys expressed concern about the proposed introduction of an excess-claims fee payable when an applicant requests examination of an application for a standard patent. The peak body advised their concern owed to the limited time for applicants to reduce their liability for the fee by reducing the number of claims in the application. This concern is addressed by instead imposing the excess-claims fee when the first examination report is issued. This is currently 9 to 23 months after examination is requested, depending on the technology of the invention. In that period, applicants could reduce their liability for the fee by seeking leave to amend the application to reduce the number of claims.
2. The peak body also expressed concerns about not permitting a successful opponent to registration of a trade mark to recover, as an expense of those opposition proceedings, the amount of the new fee for filing a statement of grounds and particulars. This concern is addressed by allowing a successful opponent to recover up to \$500 of the new fee from an unsuccessful applicant for registration. This is intended to balance the interests of the applicant for registration with that of the opponent. The applicant's interest is in defending well-focused opposition proceedings without unnecessary grounds or prolix particulars. The opponent's interest is in the applicant having some incentive to settle the proceedings early, or at least for the opponent to recover some of the expense of the proceedings.
3. Plant breeder's rights (PBR) customers have expressed concerns about the initial proposal to increase the amounts of the annual maintenance fee for granted PBR by \$400, and its subsequent impact on the plant breeding industry. This concern is proposed to be addressed by reducing the amount of the increase to \$200, so that the proposed amounts of the fee would become \$600 or \$650: depending on whether they are paid by preferred means (for example, by credit card through the IP Australia portal) or by other means (for example, cash, cheque or money order).

The amounts of the fee were last increased in 2016, when they were increased by \$55 to the current amounts of \$400 or \$450 depending on how they are paid.

### **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 Appendix 1.

### **Commencement**

This section provides for the Regulations to commence at the later of the following:

- the 28th day following the day the Regulations are registered in the Federal Register of Legislation (FRL)
- 1 October 2024.

This is to allow IP Australia time to give users of the IP system at least 4 weeks' notice of the changes to the fees so that those users can update their payment systems.

### **Exemption from sunseting**

The Regulations are a regulation made under the Acts. As such, they are exempt from sunseting by virtue of the *Legislation (Exemptions and Other Matters) Regulation 2015*, regulation 12, table items 22B, 45AA, 48A, 50A and 63A. Those table items were inserted, with effect from 29 August 2017, by the *Legislation (Exemptions and Other Matters) Amendment (Sunsetting Exemptions) Regulations 2017*, Schedule 1, items 6, 11, 12, 13 and 15 (2017 Amendment Regulations). The notes on those items in the explanatory statement to the 2017 Amendment Regulations detail the justification for those exemptions. The explanatory statement can be found at <https://www.legislation.gov.au/F2017L01093/asmade/text/explanatory-statement>.

In summary, the Acts, and the regulations made under them, provide the legislative basis for registered intellectual property rights (IPR) in Australia. These are designed to provide a stable and predictable regulatory environment for IPR so that businesses can make commercial decisions with confidence and recoup their long-term investments in innovation.

IP rights often last much longer than the 10-year sunseting period. For example, patent rights can be maintained for up to 20 to 25 years while trade mark registrations can be held in perpetuity, with over a third of Australian trade marks held for 20 years or longer. The possibility that the regulations underpinning the IP rights system could sunset during this time exposes investors and businesses to significant uncertainty.

**Details of the Intellectual Property Legislation Amendment  
(Fee Amounts and Other Measures) Regulations 2024**

**Section 1 - Name of Regulations**

This section identifies the instrument as the *Intellectual Property Legislation Amendment (Fee Amounts and Other Measures) Regulations 2024*.

**Section 2 - Commencement**

This section provides for the Regulations to commence at the later of the following:

- the 28th day following the day the Regulations are registered in the Federal Register of Legislation
- 1 October 2024.

**Section 3 - Authority**

This section provides that the Regulations are made under the *Designs Act 2003*, the *Olympic Insignia Protection Act 1987*, the *Patents Act 1990*, the *Plant Breeder's Rights Act 1994* and the *Trade Marks Act 1995*.

**Section 4 - Schedule(s)**

This section 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**

*Designs Regulations 2004*

**Item [1] – Part 5 of Chapter 12, application of amendments to Schedule 3**

This item inserts a new Part 5 into Chapter 12 of the Designs Regulations to specify how the amendments to Schedule 3 apply to proceedings before the Registrar of Designs (Registrar). Those amendments apply to oppositions and other contested proceedings begun on or after commencement of the Regulations. That is, the existing scales of costs, expenses and allowances continue to apply to a proceeding begun before commencement, even if steps in those proceedings are taken after commencement. This is to ensure that the parties in such a transitional proceeding do not need to reconsider the relative benefit and risk of continuing with it.

**Items [2] to [5] – Schedule 3; costs, expenses and allowances**

These items amend Schedule 3 to the Designs Regulations to increase the amounts of costs, expenses and allowances that may be awarded to a successful party in a proceeding before the Registrar. This is a proceeding between 2 or more parties with differing interests in the outcome. For example, in an opposition to correction of the Register under regulation 9.05 of the Designs Regulations, the parties are the requester for correction and the opponent to correction.

Item [2] amends the amounts of the scale of costs in the table in Part 1 of Schedule 3 to the Designs Regulations as set out in Table 1.

**Table 1 Scale of costs for designs proceedings**

<b>Table item</b>	<b>Matter</b>	<b>Existing amount</b>	<b>New amount</b>
1	Preparing notice of opposition	\$200	\$600
2	Receiving and perusing notice of opposition	\$130	\$300
3	Preparation of case for hearing	\$525	\$1,500
4	Attendance at hearing by registered patent attorney, registered trade marks attorney or solicitor, without counsel	\$260 an hour, but not more than \$1,170 a day	\$390 an hour, but not more than \$1,755 a day
5	Attendance at hearing by registered patent attorney, registered trade marks attorney or solicitor, instructing counsel	\$200 an hour, but not more than \$900 a day	\$300 an hour, but not more than \$1,350 a day
6	Counsel fees for attendance at hearing	\$300 an hour, but not more than \$1,350 a day	\$450 an hour, but not more than \$2,025 a day

The increases take into account the fact that the scale of costs has not been updated since 2007. In light of increases in prices since 2007, the amounts in the scales no longer suffice to compensate a successful party or to discourage a party with a weaker case from having it heard unnecessarily. The next review of the scales of costs, expenses and allowances would be no earlier than in 2027-28.

Item [3] amends paragraph 2(b) of Part 2 of Schedule 3 to the Designs Regulations to increase the daily maximum for allowances for meals and accommodation to \$1,050. A person is entitled to be paid a reasonable amount up to that daily maximum – if required to be absent overnight from their usual place of residence to attend proceedings before the Registrar.

Items [4] and [5] amend paragraphs 3(b) and 4(b) of Part 2 of Schedule 3 to the Designs Regulations to increase the minimum and maximum amounts for daily payment to a person summoned to appear before the Registrar as a witness:

- For a person summoned as an expert witness – because of professional, scientific or other special skill or knowledge – the minimum daily payment is \$210 and the maximum daily payment is \$1,050
- For a person summoned as an ordinary witness, the minimum daily payment is \$120 and the maximum daily payment is \$195.

Those amounts apply to a person who is not remunerated in their occupation by wages, salary or fees: for example, the owner/operator of a wholesaling business. In contrast, a person who is remunerated by wages, salary or fees must be paid the amount foregone because of attending as a witness.

**Item [6] – clause 1 of Schedule 4, table items 1 to 4**

This item amends table items 1 to 4 in clause 1 of Schedule 4 to the Designs Regulations to lower the cost of access to the designs system, while still recovering the cost of administering that system:

- The amounts making up the fee for filing a design application, or for identifying further designs in an already filed application, would each be reduced by \$50.
- The fees for filing a request for examination of a registered design is amended so that an extra \$80 is paid. If the registered owner of the design requests examination, the registered owner

pays the whole of the increased amount. If a third party requests examination, the third party and the registered owner would each pay an extra \$40 each.

The amounts payable under table items 1 and 2 in clause 1 of Schedule 4 to the Designs Regulations continue to depend on the number of separate designs identified by the applicant. They also continue to depend on whether the design application is filed by a preferred means (for example, through the IP Australia portal), or by a means that is approved but not preferred (for example, by postal delivery). The amount for an application filed by preferred means is less than the amount for filing by another means because applications filed by preferred means require less manual processing.

Examination of a registered design is at the option of the registered owner, or of any third party. Fewer than one in four registered designs are examined.

#### *Olympic Insignia Protection Regulations 1993*

##### **Item [7] – regulation 3 (table item 1)**

This item amends table item 1 in regulation 3 of the OIP Regulations to reduce by \$50 the amount for the Australian Olympic Committee must pay to apply to register a design of an olympic artistic work under the OIP Act. This is by analogy with the reduction in the amounts of the application fee for registering a design under the Designs Act: notes on item [6] above.

#### *Patents Regulations 1991*

##### **Items [8] and [9] – definitions of expressions; consequential amendments**

Item [8] amends subregulation 1.3(1) of the Patents Regulations to insert definitions of the expressions ‘first examination report date’ and ‘potential claim’ The expression ‘first examination report date’ is defined in relation to an application for a standard patent as meaning the day that the Commissioner of Patents (Commissioner) first reports under subsection 45 of the Act on the patent request and specification relating to the application. The expression ‘potential claim’ is defined in relation to a patent application as meaning either of the following:

- (a) unless paragraph (b) applies – a claim in the complete specification to which the patent application relates
- (b) if there are any requests made by the applicant for leave to amend the complete specification to which the specification relates that the Commissioner has neither granted nor refused—a claim that would be in the complete specification if those requests were granted (including a claim that would be in the specification regardless).

Item [9] makes consequential amendments to paragraphs 13.4(1)(a) to (c) of the Patents Regulations to substitute the expression ‘first examination report date (if applicable)’ for the expression ‘date of the first report (if any) under section 45 of the Act’. Those paragraphs govern the lapsing of applications for standard patents, reckoning several lapsing periods from that date.

##### **Items [10], [11], [13], [14], [15], [17], [20] and [22] – regulations 22.2, 22.2EB, 22.2F, 23.53 and 23.54; clause 2 of Schedule 7 (table items 203A, 213)**

These items change how the cost of examining a standard patent application with many claims is recovered from its applicant.

#### *Background*

A complete patent application consists of a patent request and a complete specification. The complete specification includes a description of the invention and the claims that define the monopoly sought to be granted for that invention.

A complete application for grant of a standard patent (standard application) can be filed directly with the Patent Office. An international application under the auspices of the Patent Cooperation Treaty (PCT) is referred to as a PCT application. A PCT application can be filed with the Patent Office or a foreign patent office – as a receiving Office under the PCT – but is only treated as a standard application if it ‘enters national phase’ in Australia: section 29A and Schedule 1 (definition of ‘PCT application’) of the Patents Act. In either case, the applicant may request examination under section 44 of the Patents Act, paying the fee prescribed in table item 204 or 205 in clause 2 of Schedule 7 to the Patents Regulations.

The Commissioner of Patents (Commissioner) examines and reports on the application under section 45 of the Patents Act and regulations 3.17B to 3.19 of the Patents Regulations. The Commissioner can do this more than once, before accepting the application under section 49 of the Patents Act. The Commissioner must accept the application – if it meets the requirements for grant of a patent in subsection 49(1) of the Patents Act and regulation 3.18 of the Patents Regulations. An application cannot be accepted without having been examined and reported on, since this is how the Commissioner forms the opinion required in subsection 49(1) of the Patents Act.

Generally, if the application is not accepted within 12 months of the date of the first report on it, then it lapses: paragraph 142(2)(e) of the Patents Act; paragraph 13.4(1)(b) of the Patents Regulations. This 12-month period is referred to as the acceptance period.

The number of claims in a complete specification is not fixed when the application is filed or enters national phase. The applicant can request leave to amend the complete specification under section 104 of the Patents Act to increase or decrease the number of claims. Before the applicant has requested examination of the application, filing a request for leave to amend a complete specification is subject to a prescribed fee: paragraph (a) of table item 222 in clause 2 of Schedule 7 to the Patents Regulations. This is unless the applicant asks the Commissioner to defer considering the request for leave to amend until the Commissioner examines the patent request and complete specification: regulation 10.6A of the Patents Regulations. Such a request ‘in anticipation of examination’ incurs no fee. So, too, the applicant does not incur any fee for filing a request for leave to amend a complete specification between requesting its examination and its acceptance (if ever). There can be multiple requests for amendment of a patent application: in anticipation of examination; between requesting examination and the first report issuing; in response to the first or subsequent reports.

Requests for leave to amend in anticipation of examination, or between requesting examination and acceptance, are not given effect immediately – even if allowable under section 102 of the Patents Act. For such requests, the Commissioner only grants leave to amend the complete specification, and allows the amendment, when the complete specification is in order for acceptance: subregulations 10.5(1) and 10.6(1) of the Patents Regulations. This may be up to 12 months after the first report, noting that an application cannot be amended when it is lapsed. Nevertheless, the Commissioner examines the specification as if each proposed amendment had already been made: subregulation 3.19(3) of the Patents Regulations.

Currently, there is a fee on acceptance of a standard application after its examination: table item 213 in clause 2 of Schedule 7 to the Patents Regulations. This is made up of a flat amount of \$250 plus an amount reckoned on the number of claims in the patent application at acceptance (excess-claims amount):

- The first 20 claims are free.
- A per-claim fee of \$125 is payable for each of the 21st to the 30th claims.
- A per-claim fee of \$250 is payable for each claim in excess of 30 claims.

The excess-claims amount for a standard application accepted with 21 or more claims is intended to recover the additional cost of examining it.

### *Excess claims at first report*

Unlike many jurisdictions around the world, in Australia there is no existing excess-claims fee charged before acceptance of a patent application. A strategy used by some applicants is to file complete specifications with many claims, or to increase the number of claims after filing. The claims are examined and a first report issues. Shortly before the end of the acceptance period, the applicant seeks leave to amend the complete specification to reduce the number of claims. This can avoid incurring some of, or even all, of the excess-claims amount in the acceptance fee. As a result, there is examination expense whose cost is not recovered. This is because the patent examiner would have spent time considering the many claims, the cost of which time is not then recovered through the acceptance fee.

To address this strategy, item [20] inserts table item 203A into clause 2 of Schedule 7 to the Patents Regulations. This imposes a new fee for excess claims at the start of the first examination report date (see notes on item [8]). The new excess-claims fee applies only if the complete specification has more than 20 potential claims, and the first examination report is an 'adverse first report' (discussed further below).

The new definition of the expression 'potential claim' (item [8] above) ensures that the amount of the new excess-claims fee reflects any requests for leave to amend the specification filed in anticipation of examination, or between requesting examination and the first examination report. Such requests for leave to amend can increase or decrease the number of claims taken to be in the specification at the time of the first examination report. It is the specification as taken to be amended that is examined and reported on, even although the request(s) for leave to amend cannot be given effect until acceptance of the patent application (discussed above).

By analogy with the existing excess-claims amount of the acceptance fee (discussed above), the amount of the new excess-claims fee is:

- \$125 for each of the 21st to the 30th potential claims
- \$250 for each potential claim in excess of 30 claims.

That is, the per-claim amounts of the new excess-claims fee would be just the same as the per-claim amounts for the existing excess-claim fee at acceptance.

The new fee is to provide applicants with an incentive to carefully consider the number of claims before their applications are examined, and to better recover the cost of examining an application with many claims.

Items [10] and [11] insert new paragraph 22.2(2)(aa) and subregulation 22.2(2A) of the Patents Regulations to govern when the new excess-claims fee is payable. New paragraph 22.2(2)(aa) provides for the general case: the new fee is payable at the start of the first examination report date. The new fee is only payable if the first examination report is an 'adverse first report': one that advises the applicant that the application cannot be accepted immediately. No excess-claims fee is payable in the special case of the application that can be accepted immediately. This is the special case of the application meeting all the existing requirements for immediate acceptance, detailed in new subregulation 22.2(2A). In the special case, the additional effort to examine a complete specification with more than 20 potential claims is recovered by the amendments to the acceptance fee (discussed below).

Item [13] inserts new regulation 22.2EB into the Patents Regulations to provide the procedure for paying the new excess-claims fee and the consequence for failing to pay it:

- The Commissioner invites the applicant to pay the fee within one month after the first examination report date. The Commissioner has that month to issue the invitation but would routinely do so immediately after issuing the adverse first report.



- If the applicant fails to pay the fee in that month, the application lapses. This means the application would not be processed further, unless it is restored.
- The application could be restored merely by paying the fee at any time in the 11 months after the application lapses. That is, the application could be restored during the acceptance period. There is no need to seek an extension of time under section 223 of the Patents Act to pay the fee in that period. The applicant would not incur any additional fee as a result. This ensures that in the rare case where the Commissioner does not issue the invitation to pay the fee promptly, the application is easily restored.

Item [14] inserts new subregulation 22.2F(2A) into the Patents Regulations to provide the consequence of the Commissioner failing to invite the applicant to pay the new fee within one month after the first examination report date. The new fee is taken to be paid on the first examination report date – avoiding the lapsing of the application. Item [15] amends subregulation 22.2F(7) to ensure that the amount of the fee is recoverable from the applicant as a debt owed to the Commonwealth. This is consistent with the existing practice under subregulation 22.2F(7). Additionally, in the unlikely case where Commissioner’s failure or delay in inviting the applicant to pay the fee disadvantaged the applicant, the Commissioner could waive the fee.

*Acceptance fee including increase to minimum and new excess-claims amount*

Item [22] substitutes table item 213 in clause 2 of Schedule 7 of the Patents Regulations to increase the minimum amount of the acceptance fee from \$250 to \$300 – payable whether or not there is an excess-claims amount payable.

An applicant might respond to the new excess-claims fee by filing a standard application with 20 or fewer claims, and seeking leave to include additional claims in the complete specification after a first adverse report. Say that these additional claims are examined and reported on in a further adverse report. The applicant might then request leave to remove them before the end of acceptance period, so reducing or avoiding liability for the existing excess-claims component of the acceptance fee. As discussed above, in the context of the excess-claims fee at first report, there would be examination effort whose cost is not recovered. In this case, the patent examiner would have spent time considering the additional claims, the cost of which time is not then recovered through the existing excess-claims component of the acceptance fee.

To address this further strategy, item [22] also replaces the existing excess-claims amount with a new excess-claims amount, which operates as follows:

- The new amount is reckoned on the maximum number of potential claims between the start of the first examination report date and the time of acceptance of the patent application.
- The new amount only forms part of the amount of the acceptance fee – if that maximum number of potential claims exceeds 20 claims.

The new definition of the expression ‘potential claim’ (item [8] above) ensures that the excess-claims amount reflects additional claims proposed in a request for leave to amend the complete specification, filed between the first examination report and acceptance of the application. These claims are examined and reported on, even though the request for leave to amend could not be granted until shortly before acceptance of the patent application (discussed above).

The amount of the new acceptance fee is calculated as follows:

- A minimum of \$300 is payable for acceptance of all standard applications.
- If the maximum number of potential claims between the first examination report date and acceptance exceeds 20 potential claims:
  - an additional per-claim fee of \$125 is payable for each of the 21st to the 30th potential claims

- an additional per-claim fee of \$250 is payable for each potential claim in excess of 30 claims
- the acceptance fee is reduced by any amount paid for the new excess-claims fee at first report, but to no less than \$300.

An example follows, showing how the new excess-claims fee and acceptance fee is reckoned:

At filing of a standard application, the complete specification contains 100 claims. In anticipation of examination, the applicant asks for leave to amend the specification to reduce the number of claims to 40 claims. The Commissioner examines and reports on the specification as if it only contains the 40 potential claims, finding that 5 claims are invalid. An excess-claims fee of \$3,750 is payable at the first examination report date on the 40 potential claims ( $20 \times \$0 + 10 \times \$125 + 10 \times \$250 = \$3,750$ ).

The applicant responds to the first adverse report by asking for leave to amend the specification to remove 10 claims – including the 5 invalid claims – and to add 20 new claims. The Commissioner examines the 20 new claims, finds that they are valid, and accepts the application. The maximum number of potential claims between the first examination report date and acceptance is 50 claims: the 40 potential claims at first examination report date, less the 10 claims that are removed plus the 20 new claims that are added. The acceptance fee payable is \$2,800: made up of the \$300 minimum, plus the excess-claims amount of \$6,250 based on the 50 potential claims ( $20 \times \$0 + 10 \times \$125 + 20 \times \$250 = \$6,250$ ), less the \$3,750 paid for the excess-claims fee at first report. In effect, the applicant is paying the \$300 minimum plus an extra \$250 for each of the net 10 potential claims added after the first examination report.

#### *Application of amendments*

Item [17] inserts new Part 8 into Chapter 23 of the Patents Regulations for the application of several amendments the Regulations makes to the Patents Regulations.

New regulation 23.53 specifies that the new excess-claims fee at first report applies to a patent application if both of the following apply:

- the applicant asks for its examination under section 44 of the Patents Act on or after the commencement of the Regulations
- the first examination report date is after the request for examination (which would always be the case).

This is so whether the patent application is made before, on or after that commencement. In particular, the new fee applies to a standard patent application made before commencement only if the applicant requests its examination on or after commencement. The applicant may request examination at any time after filing the application, but must do so within 5 years of its filing date.

New regulation 23.54 specifies what acceptance fee applies to standard applications after commencement of the Regulations.

New subregulation 23.54(1) applies the new acceptance fee to a standard patent application only if the applicant requests its examination under section 44 of the Patents Act on or after commencement. Again, this is so whether the patent application was made before, on or after that commencement. In particular, the proposed new acceptance fee applies to a standard patent application made before commencement only if the applicant requests its examination on or after commencement.

New subregulation 23.54(2) governs the transitional case of a standard patent application whose examination is requested before commencement, but which is accepted after commencement. In the transitional case, the existing acceptance fee applies but with its minimum increased from \$250 to \$300. This increase in the minimum is part of the increases to fees to recover the increased cost of administering the patent system. In contrast, the existing excess-claims component – reckoned on the number of claims in the complete specification at acceptance – continues to apply. To make this clear,

existing item 213 in clause 2 of Schedule 7 is restated in new subregulation 23.54(2) with the increased minimum.

New regulation 23.55 is discussed below in the notes on items [25] to [28].

#### **Items [12], [16] and [24]– clause 3 of Schedule 7 (table item 301); consequential amendments**

Item [24] repeals table item 301 in clause 3 of Schedule 7 to the Patents Regulations (item 301). The fee is for transmitting copies of PCT applications filed with the Patent Office to the International Bureau of the World Intellectual Property Organization. With modern methods of electronic transmission, it is no longer efficient to impose this fee.

Items [12] and [16] make consequential amendments to subparagraph 22.2(4)(a)(ii) and subsection 22.3(2) of the Patents Regulations to remove reference to item 301. Those provisions govern the payment of fees for international applications.

#### **Item [18] – clause 1 of Schedule 7**

This item amends table items 105 to 107 and 109 to 111 in clause 1 of Schedule 7 to the Patents Regulations to better recover the costs associated with the administration of the registered patent and trade marks attorneys regimes. This is to be done by increasing by \$50 the amounts for:

- annual registration as a registered patent attorney (table item 105)
- annual combined registration as a patent attorney and trade marks attorney (table item 106)
- an individual applying to be restored to the Register of Patent Attorneys as a registered patent attorney (table item 107)
- annual registration as an incorporated patent attorney (table item 109)
- annual combined registration as an incorporated patent attorney and incorporated trade marks attorney (table item 110)
- a company applying to be restored to the Register of Patent Attorneys as an incorporated patent attorney (table item 111).

#### **Items [19], [21] and [23] – clause 2 of Schedule 7**

These items amend table items 201 to 209, 211, 214, 214A, 216, 223, 230, 231, 231A, 236, 236A and 238 in clause 2 of Schedule 7 to the Patents Regulations to lower the cost of access to the patent system via provisional patent applications, while still recovering the increased cost of administering that system:

- The amount of the fee for filing a provisional patent application is reduced by \$10 (table item 201).
- The amount of the fee for filing an innovation patent application is increased by \$20 (table item 202).
- The amount of the fee for filing a standard patent application is increased by \$30 (table item 203).
- The amounts of the fees for filing a request for examination of a standard patent application is increased by \$50 (table item 204) or by \$60 (table item 205). The fee in table item 204 is payable if the Patent Office had conducted international preliminary examination of the application. The fee in table item 205 is payable in all other cases.
- The amounts of the fees for searching patent applications are each increased by \$150:
  - search of a standard patent application during its examination (table item 206)
  - an optional international-type search of a provisional patent application (table item 236)

- preliminary search and opinion on a standard patent application (table item 236A).
- The amounts of the fees for filing a request for examination of an innovation patent application are increased so that an extra \$50 is paid (table items 207 and 208). If the patentee files the request, the patentee pays the whole of the increased amount. If a third party files the request, the third party and the patentee pay an additional \$25 each. This is analogous to the fees for requesting examination of a registered design, discussed in the notes on item [6] above.
- The amount of the fee for requesting the Commissioner to direct an applicant for a standard patent to request its examination is increased by \$50 (table item 209).
- The amounts of the annual continuation or renewal fees for the sixth to the 19th anniversaries of the date of the patent are increased by amounts ranging from \$10 for the sixth anniversary up to \$165 for the 18th and 19th anniversaries (table item 211). This is to maintain continuation or renewal fees as lower in the early years of obtaining patent protection, but increasing as the value of the invention becomes clearer.
- The amount of the fee for filing an application or request under section 17, 32 or 36, or subsection 191A(2) of the Act, is increased from \$600 to \$1,200 (table item 214). These applications or requests are for the Commissioner to:
  - give directions to co-owners (section 17)
  - determine how an application is to proceed, if there is a dispute between joint applicants (section 32)
  - declare who is an eligible person in relation to an invention (section 36)
  - declare a person’s entitlement to a patent or a share in a patent, as a preliminary to rectifying the Register of Patents (section 191A).
- The amount of the fee for entry into national phase of PCT application is increased by \$30 (table item 214A).
- The amount of the fee for filing a notice of opposition under regulations 5.4, 5.6 or 5.10 is increased from \$600 to \$1,200 (table item 216). The fee is for oppositions to:
  - grant of a standard patent, under section 59 of the Patents Act
  - extension of term of a standard patent, under 75 of the Patents Act
  - an innovation patent under section 101M of the Patents Act
  - a request for leave to amend a filed document under subsection 104(4) of the Patents Act
  - an application for an extension of time under subsection 223(6) of the Patents Act
  - grant of a licence under subregulation 22.21(4) of the Patents Regulations.
- The amount of the fee for filing a request for leave to convert an innovation patent application into a standard patent application is increased by \$30 (table item 223).
- The amount of the fee for filing a request for a hearing is increased from \$600 to \$1,200 (table item 230).
- The amount of the fee for appearing and being heard at the first day and any subsequent days of an oral hearing is increased from \$1,000 to \$2,000 a day (table item 231). The amount payable for the first day continues to be reduced by any amount a party pays for requesting the hearing (table item 230).
- The amount of the fee for being heard by written submissions alone is increased from \$600 to \$1,200 (table item 231A). The amount payable continues to be reduced by the amount (if any) a party pays for requesting the hearing (table item 230).

- The amount of the fee for filing an application for an extension of term of a standard patent is increased from \$2,000 to \$2,500 (item 238).

The amount payable for filing a patent application (table items 201 to 203) continues to depend on whether it is filed by a preferred means (for example, through the IP Australia portal), or by a means that is approved but not preferred (for example, by postal delivery).

The amount payable for the annual continuation or renewal fee (table item 211) continues to depend on whether the fee is paid by preferred means (for example, by credit card through the IP Australia portal) or by a means that is approved but not preferred (for example, by cash, cheque or money order). As entry into national phase of a PCT application only requires payment of the fee in table item 214A in most cases, so too the amount payable continues to depend on whether it is paid by preferred means or other approved means.

The amounts of the fees for commencing and hearing proceedings before the Commissioner – table items 214, 216, 230, 231 and 231A – have not been increased since 2012. So, they are doubled to reflect the actual increase in the cost of hearing and determining proceedings since 2012, and the expected increase in that cost up to 2028: when the amounts might next be changed.

#### **Items [25] to [28] – regulation 23.55, Schedule 8**

These items amend Schedule 8 to the Patents Regulations to increase the amounts of costs, expenses and allowances that may be awarded to a successful party in a proceeding before the Commissioner.

Item [25] amends the amounts of the scale of costs in the table in Part 1 of Schedule 8 to the Patents Regulation as set out in Table 2.

**Table 2 Scale of costs for patents proceedings**

<b>Table item</b>	<b>Matter</b>	<b>Existing amount</b>	<b>New amount</b>
1	Notice of opposition	\$200	\$400
2	Statement of grounds and particulars	\$750	\$1,500
3	Receiving and perusing statement of grounds and particulars	\$500	\$1,000
4	Evidence in support	\$1,500	\$3,000
5	Receiving and perusing notice of opposition	\$200	\$400
6	Receiving and perusing evidence in support	\$750	\$1,500
7	Evidence in answer	\$1,500	\$3,000
8	Receiving and perusing evidence in answer	\$750	\$1,500
9	Evidence in reply	\$750	\$1,500
10	Receiving and perusing evidence in reply	\$350	\$700
11	Preparation of case for hearing	\$1,000	\$2,000
12	Attendance at hearing by a registered patent attorney or solicitor without counsel	\$260 an hour, but not more than \$1,170 a day	\$390 an hour, but not more than \$1,755 a day

Table item	Matter	Existing amount	New amount
13	Attendance at hearing by a registered patent attorney or solicitor instructing counsel	\$200 an hour, but not more than \$900 a day	\$300 an hour, but not more than \$1,350 a day
14	Counsel fees for attendance at hearing	\$300 an hour, but not more than \$1,350 a day	\$450 an hour, but not more than \$2,025 a day

The increases take into account the fact that the scale of costs has not been updated since 2007. In light of increases in prices since 2007, the amounts in the scale no longer suffice to compensate a successful party or to discourage a party with a weaker case from having it heard unnecessarily. The next review of the scales of costs, expenses and allowances would be no earlier than in 2027-28.

Item [26] amends paragraph 2(b) of Part 2 of Schedule 8 to the Patents Regulations to increase the daily maximum for allowances for meals and accommodation to \$1,050. A person is entitled to be paid a reasonable amount up to that daily maximum – if required to be absent overnight from their usual place of residence to attend proceedings before the Commissioner or the Trans-Tasman IP Attorneys Disciplinary Tribunal (Disciplinary Tribunal).

Items [27] and [28] amend paragraphs 3(b) and 4(b) of Part 2 of Schedule 8 to the Patents Regulations to increase the minimum and maximum amounts for daily payment to a person summoned to appear before the Commissioner or the Disciplinary Tribunal as a witness:

- For a person summoned as an expert witness – because of professional, scientific or other special skill or knowledge – the minimum daily payment is \$210 and the maximum daily payment is \$1,050 (paragraph 3(b)).
- For a person summoned as an ordinary witness, the minimum daily payment is \$120 and the maximum daily payment is \$195 (paragraph 4(b)).

Those amounts apply to a person who is not remunerated in their occupation by wages, salary or fees: for example, the owner/operator of a wholesaling business. In contrast, a person who is remunerated by wages, salary or fees must be paid the amount foregone because of attending as a witness.

#### *Application of amendments*

As discussed above, item [17] inserts new Part 8 into Chapter 23 of the Patents Regulations for the application of several amendments the Regulations makes to the Patents Regulations.

New regulation 23.55 has the effect that the amendments to Schedule 8 to the Patents Regulations apply to costs, expenses and allowances in respect of proceedings that begin on or after the commencement of the Regulations. That is, the existing scales of costs, expenses and allowances continue to apply to a proceeding before the Commissioner that is begun before commencement, even if steps in that proceeding are taken after commencement. This is to ensure that the parties in such a transitional proceeding do not need to reconsider the relative benefit and risk of continuing with it. So too the existing scales of expenses and allowances payable in a proceeding before the Disciplinary Tribunal continue to apply to such a proceeding begun before commencement of the Regulations, even if steps in the proceeding are taken after commencement.

## *Plant Breeder's Rights Regulations 1994*

### **Item [29] – clause 1 of Schedule 1**

This item amends table items 1A, 1B, 4, 6, 9, 10, 15 in clause 1 of Schedule 1 to the PBR Regulations to recover the cost of administering the PBR system.

- The amounts of the fees for designation of an approved person and for renewing designation would both be increased by \$110 (table items 1A and 1B). Designation as an approved person permits the person to verify details in applications for PBR and to supervise test growing of specific varieties.
- The amount of the fee for lodging an application for PBR is increased by \$55 (table item 4).
- The amount of the fee payable on lodging the detailed description of the plant variety – commonly referred to as the ‘examination fee’ – is increased (table item 6). The amount payable would depend on how the plant variety is tested to check that it is distinct, uniform and stable:
  - The amount payable would increase from \$920 to \$1,400 for a plant variety tested at a centralised-testing centre (CTC) in Australia.
  - The amount payable would increase from \$1,380 to \$1,600, for a plant variety that is tested with another plant variety at the same time and site in Australia (outside a CTC).
  - The amount payable would increase from \$1,610 to \$2,000 for a plant variety tested in Australia otherwise, or which had a test-growing overseas.
- The amount of the fee for lodging an application for a declaration of essential derivation is increased by \$50 (table item 9).
- The amount of the fee for grant of a plant variety is increased by \$155 (table item 10).
- The amount of the annual maintenance fee for PBR is increased by \$200 (table item 15)
  - The amount payable by preferred means (that is, by credit card through the IP Australia portal) would increase from \$200 to \$400.
  - The amount payable by an approved but not preferred means (for example, by cash, cheque or money order) would increase from \$450 to \$650.

## *Trade Marks Regulations 1995*

### **Item [31] – new Division 7 of Part 22, subregulation 22.30(1)**

This item inserts new Division 7 into Part 22 of the Trade Marks Regulations for the application of several amendments that the Regulations make to the Trade Marks Regulations.

New subregulation 22.30(1) has the effect that the amendments of Schedule 8 to the Trade Marks Regulations apply to costs, expenses and allowances in respect of proceedings before the Registrar of Trade Marks (Registrar) that begin on or after the commencement of the Regulations. That is, the existing scales of costs, expenses and allowances continue to apply to a proceeding begun before commencement, even if steps in those proceedings are taken after commencement. This is to ensure that the parties in such a transitional proceeding do not need to reconsider the relative benefit and risk of continuing with it.

New subregulation 22.30(2) is discussed below.

## Items [32], [35], [36] and [37] – Schedule 8; increases to amounts

These items amend Schedule 8 to the Trade Marks Regulations to increase the amounts of costs, expenses and allowances that may be awarded to a successful party in a proceeding before the Registrar. This is a proceeding between 2 or more parties with differing interests in the outcome. For example, in an opposition to registration of a trade marks, under section 52 of the Trade Marks Act, the parties are the applicant for registration and the opponent to registration.

Item [32] amends the amounts of the scale of costs in the table in Part 1 of Schedule 8 to the Trade Marks Regulations as set out in Table 3.

**Table 3 Scale of costs for trade marks proceedings**

<b>Table item</b>	<b>Matter</b>	<b>Existing amount</b>	<b>New amount</b>
1	Notice of intention to oppose	\$200	\$350
2	Statement of grounds and particulars	\$200	\$750
3	Receiving and perusing statement of grounds and particulars	\$130	\$500
4	Notice of intention to defend	\$200	\$350
5	Notice of opposition filed under subregulation 6.6(1), 8.4(1) or 21.20B(1)	\$200	\$750
6	Receiving and perusing a notice of opposition filed under subregulation 6.6(1), 8.4(1) or 21.20B(1)	\$130	\$500
7	Evidence in support	\$700	\$2,000
8	Receiving and perusing evidence in support	\$300	\$1,000
9	Evidence in answer	\$700	\$2,000
10	Receiving and perusing evidence in answer	\$210	\$1,000
11	Evidence in reply	\$350	\$1,000
12	Receiving and perusing evidence in reply	\$130	\$500
13	Preparation of case for hearing	\$525	\$1,500
14	Attendance at hearing by registered patent attorney, registered trade marks attorney or solicitor without counsel	\$260 an hour, but not more than \$1,170 a day	\$390 an hour, but not more than \$1,755 a day
15	Attendance at hearing by registered patent attorney, registered trade marks attorney or solicitor instructing counsel	\$200 an hour, but not more than \$900 a day	\$300 an hour, but not more than \$1,350 a day
16	Counsel fees for attendance at hearing	\$300 an hour, but not more than \$1,350 a day	\$450 an hour, but not more than \$2,025 a day

The increases take into account the fact that the scale of costs has not been updated since 2007. In light of increases in prices since 2007, the amounts in the scale no longer suffice to compensate a



successful party or to discourage a party with a weaker case from having it heard unnecessarily. The next review of the scales of costs, expenses and allowances would be no earlier than in 2027-28.

Item [35] amends paragraph 2(b) of Part 2 of Schedule 8 to the Trade Marks Regulations to increase the daily maximum for allowances for meals and accommodation to \$1,050. A person is entitled to be paid a reasonable amount up to that daily maximum – if required to be absent overnight from their usual place of residence to attend proceedings before the Registrar.

Items [36] and [37] amend paragraphs 3(b) and 4(b) of Part 2 of Schedule 8 to the Trade Marks Regulations to increase the minimum and maximum amounts for daily payment to a person summoned to appear before the Registrar as a witness:

- For a person summoned as an expert witness – because of professional, scientific or other special skill or knowledge – the minimum daily payment is \$210 and the maximum daily payment is \$1,050 (paragraph 3(b))
- For a person summoned as an ordinary witness, the minimum daily payment is \$120 and the maximum daily payment is \$195 (paragraph 4(b)).

Those amounts apply to a person who is not remunerated in their occupation by wages, salary or fees: for example, the owner/operator of a wholesaling business. In contrast, a person who is remunerated by wages, salary or fees must be paid the amount foregone because of attending as a witness.

The proposed increases in costs, expenses and allowances apply in respect of proceedings before the Registrar that begin on or after the commencement of the Regulations. See new subregulation 22.30(1), discussed in the notes on item [31] above.

#### **Items [33] and [34] – Schedule 8; limitation on recovery of SGP fees**

Under existing clause 1 of Part 2 of Schedule 8 to the Trade Marks Regulations, the prescribed fees paid by the successful party in relation to an opposition proceedings can be recovered from the unsuccessful party. With the proposed introduction of prescribed fees for filing or requesting amendment of a statement of grounds and particulars (SGP) – item [39] below – a successful opponent to registration or extension of protection could recover the amount of those fees from the unsuccessful trade mark applicant or holder of the international registration designating Australia (holder).

An opponent might threaten a trade mark applicant or holder with the prospect of repaying the opponent's substantial expenses for filing or amending an SGP if the opponent succeeds in the opposition. This threat might be used to attempt to persuade the applicant to withdraw or amend the trade mark application, or to persuade the holder to reduce the protection sought in Australia.

Items [33] and [34] would limit a successful opponent's recovery of all fees paid for filing or requesting amendment of the SGP to a total of \$500. By way of example, the opponent could recover the amounts of the fees paid for an SGP with up to 5 grounds and up to 10 trade marks listed as the basis of the section 44 or regulation 4.15A grounds (or the applied section 44 ground). Or the opponent could recover the amounts of the fees paid for an SGP with up to 3 grounds and up to 12 trade marks listed as the basis of the section 44 or regulation 4.15A grounds (or the applied section 44 ground).

As the new fees for filing or requesting amendment of an SGP are to apply only to oppositions begun after commencement of the Regulations, so too the limitation on recovery of those fees only applies to such oppositions. See new subregulation 22.30(1), discussed in the notes on item [31] above, and new regulation 22.30(2) discussed below.

**Items [30], [31], [38], [39] and [45] – clause 1 of Schedule 9, table items 7A, 7B, subclauses (2) and (3); subregulation 22.30(2)**

Items [38] and [45] place the table of fees in clause 1 of Schedule 9 to the Trade Marks Regulations into new subclause (1) and insert proposed new subclauses (2) and (3) into clause 1. The effect of the proposed new subclauses is discussed below.

Item [30] makes a consequential amendment to paragraph 3A.5(1)(b) of the Trade Marks Regulations, so that a reference to clause 1 of Schedule 9 refers to subclause 1(1) of that Schedule instead.

Item [39] imposes new fees on the filing or amending an SGP in an opposition to:

- registration of a trade mark; or
- extension of protection to a trade mark that is the subject of an IRDA.

*Filing SGPs*

There are 2 stages to commencing those opposition proceedings:

- filing the notice of intention to oppose – regulations 5.6 or 17A.33 of the Trade Marks Regulations
- filing the SGP – regulation 5.7 or 17A.34A of the Trade Marks Regulations.

The SGP sets out the grounds of opposition and the material facts which particularise each of those grounds. The Registrar of Trade Marks (Registrar) assesses the adequacy of the SGP. The Registrar can direct the opponent to rectify any inadequacy, can delete inadequate material, or even dismiss the opposition: regulations 5.8, 17A.34B of the Trade Marks Regulations.

Some opponents nominate and particularise every ground of opposition, only for it to become clear later that the opponent never intended to rely on some nominated grounds. Some opponents particularise the section 44, the regulation 4.15A or applied section 44 ground – that the opposed trade mark is substantially identical with, or deceptively similar to a registered or protected trade mark – by listing many registered or protected trade marks. In some oppositions, this extensive listing in the SGP is unnecessary: the opposed trade mark can be refused registration or extension of protection because of a few very-similar marks listed in the SGP. The other listed trade marks may be too different to the opposed trade mark, or have goods or services that are too different, to be relevant to the proceedings.

This practice imposes substantial work on the Registrar in reviewing the adequacy of the SGP. Even if the SGP is found to be adequate, or is made adequate, it may still put the applicant or holder to unnecessary cost: in preparing to defend the trade mark on grounds that the opponent will not rely on.

New table item 7A in clause 1 of Schedule 9 to the Trade Marks Regulations imposes a new fee for filing an SGP in an opposition to registration or extension of protection. The new fee consists of the sum of the following amounts:

- \$250 for each ground covered by new subclause (2) set out in the SGP after the third such ground
- \$250 for each trade mark covered by proposed new subclause (3) in relation to the SGP after the tenth such trade mark.

New subclause 1(2) of Schedule 9 to the Trade Marks Regulations provides that the grounds listed in the SGP are counted in reckoning the amount of the proposed new fee. This is subject to 2 exceptions:

- The section 58A ground – opponent’s earlier use of a similar trade mark – is not reckoned in the count of grounds. The section 58A ground is a corollary of the section 44, regulation 4.15A or applied section 44 grounds. As such, the opponent is expected to only nominate the

section 58A ground – if the opponent also nominates one of the section 44, regulation 4.15A or applied section 44 grounds.

- The regulation 4.15A ground is not reckoned in the count of grounds – if the section 44 ground is also set out in the SGP. Those grounds are complementary and should be counted as a single ground for reckoning the amount of the new fee. Note that an opposition to extension of protection nominates the applied section 44 ground in respect of both registered and protected marks: it is not necessary to nominate the regulation 4.15A ground.

New subclause (3) has the following effect on reckoning the amount of the new fee:

- A trade mark that the SGP claims as the basis of the section 44 ground, the regulation 4.15A ground or the applied section 44 ground is to be counted once in reckoning the proposed new fee. This is to be so even if the trade mark is also listed as supporting another ground: for example, the ground in section 60 of the Trade Marks Act (section 60 ground) – the opposed trade mark is similar to another trade mark that has acquired a reputation in Australia section 60 ground.
- A trade mark that the SGP does not claim as the basis of the section 44 ground, the regulation 4.15A ground or the applied section 44 ground is not counted in reckoning the new fee. For example, a trade mark that is only listed as the basis for the section 60 ground is not counted.
- Trade marks listed as the basis for the section 44 or the regulation 4.15A grounds are counted together for the purpose of reckoning the new fee.

An example follows, showing how the new fee for filing an SGP is reckoned:

An SGP is filed nominating 5 grounds including the section 58A ground and the section 44 and the regulation 4.15A grounds. The section 58A ground would not be counted in any event. The regulation 4.15A ground would not be counted, because the section 44 ground is also nominated. Only 3 grounds is counted for reckoning the fee. As result, no amount is due in respect of the grounds nominated in the SGP.

The SGP lists 5 registered trade marks as the basis for the section 44 ground and 6 protected international trade marks as the basis for the regulation 4.15A ground. The trade marks are counted together as 11 claimed similar or identical trade marks for reckoning the fee. As the count of marks exceeds the 10-trade mark threshold by one mark, an amount of \$250 is due for filing the SGP.

### *Requesting amendment of SGPs*

An opponent to registration or extension of protection might attempt to avoid part or all of the new fee for filing the SGP by requesting amendment of the SGP after its filing to add new grounds or list new trade marks.

Currently, there are restrictions on amending an SGP. These are to ensure that the requirement to nominate and particularise grounds of opposition cannot be avoided by amendment after filing of the SGP. Nevertheless, grounds can be amended or added – if the Registrar is satisfied that they relate to information that the opponent could not have been reasonably aware of at the time of filing the SGP. In contrast, the Registrar has a broad discretion to amend the facts and circumstances forming the basis for the grounds. These include the trade marks listed as the basis for the section 44 or regulation 4.15A grounds of opposition.

New table item 7B in clause 1 of Schedule 9 to the Trade Marks Regulations imposes a new fee on requesting amendment of a filed SGP under regulation 5.12 or 17A.34G of the Trade Marks Regulations. The fee is calculated as follows:

- An amount of \$250 is payable for each relevant ground that is set out in the SGP if the amendment were made – after the third such ground
- An amount of \$250 is payable for each trade mark that is a claimed similar or identical trade mark in relation to the SGP if the amendment were made – after the tenth such trade mark.

- The sum of the amounts is reduced by any amounts previously paid for filing or requesting amendment of the SGP.

An example follows, showing how the new fee for requesting amendment of an SGP is reckoned:

As in the example above, an SGP is filed nominating 5 grounds including the section 44 ground, the section 58A ground and the regulation 4.15A ground. The SGP lists 5 registered trade marks as the basis for the section 44 ground and 6 protected international trade marks as the basis for the regulation 4.15A ground. A fee of \$250 is payable for filing the SGP, and this is paid at filing.

The opponent requests amendment to nominate a further 2 grounds and to list a further 5 registered trade marks as the basis for the section 44 ground. If the amendment were made, the SGP would nominate 7 grounds. It would list 10 registered trade marks as the basis for the section 44 ground and 6 protected international trade marks as the basis for the regulation 4.15A ground.

Applying the same process as in the example above, 5 grounds and 16 claimed similar or identical trade marks is counted for reckoning the fee for requesting the amendment. The fee for requesting the amendment of the SGP is \$1,750: made up of \$500 for the 2 grounds after the third, plus \$1500 for the 6 trade marks after the tenth, less the \$250 paid at filing the SGP. In effect, the applicant is paying an extra \$250 for each of the 2 additional grounds and 5 additional trade marks.

### *Application of amendments*

As discussed above, item [31] inserts new Division 7 into Part 22 of the Trade Marks Regulations for the application of several amendments that the Regulations makes to the Trade Marks Regulations.

New subregulation 22.30(2) provides that the new fees for filing or requesting amendment of an SGP apply to an SGP filed in an opposition – if the notice of intention to oppose is filed under regulation 5.6 or 17A.33 on or after commencement of the Regulations. That is, there is no fee for filing an SGP or requesting its amendment, if the notice of intention to oppose was filed before commencement.

### **Item [40] – clause 1 of Schedule 9 (table item 9C)**

This item imposes a new fee for the late filing of evidence in the following opposition proceedings under the trade marks legislation:

- opposition to registration of a trade mark
- opposition to extension of protection to a trade mark that is the subject of an IRDA
- opposition to removal of a trade mark from the Register for non-use
- opposition to cessation of protection of a protected international trade mark for non-use.

The Trade Marks Regulations provides a structured process for these oppositions, including specified 2-month or 3-month periods for filing evidence. The Registrar may extend any of the periods for filing evidence, but extensions are not generally available: owing to the stringent requirements for their grant.

Some parties to oppositions file evidence outside the relevant period for doing so, or outside that period as extended. The Registrar is able to consider that evidence, because the Registrar may be informed on any matter that is before the Registrar in a way that the Registrar reasonably believes to be appropriate. Nevertheless, the Registrar does not routinely consider late evidence as part of the evidence for determining the opposition. The Registrar requires the party filing the evidence to make a compelling case in favour of it being considered.

The Registrar advises the other party that the late evidence has been filed. Generally, no decision is made on the late evidence until the evidence stage of the opposition has ended, and one or both parties have asked to be heard. Then the Registrar considers whether there is a compelling case for the late evidence to be part of the evidence for determining the opposition:

- If the Registrar is not satisfied that there is a compelling case, both parties will be advised that the matter will proceed to hearing on any evidence filed in time. That is, the late evidence will not be considered as part of the evidence for determining the opposition.
- If the Registrar is satisfied there is a compelling case, the other party will be given an opportunity to make representations in the matter, before the Registrar decides whether the late evidence is part of the evidence for determining the opposition.

This preliminary consideration by the Registrar increases the effort and time of opposition proceedings. If the other party is given an opportunity to make representations in the matter, this adds to what the other party must do in the proceedings. If a substantial volume of late evidence filed late in the proceedings is to be part of the evidence for determining the opposition, the other party must be given time to consider how it affects their case. This can delay the determination of the proceedings.

Item [40] inserts new table item 9C into clause 1 of Schedule 9 to the Trade Marks Regulations to impose a new fee of \$500 for filing a document (or documents) that is (or are) purported to be evidence outside the relevant evidence period prescribed in regulations 5.14, 9.16, 17A.34J or 17A.48R, or that period as extended under regulations 5.15, 9.18, 17A.34K or 17A.48T (if applicable). The amount of the new fee is intended to recover the cost of the preliminary consideration of late evidence, as well as providing further incentive for filing evidence in time.

The Registrar requires that evidence other than oral testimony be filed in documentary form. The expression 'document' is defined in section 2B of the *Acts Interpretation Act 1901* as any record of information, including

- anything on which there is writing
- anything on which there are marks, figures, symbols or perforations having a meaning for persons qualified to interpret them
- anything from which sounds, images or writings can be reproduced with or without the aid of anything else
- a map, plan, drawing or photograph.

The new fee is intended to apply to evidence in proceedings, not a procedural document such as notice of intention to defend an opposition. Nor is the new fee intended to apply to submissions in the proceeding. The Registrar requires evidence in proceedings to be in the form of a declaration under regulation 21.6 of the Trade Marks Regulations, which can include photographs or video recordings of articles bearing the trade mark.

#### **Item [41] – Clause 1 of Schedule 9 (table items 13 and 13A)**

This item amends existing table items 13 and 13A in Clause 1 of Schedule 9 to the Trade Marks Regulations to increase by \$100 the amounts of the fees for filing non-use applications:

- for removal of a trade mark from the Register of Trade Marks for non-use
- for cessation of protection of a protected international trade mark for non-use.

#### **Items [42] and [43] – Clause 1 of Schedule 9, table items 14 and 15**

These items would repeal existing table item 14, and substitute table 15 item, both in clause 1 of Schedule 9 to the Trade Marks Regulations, to simplify the fees for hearings by the Registrar.

Several provisions in the trade marks legislation require the Registrar to give persons the opportunity to be heard. A hearing can be inter partes: between the parties to opposition proceedings. A hearing can be ex parte: hearing a person affected by a decision of the Registrar (for example, an applicant for registration of a trade mark whose application the Registrar proposes to reject).

Existing table item 14 prescribes a fee of \$400 for requesting a hearing. If a party pays this fee, it reduces the amount of the fee the party must pay for the first day of the hearing. To simplify the hearing fees, the fee for requesting a hearing is repealed.

A person may be heard:

- orally, in person
- orally, not in person – that is, by videoconference or teleconference
- by filing written submissions.

Currently, different amounts are payable for oral hearings in person and oral hearings not in person. The current hearing fee for oral hearings in person is set at \$800 a day; for oral hearings not in person the amount is set at \$600 a day. Almost all oral hearings are now conducted by videoconference or teleconference: that is, not in person. Hearings in person are now only offered in exceptional circumstances: for example, a person wanting to attend the hearing is unable to use the internet or telephone because of a disability. As a result, it is no longer efficient for different amounts to be payable for oral hearings in person or not in person. The amount of \$700 a day is prescribed for all oral hearings: a \$100 a day increase for almost all oral hearings; a decrease of \$100 a day for any oral hearings in person. The fee for being heard by means of written submissions only would also be increased by \$100.

Table 4 explains the changes to the structure and amounts of the hearing fees.

**Table 4** Changes to trade marks hearing fees

<b>Matter</b>	<b>Existing</b>	<b>New</b>
Requesting a hearing	\$400	<i>repealed</i>
Oral hearing in person		
First day	\$800, less any fee paid for requesting the hearing	\$700
Subsequent day	\$800	\$700
Oral hearing not in person (for example, by videoconference or teleconference)		
First day	\$600, less any fee paid for requesting the hearing	\$700
Subsequent day	\$600	\$700
Hearing by written submissions only	\$400	\$500

**Item [44] – clause 1 of Schedule 9, table items 29 to 31 and 37 to 39**

This item amends table items 29 to 31 and 37 to 39 in Clause 1 of Schedule 9 to the Trade Marks Regulations to better recover the costs associated with the administration of the registered patent and trade marks attorney regimes. This is proposed to be done by increasing by \$50 the amounts for:

- annual registration as a registered trade marks attorney (table item 29)
- annual combined registration as a trade marks attorney and patent attorney (table item 30)
- an individual applying to be restored to the Register of Trade Marks Attorneys as a registered trade marks attorney (table item 31)

- annual registration as an incorporated trade marks attorney (table item 37)
- annual combined registration as an incorporated trade marks attorney and an incorporated patent attorney (table item 38)
- a company applying to be restored to the Register of Trade Marks Attorneys as an incorporated trade marks attorney (table item 111).

## **Statement of Compatibility with Human Rights**

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

### ***Intellectual Property Legislation Amendment (Fee Amounts and Other Measures) Regulations 2024***

This disallowable 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 Legislation Amendment (Fee Amounts and Other Measures) Regulations 2024* amends the *Designs Regulations 2004*, the *Olympic Insignia Protection Regulations 1993*, the *Patents Regulations 1991*, the *Plant Breeder's Rights Regulations 1994*, and the *Trade Marks Regulations 1995* (collectively 'the Principal Regulations') to improve the operation of the intellectual property rights system administered by IP Australia.

The legislative instrument amends the amount and structure of the fees prescribed in the Principal Regulations to update the fees IP Australia charges for its services. The amendments arise from a fee review conducted by IP Australia to develop IP Australia's Cost Recovery Implementation Statement 2023-2024. The review was conducted in compliance with the Australian Government Cost Recovery Guidelines and has been published on IP Australia's website. The prescribed fees were last updated in 2020.

The legislative instrument also increases the amounts in the scales of costs, expenses and allowances that can be awarded against a party in a proceeding before the Registrar of Designs, the Commissioner of Patents or the Registrar of Trade Marks. These proceedings are conducted between 2 or more parties with differing interests in the outcome of the proceedings. For example, in an opposition to grant of a patent, under Chapter 5 of the *Patents Act 1990*, the parties are the applicant(s) for grant and the opponent(s) to grant. The award of costs, expenses and allowances provides a means for a successful party in the proceeding to recover some of the expense of the proceeding from an unsuccessful party. This cost-shifting rule also discourages a party with a weaker argument from having it heard unnecessarily. The scales of costs, expenses and allowances were last updated in 2007.

None of the amendments make any changes to the substantive law governing the protection of intellectual property rights.

#### **Human rights implications**

This disallowable legislative instrument does not engage any of the applicable rights or freedoms.

#### **Conclusion**

This disallowable legislative instrument is compatible with human rights as it does not raise any human rights issues.

**The Hon Ed Husic MP, Minister for Industry and Science**





Australian Government  
Industry, Science and Resources portfolio  
IP Australia

# COST RECOVERY IMPLEMENTATION STATEMENT

## IP Australia

### **Patents, Trade Marks, Designs, Plant Breeder's Rights, Trans-Tasman IP Attorney System**

**2024-25**

Charging for regulatory activity involves government entities charging individuals or organisations in the non-government sector some or all the minimum efficient costs of a specific government activity. The Cost Recovery Policy along with the Australian Government Charging Framework (the Charging Framework) sets out the policy under which government entities design, implement and review charging for regulatory activities. The CRIS is the public document to ensure the transparency and accountability for the level of the charging and to demonstrate that the purpose for charging, as decided by government, is being achieved.

# 1. INTRODUCTION

## 1.1. Purpose of the CRIS

This CRIS provides information on how IP Australia implements cost recovery charging for the administration of patent, trade mark, industrial design, and plant breeder's rights (PBR) legislation, as well as the administration of the Trans-Tasman IP Attorneys system. It reports actual financial and non-financial performance information for the 5 cost recovered activities and contains financial and demand forecasts for 2024-25 and three forward years. This CRIS was published following public consultation and consideration of the proposed fee amendments, and Executive Council approval of amendments to the respective legislation. IP Australia will maintain the CRIS until the activity or cost recovery for the activity has been discontinued.

## 1.2. IP Australia's role and functions

IP Australia administers the registrable intellectual property (IP) rights system in Australia, including patents, trade marks, designs and PBR. IP Australia's strategic direction is outlined in the Corporate Plan and includes the agency's purpose, which is to enable Australians to benefit from great ideas by providing a world-leading IP system. We are committed to ensuring that the IP system remains modern, effective and efficient.

IP Australia promotes awareness of intellectual property, regulates the IP attorney profession, provides advice to government on policy relating to the IP rights system, and contributes to bilateral and multilateral negotiations and the development of cooperation programs to support the global IP system.

In 2023-24, IP Australia operated as a non-corporate Commonwealth entity within the Industry, Science and Resources portfolio and recovers more than 98 per cent of its costs by charging fees for its IP rights services in accordance with the Australian Government Charging Framework.

## 1.3. IP Australia's purpose.

IP Australia's purpose is to enable Australians to benefit from great ideas by providing a world-leading IP system.

We deliver IP rights administration and professional registration services, increase awareness of the IP system, and shape the IP system domestically and internationally to help Australian innovation and business.

We are committed to building the capability of our people and our organisation to support this important work. Delivery of these elements enables us to provide an effective framework for the protection of innovative products and brands. This protection creates a secure environment, so our customers have trust in the value of IP, have confidence in our ability to meet their needs for investment in innovation, enables firms to build brand value and business reputation, and encourages the disclosure of inventions and the transfer of knowledge and technology.

## 1.4. Description of the regulatory activity that is cost recovered.

IP Australia cost recovers against the following five activity groups:

1. **Patents:** A patent is an exclusive right granted for any device, substance, method, or process that allows the owner to exclude others from commercially exploiting the invention for the life of the patent. Standard patents are granted for inventions that are new, useful and involve an inventive step beyond the normal progress of technology.
2. **Trade Marks:** Trade marks are signs used to distinguish goods or services in the market. Registering a trade mark provides an owner with the exclusive right to use the mark – or authorise others to use it – and seek relief for trade mark infringement. A trade mark can be for a letter, number, colour, word, phrase, sound, smell, shape, logo, picture, movement, aspect of packaging, or a combination of these but it must be distinctive and not confusingly like an existing mark to be registered.
3. **Designs:** Design rights protect the visual features of a product that give it a unique appearance, such as its shape, pattern, configuration or ornamentation. In Australia, designs are registered without substantive examination. A design must be examined and certified by IP Australia for rights to be enforced. Additionally, the design must be new and distinctive to be eligible for protection – that is, it must be dissimilar in overall impression to designs that constitute prior art.
4. **Plant Breeder's Rights:** Plant breeder's rights (PBRs) provide legal protection for new plant varieties to encourage private investment in plant breeding and commercialisation. A plant variety must be clearly identifiable and distinguishable from other varieties to be eligible for protection. It must be uniform and stable upon propagation. PBRs grant their owners an exclusive right to exclude others from commercially exploiting their new varieties for up to 25 years.
5. **Trans-Tasman IP Attorneys system:** IP Australia administers the Trans-Tasman IP Attorneys (TTIPA) system and provides secretariat support for the Trans-Tasman IP Attorneys Board and the Trans-Tasman IP Attorneys Disciplinary Tribunal.

### 1.5. IP Australia's customers and reason for charging.

IP Australia's customers range from large national and international businesses, research companies, small to medium enterprises (SMEs), individual self-filers and inventors. IP Australia's customer base also includes attorneys and other IP professionals. Customers seeking to protect their intellectual property pay IP Australia fees for filing an application, examination, renewal, and hearings as required.

Most patent customers are non-residents and file their patent application via an international route, rather than filing directly with IP Australia. Most utilise the service of a professional attorney to assist with their application. A large proportion of trade marks customers are SMEs, and many chose to self-file rather than utilise the services of a professional attorney. Also, most trade mark customers apply for their rights directly with IP Australia rather than as part of international arrangements.

Most patent applications, and over half of PBR and design applications received by IP Australia originate from non-resident customers, while over half of trade mark applications are filed by Australian residents. Table 1 identifies the average customer origin for IP rights filed in Australia for each of the four IP rights.

Customers utilising IP Australia's services are clearly identifiable making regulatory cost recovery the most appropriate charging model. Fees are set to recover the costs of activities that can be directly attributed to these customers.

Table 1: Customer origin for IP rights filed in Australia during 2023

	Resident	Non-resident
Patents	8%	92%
Plant Breeder’s Rights	49%	51%
Trade Marks	58%	42%
Designs	30%	70%

Source: Australian IP Report 2024

## 1.6. Policy Outcome and Programs

IP Australia’s policy outcome statement is:

*“Increased innovation, investment and trade in Australia, and by Australians overseas, through the administration of the registrable intellectual property rights system, promoting public awareness and industry engagement, and advising government”.*

IP Australia delivers its outcome through the administration of IP rights consistent with the relevant legislation and regulations. IP Australia has three programs as part of its one outcome. These programs represent IP Australia’s structure for budget accountability to the Australian Government. While there are some components of IP Australia’s costs which are funded directly by government, the bulk of IP Australia’s costs are recovered through regulatory fees. IP Australia cost recovers against its activity group structure (as described above), not the Program structure (as described below).

**Program 1 – IP Rights Administration and Professional Registration** encompasses the administration of patent, trade mark, design and plant breeder’s IP rights legislation. It also includes the administration of the TTIPA Board for Patent and Trade Mark Attorneys and the TTIPA Disciplinary Tribunal.

All five of IP Australia’s cost recovery activity groups are contained within Program 1.

**Program 2 – Education and Awareness** encompasses IP Australia’s role in raising awareness and educating customers about intellectual property. This Program does not represent a separate cost recovery activity group. Costs of Program 2 are apportioned, using an activity-based costing model, to the cost recovery activity groups in Program 1 because they support the delivery of these activity groups.

**Program 3 – Advice to Government and International Engagement** encompasses IP Australia’s role in providing advice on IP matters, supporting research into the current and future use of IP rights, and engaging with key international stakeholders and IP bodies.

Programs 2 and 3 do not represent separate cost recovery activity groups. The cost of programs 2 and 3 are apportioned, using an activity-based costing model, to the cost recovery activity groups in program 1 because they support the delivery of these activity groups.

IP Australia receives departmental appropriation from the Australian Government (\$0.4 million in 2023-24) for non-regulatory charging activities undertaken within Program 3. Further information on IP Australia’s outcome and program structure can be found in the 2024-25 Department of Industry, Science and Resources Portfolio Budget Statements (PBS).

## 2. POLICY AND STATUTORY AUTHORITY TO CHARGE (COST RECOVER)

### 2.1. Government policy approval to charge for this regulatory activity.

The policy authority to cost recover IP Australia's regulation of relevant IP legislation was reaffirmed by the Australian Government in 2012 when it was agreed that IP Australia will continue to administer Australia's IP rights' system, specifically patent, trade mark, industrial design, PBR and TTIPA Board and Disciplinary Tribunal on a cost recovery basis.

IP Australia groups the cost of individual services into activity groups aligned with the separate IP rights legislation, and then cost recovers at the activity group level. The reason for grouping at the activity level is because individual fee items, of which there are several hundred across all the IP rights legislation, represent sub-activities at a level where costing each one is neither efficient nor cost-effective, and is not conducive to innovation policy objectives. This approach also supports IP Australia's business model of recovering costs over the life cycle of the IP right.

For example, a standard patent has a 20-year life cycle as it provides the customer with protection for up to this period. It would be impractical to cost recover individual services, such as processing the application, examining the application, granting the application, and renewing the application, and instead IP Australia will continue to recover the full costs of each broader activity group (e.g., recover the total costs associated with a patent application over the life of the patent).

The cost of services provided to customers (e.g., examination) within each activity group are determined using IP Australia's activity-based costing model and allows IP Australia to determine the total cost of the activity group (e.g., Patents) in an accurate and transparent manner, and set fees that will recover the total cost of the IP right over its life.

### 2.2. Statutory authority to charge.

IP Australia derives its legal authority to prescribe fees under the following Acts and associated regulations:

- *Patents Act 1990*
- *Patents Regulations 1991*
- *Trade Marks Act 1995*
- *Trade Marks Regulations 1995*
- *Plant Breeder's Rights Act 1994*
- *Plant Breeder's Rights Regulations 1994*
- *Designs Act 2003*
- *Designs Regulations 2004*

The TTIPA Board is a statutory body established under section 227A of the *Patents Act 1990* and constituted under the *Patents Regulations 1991*. The TTIPA Disciplinary Tribunal is established under regulation 20.61 of the *Patents Regulations 1991*.

### 3. CHARGING (COST RECOVERY) MODEL

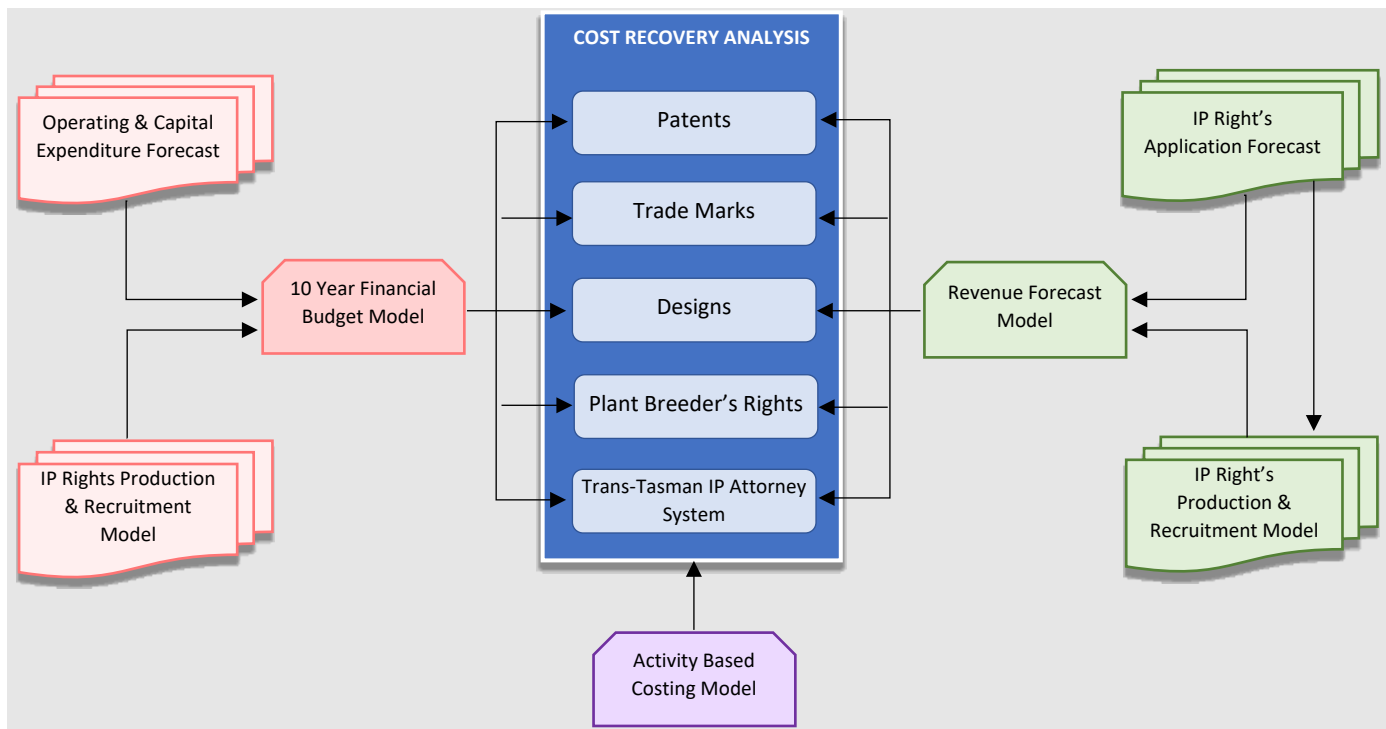
#### 3.1. Cost-recovery model

IP Australia utilises several financial systems and models to monitor, forecast and report on IP Australia’s cost recovered activities. These include:

- Financial Management Information System – SAP
- Activity-Based Costing Model – SAP Business Objects Profitability and Cost Management (SAP PCM)
- 10 Year Financial Budget Model
- Revenue Forecast Model
- IP rights Production Models

Figure 1 illustrates how each system and internal modelling tool feeds both financial and non-financial data into the one cost recovery model, which is then used to identify the cost recovered position of each activity group.

Figure 1: Cost-recovery model



IP Australia's cost recovery model allows IP Australia to test scenarios around the financial variables including:

- revenue forecasts driven by projected demand for IP Australia's products and services
- trends within the IP rights product lifecycle (e.g., changes in renewal activity)
- operational resource requirements (people, infrastructure, and systems as well as external support) to meet forecast workloads and achieve customer service level standards (e.g., processing times)
- changes to input costs (such as labour costs, lease costs and corporate overheads)
- plans for capital expenditure and related depreciation expense, to deliver important Information and Communication Technology (ICT) modernisation programs linked to greater customer ease of use and access, as well as the efficient and reliable management of IP rights data during the application, examination/registration, and renewals process
- external factors such as interest rates and foreign-exchange movements.

The model enables planning on how these scenarios may impact IP Australia's financial position, cost recovery outcomes for activity groups, and possible consequences for customers as they navigate the typical IP rights lifecycle.

Forecasts are done over a 10-year period and consider the related nature of the services provided to customers in each of the cost recovered activities. For example, a patent customer may lodge an application but never proceed to examination, or they may have their application examined but not gain acceptance and have the patent granted, or they may have the patent granted only to have it lapse when they stop renewing it after a few years. The long-term modelling takes these relationships and ratios into consideration when forecasting required work effort and fee generated revenues.

Despite the need to model and forecast the financial impacts to the organisation of longer cycles for IP rights, IP Australia must also ensure it meets its planning, budgeting, and reporting obligations, under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) over the shorter 4-year period. IP Australia finds that a fee review conducted once every four years is sufficient for our financial planning, and less disruptive for our customers.

### 3.2. Outputs and business processes of the activity

The primary outputs of IP Australia's activity groups are listed below:

#### **Receipt of Patent applications**

A patent application seeks long-term protection and control over an invention. A patent can last for up to 20 years from the filing date of a complete application (or up to 25 years for pharmaceutical substances). Before a standard patent can be granted, the complete application must be examined by IP Australia.

Most patent applications lodged with IP Australia are National Phase Entries (NPE) and NPE volumes are based on international filings that have been lodged with the World Intellectual Property Organization (WIPO). Forecast volumes are based on regression analysis, historic trend analysis, divisional versus non-divisional, country of origin, current economic conditions and any external influences, that is, legislation changes.

#### **Receipt of Patent Cooperation Treaty (PCT) applications**

A PCT application is a way for customers to apply for a patent in several countries simultaneously. IP Australia – acting as a receiving Office, International Searching Authority and International Preliminary Examining Authority under the PCT – issues International Search Reports and Written

Opinions (also called an International Search Opinion (ISO)). The ISO indicates the validity of a patent application and if there are any inventions that are similar.

The number of PCT search requests has remained relatively flat for several years. Forecast volumes are based on historic trends, including from countries that lodge PCT applications with Australia, and any other external influences.

#### **Provision of Patent examination services**

Under Australian legislation, a patent is examined only once the applicant has requested examination. The request can be voluntary or result from the Commissioner of Patents directing an applicant to request examination. Applicants must request examination within 5 years of an application's filing date, or the application will lapse. The examination of the patent application is undertaken by an examiner to ensure it meets the legislative requirements of the *Patents Act 1990*.

Operational planning within the patent business group identifies the expected number of exam reports that will be issued each year based on average-staffing levels (ASL), employee attrition, application diversity (innovations, PCT, standard etc.), examiner performance expectations, and the timing and training of new examiners.

#### **Receipt of Trade Mark applications**

A trade mark application for registration seeks exclusive right to use the mark – or authorise others to use it – and seek relief for trade mark infringement. Trade mark applications are forecast based on time series analysis, historic trends, volumes by application type (standard, Headstart, Madrid), current economic conditions and any external influences such as stockpiles held by WIPO.

#### **Provision of Trade Mark examination services**

A trade mark application is examined to ensure it contains all correct information and meets legislative requirements. Where a trade mark application meets these requirements, it will be registered and entered in the Australian Official Journal of Trade Marks and listed in the Australian Trade Mark Search System.

Operational planning within the trade mark business group identifies the expected number of exam reports that will be issued each year based on ASL, employee attrition, examiner performance expectations, and the timing and training of new examiners.

#### **Receipt of Design applications**

An application for a design registration seeks protection of a unique, new and distinctive visual appearance of a product.

Design applications are forecast based on time series analysis, historic trends, an analysis of high filing customers, current economic conditions and any further external influences.

#### **Provision of Design examination services**

In Australia, designs are registered without substantive examination however, it must be examined and certified by IP Australia for the right to be enforced. The examination ensures that the design is both new and distinctive - that is, it must be dissimilar in overall impression to designs that constitute prior art.

Operational planning within the designs business group identifies the expected number of exam reports that will be issued in any given year based on: ASL, employee attrition, examiner performance expectations, and the timing and training of new examiners.

#### **Receipt of PBR applications**



A PBR application seeks long-term legal protection for a new plant variety and provides the owner with an exclusive right to exclude others from commercially exploiting the new variety for up to 25 years.

The number of PBR applications received each year holds relatively flat at around 300 to 350 applications, and application forecasts are based on historic trends and any major external influences (for example wide spread drought across Australia).

### **Provision of PBR examination services**

Under Australian legislation, a PBR application must pass a substantive examination process and a comparative growing trial to be registered. The examination and growing trial ensure that the plant is clearly distinct from all other varieties of common knowledge by at least one characteristic.

Operational planning within the PBR business group identifies the expected number of exam reports that will be issued each year. The number of PBR examinations each year is relatively flat and reflects stable application volumes.

### **TTIPA applications for registration**

Both the *Patents Act 1990* and the *Trade Marks Act 1995* provide that only registered individuals have the right to practice as either a patent attorney or a trade mark attorney. To apply for registration as a patent attorney or a trade marks attorney, the individual must provide detailed information of their academic qualifications and related knowledge.

The forecast volume of applications for TTIPA registration is based on a historical average number of applications over recent years.

### **Renewals of TTIPA registrations.**

Each application to renew registration is assessed to determine whether the individual has the relevant qualifications, and specialised requirements and knowledge. Where this is determined, the attorney will maintain their registration as a patent or trade mark attorney.

The forecast volumes are based on new and current registrations, and the likelihood of an attorney maintaining their registration.

### **Business processes**

There are several key business processes that are used to deliver the activity group outputs. The receipt and processing of applications is predominantly an electronic process utilising IP Australia's online services platform. This platform provides a secure and convenient way for customers to access a broad range of transactions, including the lodgement of applications. Several internal electronic case management and financial systems are then passed the details of the filed application to create workflow tasks for examination.

The examination processes for each activity group relies on the work effort of the examiner. The examiner must search online material relevant to each application and issue a report detailing the application's merit in complying with the relevant IP legislation.

The business processes that support the TTIPA outputs are also staff-based. The TTIPA Secretariat is responsible for providing support to the TTIPA Board, and undertakes functions associated with individuals or companies seeking to qualify for registration as patent and/or trade mark attorneys.

Table 2: The application forecast for each of IP Australia's cost recovered activity groups.

<b>Application Forecast</b>	<b>Budget Estimate 2024-25</b>	<b>Forward Estimate 2025-26</b>	<b>Forward Estimate 2026-27</b>	<b>Forward Estimate 2027-28</b>
Patents (excluding provisional)	31,450	30,976	30,637	30,415
Patent Cooperation Treaty (PCT)	2,774	2,788	2,780	2,780

Trade Marks	88,079	90,136	92,261	93,984
Designs	8,615	8,718	8,764	9,052
Plant Breeder's Rights	350	350	350	350

Application/Renewal of Registration	Budget Estimate 2024-25	Forward Estimate 2025-26	Forward Estimate 2026-27	Forward Estimate 2027-28
Trans-Tasman IP Attorneys	1,922	1,451	1,882	1,461

### 3.3. Costs of the regulatory activity

#### **Overview**

IP Australia uses SAP PCM to cost the organisation's five activity groups. SAP PCM is an activity-based costing system specifically configured to assign the operating costs of the organisation to the various business activities undertaken within each activity group and produce IP Australia's costed products and services.

IP Australia's variable costs (in respect of the IP rights workload drivers) are centred around the workforce which is directly employed in the receipt and administration of applications, conducting examinations, processing registrations and renewals, and granting rights, and direct dealings with IP rights customers (approximately 65% of staff). The remaining staff and the costs of ongoing ICT and corporate support services are considered as fixed, in respect to the normal reasonable variations in IP rights workloads. Fixed costs include building leases, depreciation costs, ongoing ICT costs (supporting licences for enabling systems used in common such as email) and corporate overheads (payroll, insurance etc).

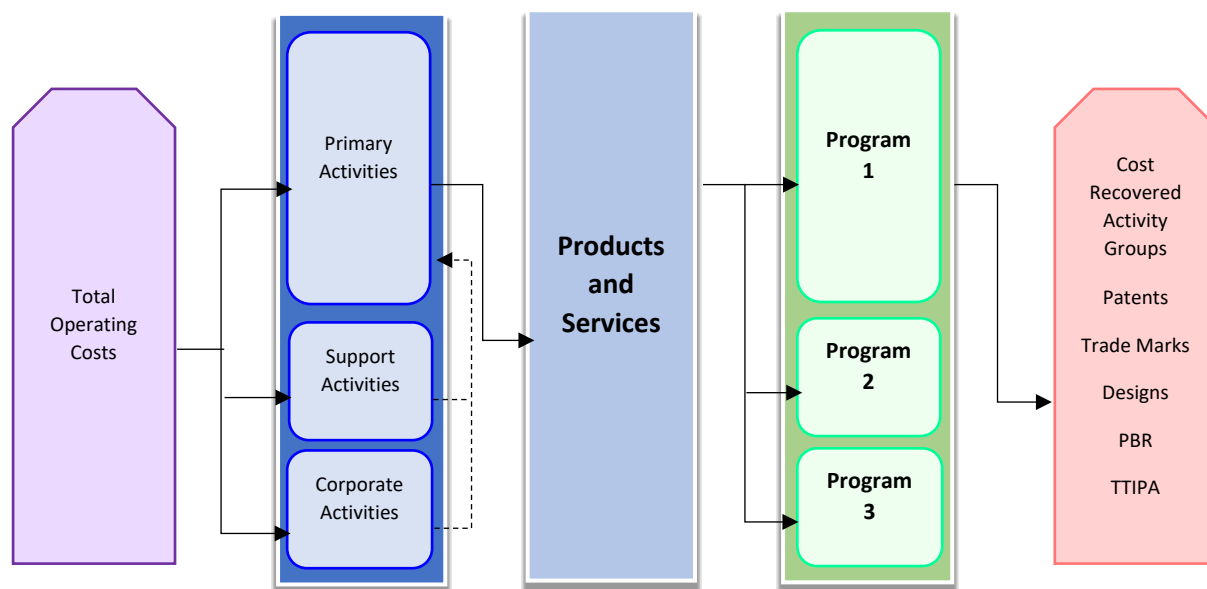
Patent and trade mark activity groups have a similar proportion of variable and fixed costs despite their differences in staffing numbers. Trade marks has approximately half the staff allocated to activities than patents. The four-year budget period covered by this CRIS holds total ASL for IP Australia flat at 1,100 ASL. Any growth in ASL required for patent and trade mark examiners to meet the demand volumes from customers (identified in Table 2), will either need to be offset by reduced corporate ASL, or managed through increased efficiencies in examination. The main variable cost driver for the three remaining smaller activity groups (Designs, PBR and TTIPA) is staff costs, while the groups' fixed costs are incidental to IP Australia's total fixed costs and are considered sunk.

Capital investment is reflected in this CRIS through forecast depreciation in the financial estimates, the depreciation is allocated to activity groups based on an historic proportion of depreciation which can be adjusted in line with planned investment.

#### **Costing methodology**

The cost of each activity group is based on its individual consumption of the various activities performed to deliver the related products and services. The activity groups are costed by allocating resources to activities performed, and then assigning the core primary activities to IP Australia's products and services. These outputs are mapped to one of IP Australia's three programs, outlined in the PBS, providing a total cost per program. The cost of programs 2 and 3 are then re-assigned to the cost recoverable activity groups within program 1, identifying the cost of each activity group.

Figure 2: IP Australia Costing Model Methodology



### **IP Australia’s internal organisational structure**

IP Australia’s internal organisational structure can be classified into direct and indirect business groups, due to the nature of the work they undertake. This structure assists in costing the activity groups, but more so in helping to identify the various types of costs. The direct groups or sections are patents, PBR, trade mark and designs. The work undertaken within these business groups can be directly aligned to one of the five activity groups and therefore, all operating expenses incurred are considered a direct cost of the cost recoverable activity. The support and corporate activities, such as finance, human resources, ICT, and property, are considered indirect as they support the outcomes of the direct groups. The resource costs can therefore be classified as either direct or indirect.

#### **Direct costs**

The direct costs of the activity groups are employee, supplier and depreciation expenses stemming from the direct business groups. These direct costs are assigned to IP Australia’s activities using cost drivers contained within SAP PCM. It should be noted that most of the expenditure for these groups is staffing costs.

The direct costs of the patents, trade marks, designs and PBR groups are allocated using the volumes for the various examination products or services provided. The volumes are then normalised to examination hours which is used to drive direct costs to the activities.

All operating expenditure for administering the TTIPA is attributed directly to the activity.

#### **Indirect costs**

The indirect costs include operating expenses, such as employee, supplier, accommodation, and depreciation, from the corporate areas of the organisation. Indirect costs are generally allocated to corporate activities and then re-assigned to the core primary activities undertaken by the direct business groups.

The main cost drivers used to assign corporate type expenses are similar for each activity. For example, in the corporate groups, the costs for overtime, consultants, contractors, depreciation, accommodation, international travel, computer, communication, and other like expenses are analysed and assigned to an appropriate activity based on a proportion of ASL, while ICT services are allocated based on a combination of system usage and proportion of ASL.

### **Projected costs**

Over the 4-year period covered by this CRIS, IP Australia will see increases to the overall cost base (Table 3 refers) of an average of 4% per annum. This is driven by several factors:

- Employee costs will increase because of expected annual increases to salaries under IP Australia's Enterprise Agreement.
- Supplier costs are forecast to rise over the forward estimates with a focus on transitioning ICT services to the Cloud, investment in software as a service, and the impact of general inflation.
- Depreciation costs continue to increase over the four-year period because of the significant investment phase the organisation has undergone in recent years.

Table 3: Projected total expenses for IP Australia

	Budget Estimate 2024-25	Forward Estimate 2025-26	Forward Estimate 2026-27	Forward Estimate 2027-28
Description	\$'M	\$'M	\$'M	\$'M
ASL	1,100	1,100	1,100	1,100
Employee Benefits	\$159.242	\$166.980	\$174.284	\$182.018
Suppliers	\$77.941	\$79.574	\$80.747	\$81.919
Depreciation and Amortisation	\$36.969	\$36.081	\$38.443	\$40.420
Finance Costs	\$1.467	\$1.212	\$1.042	\$0.862
<b>Total Expenses</b>	<b>\$275.619</b>	<b>\$283.847</b>	<b>\$294.516</b>	<b>\$305.219</b>

Table 4: Cost breakdown estimates between direct and indirect for the 2024-25 budget year.

2024-25 Budget Estimate	Direct costs	Indirect costs	Total costs
Description	\$'M	\$'M	\$'M
<b>Output 1</b>			
Patent	\$87.208	\$94.432	\$181.640
Trade Mark	\$37.378	\$42.281	\$79.659
Design	\$3.396	\$4.709	\$8.105
Plant Breeder's Rights	\$1.949	\$2.692	\$4.641
TTIPA	\$1.059	\$0.515	\$1.574
<b>Total</b>	<b>\$130.990</b>	<b>\$144.629</b>	<b>\$275.619</b>

### 3.4. Design of the regulatory charge

IP Australia provides a regulatory service by administering exclusive IP rights in accordance with the relevant government legislation. Cost effectiveness and efficiency in providing these services is facilitated by charging discrete fees on individuals and organisations, rather than imposing broader based levies. The charging of fees is directly aligned to IP Australia's innovation policy objectives.

The Australian Government Cost Recovery Policy states that the users of government goods, services or regulations should bear the cost of their provision. In IP Australia's case, those seeking protection for their intellectual property pay the cost of the effort involved administering the IP rights system. Each service provided can be mapped to the individual or organisation applying for that service, and as a result a fee for service is the most appropriate charge. Direct charging of services to customers is the most efficient cost recovery mechanism, consistent with the Australian Government Charging Framework.

IP Australia structures fees on a unit basis with a fee schedule for each activity group, including applications, examinations, registrations, hearings and renewals. Applications can be received on-line or lodged using a paper form, with lower costs for on-line transactions reflecting the lower regulatory effort associated with such transactions.

The fee setting process takes account of international comparative rates and benchmarking to ensure that IP Australia's costs are efficient, and IP Australia remains competitive in the international market.

The current fee schedule for each activity group can be located within the various IP rights regulations identified in Section 2.2. Fee information can also be located on IP Australia's website.

## Summary of Fee Changes

The fee changes are designed to simplify fee structures, balance costs with work effort, encourage the strategic assessment of the value of IP rights, and streamline workflows. To assist in reducing cross-subsidy between charging activities, outlined in the financial tables in Section 6 “Financial Performance”, most fee changes are against the patent charging activity.

### Patents

Specific patent fee changes can be found in Attachment A; however, the main fee changes include:

**Patent Applications:** The application fee for both direct route and national phase entry standard applications will increase from \$370 to \$400, while the fee for filing by “another means” will increase from \$570 to \$600.

For noting, the patent application fee, when filing by the preferred means, has not been increased since 2010-2011.

The fee for filing an innovation application will increase from \$180 to \$200, while the fee for filing by “another means” will increase from \$380 to \$400. The Australian Government began the process of phasing out the innovation patent in 2020, and the last day for filing was 25 August 2021. This fee remains in place, given it’s still possible to apply for an innovation patent in certain circumstances, for example, a standard application filed on or before the 25 August 2021 that hasn’t been accepted may be converted to an innovation patent.

**Patent Examination:** The standard exam request fee will increase from \$490 to \$550, while the exam request with international preliminary report (IPE) will increase from \$300 to \$350, and the exam request under subsection 44(3) will increase from \$100 to \$150.

For noting, the patent exam request fees have not increased since 2012-13.

The innovation exam request fee will increase from \$500 to \$550, while the innovation exam fees for both the patentee and third party will increase from \$250 to \$275.

**Patent renewals:** The patent 4th year and 5th year renewal fees will remain unchanged to assist patent customers who may not at that time be receiving a financial benefit from their patent. The 6th year renewal fee will increase by \$10 with every subsequent renewal fee increasing by a further \$10, that is, the 7th year fee by \$20 and the 8th year fee by \$30 and so on, until the 15th year where the annual increases are \$15 each year until the 19th year (see Attachment A below).

This maintains a fee structure that aims to keep renewal fees lower in the formative years and increase over time where there is a financial benefit to the patent holder, or they need to decide on their future investment in that patent.

**Patent excess claims:** The amounts of the fees for excess claims will remain unchanged, however, IP Australia will now look to charge for excess claims when a first examination report is issued based on the number of claims identified in the initial examination. The number of excess claims will then be reassessed at acceptance to capture the highest number of claims on file throughout the examination process. This change will be introduced via an amendment to the relevant regulations and will apply to applications where examination is requested on or after the date that the regulations are enacted.

**Patent hearings:** Patent hearings fees have not increased since 2012-13. The doubling of these fees reflects the increased cost of providing these services over the last 10-years and the period up to the next fee review.

## Trade Marks

Specific trade-mark fee changes can be found in Attachment A; however, the main fee changes include:

### Trade mark hearings:

1. Towards the end of an opposition, the parties have the option of being heard. Currently there are four different fees that can be charged, and at two different points of the process:
  - a. a hearing request fee, and
  - b. then three different hearing attendance fees, depending on how the hearing is to be conducted.

The \$400 hearing request fee is being abolished.

Since there are very few hearings conducted in person, IP Australia will simplify the fee structure for hearings to include a single fee for being heard by the Registrar of Trade Marks by means of an oral hearing (not necessarily in person) of \$700, levied at one point, and a fee for a hearing by means of written submission only which will increase from \$400 to \$500.

The current \$800 and \$600 appearance fees for being heard by the Registrar are replaced by the \$700 fee mentioned above.

2. The fee for filing a notice of opposition to the registration of a trade mark/extension of protection for an international registration designating Australia has not changed since its introduction in 1995 (\$250). Rather than simply raise the flat fee for filing a notice of intention to oppose, we have decided to introduce a sliding scale fee. This is to make more complex matters more likely to recoup their related expenditure.

The new fee will apply to filing or amending a statement of grounds and particulars (SGP) in certain circumstances in these proceedings. The first three grounds that are nominated on the SGP will continue not to attract this new fee. However, a fee of \$250 per ground above the threshold will be levied against each of the subsequent grounds nominated. Section 58A will not be counted for this purpose, since that ground serves as an extension of section 44 (that is, it is not possible to invoke s 58A without first addressing s 44(4)/reg 4.15A(5)).

Where section 44 is nominated, it will count as one ground, but we may also levy a fee depending on the number of trade marks nominated. The opponent will be able to nominate up to 10 trade marks without incurring this fee, but the 11th, 12th, etc will each attract the fee.

The fee will be partially recoverable as an out-of-pocket expense, if costs are awarded to the opponent, capped at \$500. This fee is partially recoverable to mitigate the potential for unfairness to both parties. For the opponent, it may be necessary in certain factual settings to nominate more than 3 grounds of opposition/more than 10 trade marks. For the applicant, if this fee was fully recoverable an SGP nominating many grounds/trade marks could lead to an artificially inflated costs award.

### Examples:

- SGP nominates sections 58, 60 and 42(b). No grounds nominated above the threshold: \$0.
- SGP nominates sections 58, 60, 42(b) and 62A. One ground nominated above the threshold: \$250. This fee is recoverable following an award of costs.
- SGP nominates sections 58, 60, 42(b), 62A and 59. Two grounds nominated above the threshold: \$500. This fee is recoverable following an award of costs.

- SGP nominates sections 44, 58A, 58 and 60. Under section 44 it nominates 11 different trade marks. No grounds nominated above the threshold (since section 58A is not counted); one mark nominated above the threshold: \$0 + \$250 = \$250. This fee is recoverable following an award of costs.
  - SGP nominates sections 44, 58A, 58, 60 and 62A. Under section 44 it nominates 20 different trade marks. One ground nominated above the threshold (since section 58A is not counted); 10 marks nominated above the threshold: \$250 + \$2,500 = \$2,750. The first \$500 of this fee is recoverable following an award of costs.
3. IP Australia intends to introduce a new fee of \$500 for requesting what the office considers ‘a declaration that was filed out of time’ in relation to the regulated deadlines for filing evidence in support, evidence in answer or evidence in reply during a trade marks opposition process. The intention here is to put a price signal on what is a time-consuming process. Many of these requests are affixed to extension of time requests, asking that evidence is still considered even if an extension of time is not granted. This gives rise to significant effort from IP Australia and the contradictor to dispense with.
  4. The fee to file an application for the removal of a trade mark from the Register for non-use under section 92 of the Act is currently \$250. IP Australia intends to increase this fee to \$350.

## Designs

Specific design fee changes can be found in Attachment A; however, the main fee changes include:

1. **Design applications:** Based on stakeholder consultation through the Design Review project and to incentivise the Design Right as intellectual property that provides an economic benefit to designers, the application fees will be reduced.

A design filed through the preferred means will be reduced from \$250 to \$200, with additional designs on filing, through the preferred means, reduced from \$200 to \$150. The application fees when filing through “approved means” are an additional \$200. Fees for excess designs will be reduced from \$250 to \$200.

2. **Design examination:** A substantive examination of a Design is voluntary and only needs to be pursued if the applicant intends to enforce their Right.

The exam request fee will increase from \$420 to \$500, with an increase from \$210 to \$250 for any third-party requests. These increases will assist in an improved alignment of expenses and revenue for the design activity and help to offset any potential loss resulting from the reduction in application fees.

## PBR

Specific PBR fee changes can be found in Attachment A; however, the main fee changes assist in better aligning expenses with revenue for the PBR activity group and help address increasing PBR expenses over the forward years. The fee changes include:

1. **PBR applications:** The PBR application fee, filed by the preferred means, will increase from \$345 to \$400. This increase sees the PBR application fee move from \$300 in 2000-01 to \$400; over 20 years later. The application fees when filing through “approved means” are an additional \$200.
2. **PBR examinations:** The PBR examination fees will increase from \$1,610 to \$2,000 for a standard examination, from \$1,380 to \$1,600 for a discount examination fee, and from \$920 to \$1,400 for an examination at a centralised-testing centre.



While these fee increases are substantial, they reflect current costs and are reasonable given there have been very few increases over the last 20 years.

3. **PBR renewals:** The PBR renewal fees will increase from \$400 to \$600 for the annual maintenance of an PBR Right. This is a significant fee increase, but necessary, to recover the costs of providing PBR services based primarily on salary growth over the last 20 years and investment in the modernisation of PBR systems. In 2000-01, the PBR renewal fee was \$300 per year and since then has only increased by \$100 to the current fee of \$400 per year.

## Trans-Tasman IP Attorneys

Specific TTIPA fee changes can be found in Attachment A; however, the main fee changes include:

1. **TTIPA renewal of registration:** All fees to renew or restore the registration as a patent and/or trade mark attorney will increase by \$50 to assist in covering the cost of administering the Trans-Tasman IP Attorneys system.

The fees to apply for registration as a patent and/or trade mark attorney will remain unchanged.

## 4. RISK ASSESSMENT

IP Australia has undertaken a charging-risk assessment, using the charging-risk assessment (CRA) template provided by the Department of Finance, to identify areas of implementation risk that could arise from the fee changes as outlined in this CRIS. IP Australia has assessed the overall CRA rating as **Medium**, taking into consideration the expected growth in revenue from the fee changes and the impact of these changes on our customers.

When undertaking the risk assessment, IP Australia identified several risks consistent across all IP activity groups. These risks include:

- risk of an unforeseen and major global event that impacts demand
- difficulties in forecasting national and international demand
- risk of a change in demand (and revenue) resulting from the introduction of the new fee changes
- possible delays with the passage of regulation changes
- risks associated with not updating IP Australia's internal fee processing systems in line with the approved legislative changes
- customers not having their internal systems updated in line with the updated fees.

IP Australia faces a broad range of risks reflecting its responsibilities as an administrator, service provider and regulator for Australia's IP rights system. IP Australia uses 6 categories of strategic risk to measure and monitor threats and opportunities that may impact the achievement of IP Australia's Strategic Objectives and Purpose, and which are provided in IP Australia's Corporate Plan and Annual Report.

IP Australia also has a comprehensive risk management framework, enabling the entity to effectively manage risks in accordance with its risk appetite. To ensure effective governance IP Australia embeds risk management through the following business processes:

- risk management and assessment systems to support business processes including project, and planning activities
- operational planning
- consideration of risk management as standing items at quarterly Executive Board meetings, governance committee meetings and IP Australia's Audit Committee

- actively pursuing the development of a positive risk culture where staff at all levels understand and manage risk as part of their day-to-day activities.

One of IP Australia's controls is to maintain a financial model used to forecast demand and revenue trends. This model assists with providing valuable and timely information that is used for the planning and decision-making of IP Australia's Executive Board and has the capability to carry out sensitivity (what-if) analysis on proposed fee changes. IP Australia has also used this model to identify various scenarios, taking into consideration the risks identified above, and to ascertain the impact of proposed fee changes on IP Australia's financial management strategy, financial sustainability and cost recovered arrangements. The CRIS will be updated where necessary to reflect changes.

IP Australia will manage any risk to the financial sustainability of the organisation by ensuring the maintenance of a healthy balance sheet, and the monitoring and management of the organisation's cash reserve in accordance with IP Australia's cash reserve policy.

Customers will be given notice in advance of when the fee changes have been approved and of their effective date. This will provide time for customers that may need to update their internal systems in line with the new fees.

## 5. STAKEHOLDER ENGAGEMENT

Achieving IP Australia's purpose involves engaging effectively with customers and stakeholders.

By providing appropriate advice and systems to support effective engagement, IP Australia fulfils the role of raising awareness and educating customers about IP. Success includes the delivery of public education and awareness programs that promote the importance of IP and provide Australians with the tools they require to make informed decisions regarding IP.

IP Australia actively engages with a diverse range of stakeholders, through various channels, to canvas ideas, suggestions and feedback in relation to IP Australia's fees and fee structure.

IP Australia is involved in various external forums including:

- Patents Consultation Group (PCG)
- Trade Marks and Designs Consultation Group (TMDCG)
- Plant Breeder's Rights Consultation Group (PBRCG)
- Trans-Tasman IP Attorneys Board

These Groups are the principal forums for consultation, discussion and information exchange on issues relating to the IP system which could impact on IP policy, practice and legislation in Australia. Information updates on the current fee review has been provided to these forums, including consultation with Intellectual Property Office of New Zealand.

The consultation and communication process for the current fee review commenced with an official notice posted on IP Australia's website on 24 May 2023. This notice invited stakeholders to provide ideas and suggestions on IP Australia's current fee structures, and where improvements could be made. Over 50 submissions were received, and each one was triaged to determine their initial feasibility. From these, several common themes were identified including:

- simplifying fee structures – reduce confusion and complexities around fee structures for customers.
- balancing costs with work effort – aligning the cost of examination with the associated fees. For example, customers pay for the number of claims examined rather than the number of claims at acceptance to better align with the work required of an examiner.

- encouraging strategic assessment of the value of IP rights – encourage IP owners to be more considered when it comes to renewing their rights.
- maintaining low up-front costs where possible to encourage innovation and make the IP rights system accessible.

Several suggestions were deemed feasible, and in accordance with the Australian Government Charging Framework and were included in the draft CRIS. The draft CRIS was released for public consultation on 1 December 2023 and feedback on the proposed fee changes was accepted up until 21 January 2024. IP Australia communicated extensively with staff and customers through IP Australia’s website via an official notice and news articles. In addition, notifications were posted on IP Australia’s social media pages through the feedback period.

Most of the feedback received related to the proposed changes to costs awarded and hearing fees, while other comments related to the proposed changes to patent excess claims, patent innovation fees, patent international-type search and PBR fees. IP Australia considered all feedback received and incorporated some suggestions into the final fee list as provided in Attachment A. The feedback also raised other considerations including the potential for small to medium enterprise fee discounts and potential efficiency gains from the use of artificial Intelligence (AI) technology.

IP Australia continues to provide ongoing mechanisms for stakeholders to provide feedback on IP Australia’s fees and cost recovery arrangements. These include:

- IP Australia’s Customer Service Charter, and Strategic Corporate Plan which outlines the agency’s commitments to customers, and
- a customer feedback database that captures customer compliments, complaints and suggestions for improvement.

As an entity of the Australian Government, IP Australia’s primary accountability is to the Australian public through the Minister for Industry and Science. In addition, the agents and representatives of IP Australia’s direct customers are important stakeholders. IP Australia maintains an active involvement with industry, business groups, the IP attorney profession, government policy makers, academic and research bodies and the wider legal community. IP Australia is also an active participant in the proceedings of the World Intellectual Property Organization (WIPO) which administers the international IP rights system on behalf of all member states.

## 6. FINANCIAL PERFORMANCE

The fee changes listed in Attachment A are forecast to result in the projected financial outcomes for IP Australia.

Table 5 – Projected Financial Outcomes for IP Australia

	Budget Estimate 2024-25	Forward Estimate 2025-26	Forward Estimate 2026-27	Forward Estimate 2027-28
Description	\$'M	\$'M	\$'M	\$'M
Income	\$277.739	\$283.665	\$290.528	\$296.227
Revenue from Government	\$0.380	\$0.382	\$0.388	\$0.392
Expense	\$275.619	\$283.847	\$294.516	\$305.219
Total comprehensive income/(loss)	\$2.500	\$0.200	(\$3.600)	(\$8.600)
Capital Expenditure	\$25.000	\$25.000	\$25.000	\$25.000
Official Public Account Balance	\$83.885	\$84.371	\$81.446	\$74.806

IP Australia last adjusted fees in 2020 with the strategy of rebuilding the organisation’s cash reserves, following major investments in the modernisation of our trade mark and design administration systems, and our Future Way of Working Program. In addition, the office successfully navigated through a period of uncertainty caused by the global health pandemic, COVID-19 and managed the impacts to the working environment.

The organisation’s current financial strategy is to maintain its cash reserves in accordance with the thresholds outlined in IP Australia’s cash-reserve policy (3-month operating reserve), and to manage planned investments and projected cost growth through moderate fee changes and an ongoing focus on efficiency. Current forecasts have operating costs increasing by approximately 17% between 2023-24 to 2027-28 because of inflationary and wage pressures, while maintaining ASL at 1,100. Revenue is forecast to increase by approximately 15.5% over the same period. This includes an average increase of 5.5% in revenue each year based on the fee changes listed in Attachment A. This will see the agency report small surpluses over the next two financial years, with projected losses forecast in 2026-27 and 2027-28 (based on the current customer demand projections noted in Table 2 above).

Consistent with IP Australia’s ICT Strategy 2025, we will continue to invest in our people and innovative technology to create digital services that will see IP Australia continue to optimise interactions with our customers. Rapid developments in device connectivity, computing power, AI, and data capacity are fuelling growth in digital technologies, and these will have implications for IP functions and processes. These advances will provide IP Australia with more progressive options for administering, examining and monitoring IP rights, especially given our customers expect leading-edge online services in relation to the IP system, and will provide a powerful platform for us to interact and engage with our stakeholders.

IP Australia will continue to carefully manage budgets to address the natural growth in costs (primarily in the areas of staff wages and ICT support costs), which are expected to exceed the natural increase in revenue from the projected growth in demand for services over the same period (relatively flat and between 2.0 to 2.5 per annum). For example, staffing levels will not increase unless it is deemed necessary to maintain the agency’s service level commitments, and in response to any significant increase in the demand for IP rights.

If the assumptions that underpin the financial projections in this CRIS do not change significantly, IP Australia will not look to make any further changes to fees until 2028.

Table 6 to Table 11 show the financial performance against each of the 5 cost recovered activities and IP Australia's overall financial position. The tables outline the actual performance for financial years 2020-21 to 2022-23, and the planned figures for the years 2023-24 to 2027-28 based on current financial forecasts modelled in this fee review.

The fee changes listed in Attachment A, help to minimise the cross subsidisation between our two largest activities, patents and trade marks. Given the patent activity is forecast to under recover over the budget and forward estimates, the majority (96%) of the increase in total revenue from the fee changes is in patents. The changes in PBR and TTIPA fees help to recover the growing direct cost base of these activities, while the design fee changes are planned to incentivise uptake in this IP right.

*Table 6 – PATENT cost recovered activity: Financial Performance & Forecast*

	Actual 2020-21	Actual 2021-22	Actual 2022-23	Estimated Actual 2023-24	Budget Estimate 2024-25	Forward Estimate 2025-26	Forward Estimate 2026-27	Forward Estimate 2027-28
Patent Activity Group	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M
<b>ACTUAL / FORECAST</b>								
Revenue = Y	\$147.511	\$156.265	\$159.709	\$164.475	\$181.596	\$184.029	\$187.837	\$190.502
Expenses = X	\$137.903	\$145.938	\$159.866	\$172.159	\$181.640	\$186.900	\$194.021	\$201.064
Balance = Y – X	\$9.608	\$10.327	-\$0.157	-\$7.684	-\$0.044	-\$2.871	-\$6.185	-\$10.562
Cumulative Balance	\$9.608	\$19.935	\$19.778	\$12.094	\$12.050	\$9.179	\$2.995	-\$7.567

*Table 7 – TRADE MARK cost recovered activity: Financial Performance & Forecast*

	Actual 2020-21	Actual 2021-22	Actual 2022-23	Estimated Actual 2023-24	Budget Estimate 2024-25	Forward Estimate 2025-26	Forward Estimate 2026-27	Forward Estimate 2027-28
Trade Mark Activity Group	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M
<b>ACTUAL / FORECAST</b>								
Revenue = Y	\$77.542	\$85.323	\$86.407	\$85.120	\$89.172	\$92.737	\$95.451	\$98.572
Expenses = X	\$61.347	\$69.871	\$77.441	\$75.563	\$79.659	\$82.149	\$85.141	\$88.238
Balance = Y – X	\$16.195	\$15.452	\$8.967	\$9.557	\$9.513	\$10.588	\$10.310	\$10.334
Cumulative Balance	\$16.195	\$31.646	\$40.613	\$50.169	\$59.682	\$70.270	\$80.580	\$90.914

*Table 8 – DESIGN cost recovered activity: Financial Performance & Forecast*

	Actual 2020-21	Actual 2021-22	Actual 2022-23	Estimated Actual 2023-24	Budget Estimate 2024-25	Forward Estimate 2025-26	Forward Estimate 2026-27	Forward Estimate 2027-28
Design Activity Group	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M
<b>ACTUAL / FORECAST</b>								
Revenue = Y	\$3.971	\$4.517	\$4.593	\$4.820	\$4.447	\$4.427	\$4.535	\$4.696
Expenses = X	\$5.881	\$6.667	\$7.391	\$7.695	\$8.105	\$8.383	\$8.699	\$9.023
Balance = Y – X	-\$1.910	-\$2.150	-\$2.798	-\$2.875	-\$3.658	-\$3.956	-\$4.164	-\$4.327
Cumulative Balance	-\$1.910	-\$4.060	-\$6.858	-\$9.732	-\$13.391	-\$17.346	-\$21.511	-\$25.838

Table 9 – PBR cost recovered activity: Financial Performance & Forecast

	Actual 2020-21	Actual 2021-22	Actual 2022-23	Estimated Actual 2023-24	Budget Estimate 2024-25	Forward Estimate 2025-26	Forward Estimate 2026-27	Forward Estimate 2027-28
<b>PBR Activity Group</b>	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M
<b>ACTUAL / FORECAST</b>								
Revenue = Y	\$1.507	\$1.488	\$1.534	\$1.540	\$1.932	\$2.085	\$2.077	\$2.075
Expenses = X	\$2.497	\$3.573	\$4.222	\$4.396	\$4.641	\$4.793	\$4.974	\$5.157
Balance = Y – X	-\$0.989	-\$2.085	-\$2.688	-\$2.856	-\$2.708	-\$2.707	-\$2.897	-\$3.081
Cumulative Balance	-\$0.989	-\$3.074	-\$5.762	-\$8.618	-\$11.326	-\$14.033	-\$16.931	-\$20.012

Table 10 – TTIPA cost recovered activity: Financial Performance & Forecast

	Actual 2020-21	Actual 2021-22	Actual 2022-23	Estimated Actual 2023-24	Budget Estimate 2024-25	Forward Estimate 2025-26	Forward Estimate 2026-27	Forward Estimate 2027-28
<b>TTIPA Activity Group</b>	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M
<b>ACTUAL / FORECAST</b>								
Revenue = Y	\$0.873	\$0.683	\$0.813	\$0.864	\$0.972	\$0.768	\$1.017	\$0.773
Expenses = X	\$0.911	\$1.024	\$1.150	\$1.505	\$1.574	\$1.623	\$1.680	\$1.737
Balance = Y – X	-\$0.037	-\$0.340	-\$0.337	-\$0.641	-\$0.602	-\$0.855	-\$0.663	-\$0.964
Cumulative Balance	-\$0.037	-\$0.377	-\$0.714	-\$1.356	-\$1.958	-\$2.813	-\$3.476	-\$4.440

Table 11 – TOTAL IP AUSTRALIA: Financial Performance & Forecast

	Actual 2020-21	Actual 2021-22	Actual 2022-23	Estimated Actual 2023-24	Budget Estimate 2024-25	Forward Estimate 2025-26	Forward Estimate 2026-27	Forward Estimate 2027-28
<b>Total IP Australia</b>	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M	\$'M
<b>ACTUAL / FORECAST</b>								
Revenue = Y	\$231.405	\$248.275	\$253.056	\$256.819	\$278.119	\$284.047	\$290.916	\$296.619
Expenses = X	\$208.538	\$227.072	\$250.069	\$261.319	\$275.619	\$283.847	\$294.516	\$305.219
Balance = Y – X	\$22.867	\$21.203	\$2.987	-\$4.500	\$2.500	\$0.200	-\$3.600	-\$8.600
Cumulative Balance	\$22.867	\$44.070	\$47.057	\$42.557	\$45.057	\$45.257	\$41.657	\$33.057

## 7. NON-FINANCIAL PERFORMANCE

IP Australia reports against its non-financial performance targets in the Department of Industry, Science and Resources PBS, Annual Report and IP Australia's Corporate Plan. IP Australia's Customer Service Charter sets out our key commitments and provides an overview of how we will meet customer expectations for IP rights administration.

In accordance with the *Public Governance, Performance and Accountability Act 2013*, and *Public Governance, Performance and Accountability Rule 2014*, IP Australia's Corporate Plan set out the performance measures that the agency uses to determine whether it is achieving its purpose. These measures are aligned to the outcomes, programs and key activities presented in our PBS.

A full breakdown of IP Australia's non-financial performance measures, targets and methodology can be found in IP Australia's 2023 Strategic Corporate Plan, with an extract provided below for ease of reference.

## Performance Measures

### Performance Measure 1

*IP Australia's timeliness, quality, satisfaction and availability commitments are met.*

The timeliness, quality, satisfaction, and availability commitments are measured by:

- the timeliness of IP rights products and services
- customer satisfaction with the administration of the IP system
- customer satisfaction with the quality of our products and services
- the availability of online services portal for customers.

**Targets:** The timeliness of IP rights will be measured through the proportion of IP right reports in patent, trade mark, design and PBR that meet the relevant timeframes as set out below.



#### Patents

We will issue:

- 85% of international search reports (for one invention) in 10 weeks
- 95% of international search reports (for all search requests) in 12 weeks
- 85% of international-type search reports (for one invention where the original request is compliant) in 6 weeks
- 95% of international-type search reports (for all search requests from receiving a compliant request) in 8 weeks



#### Designs

We will issue:

- 85% of formalities reports on registration requests in 8 weeks
- 95% of formalities reports on registration requests in 9 weeks
- 85% of first reports from examination requests in 13 weeks
- 95% of first reports from examination requests in 16 weeks



#### Trade Marks

We will issue:

- 85% of first reports on new applications in 13 weeks
- 95% of first reports on new applications in 18 weeks
- 95% of Headstart Part 1 assessments in 5 days
- 97% of Headstart Part 1 assessments in 7 days



#### Plant Breeder's Rights

We will issue:

- 85% of initial examination reports in 8 weeks
- 85% of further examination reports in 4 weeks

### Performance Measure 2

*Process trans-Tasman attorney registration applications within 15 working days from the date that the application complies with registration requirements.*

**Target:** All applications are processed within the required timeframe from 2023-24 to 2027-28.

### Performance Measure 3

*Improved awareness of the IP rights system.*

Improved awareness of the IP rights system from 2023-24 to 2027-28 measured by:

- Effective delivery of public education and awareness programs, which promote the importance of IP and provide Australians with the tools they require to make informed decisions.



## Targets:

1. Meet the key performance metrics for public education and awareness programs.
  - reach: increased volume of partners and multipliers
  - engagement: increased number of participants engaging with online material (website, newsletter and social media)
  - satisfaction: 85%+ of participants are satisfied with the education and awareness activity delivered
  - knowledge: 85%+ of participants identify an increased understanding and awareness of the IP system

## Performance Measure 4

*Provision of high quality advice to the Australian Government on policy, legislation, ministerial correspondence and briefs.*

## Targets:

1. Ministerial briefs and correspondence delivered to the Minister's office are of a high quality with less than 10% resubmitted due to error or omission.
2. All ministerial briefs and correspondence requested by the Minister's office are delivered within the agreed timeframes.

## 8. ATTACHMENT A

The following table provides a summary of the fee changes.

Patent Fees	Old Fee	New Fee
<b>Change International PCT fees</b>		
PCT Transmittal Fee	\$200	\$0
<b>Change to Patent Application fees</b>		
Patent Provisional Application (by preferred means)	\$110	\$100
Patent Provisional Application (by another means)	\$210	\$200
Patent Innovation Application (by preferred means)	\$180	\$200
Patent Innovation Application (by another means)	\$380	\$400
Patent Standard Application (by preferred means)	\$370	\$400
Patent Standard Application (by another means)	\$570	\$600
Patent NPE (by preferred means)	\$370	\$400
Patent NPE (by another means)	\$570	\$600
<b>Change to Patent Exam fees</b>		
Patent Standard Exam - with IPE Report	\$300	\$350
Patent Standard Exam - Full Exam	\$490	\$550
Patent Innovation Exam - Patentee	\$500	\$550
Patent Innovation Exam - 3rd Party (Patentee)	\$250	\$275
Patent Innovation Exam - 3rd Party (3rd Party)	\$250	\$275
Patent Standard Exam - Commissioner Direct Applicant	\$100	\$150
<b>Change to Patent Standard Renewal fees – paid by preferred means</b>		
Standard Patent - 6th Year Renewal (by preferred means)	\$335	\$345
Standard Patent - 7th Year Renewal (by preferred means)	\$360	\$380



Patent Fees	Old Fee	New Fee
Standard Patent - 8th Year Renewal (by preferred means)	\$390	\$420
Standard Patent - 9th Year Renewal (by preferred means)	\$425	\$465
Standard Patent - 10th Year Renewal (by preferred means)	\$490	\$540
Standard Patent - 11th Year Renewal (by preferred means)	\$585	\$645
Standard Patent - 12th Year Renewal (by preferred means)	\$710	\$780
Standard Patent - 13th Year Renewal (by preferred means)	\$865	\$945
Standard Patent - 14th Year Renewal (by preferred means)	\$1,050	\$1,140
Standard Patent - 15th Year Renewal (by preferred means)	\$1,280	\$1,385
Standard Patent - 16th Year Renewal (by preferred means)	\$1,555	\$1,675
Standard Patent - 17th Year Renewal (by preferred means)	\$1,875	\$2,010
Standard Patent - 18th Year Renewal (by preferred means)	\$2,240	\$2,390
Standard Patent - 19th Year Renewal (by preferred means)	\$2,650	\$2,815
<b>Change to Patent Standard Renewal fees – paid by another means</b>		
Standard Patent - 6th Year Renewal (by another means)	\$385	\$395
Standard Patent - 7th Year Renewal (by another means)	\$410	\$430
Standard Patent - 8th Year Renewal (by another means)	\$440	\$470
Standard Patent - 9th Year Renewal (by another means)	\$475	\$515
Standard Patent - 10th Year Renewal (by another means)	\$540	\$590
Standard Patent - 11th Year Renewal (by another means)	\$635	\$695
Standard Patent - 12th Year Renewal (by another means)	\$760	\$830
Standard Patent - 13th Year Renewal (by another means)	\$915	\$995
Standard Patent - 14th Year Renewal (by another means)	\$1,100	\$1,190
Standard Patent - 15th Year Renewal (by another means)	\$1,330	\$1,435
Standard Patent - 16th Year Renewal (by another means)	\$1,605	\$1,725
Standard Patent - 17th Year Renewal (by another means)	\$1,925	\$2,060
Standard Patent - 18th Year Renewal (by another means)	\$2,290	\$2,440
Standard Patent - 19th Year Renewal (by another means)	\$2,700	\$2,865
<b>Change to Patent General fees</b>		
Art 15(5) International-Type Search	\$950	\$1,100
Patent Examination Search Fee	\$950	\$1,100
Patent EOT – subsection 70(1) Pharmaceutical	\$2,000	\$2,500
Patent Convert Innovation to Standard	\$190	\$220
Standard Patent - Acceptance	\$250	\$300
Request for Preliminary Search & Opinion	\$950	\$1,100
Notice of Patent Opposition	\$600	\$1,200
Request for a Patent Hearing	\$600	\$1,200
Appearing at a Patent Hearing	\$1,000	\$2,000
Direction to Co-Owners by Patent Commissioner	\$600	\$1,200
Patent Hearing on the Written Record	\$600	\$1,200
Appearing at a Hearing - Balance Fee	\$400	\$800

<b>Trade Mark Fees</b>	<b>Old Fee</b>	<b>New Fee</b>
<b>Change to TM Hearing fees</b>		
Removal of Trade Mark for Non-use	\$250	\$350
TM Hearing Heard by Registrar in person	\$800	Remove
TM Hearing Heard by Registrar in person Additional Day	\$800	Remove
TM Hearing Heard by Registrar NOT in person	\$600	Remove
TM Hearing Heard by Registrar NOT in person Additional Day	\$600	Remove
TM Hearing by Written Submissions	\$400	\$500
TM Oral Hearing	New Fee	\$700
TM Oral Hearing Additional Day	New Fee	\$700
Request a Hearing	\$400	Remove
Opposition Grounds above threshold - National (fee per grounds)	New Fee	\$250
Opposition Grounds above threshold - IRDA (fee per grounds)	New Fee	\$250
Request for consideration of out of time evidence	New Fee	\$500

<b>Design Fees</b>	<b>Old Fee</b>	<b>New Fee</b>
<b>Change to Design Application fees</b>		
Olympic Design Application	\$450	\$400
New Design Application (by preferred means)	\$250	\$200
New Design Application (by another means)	\$450	\$400
Additional Design on Filing (by preferred means)	\$200	\$150
Additional Design on Filing (by another means)	\$400	\$350
Excess Design (by preferred means)	\$250	\$200
Excess Design (by another means)	\$450	\$400
<b>Change to Design Exam fees</b>		
Registered Design - Exam by Registered Owner	\$420	\$500
Registered Design - Exam by 3rd Party	\$210	\$250
Registered Design - Exam by 3rd Party - Owner Component	\$210	\$250

<b>PBR Fees</b>	<b>Old Fee</b>	<b>New Fee</b>
<b>Change to PBR Application, Exam, Renewal and General fees</b>		
Accreditation of a Qualified Person	\$240	\$350
Renew Accreditation of a Qualified Person	\$240	\$350
New PBR Application (by preferred means)	\$345	\$400
New PBR Application (by another means)	\$545	\$600
Exam - Centralised-Testing Centre	\$920	\$1,400
Exam - Single Application	\$1,610	\$2,000
Exam - Application based solely on overseas test data	\$1,610	\$2,000
Exam – Multiple Applications (each)	\$1,380	\$1,600
Declaration of Essential Derivation	\$800	\$850
Certificate Fee	\$345	\$500
Annual Maintenance of a Granted PBR (by preferred means)	\$400	\$600
Annual Maintenance of a Granted PBR (by another means)	\$450	\$650

<b>Trans-Tasman IP Attorney Fees</b>	<b>Old Fee</b>	<b>New Fee</b>
<b>TTIPA Renewal of Registration – Patent attorneys</b>		
Patent Attorney Annual Registration	\$400	\$450
Annual Patent & TM Attorney Registration	\$600	\$650
Restore Patent Attorney Name to Register	\$300	\$350
Annual Registration as incorporated Patent Attorney	\$400	\$450
Annual Registration combined incorporated Patent/TM Attorney	\$600	\$650
Apply to Restore to Register of Patent Attorney	\$300	\$350
<b>TTIPA Renewal of Registration – Trade Mark attorneys</b>		
Annual TM Attorney registration	\$400	\$450
Annual Patent & TM Attorney Registration	\$600	\$650
Restore TM attorney's name to register	\$300	\$350
Annual Registration as Incorporated TM Attorney	\$400	\$450
Annual Registration for combined Patent/TM Attorney	\$600	\$650
Apply to Restore to Register for TM Attorney	\$300	\$350