



THE AUSTRALIAN FEDERATION OF INTELLECTUAL PROPERTY ATTORNEYS
FICPI AUSTRALIA

4 December, 2007

Director
Domestic Policy Section
IP Australia
PO Box 200
WODEN ACT 2606

Dear Sir,

**RE: Submissions in Response to Consultation Paper-Incorporation of
Patent and Trade Marks Attorneys (October 2007)**

We refer to the above referenced consultation paper relating to the Incorporation of Patent and Trade Marks Attorneys and welcome the opportunity to make submissions on the proposed model outlined in this paper.

1. About FICPI Australia

FICPI Australia is an organisation whose members are all registered Patent Attorneys, registered Trade Marks Attorneys or registered Patent and Trade Marks Attorneys (all conveniently referred to as "Patent and Trade Marks Attorneys") that are Partners or Principals in Patent and Trade Marks Attorney firms conducting business in Australia.

2. Introduction

FICPI Australia is, in principle, strongly in favour of provisions that allow for the incorporation of Patent and Trade Marks Attorneys and appreciates the efforts of IP Australia in proposing a model that seeks to facilitate this option.

3. Submissions

3.1 Supported Model Structure and Detailed Requirements

FICPI Australia fully supports the basic model structure as outlined in the summary in section 1 of the paper and agrees that the pre-requisites discussed in sub-sections 2.1.1 to 2.1.4 have now been met.

Subject to clarification of the compulsory professional indemnity insurance requirements discussed in more detail below, FICPI Australia also fully supports the specified requirements and obligations set out under section 3.1. Comment on the detail regarding required definitions and amendments will be reserved until a draft is available for review, as it is appreciated that the suggestions outlined in the paper are not intended to be final or complete.

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(confirmation by mail)**

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3.2 *Compulsory Professional Indemnity Insurance Requirements*

We assume from footnote 5 relating to the insurance paragraph under sub-section 3.1.1 that the fact that an extension to all patent attorneys is suggested as an option implies that the proposals in relation to professional indemnity insurance (PII) intended to apply to entities rather than individual attorneys. However, from the wording in the main text this is not entirely clear, and we make the following submissions on PII requirements in view of this.

FIPCI Australia supports the general proposal that all clients using registered patent attorneys, incorporated or non-incorporated, have assurance that there will be PII to a minimum level of cover, and we agree that the figure of AU\$500,000 is reasonable. However, we believe it is important to make clear that it is each responsible advising entity that has to meet this requirement and not each registered patent attorney within that entity. Thus, it is the entity that would be sued that needs to have the cover.

There are several reasons behind this. Currently, each firm, whether a partnership or unit trust, obtains PII for the firm which is, by definition, coverage for the partners or principals of the firm. As the partners and principals are vicariously liable for the actions of the firm's employed attorneys, this indirectly covers all registered attorneys within a firm. In reality the level of PII is selected to protect the business. In all cases we are aware of, this has resulted in an effective per partner/principal coverage well in excess of AU\$500,000. However, we believe it is not practical to try and impose coverage levels based on per partner/principal equivalent in a corporation, as it is entirely possible that the director patent attorneys in a corporation are not the owners or shareholders of the entity.

We also believe that a per entity PII requirement would continue to enable firms to employ part time patent attorneys without the risk of a per attorney PII requirement making this financially undesirable or uneconomical. A change to a per attorney PII requirement may lead to a reduced incentive to firms to offer positions to the increasing number of patent attorneys, particularly female patent attorneys, who wish to work part time.

Furthermore, a question arises as to whether there would be sufficient insurance capacity in the market to cover all individual patent attorneys if the requirement were for per attorney PII. Compulsory PII of this type could lead to increased premiums, which would particularly disadvantage small firms and sole practitioners.

We submit that a per entity requirement would work well, in that all clients could be confident of a certain minimum level of cover, regardless of the size of the firm they engage, even though in reality at least the larger firms are likely to have significantly higher levels of cover.

Finally on PII, most insurers prohibit publication or notification to third parties of the quantum of coverage held by firms. This requirement of confidentiality will need to be taken into consideration when the notification and assurance provisions relating to PII are being drafted.

3.3 *Optional Provisions*

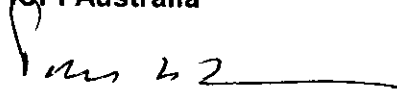
FIPCI Australia agrees that none of the optional provisions set out in 3.2 need be incorporated into the model, for the reason that they are either non essential or are covered by existing legislation elsewhere.

4. Conclusion

We trust that the above submissions will be of assistance. However, please do not hesitate to contact us should you wish us to provide further comments.

We thank you for the short extension allowed to provide our comments and look forward to receiving further information as this project progresses.

Yours faithfully
FIGPI Australia

A handwritten signature in black ink, appearing to read 'Peter Huntsman', written over a horizontal line.

Peter Huntsman
President