

IP Australia and Ministry of Business, Innovation and Employment (**MBIE**)

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**Re: ARRANGEMENT BETWEEN THE GOVERNMENT OF AUSTRALIA AND THE
GOVERNMENT OF NEW ZEALAND RELATING TO TRANS-TASMAN REGULATION OF
PATENT ATTORNEYS**

We refer to the Consultation Paper of November 2021.

We thank IP Australia and Ministry of Business, Innovation and Employment (MBIE) for the opportunity to provide feedback on the above Arrangement.

About IPTA

The Institute of Patent & Trade Mark Attorneys of Australia (IPTA) is a voluntary organization representing registered patent attorneys and registered trade mark attorneys in Australia. The membership of IPTA includes patent attorneys and trade mark attorneys in private practice, as well as patent attorneys and trade mark attorneys in industry, in public sector organisations, such as CSIRO, in universities, and others who practice in the IP sector, including barristers and solicitors. IPTA members represent Australian and foreign large corporations, small to medium-sized enterprises (SMEs), private and public research institutes, universities, and individual inventors.

Background

IPTA acknowledges the aims to assess the effectiveness of the Arrangement relating to Trans-Tasman Regulation of Patent Attorneys including a review of the joint registration regime, the Board and the Tribunal against the objectives of the Arrangement. We understand that the review is being conducted with a view to informing potential enhancements to the regime.

General Comments

IPTA is particularly in favour of a review of the process by which the Board investigates complaints and disciplinary matters, to facilitate those matters to be taken to conclusion within a reasonable period of time. IPTA notes that there have been over 10 complaints per year against attorneys, but very few matters have given rise to a decision of the Disciplinary Tribunal since commencement of the regime. IPTA is in favour of better sharing of information on the types of matters that lead to complaints, so that all members can learn from those matters and improve practices for the benefit of clients and the profession as a whole.

IPTA is also in favour of a more detailed review of the regulatory regime for Trade Marks Attorneys in Australia, as outlined in detail below.

Response to Questions

Q1. How has the joint regulatory regime impacted upon the relationship between Australia and New Zealand?

From the perspective of IPTA and its members, being almost exclusively Australian-based attorneys, the joint regulatory regime has not had a major impact on our relationship with our New Zealand-based colleagues practicing in patents and trade marks in Australia and New Zealand. There are some instances of IP attorneys based in Australia applying for positions in IP in New Zealand and vice versa, and the common regulatory arrangements support this.

Q2. How has the joint registration scheme impacted upon the availability of patent attorney services in Australia and New Zealand?

From the perspective of IPTA and its members, being almost exclusively Australian-based attorneys, the joint registration scheme has not had any notable impact on the availability of patent attorney services to businesses seeking Australian-resident patent attorneys. IPTA acknowledges the data provided in the Consultation Paper as regards the changes in the number of attorneys resident in each country, and the net increase in New Zealand resident attorneys from 2019.

The size of the profession in each country is continually evolving. Impediments to the addition of newly qualified attorneys into the profession (resident in Australia) include factors that have no relationship to the new joint regime, such as:

- the fact most new entrants to the profession seek a position as a trainee attorney in a patent attorney firm before commencing the courses for qualification as a patent attorney;
- the small number of firms and new positions opening over time for new trainee patent attorneys; and
- the cost and time involved to provide both on-the-job training to become a patent attorney, as well as the course costs, which limit the number of positions available within IP firms.

The standards for qualification in Australia have not greatly changed since the TTIPA regime was established. The trans-Tasman arrangement is not seen to have had any significant impact on the availability of patent attorney services in Australia, at least.

Through firm mergers and acquisitions it would appear that there are anecdotes of a reduction in the numbers of more experienced attorneys in the profession, perhaps earlier than would have usually been expected (i.e., earlier than a conventional retirement age of about 65). However, there has also been an apparent increase in the number of smaller attorney firms (e.g., through experienced attorneys leaving large firms and establishing new practices), which may also be seen to have provided a new range of options to consumers seeking patent attorney services in Australia.

Q3. What improvements, if any, could be made to the way in which the Board operates?

From the perspective of IPTA and its members, the following improvements are suggested:

- More frequent meetings of the Board, to enable faster progress on matters under the Board's control that require Board decision-making.
- Better communication from the Board, particularly in relation to the types of issues that come to the Board's attention through complaints filed against registered TTIP attorneys.
- Presentations from the Board, to communicate key issues to TTIP attorneys. IPTA would be pleased to assist in the delivery of these presentations to IPTA members and other TTIP attorneys. IPTA has offered to co-ordinate with the New Zealand Institute of

Patent Attorneys (NZIPA) for joint delivery to TTIP attorneys in Australia and New Zealand.

Q4. What other actions, if any, could be undertaken to improve the economies of scale in institutional arrangements under the joint registration scheme?

IPTA does not have any suggestions.

Q5. How has the joint registration scheme been effective in reducing the regulatory and business compliance cost for persons practicing as patent attorneys?

From the perspective of IPTA and its members, being almost exclusively Australian-based attorneys, the joint registration scheme has provided a small reduction in business compliance costs for persons practicing as patent attorneys. There has been a small savings in terms of avoidance of a separate registration fee and annual monitoring for the payment of the fee for a separate New Zealand registration on top of an Australian registration (for those attorneys who were jointly registered prior to the trans-Tasman arrangements commencing). Across the Australian attorney profession as a whole, the cost and compliance time savings are worthwhile, albeit modest.

Q6. Should any changes be considered to further facilitate reducing compliance costs and why?

IPTA does not have any suggestions in this regard. Compliance costs come from the annual registration fee, costs to maintain registration including education costs to meet CPE requirements, and costs to meet professional obligations (e.g. time to communicate various matters to clients to comply with the Code of Conduct not covered by client charges). Other than the option to reduce the annual registration fees payable by attorneys, IPTA does not believe that other compliance costs can be avoided or minimised without adverse impact on the quality of patent attorney services that are delivered to clients.

Q7. How are the current qualifications and training requirements impacting on those wanting to register and practice as patent attorneys and, therefore, on the number of attorneys available to service the needs of innovative businesses in Australia and New Zealand?

IPTA recognises the challenges outlined in the Consultation Paper as regards the small number of accredited courses through which the nine topics groups can be completed for registration. As noted in the consultation paper, the costs involved to qualify for registration as a patent attorney are high as the courses form part of post-graduate programs. IPTA has also received reports of impediments to obtaining places in the courses of study that are offered in Australia that trainee patent attorneys in firms would like to enrol in – for instance, students with only a Masters in Science (rather than a PhD) have been rejected from entry into Master of IP Law course at the University of Melbourne, and there are sometimes issues with clashing timetabling of subjects required for registration. This can create impediments to trainee patent attorneys completing the education requirements for registration in a timely manner, and can cause delays to the registration of those attorneys. This all has the potential to impact on the number of registered patent attorneys available to meet market demands in Australia and New Zealand.

While IPTA does not have experience with the challenges faced by New Zealand-resident trainee patent attorneys in completing the coursework requirements, IPTA supports more options being made available to students, including options available in New Zealand. At the same time, we recognise that the number of persons seeking education in the required subject matter areas is not large.

Some IPTA members teach portions of the courses delivered by the accredited Australian education organisations. Anecdotal reports suggest that while the course costs to students are high, the compensation to the registered patent attorney educators is not commensurate with the course entry fees and time input by those educators, and the courses rely on the generosity of those registered attorneys to teach the required course content for the good of the profession as a whole. While we recognise the challenges, unfortunately, IPTA does not have any new ideas for reducing costs and improving access to the accredited subjects for students both in training at attorney firms, and seeking registration before finding employment at an attorney firm.

In the past, IPTA had obtained accreditation for its own Academy to deliver some of the requisite topics for trainee patent attorneys. This involved the contribution of the time of a large number of senior patent attorneys to set and deliver the course content, at a time when senior attorneys had more time available to contribute to such initiatives. The advantage of these courses was the lower cost to students, the number of contact hours in education provided, and the quality of the course content. Over time IP businesses have become more competitive and there is less “spare time” available to registered patent attorneys for contributing to such courses to enable IPTA to reliably deliver courses year after year. The Academy discontinued its offerings after a reduction in the number of students registering for its courses and a reduction in the number of attorneys with the time available to deliver the courses.

In IPTA’s view, the work experience requirement is an essential requirement for registration as a patent attorney. This is even more important in an environment where the University courses run over a short number of hours, and spend little time on the breadth of subject matter faced in real-life, including matters of overseas patent practice. The work experience requirements ensure that newly registered trans-Tasman attorneys have a minimum amount of exposure to a broader range of work. This is important for ensuring that Australian (and New Zealand) businesses are represented by attorneys who are capable of steering client patent applications through to grant with appropriate scope of protection across a broad range of jurisdictions, and not just in Australia and New Zealand. Work experience is also essential for education on broader matters of practice across many varied topics, including IP strategy setting, matching an IP strategy to business objectives, risk-identification and management, rectifying errors and effective client communication, to name but a few. University course content, in view of the time limitations, is heavily focused on Australian (and New Zealand) rights and the basic procedures. Much less time is spent on overseas patent prosecution and the wider range of activities practiced by patent attorneys as outlined above.

Q8. What changes could be made to the qualifications and training requirements to, for example, increase their accessibility and reduce the time and costs to candidates to qualify for registration?

IPTA believes that any reduction in the qualifications and training requirements, to increase accessibility and reduce time/costs, would result in an unacceptable reduction in the standard of newly registered patent attorneys.

Nevertheless, perhaps one option to reduce initial costs may involve a deferred education expense scheme, whereby course fees do not need to be paid until a period of time after completion of the subject or registration as a Patent Attorney. However, we anticipate that such a scheme may be difficult to establish or require too much administration for the small number of potential participants.

Q9. Do the regime’s qualifications and training requirements strike the correct balance between ensuring quality of services provided by new entrants to the profession and the availability and affordability of patent attorney services for businesses? If not, what changes should be considered?

IPTA generally believes a suitable balance is currently being achieved. A reduction in the qualifications and training requirements would result in a poorer standard of new entrants to the profession. An increase in the requirements would add to costs and lack of accessibility.

Q10. Are the current CPE requirements sufficient to ensure the quality of patent attorney services? Are there any improvements which could be made to the CPE framework?

IPTA believes the CPE requirements are sufficient and appropriate. Small modifications recommended by IPTA, in light of member feedback, include the following:

- Allowing for up to 1 hour a year to be claimed for education sessions relating to good mental health management (in line with current UK CPE requirements), which contributes to the ability of the registered patent attorney to provide quality ongoing services to clients.

Q11. What would be the costs and benefits of the Board and Secretariat undertaking a more coordinated and proactive approach to supporting compliance with the code of conduct by patent attorneys? How might the Board and Secretariat undertake a more coordinated and proactive approach?

IPTA does not have any data relating to costs and benefits of the Board and Secretariat undertaking a more coordinated and proactive approach to supporting compliance with the Code of Conduct for patent attorneys. However, IPTA is in favour of more Board and Secretariat involvement in supporting compliance, for instance, through the delivery of webinars and information to patent (and trade mark) attorneys.

Q12. Is the Code of Conduct an effective mechanism for regulating attorney conduct and providing confidence in the standards of the profession?

IPTA believes that a Code of Conduct is an effective mechanism for regulating attorney conduct and providing a foundation level of confidence in the standards of the profession. While IPTA has its own Code of Ethics and Guidelines, the range of disciplinary measures available to IPTA is limited, and members can choose to discontinue IPTA membership, while continuing registration as a trans-Tasman patent attorney, and avoid the operation of IPTA's Code. IPTA's Code builds on the foundation of the trans-Tasman IP Attorney code (and has been modified in recent times to reflect the Code of Conduct and Guidelines of the Board). IPTA's Code also includes provisions relating to the fair competition between members, and advertising standards, among other things.

Whilst a Code of Conduct is supported by IPTA, it may be that changes could improve the operation of the Code and the options available for addressing non-compliance.

Q13. Are there any more suitable alternatives to a Code of Conduct as a means of regulating attorney conduct?

IPTA is not aware of any more suitable alternatives to a Code of Conduct.

Q14. What are the costs and benefits from having the disciplinary regime apply to patent attorneys after they have either voluntarily suspended or removed themselves from the register? What might be reasonable sanctions for misconduct for attorneys who have left the profession?

IPTA is in favour of modifying the application of the Code of Conduct so that disciplinary action cannot be avoided by obtaining a suspension of registration, or discontinuing registration as a trans-Tasman IP Attorney. A bar on re-registration may be one suitable form of sanction. In the case of trade mark attorneys, it is noted that once de-registered, there is an argument that the individual can continue to perform trade mark work for clients before the Trade Marks Office in

Australia due to the absence of any exclusive rights to practice as a trade marks attorney in Australia. Alternatively, if the person in question is a legal practitioner, the relevant State law society may be contacted to raise the matter of misconduct as a legal practitioner. One option to ensure consequences for misconduct may involve establishing exclusive rights to registered trade marks attorneys (and lawyers), so that de-registration will prevent the individual from continuing to practice before the Trade Marks Office. This also extends to a requirement for foreign applicants to appoint a locally-qualified agent. We discuss this in further detail in response to question 21 below. We also reiterate past submissions to IP Australia calling for a requirement for foreign applicants to appoint a locally-qualified agent for patent matters.

Q15. What would be the costs and benefits from placing a bar on reregistration of attorneys where they have previously suspended or removed themselves from registration while disciplinary proceedings were underway? If a bar were to be imposed, what should that bar be?

IPTA does not have any further suggestions to offer in relation to this issue. IPTA supports the devising of a process that takes into account the range of possible outcomes following disciplinary action, balanced against any attempt to avoid facing disciplinary action through attempted suspension or removal from re-registration. Once it is no longer possible to avoid facing an action by suspending registration or through discontinuing registration, then a bar on re-registration for a particular time period may form one of the sanctions that the Tribunal can impose.

Q16. What would be the costs and benefits for the regime from providing more capacity and guidance for Board investigations?

While IPTA does not have any data on the costs that would flow from providing more capacity and guidance for Board investigations, IPTA recognises that investigations by the Board can involve considerable time and complexity for a range of reasons. IPTA is in favour of the Board gathering information from other professional bodies that regulate other professions, such as legal professional bodies, and using that information to set a suitable framework to provide a greater degree of specificity and guidance around the issues of complaints and associated investigations.

Q17. Would providing more information to businesses about the trans-Tasman regime assist in facilitating attorneys practising across both countries? If so, who should be providing this information and to whom?

IPTA is in favour of businesses having ready access to information about the benefits of engaging patent attorneys to guide businesses to make maximum use of their IP assets and to support and drive business success. Section F of the Consultation Paper suggests that such information could promote the use of attorneys in one country (i.e. New Zealand) in preference to attorneys in the home country of the business (i.e. Australia), on the basis that there is (or may be) a price benefit. IPTA does not consider that such broad-brush assumptions on pricing structures are appropriate. There are over 100 small-to-medium sized patent attorney practices in Australia, and several large-sized firms, and IPTA believes that among the range of businesses in Australia, there are a wide range of cost structures offered. In addition, different businesses need to take into account their own specific needs and desires, such as technical expertise, convenience, reputation, etc. when seeking a patent attorney that matches their requirements. Each attorney and firm needs to manage its messaging appropriately in order to draw attention to the benefits of selecting that firm over the other options available in the marketplace.

Q18. What improvements to the Trans-Tasman patent attorney regime should be made to facilitate SMEs having access to more affordable patent attorney services?

IPTA is not aware of any actions that the trans-Tasman patent attorney *regime* could make to facilitate access to lower cost patent attorney services. IPTA understands and appreciates the desire to make patent attorney services lower cost, but there are many contributors to the costs associated with the delivery of quality patent attorney services. IPTA is not aware of any key regulatory changes that would be likely to assist in this endeavour.

Q19. What other issues, if any, have you experienced with either the operation of the joint registration scheme or the services provided by patent attorneys? How might those issues be addressed?

IPTA is not aware of any other issues.

Q20. What are the costs and benefits of the operation of the trans-Tasman regulatory regime also encompassing of regulation trade marks attorneys in Australia?

It is unclear to IPTA as to the scope of this question. IPTA favours regulation of the Trade Marks Attorney profession and there would not be any need for a separate system of regulation.

Q21. What improvements could be made to the regulation of trade marks attorneys in Australia?

IPTA is in favour of a strong framework for regulation of Trade Marks Attorneys which is predictable and favour provision of high quality services to clients with a view to strengthening the integrity of the profession.

Exclusive Rights of Practice

One key issue which is of significant ongoing concern in relation to the regulation of Trade Marks Attorneys, and IPTA Members, is the lack of any exclusive right to practice. This lack of exclusive right to practice creates inequity as there are now a set of professionals (Trade Marks Attorneys and Australian Legal Practitioners) who are heavily regulated, and an ever-growing set of unqualified agents who are not regulated.

As only a portion of the agents acting before IP Australia are regulated, at risk is the Trans-Tasman regulatory regime and Trade Marks Attorney profession as agents who are not Trans-Tasman Patent Attorneys, Australian Trade Marks Attorneys or Australian Legal Practitioners (Non-Qualified Agents) are able to compete without the same obligations such as confidentiality, loyalty, avoidance of conflicts, etc. IPTA is not aware of any other situation in which parties are able to routinely act on behalf of others for payment (that is a Non-Qualified Agent) before an authority in Australia or New Zealand, and advertise and solicit work on this basis, without some form of qualification, registration or system of regulation.

In respect of Local (Australian and New Zealand resident) Non-Qualified Agents, who are not Registered Trade Marks Attorneys, this may perhaps be less of a concern to Government as other regulatory regimes such as the *Legal Profession Acts*, *Australian Consumer Law* or common laws concerning agency or fiduciary duties are likely to apply. However, IPTA notes that this is far from ideal as it does not provide a level playing field, as a successful action under any of these regimes would not preclude the Local Non-Qualified Agent to continue providing trade mark services even though the Local Non-Qualified Agent may, in practice, continue to be

a risk to consumers in providing misleading, deceptive or incorrect advice. Further, taking any such action may require the unhappy consumer to instigate expensive and time-consuming court proceedings as a private action which is a disincentive. By contrast, Regulated Trade Marks Attorneys would face disciplinary action before the Board with scope for penalties to be applied including loss of the right of practice and an adverse public decision.

IPTA has considered the issue at length and importantly the Trade Marks Attorney profession seems to have its closest comparison with the Conveyancer. A Conveyancer need only have relevant understanding of state-based laws in relation to property and yet Conveyancers enjoy an exclusive right of practice in the various States. Another comparison may be drawn to Migration Agents who enjoy an exclusive right of practice at the Federal Level. There are many other examples.

In the case of Foreign (non Australian and New Zealand resident) Non-Qualified Agents, IPTA has recently noticed an increasing number of such agents acting before IP Australia whom are also apparently not subject to any regulation in Australia. This is of significant concern and discuss further below.

Background

The Trade Marks Act and Regulations simply require an applicant to have an *Address for Service* in either Australia or New Zealand. Where a trade mark application has been filed by an agent (that is not filed by the applicant itself or its employee), that agent does not need be licenced, qualified, or even resident in Australia or New Zealand in order to act for the applicant.

The reason a liberal agency regime was established with the creation of the Trade Marks Attorney profession was to ensure competition. It is unclear to IPTA how the creation of another category of agent to act before IP Australia, *the Trade Marks Attorney*, would have risked decreasing competition such that the new profession should be exposed to competition from unregulated agents. In IPTA's view, this logic was misguided and did not consider the impact of Foreign Non-Qualified Agents acting in Australia, and IPTA welcomes the review of this arrangement.

In this regard, IPTA wishes to address an assumption which appears to have been made in the statements in the second reading speech to the *Intellectual Property Laws Amendment Bill* 1998 and which has persisted and made its way into part C of the discussion paper in this matter, which is that trade mark work is somehow simpler and less complex than patent work. In IPTA's view there is nothing which is easy or straightforward in filing, prosecuting and giving advice in relation to trade mark matters. IPTA considers that this unfortunate assumption appears to have arisen as a result of focusing primarily on the **process** of obtaining a registered trade mark without a full appreciation of the **substance** involved in the complex web of legislative requirements, practice and case law issues surrounding the area of trade marks.

To qualify as a Trade Marks Attorney requires an understanding of Trade Mark Law and Practice (a complex area of law) in not only Australia and New Zealand, but also across multiple jurisdictions, in addition to an understanding of several international treaties which employ bespoke jargon. The courses which teach Trade Mark Practice require an understanding typically of the procedure in the US, China, UK and EU, in addition to the system for International Registration of marks under the Madrid Protocol. The Trade Marks Attorney typically works to build an international network in order to advise businesses in relation to

protection of often highly valuable trade mark rights which may carry significant legal and business risks. Indeed, for this reason section 229 of the *Trade Marks Act* afford Trade Marks Attorneys privilege over **advice** in relation to intellectual property matters. Privilege is a preserve afforded to professionals with certain skill and expertise, and who advise in relation to contentious and high-risk subject matter.

The typical time spent by a Registered Trade Marks Attorney developing comprehensive knowledge and practical expertise is in the order of 10 years, with Attorneys typically having completed Undergraduate and Graduate Diploma or Masters Degrees in Intellectual Property, and subsequently spending many more years engaged in specialist trade mark work (usually under supervision) before they engage in independent practice.

Accordingly, IPTA believes that the Government and the Board should refrain from asserting or implying that Trade Marks Attorneys are somehow less qualified than their Patent colleagues. They merely hold different qualifications for practice in different spheres to Patent Attorneys and most are highly accomplished in their own right.

The Foreign Non-Qualified Agent

There are now, as noted in the paper, 1217 Registered Trade Marks Attorneys in Australia, nearly double the number of Patent Attorneys (acknowledging that many are both Patent and Trade Marks Attorneys). When combined with the number of Australian Legal Practitioners who specialise or advise on intellectual property matters (many of whom do not seek separate registration as a Registered Trade Marks Attorney), IPTA considers that there is more than sufficient competition between Trade Marks Attorneys, Australian Legal Practitioners and Patent Attorneys in relation to the provision of trade mark services. The number of relevantly qualified Australian practitioners comprehensively addresses any concern that restricting agency requirements for foreign applicants would cause any anti-competitive effect of concern to Australian business.

Indeed, IPTA considers such a restriction would increase competition. By requiring foreign applicants to engage an Australian Trade Marks Attorney or Australian Legal Practitioner in order to represent the foreign applicant before IP Australia would increase the desirability of joining the profession as it would increase demand for Trade Marks Attorneys.

By contrast, allowing Foreign Non-Qualified Agents to practice before IP Australia does not benefit the Trade Marks Attorney profession, users of the system, IP Australia or the Australian economy as a whole. All this does is expose the Australian Trade Marks Attorney profession to international competition and risks users of the system being provided with incorrect and/or inconsistent advice from those who have not trained in, or have regular dealings with, the Australian Trade Marks system.

IPTA's position is that there is no justification for Trade Marks Attorneys to face competition from Foreign Non-Qualified Agents.

It is increasingly apparent that the majority (but not all) of Foreign Non-Qualified Agents acting before IP Australia are located in China and all of such Agent's activities are occurring outside Australia. Indeed, the majority of Australian applications from Chinese applicants appear to be handled by these Foreign Non-Qualified Agents.

As a result, Australian Trade Marks Attorneys and their businesses (thus the Australia economy) miss out on receiving this work. This is unreasonable competition as Australian Trade Marks Attorneys are not permitted to act for their Australian clients in the vast majority of countries outside Australia and New Zealand, including, for example, China and the United States.

Moreover, Australian businesses are at a disadvantage as they face higher costs for registration of trade marks in those other countries as they are required to engage a local agent, as compared with the costs which businesses in those other countries face in securing rights in Australia. Put simply, Australian and New Zealand businesses are required to engage an Agent in the relevant country to act on its behalf incurring a cost which is not required for Chinese businesses seeking protection for their trade marks in Australia.

This issue has largely arisen since the introduction of electronic filing of trade mark applications and Offices moving to communicating with Agents electronically. In this regard, IPTA notes that the current regulatory regime was established in 1998, which was a time where the use of the Internet and email communications was still in its infancy, and the considerations of Parliament were therefore more likely focussed on the Australian industry rather than the risk of Foreign Non-Qualified Agents seeking to perform work in Australia. The global and instantaneous nature of modern communications means that the possibility of Foreign Non-Qualified Agents engaging in work to the detriment of Australian practitioners and the integrity of the Australian Trade Marks system more generally is something that, in IPTA's view, must be considered as part of any review of the attorney registration regime.

As noted above, this is by no means a theoretical issue, as there is clear empirical evidence that Foreign Non-Qualified Agents are engaging in practice in Australia. In this regard, **Enclosure 1** is a spreadsheet which provides details of the top 50 Agents which are acting for Chinese applicants. It should be noted, the majority of the Agents (39 of 50) identified in the Addresses for Service appearing on the Australian Trade Marks Database appear to be Foreign Agents (37 Chinese (various noting that typically the agent is identified by the first name and surname which IPTA believes is a fake name), 1 US (Igerent LLC – a Delaware corporation) and 1 Malaysian (ADASTRA IP (M) SDN BHD)).

While the enclosure highlights the use of Foreign Non-Qualified Agents by Chinese Applicants, IPTA wishes to emphasise that it is not just Chinese Applicants who use Foreign Non-Qualified Agents in preference to Australian agents. By way of example, there are a number of companies who provide 'global' online trade mark registration services, including for Australia, who are listed as the Address for Service on the Australian Register, but their connection with an Australian registered attorney or practising firm is unclear, and a search of the Register reveals firms in countries such as Canada, Hong Kong, Sri Lanka, the United Kingdom and Vietnam being associated with Australian registered trade marks through use of a local post box or serviced office address.

Action by other IP Offices

Further, this is by no means an issue or consideration limited to Australia. IPTA understands that the US, UK and EU are facing similar issues arising from Foreign Non-Qualified Agents practising in their territories and they are taking action to address this conduct. In this regard, **Enclosure 2** is a copy of the Announcement from the USPTO in relation to its changed practice

to prohibit Foreign Non-Qualified Agents from filing into the US. Notably it ends with the following statement:

"A significant number of trademark offices around the world require foreign-domiciled applicants and registrants to obtain local counsel as a condition for filing papers with those trademark offices. In order to ameliorate the abuse of the U.S. trademark registration system, we are now requiring U.S. counsel representation as a condition for foreign-domiciled applicants, registrants, and parties to file papers with the USPTO, as well."

Consistent with this approach, the USPTO recently issued an "Order for Sanctions" cancelling more than 15,000 pending or registered trade marks filed by parties related to the Chinese firm Shenzhen Huanyee Intellectual Property Co., Ltd. and its Executive Director Yusha Zhang — the USPTO determined that the firm had filed submissions in more than 15,000 matters by falsely representing to have standing before the USPTO, by using false US domicile addresses on applications to avoid local agent appointment requirements and by applying signatures to filings without consent. **Enclosure 3** is a copy of the Sanctions Order issued by the USPTO. IPTA notes that "Yusha Zhang" is listed as the Address for Service for nine trade mark Registrations/Applications for Chinese Applicants before IP Australia, with the most recent having been filed in September 2021.

Enclosures 4a and 4b highlight the ongoing nature of this issue in the US providing an article from World Trademark Review concerning a Sanctions Order issued against Pakistan firm leading to over 5,500 trade mark applications being terminated owing to the provision of false information. Also enclosed therewith is a copy of the TM Sanction Order issued by the Commissioner of Trade Marks in the US which was served on 25 January 2022. The conduct in the sanction issued provides some perspective on the potential risk from lack of action to regulate foreign agents as follows:

"...Here, the record establishes that Respondents are engaged in a widespread, intentional and coordinated effort to defraud both applicants and the USPTO by providing false, fictitious, and fraudulent information in submissions to the USPTO and sending fake or altered USPTO correspondence to applicants. Each submission by Respondents violates the USPTO Rules and USPTO's website terms of use. Respondents have engaged in the unauthorized practice of law and have been involved in filing submissions in more than 5,500 trademark matters before the USPTO. Many such submissions contain impermissibly-entered signatures of the named signatory on declarations and verifications that render them invalid. Essentially all contain false correspondence information and application information different from what the actual applicants intended to be filed, such as identifications of goods and services that are material to the issuance of a trademark registration. Respondents could not reasonably or in good faith have believed that their actions before the USPTO were proper or permissible.

Respondents' submission of thousands of trademark documents containing false representations of fact upon which the USPTO relied in determining entitlement to registration was both willful and fraudulent.

...

Respondents' actions have caused, and continue to cause, immeasurable harm to thousands of applicants. Through their improper conduct, Respondents have caused unnecessary delay and increased the cost of proceedings before the Office, while simultaneously eroding trust in the U.S. trademark registration process. Continued reports of misuse of USPTO insignia and

misrepresentations of these proceedings to Respondents' customers suggests that Respondents' bad acts are continuing."

Absent an exclusive right of practice and regulation of the parties who may act before IP Australia, it is difficult to see how the Registrar of Trade Marks would be in a position sanction any fraudulent conduct on the part of Foreign Non-Qualified Agents. IPTA's view is aligned with the USPTO, and considers that allowing Foreign Non-Qualified Agents to practice in Australia risks undermining the reliability of and the confidence of business in the trade mark registration system in Australia and Trade Marks Attorney profession.

Further, permitting Foreign Non-Qualified Agents to act before IP Australia seems particularly unreasonable in the context of a system which provides a number of methods through which those agents could legitimately practice in Australia/New Zealand in a manner that allows them to be subject to the same regulatory framework as other Attorneys. In particular, IPTA notes that such Foreign Non-Qualified Agents could either employ an Australian qualified and registered Attorney to act in respect of Australian/New Zealand matters, or could establish an Australian Company and qualify the company as a Corporate Patent or Trade Marks Attorney (subject to meeting the relevant requirements). This would then lead to the Foreign Non-Qualified Agent's activities falling within the Australian/New Zealand regulation and provide for a reliable system for the provision of professional services to benefit Australian business.

As a final note, this issue also highlights an undermining of the existing International Registration system under the Madrid Protocol. The proper course for a Foreign Non-Qualified Agent to file an application in Australia to register a mark without engaging an Australian Attorney would be to utilise the Madrid system. It is submitted that Foreign Non-Qualified Agents should not be able to by-pass that system and file directly in Australia without engaging local representation.

Moving forward

Accordingly, IPTA's position is that all companies incorporated outside of Australia engaging representation before IP Australia in relation to patent, design, trade mark or other intellectual property matters, including in relation to prosecution, records, oppositions, submissions or other matters, must possess the relevant expertise and qualification as:

1. a Registered Australian Trade Marks Attorney;
2. a Registered Patent Attorney;
3. an Australian Legal Practitioner; or
4. an employee of the applicant, or a subsidiary of the applicant, who is locally resident.

With such a requirement, all Agents acting before IP Australia (including non-qualified Agents acting for Australia companies) would be subject to regulation either via the Trans-Tasman Regulation Regime, the Legal Profession Acts of the States and Territories, the *Australian Consumer Law*, or other common law or statutory fiduciary duties. This would provide both a level playing field for professionals in the system and a desirable outcome for the protection of the end consumer. It also supports the Madrid Protocol system for International Registration of marks, is consistent with the approach taken in other jurisdictions, supports the Trade Marks Attorney profession and Australian business.

Additionally, IPTA suggests that consideration be given to encouraging the New Zealand Government to introduce a similar Trade Mark Attorney regime in New Zealand (which would have a right of practice in Australia via Trans-Tasman provisions) which could assist in raising competition in a structured and regulated environment across Australia and New Zealand.

Trade Mark Searching and Clearance of Marks for Use and Registration

One of the highest risk and most important aspects of a Registered Trade Marks Attorneys' role is to advise clients in relation to the availability of a particular mark for use and registration. Those searches are often completed across multiple jurisdictions and advising a client in relation to the risks associated with its manufacturing and distribution activities under a mark is often the highest risk advice which a Registered Trade Marks Attorneys is likely to provide. This is both a practical and technical skill which is currently taught on the job.

At present, searching is, to an extent, covered in the Trade Mark Law and Practice subjects. However, the regulation of Attorneys could benefit from candidates for registration having to pass a separate trade mark searching course and examination which requires the candidate to assess search results and advise on the availability of a mark for use and registration. The course could be taught by universities presently offering the Trade Marks Attorney qualification subjects.

Period of Supervised Practice

In IPTA's view, candidates for registration as a Trade Marks Attorneys should engage in a period of supervised legal practice and their application for registration accompanied by a statement from the supervisor confirming the completion of the period of supervised practice accompanied by a statement of skill prepared by the candidate.

In IPTA's view, the period of supervised practice should be no less than 2 years with the candidate practising at least 50% of their time exclusively in relation to trade mark matters. The period may be completed during the period of study.

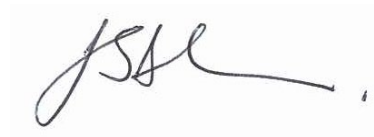
This is broadly consistent with the approach taken by IP Reg in the UK and reflects the current approach of supervision of less experienced Attorneys undertaken by Australian and New Zealand firms.

Conclusion

IPTA awaits consideration of the above and any feedback from IP Australia on the above comments.

IPTA again thanks IP Australia and Ministry of Business, Innovation and Employment for the opportunity to make these comments on the TTIP attorney review.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'J Borham', with a long horizontal flourish extending to the right.

Janelle Borham
IPTA President

2 February 2022